

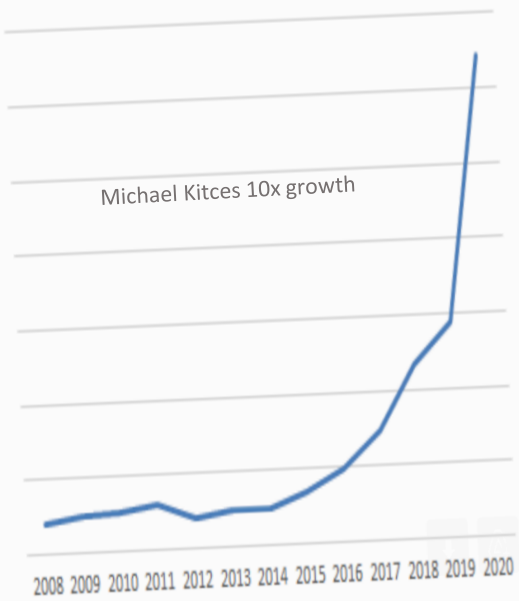
FEARLESS MARKETING



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"I didn't say it would be easy, I said it would be worth it."
-Lil Wayne

Stephanie,
Was working on some updated reports and projections, and happened to pull this chart looking at growth trends



It's a great testament to the power of mindset shifts and growing a team. 😊

(And at the current trajectory, the growth in 2021 will be even larger than the 'vertical' 2020 growth year!)

Just thought you'd appreciate seeing some of the fruits of coaching work. 😊

Have a great weekend!
- Michael





The 7 Dwarfs of Mishap Marketing



FLASHY

Shows up once, expects results

CHEAPY

Thinks marketing is an expense

BUSY

Lacks time to invest in marketing

BOUNCY

Shows up, gets busy, stops, repeats like a Yo-Yo

GRABBY

Grabs at everything, can't say no

GREEDY

Focused on self, and it's obvious

DOUBTY

Doubtful and uncertain, procrastinates



TERMS &
CONDITIONS

raise your
standards

I
G Growth
I Profit
I Happiness
PRACTICE

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The Latest in Advisor Marketing Research

Traffic Sources Overview



- Direct Traffic
3,097.00 (40.49%)
- Search Engines
2,910.00 (38.04%)
- Referring Sites
1,642.00 (21.47%)

Map Overlay

Visitors Overview



Content Overview

Page	Views	Clicks
Advertisement Overview	1,234	567
Home	2,345	890
Services	3,456	1,234
Advertisement Overview	4,567	2,345
Advertisement Overview	5,678	3,456

ABOUT THE RESEARCH

- 2022 Kitces Research Study on *"How Financial Advisors Actually Market Their Services"*
 - Almost 500 advisors completed the full-length questionnaire
 - Average age: 49
 - 65% held CFP certification
 - 57% were RIA (39% broker-dealer or insurance)
 - 75% male
 - 94% white
 - More financial planning-inclined (they read Nerd's Eye View!)

WHAT WOULD YOU PAY?

- Gary and Jennifer have just sold their nursery & landscaping business for \$1M
- They're looking for a holistic financial advisor to guide them in the next stage of life
- Assuming Gary and Jennifer will pay ~\$10,000/year in fees and work with you for the long term...

How much would you spend in Marketing & Sales \$\$\$ to get them as clients?



A hand is shown holding a blue credit card with the word 'PLATINUM' visible. The card has a card number '1234 5678 9012 3', an expiration date '07/20', and a name 'PLATINUM'. The background features a brown leather wallet with a zipper, containing several US one-dollar bills. A white smartphone is also visible. The entire scene is overlaid with a semi-transparent teal filter and large, stylized teal arrows pointing downwards. The text 'SURVEY QUESTION: WHAT WOULD YOU SPEND?' is centered in white, outlined font.

SURVEY QUESTION:
WHAT WOULD YOU
SPEND?

WHAT IS A CLIENT WORTH?

\$10,000/year in advisory fees

Average client tenure: $1 / 5\% = 20$ years

Lifetime client revenue: $20 \times \$10,000 = \$200,000$

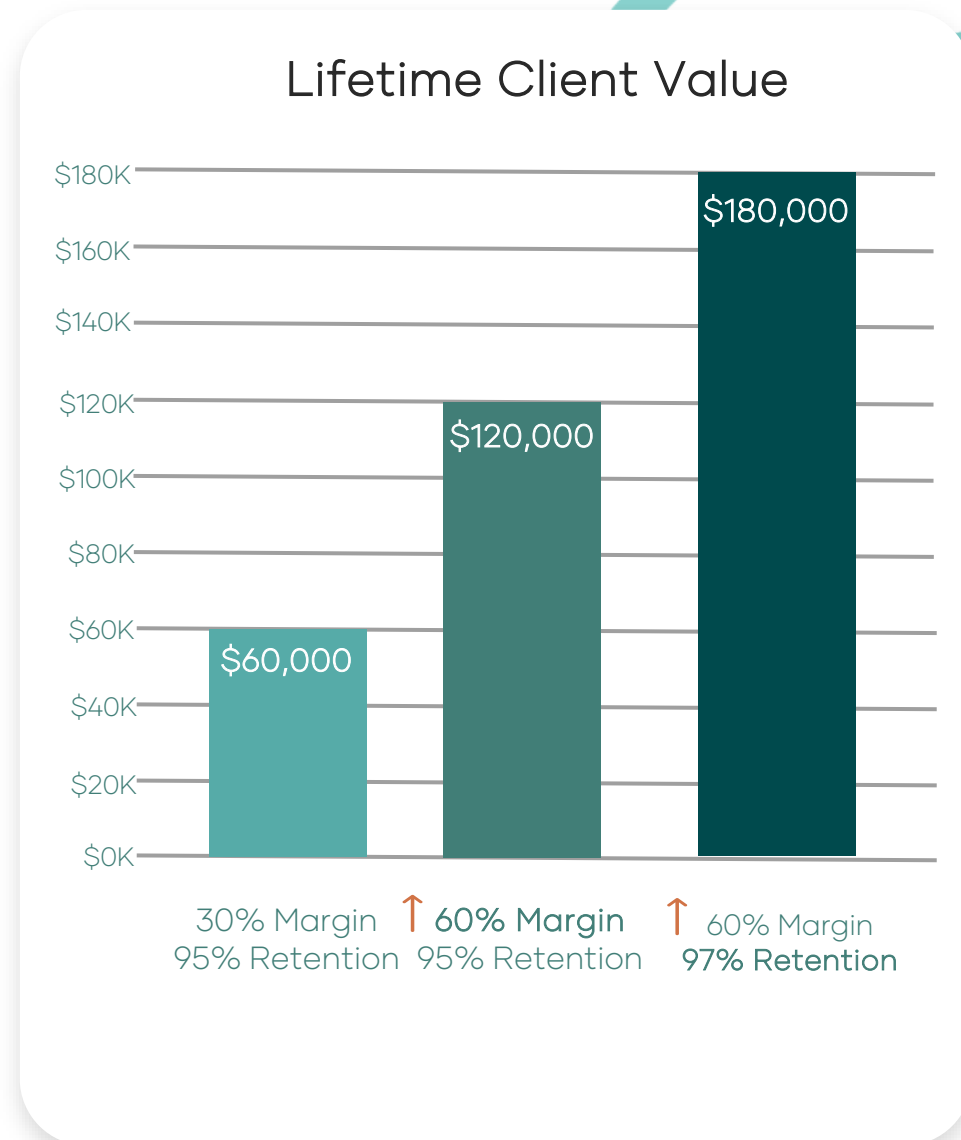
Annual profit margin: 30% (\$3,000)

Lifetime client value (20 years):

$30\% \times \$200,000 = \$60,000$

WHAT IS A CLIENT WORTH?

- Lifetime client value
- At 30% margins:
 - $30\% \times \$200,000 = \$60,000$
- At 60% margins:
 - $60\% \times \$200,000 = \$120,000$



WHAT IS A CLIENT WORTH?

If the Lifetime Client Value = \$60,000

*30% margins,
95% retention*



What is a reasonable Client Acquisition Cost = ???



MARKETING FORMULA FOR SUCCESS

THE ESSENTIAL FORMULA FOR ADVISORY FIRM BUSINESS GROWTH

LCV

Lifetime Client
Value

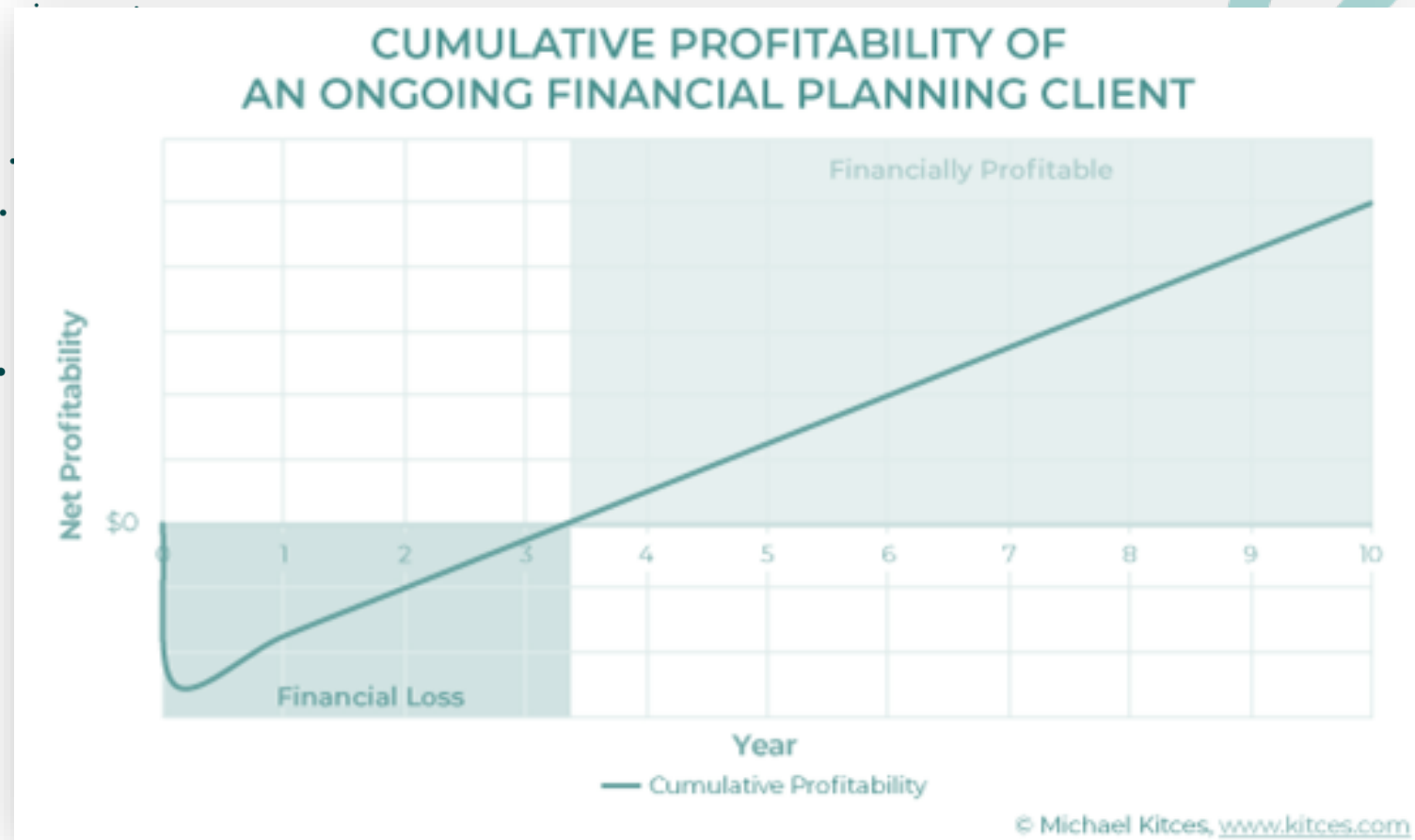
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CAC

Client Acquisition
Cost

THE J CURVE OF PROFITABILITY

- *What if you spent "just" the first year's revenue?*



You Can GROW BROKE!


- In the long run, it pays *very well* to spend \$10,000 to get a \$1M client
 - In the short-term, you'll go bankrupt
 - Because it takes 3+ years to break even!?
- Still, every \$10,000 spend for a \$1M client produces a 6X return!
 - IRR over 30 years = 30%+ with market growth!



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ADVISOR MARKETING SPEND

- The average advisory firm spends 2% to 3% of revenue on marketing.
- Why?
 - 1) We don't recognize the economics of LCV (and underspend)
 - 2) We're marketing inefficient (which amplifies growing broke)
 - 3) We're resource-constrained (not scalable)

A photograph of three business professionals in a meeting. A man in a grey suit is seated at a table, looking towards a woman on his left and a man on his right. The woman has long brown hair and is wearing a white top. The man on the right is wearing a white shirt. They are all looking at documents on the table. The background is a bright office with large windows. Overlaid on the image are several teal-colored curved lines. The text 'WHAT IS YOUR CLIENT ACQUISITION COST?' is written in white, uppercase letters across the center of the image.

WHAT IS YOUR
CLIENT ACQUISITION
COST?

WHAT IS YOUR CAC?

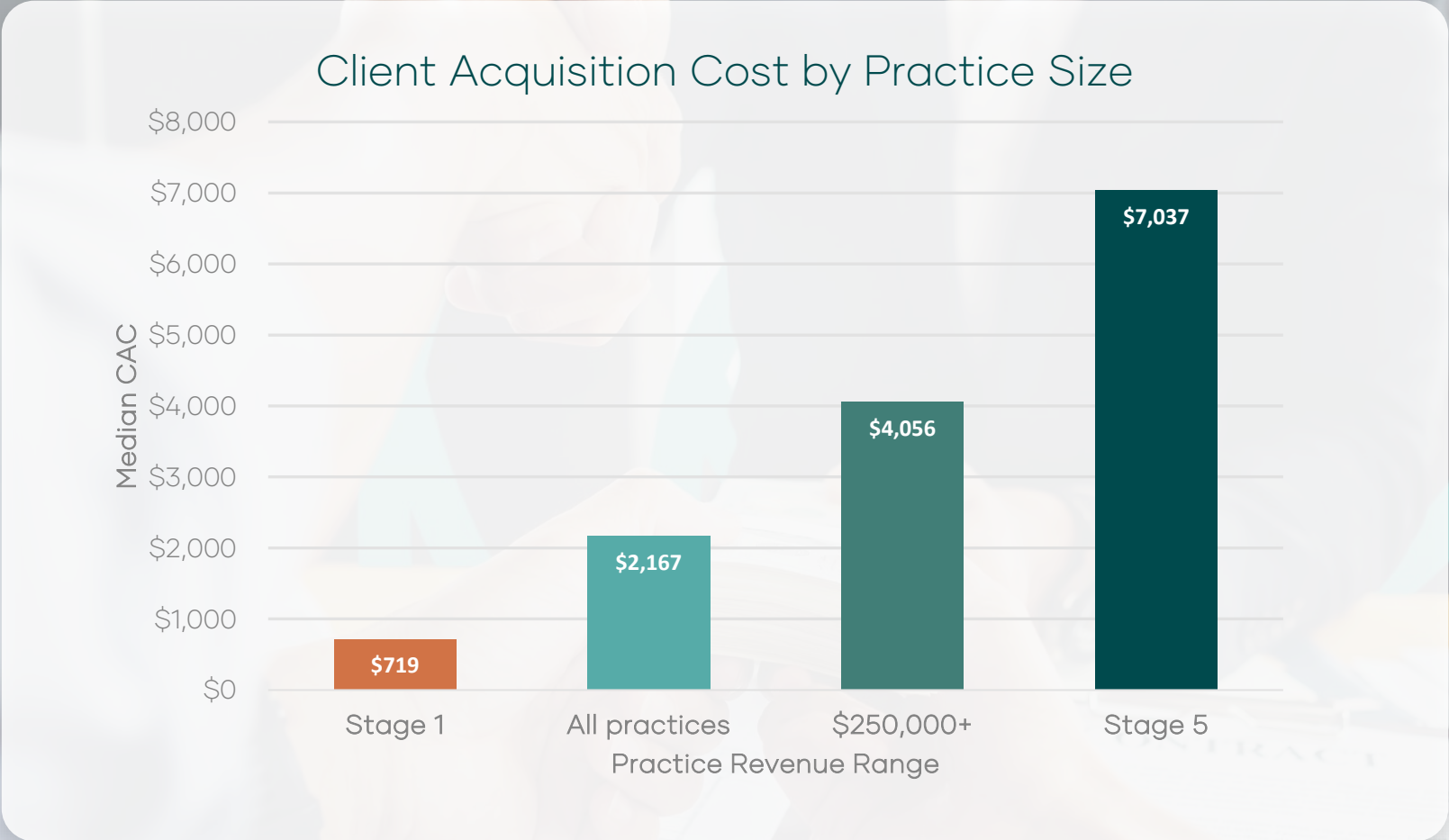
- Total Marketing Spend: \$85,000
- # of new clients last year: 12
- Client Acquisition Cost: $\$85,000 / 12 = \$7,083/\text{client}$
- Lifetime client value of \$500,000 AUM =

$\$5,000/\text{yr} \times 20 \text{ yrs} \times 30\% \text{ margins}$
 $= \$30,000$

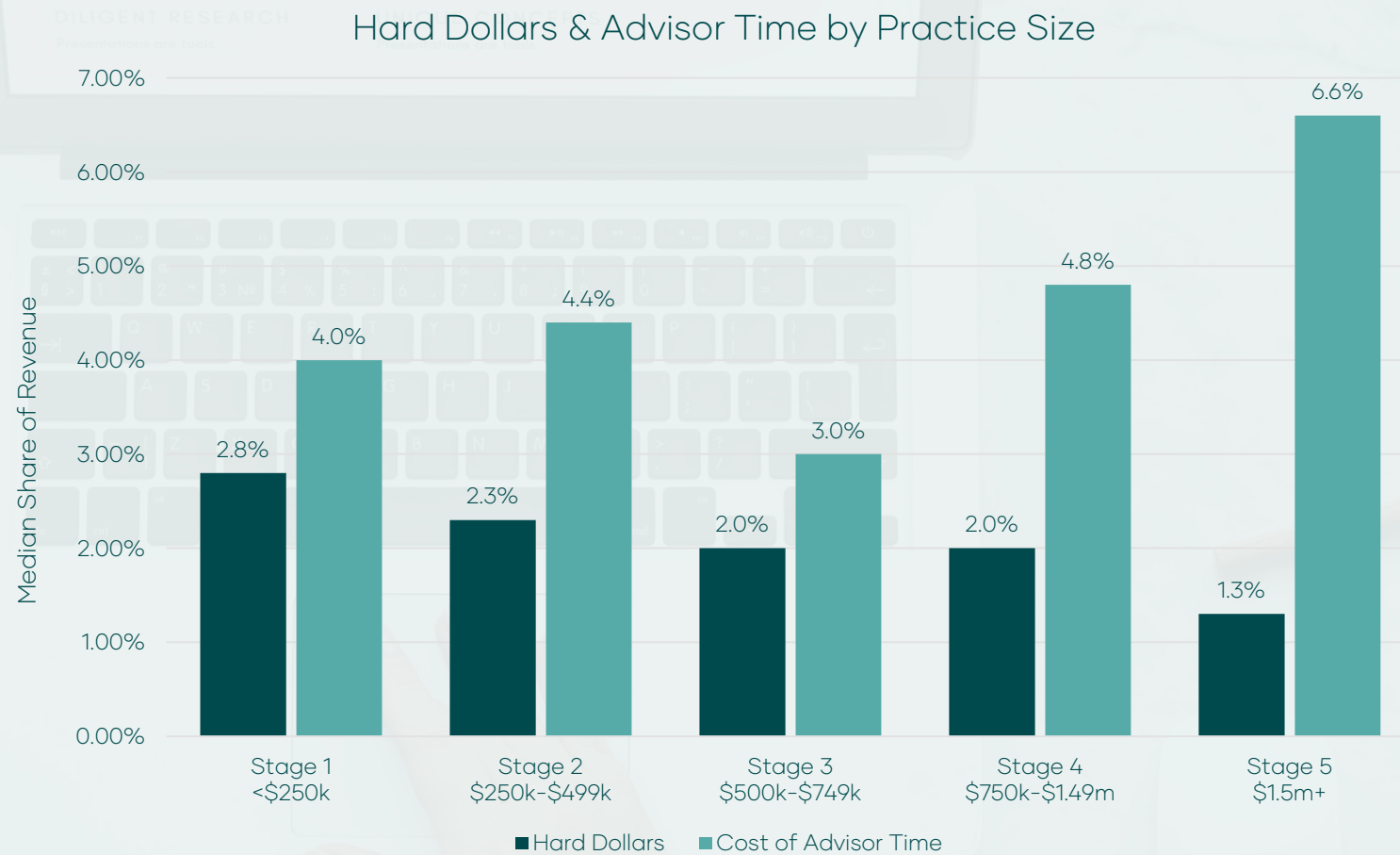
First-year profitability:

- \$2,083 😞

WHAT IS YOUR CAC?



HOW DO STANDOUT ADVISORS ACTUALLY MARKET?





HOW DO YOU SPEND
YOUR MARKETING
RESOURCES?

HOW ADVISORS MARKET

Marketing Strategy	% of Advisors Using
Client Referrals	93%
COIs	60%
Social Media	41%
Networking	36%
SEO	29%
Blogging	28%
Online Advisor Listings	26%
Webinars	22%
Drip Marketing	20%
Videos	19%
Online Ads	17%
Client Appreciation	17%
Seminars	15%

Marketing Strategy	% of Advisors Using
Sponsorships	12%
Podcasts	12%
Direct Mail	9%
Print Media Ads	9%
Solicitors	7%
Writing A Book	4%
Hosted Radio Show	4%
Custodial Referrals	4%
Radio Commercials	3%
Purchased Lists	2%
Telemarketing	2%
TV Commercials	1%

Upfront or ongoing marketing costs

WHAT GENERATES COST EFFECTIVE CLIENTS

Marketing Strategy	Aggregate CAC
SEO	\$1,271
Client Referrals	\$3,334
COIs	\$3,361
Online Advisor Listings	\$3,403
Drip Marketing	\$3,830
Social Media	\$4,152
Online Ads	\$4,926
Solicitors	\$5,091

Marketing Strategy	Aggregate CAC
Networking	\$5,603
Sponsorships	\$6,728
Webinars	\$7,585
Direct Mail	\$12,549
Podcasts	\$13,858
Seminars	\$19,977
Videos	\$28,759
Blogging	\$53,612

Upfront or ongoing marketing costs

WHAT'S MARKETING EFFICIENT?

Marketing Strategy	Efficiency
SEO	2.7
Drip Marketing	2.3
Client Referrals	2.2
COIs	1.7
Online Ads	1.3
Sponsorships	1.3
Webinars	1.2
Online Advisor Listings	0.9

Marketing Strategy	Efficiency
Solicitors	0.8
Seminars	0.7
Podcasts	0.7
Social Media	0.6
Networking	0.6
Videos	0.2
Direct Mail	0.2
Blogging	0.1

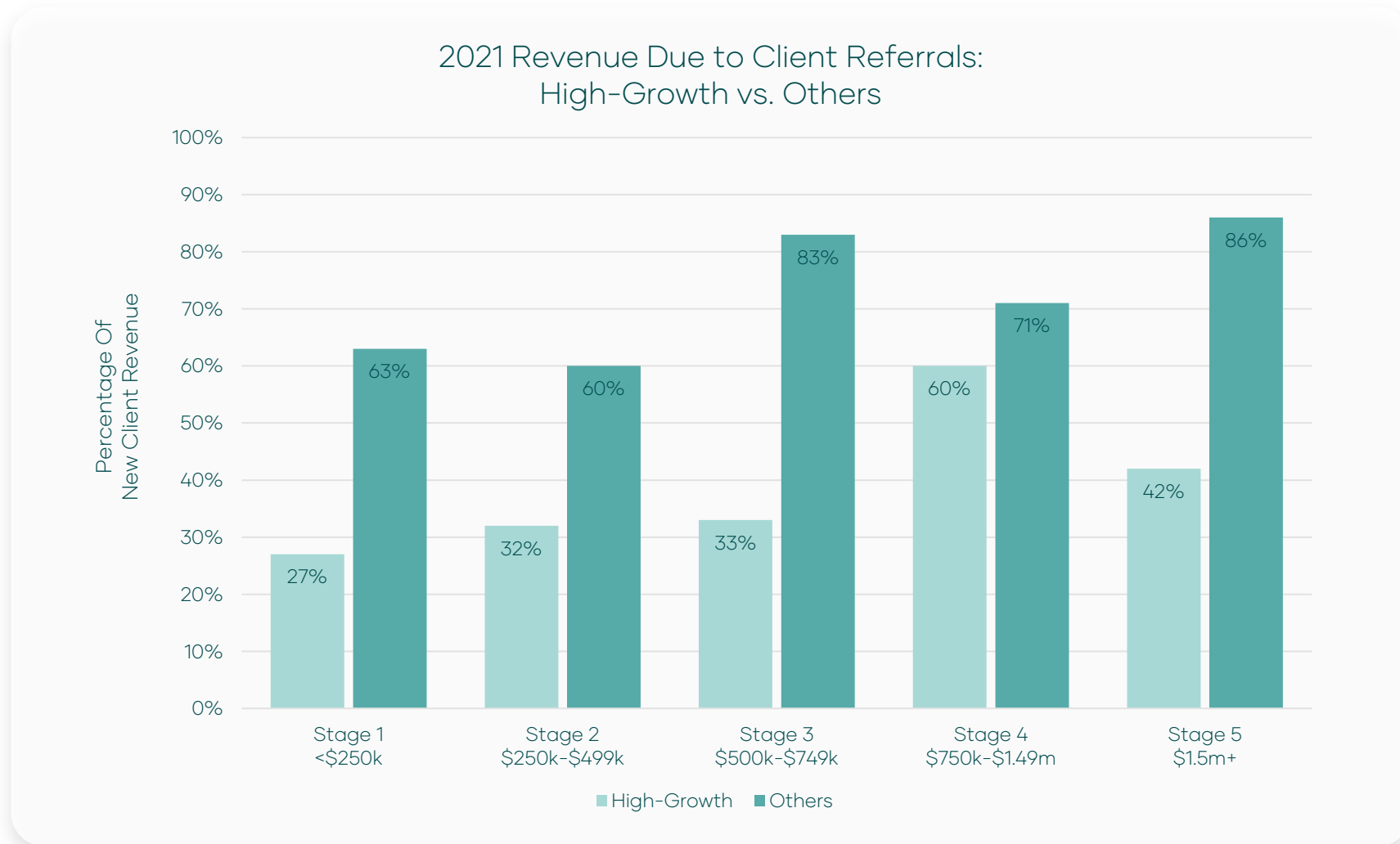
Upfront or ongoing marketing costs

HOW DO STANDOUT ADVISORS ACTUALLY MARKET?

Practice-Wide Marketing Efficiency



HOW DO STANDOUT ADVISORS ACTUALLY MARKET?



HOW DO STANDOUT ADVISORS ACTUALLY MARKET?

Smaller High Growth Practices

Online Advisor Listings

Third Party Solicitors

General Networking

High Growth Practices of Any Size

COIs

SEO

Blogging

Seminars

Podcasts

Larger High-Growth Practices

Webinars

Drip Marketing

Videos

Online Advertising

Sponsorships

Upfront or ongoing marketing costs



KEY TAKEAWAYS

KEY TAKEAWAYS

Figure out *your* Lifetime Client Value

- Attrition Rate = $1 - \text{Retention Rate}$
- Average Tenure = $1 / \text{Attrition Rate}$
- Lifetime Client Revenue (LCR) = $\text{Revenue/Client} \times \text{Average Tenure}$
- Lifetime Client Value = $\text{LCR} \times \text{Profit Margin}$

Figure out *your* Client Acquisition Cost

- Determine Total *time* spent on Sales + Marketing
- Soft Cost = $\text{Total Time} \times \text{\$/hour Rate}$
- Hard Cost = Total hard dollar spend on Sales + Marketing
- Total Marketing Cost = $\text{Soft Cost} + \text{Hard Cost}$
- Client Acquisition Cost = $\text{Total Marketing Cost} / \# \text{ of New Clients}$