

## DETERMINING YOUR VALUE PROPOSITION

*In the second of his series of articles, David Cox, MD of Suuqea, a consultancy advising intermediaries, looks at why determining your Value Proposition is critical to developing relationships with existing clients, will help acquire new clients and is an important step in becoming a “modern IFA”.*



Trust is a much talked about concept in the financial services marketplace today but, for simplicity, I like the definition “The degree to which each party in a relationship believes the other will honour their obligations”. The Value Proposition of your business is the promise it makes to its clients to deliver a particular blend of values. Through the communication of these values, the client is able to make an informed decision about whether they trust you enough to take your advice.

The communication of your business values to clients will come about through a number of means, including:-

- **Marketing Activity** – the communications that you publish to influence the buying decisions of both your existing and new clients, e.g. mail shots, newsletters, press adverts, etc.
- **Public Relations** – the activities you undertake to raise the profile of your business, e.g. the sponsorship of local events / teams, offering specialist opinion in the local newspaper, etc.
- **Service Standards** – the demonstration of the quality of your service through the things that you do, e.g. the presentation of your Suitability Letters and Newsletters, how the office phone is answered, your appearance, etc.

- **Reliability** – the demonstration of your values by you doing what you say you will, e.g. getting back to clients within agreed timescales, turning up for appointments on time, etc.
- **Performance** – this has nothing to do with the short term performance of the world's stock markets but the quality of your advice, e.g. does it address the client's problems, does the ongoing follow up service that you provide ensure that your advice remains relevant to your client's changing circumstances, etc.?

Without establishing a trustworthy relationship between yourself and your client, it is unlikely that there will be a basis on which a business transaction can take place. The process of building this type of relationship takes time. Initially, your client is going to have to be convinced at an intellectual level that they can trust you so that at least they can proceed with some degree of confidence, but possibly with an element of caution, to do business with you. Any initial transaction should, in any event, be viewed as a test so providing your client with some evidence that they can trust you. From this point, they are much more likely to do more business as their feeling of trust towards you grows whilst, from your perspective, you will start to benefit from the true lifetime value of the client relationship.

The importance of this evolving relationship should not be underestimated. As financial service professionals, we must not forget that, for many clients, making decisions regarding investments, planning for retirement or maximising their income in retirement is a complex process. They are likely to have limited knowledge of what is involved, have seen the various miss-selling investigations in the press and know that the financial consequences of getting it wrong could be significant.

So, this brings us full circle and back to the Value Proposition. Under the circumstances outlined above, the client is likely to seek out a recommendation to a Financial Adviser from a trusted friend or family member. If this friend or family member happens to be a client of yours, can you be confident that they would recommend you?

There are many reasons why you would want this to happen. Probably of most significance, referrals are a very cost effective means of acquiring new clients, particularly if the recommendation comes from one of your top clients. In this case, the profile of the new client should be ideal and, given the basis of the recommendation, there ought to be a high propensity to write business into this situation.

In conclusion, if you want to ensure that your new clients trust you enough to take your advice and that your existing clients act as advocates for your business, then they must have experienced the Value Proposition of your business first hand.

*In the third article of this series, David Cox will look at the importance of developing a Strategic Plan for your business.*