

HOW TO DIFFERENTIATE YOUR PRACTICE



How to Differentiate Your Financial Advisory Practice

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OECHSLI



A personal coaching client shared this quote with me years ago and I have it written on my office whiteboard as a reminder. I'm not sure where he heard the quote, but the message is profound. In any sales scenario, the prospect is trying to answer an underlying question: "What makes this product or service different from others?" While the question isn't always verbalized, it's there, and the answer to this question largely determines their desire to move forward.

3 Differentiation Criteria

When it comes to differentiation, where does a financial advisor begin? While there are many differentiators to choose from (list below), from our perspective, differentiators must meet three criteria. Essentially, they must pass a real-time reality test.

Your differentiator(s) must be...

1. Legitimate: This isn't the time for hyperbole, stretching the truth, or attempting to position yourself as something other than what you truly are as a financial advisor.
2. High value: Clients and prospects must be able to see clearly that what you offer, your financial advisory services, are what they need.
3. Quantifiable: You must be able to communicate, demonstrate, and quantify your value.

If all three criteria are not met, it's not a true differentiator.

Selecting Your Differentiator(s)

What would you guess is the most commonly used differentiator among financial advisors? If "service" comes to mind, you're right. Our research shows that 56% of financial advisors claim that "outstanding personalized service" is what makes them different. Doesn't that feel like an oxymoron? Over half of advisors are singing the same song.

We're not saying that "service" can't be a differentiator, it certainly can. You'll just need to back it with some quantifiable evidence. However, for most advisors, we're looking for something more unique. A differentiator that clearly stands out amongst the crowd. And yes, you can have multiple differentiators, you'll just need to be clear in communicating them.

The following is a list of differentiators we've compiled over the year. Our hope is that it helps you think deeply about your own differentiator(s).

1. **We specialize in a specific niche or demographic.** We know a financial advisor who specializes in serving physicians and medical practices. He attends their conferences, knows their challenges with receivables, insurance reimbursements, staffing, etc., while handling their 401(k) and the personal accounts of most physicians and a number of their staff. Your niche might be C-suite

executives, business owners, self-employed professionals, socially responsible investors, alternative investments, or family generational planning.

- 2. We specialize in a particular company.** Do you know the ins and outs of the retirement and benefit options for executives of a major company? For instance, one of our coaching clients did a lot of work with Caterpillar executives, and their differentiator was simply: "No one knows Caterpillar retirement and benefit options like we do."
- 3. I have a unique personality trait.** Perhaps you were a teacher in a former career and make an effort to educate your clients. Perhaps you're more empathetic than most advisors. Maybe you're a straight shooter and don't tell clients what they want to hear, but what they need to hear. These personality characteristics can be turned into unique differentiators.
- 4. We solve a specific financial challenge.** Whether it's organizing and coordinating all the various financial and investment vehicles, generational planning, vetting and organizing outside experts, succession planning, retirement lifestyle planning, etc.
- 5. We have credentialed team members.** Having a CFP® on your team makes sense if you're developing financial plans for your clients. If you're a portfolio manager, a CFA on the team is befitting. Maybe you have a highly specialized designation such as the CDFIA. Even if you have credentials that many firms don't allow on business cards (CPA, JD, and MBA come to mind), these credentials differentiate you as well-educated, an indicator of both brains and discipline.
- 6. We have a specific geographic footprint.** Whether it's local, "We handle the finances for a handful of families in Scarsdale," or it's bifurcated, "We handle the finances for a group of families here in Scarsdale and in Palm Beach," either way works, as it differentiates you as someone who works closely, face-to-face, with extremely affluent clients.
- 7. We work with a very exclusive group of clients.** I'll always remember when one of our coaching clients was asked by a wealthy prospect as they sat courtside at a Lakers game, "How many clients do you have?" His response of "About 400" to a simple question put an abrupt end to romancing this wealthy prospect into a client. Upon hearing the tale, I asked one of the partners another simple question, "How many clients do you personally handle?" Without hesitation, "About 35 families," was his reply. One differentiates, the other commoditizes.
- 8. Our service is unique.** I recognize that everyone brags about their service, but we all know, especially today's affluent, that talk is cheap. But what if you can explain how you meet with the entire family, have a personalized communication agreement in writing for each client, and undergo an annual service review where each client assesses your services? Ah, now you're differentiating.
- 9. We have big-time success stories.** This typically goes beyond performance of the portfolio. It can be solving a complex estate or insurance issue, your team leading the fundraiser for the new hospital wing, etc. Whatever your success story, it's best if it involves your entire team, and it needs to relate to your financial acumen. Arrogance doesn't differentiate, it alienates.
- 10. Our cost structure is unique.** If you charge for your services like everyone else, ignore this. But if you are adopting a new "retainer model" approach to fees, this is truly unique and different.
- 11. Our wealth management process is unique.** We're fans of advisors formalizing and even naming their financial planning process. If yours is thoughtful and uncommon, brag about it. We've worked with advisors who offer one-page financial plans, proprietary blueprints, or access to their own software.
- 12. Our team members are thought leaders.** What awards or special recognition has your firm received? For instance, if you were rated (from a credible source) as one of the Top 10 Financial Planning firms in North Carolina, that's special. Or if you've made the Barron's Top 100 or Wealth Management's Top 100, you've got serious thought leader credibility. Are you communicating this to clients, prospects, and COIs?

Is this an end-all list? Of course not. There are infinite ways one can differentiate their practice. But hopefully, this helps on your journey to clearly communicate what makes you stand out.

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