



MARKETING: STRATEGIES FOR GROWTH

INSIDE: Positioning your practice | Articulating and communicating your value proposition |
Developing your marketing plan | Measuring ROI

MARKETING CAN HELP PROPEL YOUR PRACTICE FORWARD

A strong brand will not only define and differentiate your practice in a crowded marketplace; it will create an important emotional connection between you and your clients and the centers of influence you depend upon to provide qualified referrals. Yet branding alone won't drive new business your way. How you market your brand and the emphasis you place on marketing as a driver of revenue and assets under management (AUM) can make a significant difference in achieving your important business growth goals.

In a recent study of top-performing RIA firms [see Figure 1 on page 2], 76% of advisors ranked "growing profit via higher AUM and revenue" among their top three initiatives, and 65% listed improving the firm's marketing and business development efforts as a top priority for achieving those goals.¹

So how does placing a priority on marketing and business development translate to revenue growth? In a separate study, advisors who placed a higher priority on marketing to drive business growth allocated roughly 2.4% of their revenue to marketing and business development, compared with 1.8% of revenue allocated by advisors who placed a lower priority on these activities. Among those spending more on business development:²

- Forty percent saw more client growth.
- Twenty-three percent experienced more asset growth.
- Twenty percent experienced more revenue growth than firms with other priorities.

40%

of advisors spending
on business
development saw
more client growth²

IMPORTANCE OF A WELL-DEFINED MARKETING STRATEGY

If a committed focus on marketing and business development is a catalyst for practice growth, it stands to reason that your marketing strategy is the engine that can propel you forward. A well-conceived marketing strategy and implementation plan can play a critical role in helping you achieve your business growth goals, allowing you to:

- Capitalize on your strengths.
- Focus on attracting and retaining high-value clients and relationships.
- Differentiate your firm and value proposition.
- Deliver your message effectively across all client and prospect touchpoints.

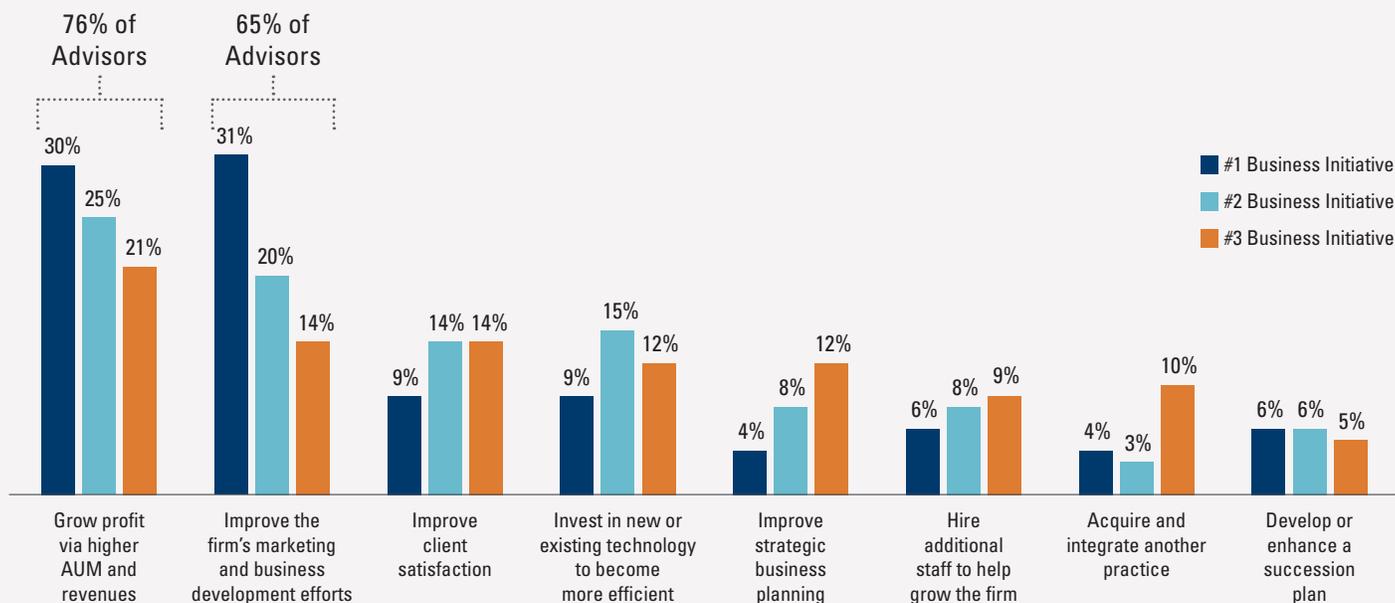
The challenge most advisors face when it comes to marketing their practices is not in determining their message, but in driving that message through every aspect of the client experience: from prospecting tools and materials, to client onboarding, to ongoing communications and client touchpoints. That begins with positioning your practice in the marketplace and developing a clearly articulated value proposition.

POSITIONING YOUR PRACTICE

Your area of specialization will have an impact on how you differentiate, promote, and market your practice, and how large or small you set your marketing budget. It will also help determine your networking activities, the amount of travel required to attend local and out-of-state conferences or speaking engagements, and how you'll communicate with clients and prospects.

While the terms “niche” and “specialization” are often used interchangeably, there is a difference. You may focus on a specific niche—such as doctors, women, or high-net-worth families—but your particular area of specialization may vary greatly from other advisors serving those same communities or

Figure 1: Advisors’ Top Initiatives for Their Business (2015)¹



demographics based on your personal experience, credentials, knowledge, and expertise. For example, one advisor serving women investors may be highly experienced in divorce financial planning while another advisor may focus on the specific challenges women face in preparing for and living in retirement.

Why Specialize?

Specialization is particularly conducive to inbound marketing where, instead of advisors paying to get in front of prospective clients, advisors create content demonstrating their expertise. As potential clients seek solutions for their unique problems, they find their way to the content that solves their problems and positions the advisor as a “solution provider” for people with challenges similar to theirs.

Even if you think of yourself as more of a generalist, take some time to consider what you offer that’s unique to your practice and how your approach is different from your competitors’. Positioning your practice and your area of specialization is largely a matter of articulating and delivering on a meaningful value proposition—a clear and realistic explanation of what you bring to the table, how you run your practice, who you serve, and how you serve your clients.

ARTICULATING YOUR VALUE PROPOSITION

Your value proposition will connect your solutions to your clients’ and prospects’ most important needs. It’s the foundation of your consultative process. As such, it should help your clients draw solid connections between your value and your fee structure, and differentiate you in a compelling way. Consider the changes the Department of Labor (DOL) fiduciary rule could bring to your practice as an opportunity to update your value proposition and re-emphasize the value you bring to clients.

Many value propositions list important attributes of an advisor’s firm and approach, but fail to make the connection between prospects and their needs. There are four aspects that make a value proposition connect more strongly with clients:

1. Unique characteristics of you and your business
2. The type of clients you work with
3. A rational explanation of how the firm’s attributes produce benefits for clients
4. Language that evokes a feeling

Begin by writing down why you do what you do, how you do it, and who you do it for. Think about the qualities that differentiate you from other advisors. How is your business unique? Why is it valuable to your clients? Write down some words you think represent you and your business. For inspiration, talk to your top clients and ask them what they appreciate about you and your offerings.

It’s important to note that a value proposition differs from a mission statement because the mission statement simply defines your business and what you do.

For example: *“Our mission is to provide high-net-worth families and business owners with comprehensive wealth management strategies for their most complex financial needs.”*

Use the following litmus test to help determine if your value proposition is effective:

- It resonates with clients and prospects emotionally and rationally.
- It’s authentic and believable.
- It’s relevant to your core audience.
- It’s simple and memorable.
- It endears your audience to your brand in good times and bad.

The value proposition speaks to those elements, along with conveying why a client would choose to work with you above another advisor.

For example: *“We bring the knowledge, experience, and objectivity required to pursue important family or business goals with ease and confidence. By relieving the burden of managing your finances, you’re free to focus on what’s most important to you.”*

COMMUNICATING YOUR VALUE PROPOSITION

Communicating your value isn’t a one-time occurrence; it should be reiterated across all client touchpoints. Whenever you interact with your clients, remind them of what you’re doing and why. Reinforcing your value proposition outside of client interactions is also critical. By including content on your website that reflects your values, approach, and service offering, you help clients, prospects, and centers of influence understand exactly what you’re about and the solutions you provide.

Lastly, ensure your team is familiar with your value proposition and can speak to it comfortably and with authenticity. A clear, unique value proposition that ties client needs and benefits together can help you stand out among advisors and potentially grow your business.

DEVELOPING YOUR MARKETING PLAN

Similarly to the financial plans you develop for your clients, your marketing plan is your blueprint for continued success and a tool for measuring and monitoring your progress so you can make any necessary adjustments along the way. An effective marketing plan doesn’t have to be long or overly detailed, but it does need to be documented. It should provide a succinct overview of your business, your challenges and opportunities, objectives for the coming year, and the strategies you’ll use to pursue your goals. It’s comprised of six basic elements:

1. **Business analysis**—Describe your business objectives and focus, sales, and profitability history.
2. **Market environment**—Provide an overview of the market in which you’re operating.
3. **Challenges and opportunities**—Describe the opportunity you’re targeting, and evaluate possible obstacles.
4. **Objectives**—Set objective, measurable goals by which you’ll gauge your success. Be as specific as you can: Instead of saying “more business,” define “how much.”
5. **Marketing strategy and programs**—Refine what you know about your clients’ and prospects’ needs, as well as your own strengths and approach to financial advice, into a few key messages. Then, describe how you intend to communicate these messages, listing specific strategies and tactics.
6. **Marketing budget**—Allocate an amount of your budget to marketing, which will be dependent on a number of factors, including your strategy and tactics, profitability, and whether or not you choose to build an internal marketing team or work with an outside agency or partner.

How much should you budget?

The average advisory firm spends a mere 2% of its revenue on all marketing and business development activity, most of which is likely common expenditures like lunch and dinner meetings, golf, client appreciation events, and similar relationship and referral-oriented endeavors.³ However, among advisors generating \$1 million or more in revenue, 57% spend 4% or more of their gross production on marketing. So, an advisor generating \$1 million in revenue would be spending \$40,000 on marketing.⁴

CHOOSING APPROPRIATE MARKETING TOOLS AND TACTICS

Once you've accomplished the heavy lifting—determining your area of specialization, target audience(s), marketplace differentiators, and value proposition—it's time to determine which strategies and tactics will best reach your audience and provide the return on investment you seek.

The following are considered core components of an effective marketing strategy:

1. **Your brochure or pitchbook.** While websites have taken the place of printed brochures for many advisors, any presentation or leave-behind client materials should showcase your value proposition. Your value proposition forms the core of your brochure or pitchbook and should provide additional information on key attributes of your firm. It should also include biographies for you and, if applicable, your team.
2. **Your bio.** In addition to professional achievements and credentials, your biography may also include general information about your family and personal interests. Information about your personal and/or volunteer interests can create connections with prospects with similar interests.
3. **Your online presence.** A professional website validates you in the eyes of clients and prospects. Think of it as a "showroom" for you and your services that's open 24/7. Social media is another

Marketing Tactics and Their Benefits

The following is a list of common marketing tools and tactics, and their benefits:

Advertising

- Build your image
- Raise awareness among a wide audience
- Communicate simple messages

Direct Mail

- Targeted
- Easy-to-track results

Networking

- Discover shared interests
- Meet on a social level
- Make easy introductions

Public Relations

- Gain local and industry-wide recognition
- Differentiate your practice from competition
- Create a sense of trust
- Receive implicit third-party endorsement

Social Media

- Grow and expand your market reach
- Build and control your reputation
- Increase networking scope
- Low cost of entry

Bylined Articles

- Free (if you write them yourself)
- Demonstrate expertise
- Can be reused in direct mail and online advertising
- Key source of referrals

Email

- Targeted
- Easy-to-track results
- No production/mailing costs

Newsletters

- Demonstrate expertise
- Easy-to-implement regular contact with clients and prospects
- Cost-effective

Seminars

- Target prospects with a specific need or challenge
- Demonstrate expertise
- Strengthen relationships by dealing with client/prospect challenges in person
- Customize easily for specific audiences

Special Events (by target audience)

- Build relationships with clients and prospects who have shared interests
- Position yourself as a leader in your community
- Support organizations that are important to you

Website

- Provide basic information about you and your business
- Incorporate many different types of marketing messages and materials
- Save money: inexpensive compared to traditional advertising
- Establish credibility
- Cost-effective way to provide up-to-date information and celebrate accomplishments

important aspect of your online presence. Facebook, LinkedIn, and Twitter can drive traffic to your website and help you increase brand awareness, make and retain important connections, develop relationships, and further your networking efforts in a cost-effective manner.

MEASURING ROI

The success of your marketing efforts is measured by how well they translate into profitability for your practice. By tracking new client relationships, additional business from existing clients, increased AUM, and higher revenue and profits for your practice, you'll gain a clear picture of the tangible return on investment (ROI) generated by your marketing activities. This knowledge can be an important driver of your marketing strategy going forward, helping you position your resources more effectively to focus on the strategies and tactics that provide the highest return for dollars spent.

Use Customer Relationship Management (CRM) Tools to Track Results

A good tracking system will tell you how much each marketing initiative costs, both directly and indirectly, and how much total cost is associated with the activities to bring in new business. By comparing return on investment across marketing tactics, you can determine which ones are your strongest performers and concentrate your time and money on those with the highest potential. ■

Marketing One-On-One

At LPL Financial, we provide advisors like you with marketing solutions so they can effectively market their brand and grow their practice.

A call to our Marketing Solutions Center is an advisor's first stop for all marketing-related questions and consultations. We help them identify their marketing needs and provide education on supporting tools and resources on the LPL platform and through our industry-leading partners. Through a consultative approach, we encourage marketing as one of the many essential tools to use in practice growth.

The tools and resources we provide our current advisors include:

- An automated campaign tool that enables them to scale their efforts with consistent communications to clients and prospects
- Marketing consultations, where they can engage in in-depth discussions on marketing strategy and branding
- Social media guides for profile setup, best practices, and content for posting
- A variety of compliance-approved customizable marketing materials to easily order online, anytime
- A "one-stop" marketing platform that provides access to libraries of downloadable, pre-approved materials, plus tips and best practices

YOUR PRACTICE, YOUR WAY

However you envision the future of your practice or program, LPL's comprehensive support and broad range of innovative business models can help you build and grow your business, your way. LPL understands that independence doesn't have one single meaning. Whatever lens you view your independence through, LPL is here to support and provide clarity to that vision, whether you want to:

- Be an independent financial advisor at LPL with access to custodian services and a fully integrated platform to address the varied needs of your clients.
- Leverage the LPL Hybrid RIA model, which allows you to join LPL's broker/dealer platform while maintaining your RIA firm.
- Join an existing practice, bank, or credit union for established infrastructure, structured support, and access to new referral sources.
- Specialize in retirement plans, and leverage tools and resources built *by* retirement plan advisors, *for* retirement plan advisors.
- Bring your entire practice or build one—LPL offers customized clearing, advisory platforms, and technology solutions to help create efficiencies and scalability within your practice.

LPL is committed to your success. Give LPL a call today at (888) 250-2420, and put its capabilities to the test.

¹ WealthManagement.com: RIA Trend Report 2016

² The 2014 Fidelity RIA Benchmarking Study

³ ThinkAdvisor.com, August 2014.

⁴ Oechsli Institute 2015 Elite Advisors Study

About LPL Financial

LPL Financial, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ: LPLA), is the nation's largest independent broker/dealer (based on total revenues, *Financial Planning* magazine, June 1996–2016), an RIA custodian, and an independent consultant to retirement plans. LPL offers proprietary technology, comprehensive clearing and compliance services, practice management programs and

training, and independent research to more than 14,000 financial advisors and approximately 760 financial institutions. In addition, LPL supports approximately 4,500 financial advisors licensed with insurance companies by providing customized clearing, advisory platforms, and technology solutions. LPL and its affiliates have more than 3,400 employees—with primary offices in Boston, Charlotte, and San Diego.