YOUR VALUE
PROPOSITION
Positioning your practice in a competitive landscape
Learning objectives

How do I differentiate myself from my competitors?
What do I need to do to position myself effectively?
What are the components of a well-organised value proposition?
THE CHALLENGE
In the absence of value……

THE OPPORTUNITY
Demonstrating value in a increasingly commoditised landscape

HOW LEGG MASON CAN HELP
Guidelines for developing and communicating the distinct components of your value proposition
COMPONENTS OF YOUR VALUE PROPOSITION
YOUR VALUE PROPOSITION

• Foundation of your advisory process
• Conveyed during client meetings
• Communicated over the life of the relationship

What should it do?

Your value proposition should help clients answer the following questions regarding their investments:

• How will you help me organise my financial affairs into a sensible long-term plan?
• How will you help me keep on track? How do we make sure my plan continues to meet its objectives?
• How will you look after my investments? How do you make sure the investment strategy continues to support the objectives of my financial plan?

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Interesting fact – did you know?

• How many times does an adult need to hear something before they remember it?

  a) 3 times
  b) 7 times
  c) More than 10 times
COMPONENTS OF YOUR VALUE PROPOSITION

The components of a well-designed value proposition include:

1. Your mission statement/ “elevator pitch”
2. Your approach to working with clients (client experience)
3. Your wealth management services
4. Your investment management process
5. Your service offering

Other critical components:

• Your bio (and if applicable, bios for the members of your team)
• Firm information

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DEVELOPING YOUR VALUE PROPOSITION
WHAT DO YOU DO?
MISSION STATEMENT

An overview of what you do and who you do it for.

• Should be a brief summary (1-2 paragraphs) that can be used to introduce your practice in conversation, in printed materials (such as the opening section of a brochure or client presentation) and on your website

• It should be true to who you are and how you work with clients

• Three important elements:
  • Who you work with
  • What services you offer
  • Vision/philosophy statement

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“I am a wealth manager. My fee-based practice emphasises personal client service combined with long-term investment planning. I focus on understanding personal goals — where my clients want to go in life and what they want to achieve. My business model consists of a disciplined investment management process and personalised service offering combined with a holistic approach to wealth management.”
HOW COULD WE IMPROVE ON THIS MISSION STATEMENT?

Consider incorporating the following elements:

• Target market – the type of client who will benefit from your services
• Concerns or issues your clients face
• Solutions you provide
• Benefits to your clients
EXAMPLE

“We specialise in advising successful executives, professionals and business owners on the transfer of wealth to successive generations. Our clients receive estate planning expertise, business succession planning, disciplined investment management and a commitment to exceptional service.”
PHRASES AND WORDS TO PROVIDE FOCUS

If you do not have a clearly defined target market, leverage the following phrases and words.

• Successful individuals, families, professionals and business owners
• Select groups of high net worth families
• Professionals such as doctors, dentists, lawyers and bankers
EXAMPLES OF SPECIFIC GROUPS OF TYPES OF CLIENTS

Successful people
Individuals, families, professionals and business owners including select groups of high net worth families.

Businesses
Often defined by sector (as above) but also by size, number of employees, turnover and profit, recruitment policy (attitude toward employee benefits), acquisition activity

Professionals
Doctors, dentists, lawyers, bankers, city traders, computer specialists, footballers and rugby players

Life stages and life events
Pre-and post-retirement, midlife (often linked with redundancy services), retired and older age, divorced, family provider, personal injury litigant, will writers and tax planners

Business sectors
Information technology, sport, marketing and advertising, print and publishing, media and service industries

Specific groups requiring a specific service
Pension scheme wind-ups, trustee investors, people with over £1mn to invest, pension transfers, nursing home fees, education funding, etc.

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EXAMPLE

“I provide wealth management services to a select group of wealthy families. I help them make more informed decisions about their money and the growth and protection of their assets and estate. I work for my clients as I would for my own family and aim to build lasting, meaningful relationships based on trust, integrity and superior client service.”
“I work primarily with software development experts and business owners as their personal ‘chief financial officer’ to help them achieve true financial independence. My specialty is executive remuneration management, including detailed estate and financial planning strategies, particularly to manage annual bonus payments and the proceeds of a range of share schemes.”
EXAMPLE

“I believe in building client relationships for the long-term, guiding you through the stages of wealth accumulation and protection with a plan, helping you meet your financial objectives and bringing you closer to reaching your main life ambitions.”
“We guide our clients, helping them preserve and grow their assets over multiple generations. To achieve this, we provide sound advice, tailored investment strategies, and highly personalised service.”
“We do three things for our clients and expect one in return. We help them:

- simplify their financial lives and achieve their ambitions
- generate the necessary income to sustain the lifestyle they require now and in retirement
- build a legacy for following generations or charitable causes

What we expect in return: should our clients have a question about anything pertaining to their finances, we expect to be the first phone call. We want to be your primary financial adviser.”
ADDITIONAL PHRASES TO CONSIDER:

• “We limit the number of clients in our practice so that we can provide a completely personalised service so that each of our clients has the best possible experience.”

• “We provide wealth management services that may ease clients’ fears of financial loss and help them retire comfortably.”

• “We offer comprehensive, objective financial advice to clients who desire a high level of personal service.”

• “We believe in long-term relationships and work to earn your continued trust.”

• “Our greatest satisfaction comes from working with clients for many years and helping them realise their financial ambitions.”

• “When investing money, we ensure three things: that we establish a process for communication between us, that we seek to manage risk in your portfolio, and that we regularly review and update your plan.”

• “We act as your advocate in all wealth matters”

• “Quality of life”

• “360° approach”

• “Tailored investment solutions”

• “Superior client service”

• “Results-oriented”

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## ADDITIONAL WORDS TO CONSIDER:

- Accountability
- Accuracy
- Certified
- Commitment
- Common sense
- Comprehensive
- Consequences
- Efficiency
- Efficient
- Independent
- Integrity
- Long-term
- Mission
- Objective
- Passionate
- Personalised
- Realistic
- Rejuvenate
- Reliable
- Renew
- Respect
- Results
- Revitalise
- Solutions
- Tailored
- Trust
- Unbiased

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WHAT DO YOU DO? ELEVATOR PITCH

Your elevator speech should be a short version (1-2 sentence maximum) of your mission statement.

Example:

Mission statement

“I provide wealth management services to a select group of wealthy families. I help them make more informed decisions about their money and the growth and protection of their assets and estate. I work for my clients as I would for my own family and aim to build lasting, meaningful relationships based on trust, integrity and superior client service.”

Elevator pitch

“I work with a select group of wealthy families, helping them manage wealth for today and future generations.”
CLIENT EXPERIENCE

Your approach to working with clients provide specific details on how you work with clients.

• Present the details in a way that will help clients visualise the relationship
• Set expectations with clients
• Create a roadmap for how you want to run your practice
• Be sure to cover both your wealth management and investment planning processes
Client Experience
Your Approach to Working with Clients

Sample 1
We have a clear process to understand your goals and develop appropriate recommendations.

- Discovery meeting: Initial meeting to understand your needs
- Analyse requirements and evaluate options to design wealth management plan and investment strategy
- Recommendations meeting: Presentation of recommended wealth management plan and investment strategy
- Begin ongoing execution of wealth management plan
- Execute investment strategy and other recommendations
- 6 month follow-up meeting
- Regular review meetings: Ongoing monitoring of investment strategy and wealth management plan

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CLIENT EXPERIENCE
YOUR APPROACH TO WORKING WITH CLIENTS

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WEALTH MANAGEMENT SERVICES

Explain your approach to offering comprehensive wealth management services to your clients.

You may wish to consider the following list of wealth management services as you create this part of your value proposition:

- Comprehensive financial planning
- Retirement planning
- Tax and trust planning
- Income and family protection
- Education funding
- Business succession planning
- Charitable giving
- Estate planning

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Sample 1

We have in-depth experience in financial planning and investment management, but we also bring in professionals with the expertise necessary for a successful wealth management plan. We will also work with any professionals with whom you already have a relationship.
Sample 2

We have in-depth experience in financial planning and investment management, but we also bring in professionals with the expertise necessary for a successful wealth management plan. We will also work with any professionals with whom you already have a relationship.
INVESTMENT MANAGEMENT PROCESS

Your investment management process should describe the approach you have developed for the investment aspect of your advisory service.

Consider the following list of activities when crafting this portion of your value proposition:

- Establish goals and objectives
- Determine risk tolerance and “capacity for loss”
- Develop an asset allocation strategy
- Develop a comprehensive strategy document
- Select tax wrappers, funds, other solutions and platforms
- Customise portfolio
- Evaluate managers and monitor performance
- Monitor changes in the market and/or the economy
- Rebalance portfolios
- Adjust portfolio and investments to address changes in goals or lifestyle
- Harvest tax gains or losses

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INVESTMENT MANAGEMENT PROCESS

Sample 1

To help achieve your financial goals, we employ a disciplined investment management process.

1. Establish investment goals and objectives
2. Determine risk tolerance and capacity for loss
3. Develop asset allocation strategy and investment strategy document
4. Portfolio construction: select tax wrappers, other solutions and platforms
5. Execute investment strategy
6. Monitor progress and make necessary adjustments

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Sample 2
To help achieve your financial goals, we employ a disciplined investment management process.

Please note: This graphic represents a much more complex investment management process and should only be utilised by advisers who employ more sophisticated investment solutions.

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Creating a great client experience can be a true differentiator for your practice.

Choose from the following when developing this portion of your value proposition, adding any others that you provide, if appropriate:

- Periodic client reviews
- Comprehensive communications and performance reporting
- Timely research and updates on market or economic trends
- Personalised communications offering (i.e., portfolio manager insights, research reports, news on specific stocks)
- Opportunities to attend financial and investment education events and seminars
- Access to adviser and team, either remote or face-to-face
- Facilitate family meetings
- Act as a liaison to other professionals (accountant, lawyers, et. al)
- Personalised delivery of information (phone, email, web, in-person)
FEES FOR ADVICE
FEES FOR ADVICE

The introduction of adviser charging will increase competition and it will be some time before the full effect is realised.

When setting fees, consider:

• What is the cost of delivering service – both initial work and ongoing service?

• How does the cost differ for different types of service (e.g., transactional vs. full wealth management)?

• What is the minimum level of revenue that will cover costs and contribute to profit?

• What do I specifically include as part of service and what should be separately charged for? What are the boundaries of my standard service offer?

• If I am using percentages as the basis for most of my charging, how will I charge for work that should be based on project fees or hourly rates?

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FEES FOR ADVICE

Clearly these questions are designed to test the robustness of your pricing model and how it will stand up to increased client scrutiny. Many firms have a misconception that the main impact of introducing adviser charging is over. Therefore, they fail to recognise that competitive pressures around the price of advice will build steadily over time. As with many regulatory initiatives, the main changes can be far reaching and emerge some time after their initial introduction.

In these circumstances you should:

• Review your prices every six months
• Monitor prices of online services - clients may make a direct comparison despite the difference in service
• Monitor the exact charges being applied on a client by client basis and compare with other advisers in the business where possible – this is to identify common trends and the extent to which any discounting is taking place;
• Communicate your value proposition - this is the principal way that you can substantiate your price; and
• Use case studies to demonstrate your direct value and tax savings achieved for clients
DELIVERING THE MESSAGE
DELIVERING THE MESSAGE

- Your brochure
- Your website
- Your LinkedIn profile

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THE FIRST CLIENT MEETING
Discovery meeting: Present and explain your value proposition

• Present your value proposition
  o Mission statement
  o Your approach to working with clients (client experience)
  o Explain your wealth management process
  o Define your investment management process
  o Define your service offering
• Explain the basis of your fee structure
• Conduct an in-depth discovery process

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THE SECOND CLIENT MEETING
Proposal: Demonstrate your value proposition

“In our last meeting, we discussed in detail how I run my business, including my wealth management services, investment management process, and service offering. Today, as we go through your tailored proposal, I am going to bring those words to life and demonstrate how this process applies specifically to you.”

- Recap objectives and goals
- Bring your investment management process to life
- Detail the ongoing service you will provide
- Provide transparency about fees
“As we have discussed in our previous meetings, service is a cornerstone of my business. Today, I am going to begin to execute and deliver on the service standards that are part of that promise.”

- Finalise paperwork
- Begin to execute service standards
  - Discuss expectations for statements, mailings, etc.
  - Set client review schedule
- Set expectations for any additional actions (i.e., contact with their lawyer)
- Ask for referrals
Are you what you say you are?

Designing a value proposition is one thing; fulfilling it is quite another. Ultimately, the only way to you are delivering on your value proposition is to ask your clients. Take some time during your client reviews to explore how they perceive your process, philosophy and service. Ask them for suggestions, if necessary, on how you could enhance your level of services.

Communicate

- At every client meeting, reiterate value proposition

Reassess your role during your annual business planning

- Reassess value proposition to ensure relevance
- Modify service offering (client experience), wealth management services and investment management process visuals, as necessary
ACTION STEPS

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ACTION STEPS

Have Questions? Need Assistance?

If you have any questions about developing your value proposition, please call the Legg Mason Sales Team at 020 7070 7444, or your Legg Mason Sales Representative.

Leggmason.co.uk/tapp

Systematise your approach

- Develop your value proposition or reassess your existing one using the workbook provided
- Create a brochure or client presentation to communicate your value proposition (following the guidelines from your firm’s compliance and marketing departments)
- Make your value proposition the foundation of your website, and if applicable, your LinkedIn profile
- Be sure to communicate a consistent message
“Motivation is the desire to do more. Inspiration is the desire to be more.”

What do you want to be in the minds of your clients?
Summary: topics covered

Overview

Components of your value proposition

Developing your value proposition

Fees for advice

Delivering the message

Action steps

Learning objectives

Actionable tools and examples to aid you in executing a strong value proposition

An understanding of how to create an effective brand for your practice

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