



REPORT

Example Output

Comprising 25 categories of best-practice, the HealthCheck Report is a comprehensive, industry-benchmarked synopsis for individual Financial Advisory practices. The following is sample commentary in the "Client Segmentation" category of the HealthCheck Report. (*Commentary differs according to individual results.*)

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Executive Summary




Although every business is different there are some fundamental areas that must be successfully addressed before any business can be truly defined as "healthy".

Even if your business showed a good profit last year, unless these fundamentals are firmly in place, its future cannot be assured.


Your Business HealthCheck provides important feedback to you in each of the key areas to help you lay the foundation for the ongoing development of your business.

It's then up to the owners of the business to apply their own subjective overlay to the HealthCheck rating. Once this has been done, you will be in the best position to really understand how well your business is positioned now and for the future.

The following table shows how your business performed in each of the HealthCheck sections - with the table overleaf summarising performance in clusters as well:

	Poor Health	Average Health	Healthy	Fit	Super Fit
Client					
Home Base					
External Profile					
Capability					
Key Performance Indicators					

These results have led to an overall rating of:

Overall Rating					
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This is no doubt a satisfying result.











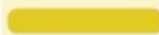
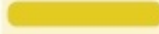
But for your business to remain healthy, you need to maintain its health program.

And if you want to take your business to the next level (and get it well and truly fit) then a whole lot more needs to be done.

What areas can be improved? How can they be improved? When can they be improved?

We hope that the Business HealthCheck will help you to answer these questions!

Your Results

	Poor Health	Average Health	Healthy	Fit	Super Fit
Client					
Client Management					
Location					
Segmentation					
Reviews					
Communication					
Home Base					
Business Plan					
Sales & Marketing					
Succession Planning					
Adviser					
Risk Management					
Key Person					
External Profile					
Range of Services					
Positioning					
Compliance					
P.I. Cover					
Capability					
People					
Performance					
Communications					
Culture					
IT					
Key Performance Indicators					
Revenue					
Assets					
Expenses					
Answer Base					
Profitability					

Segmentation

Poor Health	Average Health	Healthy	Fit	Super Fit

Comments

A good platform for segmentation has been introduced to this business.

How many clients do you have?

Please count the number of clients and not their individual policies and a "Corporate" is when the company itself is your client.

	Approximate
Individual	500
Corporate	0
Total	500

There is no right or wrong answer to this question.

To help add perspective for you however, we can advise that the average number of individual clients per practice on our HealthCheck database is 836. (Future Ready V, 2012).

And the other observation we can make - more clients don't necessarily translate to a more profitable business.

It's what you do with your revenue which will determine how profitable your business will become. We hope that after reading through your HealthCheck, you will get a few ideas on how best you can turn your revenue flow into more profit!

Do you segment your client base?

Yes

Pleasing to see!

Make sure you are offering each segment discernibly different benefits and services.

When did you last review your offer?

When did you last review your segmentation model itself? Have you made any changes to it at all over the last say two years - if you haven't then is it still as relevant today?

According to our "health bank", practices, which operate with a clearly differentiated, well managed segmentation in place, achieve a significantly higher profitability level than those who don't.

What criteria do you use to segment your client base (please check all boxes that apply)?

- Total revenue
- Ongoing revenue**
- FUM
- Premium paid
- Relationship**
- Potential
- They referred clients
- Family network
- Social network
- Types of services offered
- Specific market niche

There are many methods of segmenting client bases. There is no one “right way” to segment and each adviser may find success using a different method. Irrespective of the basis you use, we strongly suggest that it includes a financial basis - at the end of the day it costs money to provide the service and, to avoid any possibility of cross subsidisation between different segments, it's critical that you have a good handle on how much it is costing you to deliver your offer to each segment.

The important point is that the business segments somehow.

Remember, it is very important to make segmentation criteria as objective as possible. Opinions (especially those of principals) should be discounted as much as possible. Even criteria that could be considered subjective (such as relationship) should have a tangible set of measurable attributes underpinning them.

How many clients (approximates are fine) do you have in each segment (where "A" represents your most valuable clients, "B" your next most valuable, "C" represent average value and "D" comprise your lowest value clients)?

Please Note: The total of all segments cannot exceed the total number of clients entered previously. If you have more than four categories in operation, combine them as you feel is appropriate, to reflect the four segments defined here.

	A	B	C	D	Total
Individual / personal clients	50	100	150	200	500

It remains a proven business formula that 80% of a business' profits will come from 20% of its clients (Pareto's principle) and in your case it should be reassuring to note that your "A" class clients comprise less than 20% of your total clientele.

There are 2 questions which you need to be asking on a regular basis:

1. Are my "A" class clients really "A's" (ie: are they contributing 80% of your profitable business)?
2. Are my "B" class clients really "B's" (ie: do they still have the potential to become "A's")?

As a guide, "A's" and "B's" should generally comprise 20% - 35% of a growing and developing client base.

	A	B	C	D	Total
Corporate clients	0	0	0	0	0

The same principles and questions apply, as for retail clients. Segmentation is equally valid in the business market.

Focus on your "A" class clients who should be generally comprising no more than 20% of your total business client base.

Work on your "B" class business clients and try to develop some of them into "A's".

Remember that you could have some clients who are both individual retail and corporate clients.

It is pleasing to note that through your segmentation model, you have less than 20% of your business clients categorised as "A" class. In line with the foregoing comments, your model should be regularly reviewed (say at least once a year).

For individual clients, do you offer different levels of service/benefits to your different client segments?

Yes

Great! This is one of the key reasons for segmentation in the first place. Make sure you review your service/benefit offering regularly, looking to enhance it wherever possible. How well does it present through your Fee Disclosure Statements? Is it competitive when compared to your colleagues and peers?

Two points to remember:

- Do it before your clients want it and,
- Make sure you can deliver the services in a profitable manner.

And most importantly of all....is your differentiated strategy clearly documented and communicated to everyone in the business? Feedback from over 45,000 clients in the Business Health CATScan client base indicates that "A" class clients are looking for more frequent, relevant and proactive contact from their adviser.

When did you last review your segmentation model and/or the service and benefits you offer to the different segments?

Within the last 12 months

According to our latest data, 65% of Australian practices have reviewed their segmentation model and/or service offer in the past 12 months. You obviously appreciate that to ensure you remain competitive in an ever changing and increasingly crowded marketplace, you need to regularly (and objectively) review not only the services you provide, but also who you provide them to.

Make sure this remains a priority in your annual planning schedule.

Who makes the initial (and ongoing) allocation of clients in accordance with the segmentation model?

Adviser alone

Segmenting clients can be a very difficult exercise, particularly for the adviser who often has a long history with many of the clients.

For segmentation to be most beneficial, an objective segmentation criteria should be used - one that does not allow for the subjective measure of the adviser.

For your interest, according to our latest data, in 58% of practices the adviser, together with key staff, decide on the allocation of clients in line with the segmentation model.

Ask yourself the question, could the objective view of a key staff member add value to your segmentation process?

How many of your staff and outsourced solution providers know who your "A" class (or best) clients are?

Most

A good result. For your interest, according to our latest data, in 63% of practices, everyone in the practice knows these clients.

Many companies are so busy in the day to day activity of "being in the business", they fail to communicate who their best clients are.

To ensure your "A" class clients receive "A" class service, regardless of who in your business they deal with, all of your staff need to be aware of who these people are.

Does your practice have a Client Value Proposition (CVP) - a clear statement as to the value it brings to its clients?

Yes - in my head

A good start but still some room for improvement. In our view, a clearly articulated and documented CVP is an absolute necessity in today's post FOFA environment. A documented CVP is a great way to explain to clients, prospects and referral partners the services you provide and the type of clients you want to deal with.

Ask yourself the questions:

- Do all my staff know my CVP?
- Do all my referral partners know my CVP?

An easy way to find out of course is to ask them. . . it can be an interesting learning for your business.