

*2023 Financial Industry*

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# PRACTICE MANAGEMENT TRENDS - REPORT

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# Introduction

Leading up to 2023, what made a financial professional successful? What activities did they focus on? What did their team actually implement? Do years of experience necessarily mean that you will be more successful? Does having a larger team mean that you run a better practice? Overall, where does the industry stand in practice management?

These are just some of the questions we hope to answer in this years Practice Management Trends Report. We strive to highlight the most prominent 'opportunity gaps' for Financial Professionals that occurred in 2022, and predict trends for the future. An opportunity gap is the space that exists between where a business is now, and where it could be at its full potential. Are you operating your business at its full potential? What opportunity gaps exist that you could address in 2023?



# The Practice Management Index (PMI)

The information, evaluation and insights in this report are derived from the Practice Management Index (PMI), which is a detailed assessment of a financial team's practice management capabilities. The PMI provides a quantitative measure for financial teams to know "where they rank" compared to their peers, with an overall PMI score on six integral pillars of their business and 18 focus areas in practice management.

The data is aggregated and derived from the 174+ point PMI assessment, and the intake form comprising demographic and socioeconomic information - including the number of financial professionals on a team, staff, clients, Assets Under Management, annual revenue, and percentage of recurring revenue. This data is used to uncover hidden patterns, unknown correlations and trends that provide useful business insights across the industry. You will find such insights in this report.

In addition, this report will provide a meaningful comparison for the Financial Professionals that have completed the PMI, so that they can compare themselves to their peers within the industry. Our intent is to provide Financial Professionals with a benchmark of success, so that each year they can measurably and progressively run a more productive and predictable business, become a better team, and a better version of their former selves.

You can take your PMI for 2023 at this link: [practicemanagementindex.com](https://practicemanagementindex.com)

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[practicemanagementindex.com](https://practicemanagementindex.com)**

# Respondents Profile

The data comprised in this report is from respondents who are financial professionals within North America. Commonalities shared by respondents are that they:

- Dedicate time to improving their business through practice management, relationship management, marketing and business development.
- Often are teams that may be stuck in the status quo, and want to gain clarity on the gaps that exist within their business.
- Are individuals and businesses motivated to see new levels of growth, efficiencies, productivity and predictability in their business.

*No personally identifiable information is used in this report.*

## Data Analysis

The data in this report was reviewed for accuracy from real respondents. Any duplicate PMI submissions were reviewed and then removed, and all outliers with PMI scores below 3.0 and above 8.0 were flagged for review of intake data and completed answers, representing 17.7% of the data.

*“Respondents are motivated to see new levels of growth, efficiencies, productivity and predictability in their business”*

# Financial Industry 2022 PMI Scores

The following PMI scores represent the overall average, high and low scores given to Financial Professionals in 2022. The maximum and best score being 10. The PMI score is calculated as an aggregate of all answers in the PMI assessment, within the context of six practice management pillars and 18 focus areas (see pages 8 & 9):



**Teams with Annual Revenue greater than \$2.5 million**



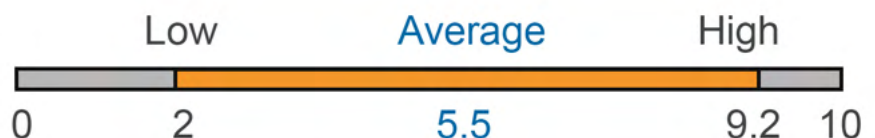
**Teams with Annual Revenue less than \$250,000**



**Teams with 8+ team members**



**Advisors with 15+ years of experience**



# Where Do Financial Professionals Stand?

## **Significantly Above Average (8.5 - 10)**

PMI Scores that fall within this range indicate the respondents scored well above their peers, and have the fewest opportunity gaps to refine in their business. They likely make prudent decisions and have a thriving business, including a productive team, excellent communication with their clients and strategic partners, and execute on well-defined systems and processes to create a very consistent client experience.

## **Above Average (6.2 – 8.4)**

PMI Scores that fall within this range indicate that they scored above their peers, and have a smaller number of opportunity gaps to improve their business. They likely have a well-established business including an efficient team, consistent systems and processes to create an elevated client experience, and are looking for smaller refinements in most aspects of their business.

## **Within Average Range (4.6 – 6.1)**

PMI Scores that fall within this range indicate that the professional scored within the average range of their peers, and have a reasonable number of opportunity gaps they can address to improve their business. They likely have an established business that includes some defined processes, executes fairly consistently on the client experience, but they recognize the clear path to growth and efficiently is through more defined systems and better communication with clients and strategic partners.

## **Below Average (3.9 – 4.5)**

PMI Scores that fall within this range indicate that the respondents scored below their peers, and have a high number of opportunity gaps to target to improve their business. Further, they likely have an operational business, require more consistency and defined processes, are looking to significantly improve the client experience, better manage their clients and focus their time and energy more productively.

## **Significantly Below Average (0 – 3.8)**

PMI Scores that fall within this range indicate that respondents scored well below their peers, and have a significantly higher number of opportunity gaps to improve in their business. They likely are in a business foundation-building phase to increase process consistency and efficiency, dramatically elevate the client experience and better demonstrate and communicate their value to clients.

# Six Practice Management Pillars

The following table provides aggregate scoring and overall ranking of the six practice management pillars in the Financial Industry. Each pillar is scored out of 10. The higher the score, the better the ranking:





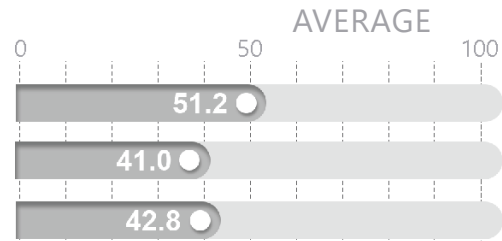
# 18 Focus Areas

The tables below provide more granular scoring in 18 focus areas of practice management. Each focus area is scored out of 100. The higher the score, the better the ranking.



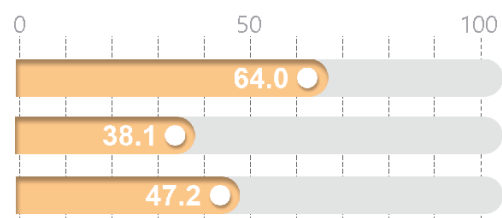
## STRATEGY & PLANNING

- Goals and Objectives
- Strategic Planning
- Key Performance Indicators (KPIs)



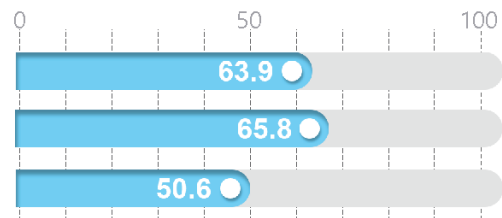
## PRODUCTIVITY & EFFICIENCY

- Client Management
- Systems & Process
- Time Allocation



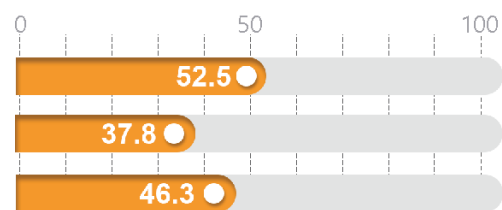
## CLIENT EXPERIENCE

- Client Information
- Client Service
- Ideal Clients



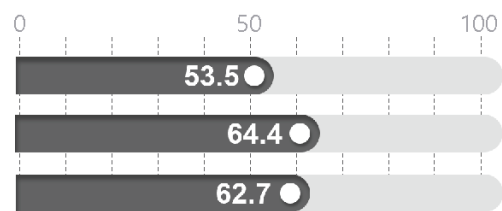
## BRANDING & MARKETING

- Branding
- Client Events
- Strategic Partners



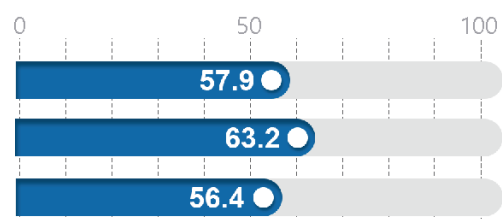
## CLIENT SUCCESS

- Prospective & New Client Process
- Client Communication
- Client Referrals



## TEAM DYNAMICS

- Review, Feedback & Compensation
- Communication & Development
- Team Organization



# Final Rankings of the 18 Focus Areas

Below are the highest averages (Top Ranked) and lowest averages (Bottom Ranked) of the 18 Focus Areas from the previous page:

## TOP RANKED

1

**Client Service**

2

**Client Communication**

3

**Client Management**

## BOTTOM RANKED

16

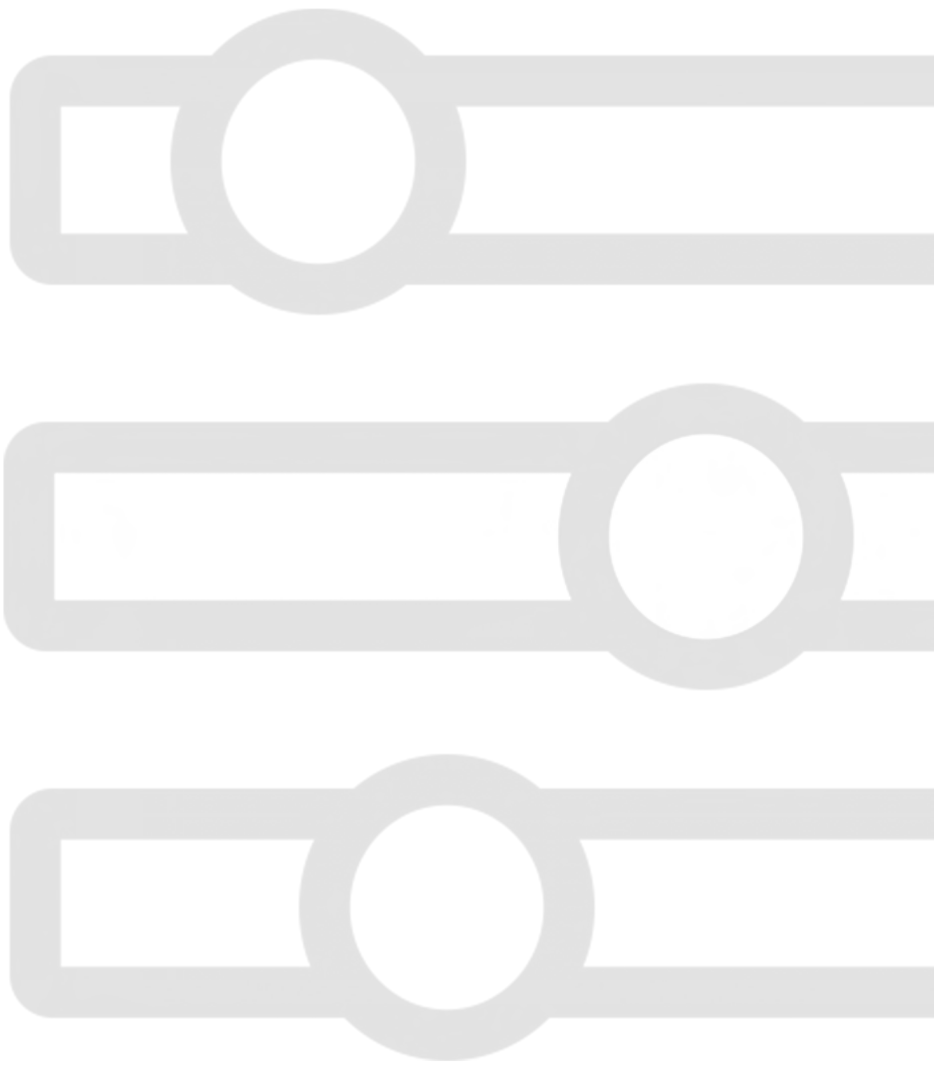
**Strategic Planning**

17

**Systems & Process**

18

**Client Events**



*The following pages provide a snapshot of the most significant trends and opportunity gaps for financial professionals and teams identified through the PMI in 2022*

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## OPPORTUNITY GAPS

# Strategic Planning



It is the implementation of an IDEA that sets it apart from everything else and brings it to life. A strategic plan lets you implement efficiently and more predictably. Strategic Plans can have real value if they are thoughtfully created, referred to regularly, adjusted as needed, and involve the entire team. Strategic planning can be simple, and it can help you establish and meet your targets.

Typically, Strategic Planning starts with an annual plan for the year. What needs to be adjusted in your business activities to ensure the desired outcomes? What can be done to bring you back on track? Have you shared your plan with your team so they understand their role in helping you achieve it? What changes have to be implemented with your clients?



**of larger teams with 8+ team members have a documented strategic plan for the year.**

# Client Communication



**49%**

**of financial professionals' clients do not know about all the services they offer.**

**45%**

**of financial professionals do not clearly communicate the value of their team, their practice, their philosophy and their process.**

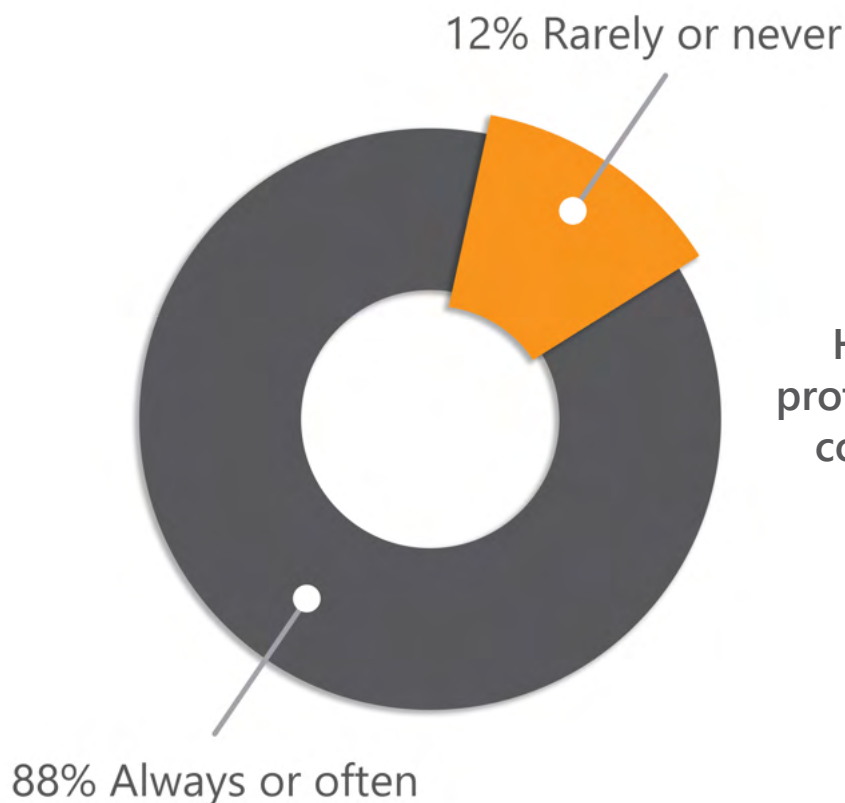
Ensuring your clients understand everything you do and appreciate your value is critical to client longevity. Your client's perception of you and your business is largely based on how you communicate. Clients don't just trust and identify with a person; they trust and identify with a person, a practice and a process.

## Ideal Clients

**53%** of financial professionals do not have an up-to-date, documented Ideal Client Profile.

You know who your ideal clients are; determine what characteristics make them a fit for your business. Often, professionals get into the habit of identifying their target or ideal client either by a minimum revenue threshold or by speaking in vague terms. Either of these tactics makes it difficult to effectively communicate to your team or current clients who is the best fit for your business, and who should be introduced to you.

# Client Referrals



How many financial professionals consistently convert introductions into actual clients?

Asking for referrals can be perceived negatively by clients, and can reflect poorly on you and your team. The goal is to leverage your client's desire to be helpful to others, and position the concept of a referral as a value added service that you provide to the friends and family members of your clients. Encourage your clients to introduce you when the right situation arises, and ensure they clearly understand the process on how to proceed with an introduction.

**48%** of financial professionals do not have a process in place for client introductions.

**71%** of financial professionals think their clients perceive them as too busy to take on new clients.

# Prospective & New Client Process



The ultimate goal is to create a consistent, predictable, documented process so all potential new clients compare and contrast you favorably to any other professional they have had experience with in the past. Professionals need a linked and sequential process with an array of tangible resources, through which clients can fully conceptualize and experience their approach. It is far more powerful to show someone your process than it is to just tell them you have one. Not only is it more impactful and memorable, but it also makes it easier for the client to describe your value to someone else.

# Client Information

The most valuable intellectual property in your business is the information you have on your existing clients. What you know about your clients' goals or aspirations as it relates to their money and the services you provide is important; however, the critical asset is what you know about your client's family, occupation and recreational interests - this is your clients' WHY.

**76%**

**of teams regularly collect FORM (Family, Occupation, Recreational and Money) information on their clients.**

**49%**

**do not review this data prior to a call or meeting.**

**41%**

**do not use this data to create a highly personalized client experience.**



# KPIs



Only  
**33%**

of firms regularly  
track Key Performance  
Indicators.

Measuring the key objectives of your business is critical. Key Performance Indicators (KPIs) or other similar metrics are most often focused on results and overall performance of the business, but you should also focus on the activities that contribute to the success of those desired results.

Adjusting your focus and tracking the activities that lead to the outcomes of your business' vision will help you have greater clarity on what makes your business thrive.

# Client Experience



**82%**

**of teams consistently provide more service for their best clients.**

**Only  
31%**

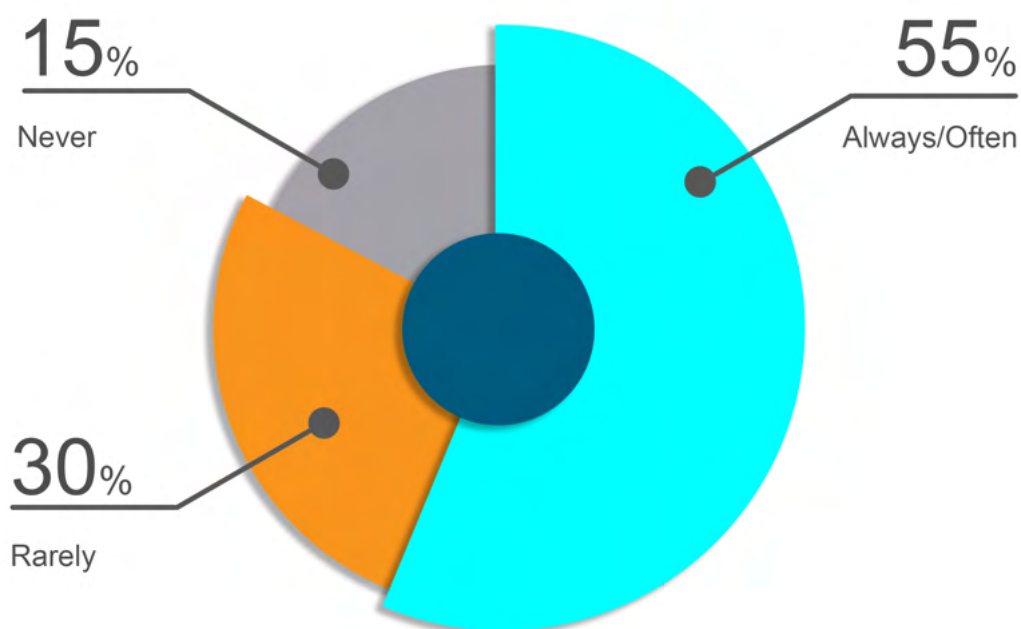
**of financial professionals do not have regular meaningful contact for a client's birthday.**

Delivering an impeccable, consistent experience is a fundamental element of trust and overall client satisfaction. To ensure you and your team deliver ongoing client service with the highest degree of consistency and predictability, implement a client Service Model or Matrix into your business.

**36% of financial professionals rarely or never recognize moments of truth or critical life events that occur in their clients' lives.**

# Branding

How many financial professionals have a consistent professional branding strategy in place that clearly communicates the value of their team, their practice, their philosophy and their process?



Financial professionals who have a consistent branding and marketing strategy ensure they are 'top of mind' in their profession, as they can clearly communicate the value of their team, practice and process in all forms of communication. Your branding and marketing should be panoramic, but laser focused on who you want to attract to your business.

**59%**

**of financial professionals do not deploy a consistent social media strategy**

# Team Organization



53%

of teams have documented  
roles and responsibilities for  
their team members.

Building a successful business involves building a cohesive team. The first step is determining who will do what, and when.

On a daily basis, you and your team engage in proactive and reactive activities; all of which affect your team's productivity and efficiency. You and your team need absolute clarity on who is accountable for each of these activities to ensure processes carry through consistently.

# Team Communication & Development

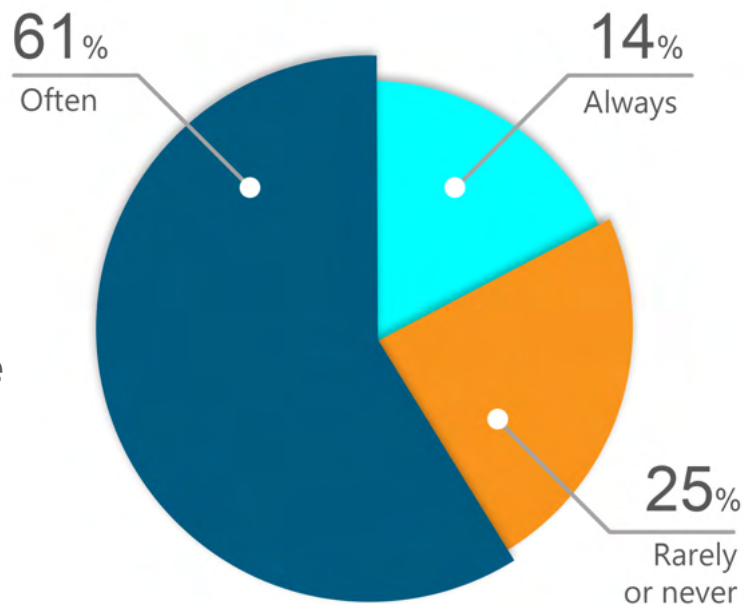
74%

of high performing teams, with \$2.5 million in annual revenue or more, have consistent weekly team meetings.

88%

of high performing teams, with \$2.5 million in annual revenue or more, provide a culture of continuous learning and development.

How frequently are Team Members clear on their role in helping the practice achieve it's vision?



8+ Team Members

# Systems & Process



Overall **65%**  
of teams do not have a  
documented playbook.

**72%** of high-  
performing teams, with \$2.5  
million in annual revenue  
or more, have documented  
their systems and processes  
in a playbook.

Your long-term goal may be to sell your established business for a substantial profit, or share your business with a team, allowing you time to pursue personal interests away from the office. You can only achieve these goals when you have a business with documented and consistently implemented systems. Do you have a playbook that ensures your business runs like a Swiss watch?

# What DOES separate the best from the rest?

When we looked at the highest scoring teams in the PMI, we were able to pinpoint exactly what the top teams were doing. A correlation among teams that scored the highest 8.0+ PMI score is that 75% of them generate \$1 million or more in revenue annually.

## **Here is what the best of the best had in common in 2022:**

1. We have clearly defined measurable goals for this year.
2. We have a vision for our business over the next year and ongoing.
3. We use a CRM (Client Relationship Management Software) to manage our clients, business and store important information etc.
4. We have an environment that is client centered.
5. Our clients feel that we provide an exceptional client experience.
6. We provide consistent ongoing service to our clients.
7. We have a consistent professional branding strategy in place.
8. Our branding strategy clearly communicates the value of our team, our practice, our philosophy and our process.
9. Our website clearly communicates the value of our team, our practice, our philosophy and our process.
10. All client facing materials are formatted and professionally branded.
11. All marketing materials are formatted and professionally branded.
12. We effectively communicate with our clients, in a way that makes them feel that we are focused on their needs/issues.
13. We communicate to our clients that we have a process in place.
14. We have defined who our ideal client is.
15. We consider ourselves referable.
16. We have a process in place for client introductions.
17. We use agendas in client meetings.
18. We use consistent communication in meetings with clients.
19. We confirm appointments with clients.
20. We provide our clients with access to a user friendly technology platform that provides insight into their financials/investments, planning etc.
21. We actively listen to our team members, and encourage constructive feedback from them.
22. Our compensation and/or profit sharing packages align with the objectives of the firm.
23. We have a culture of continuous learning and professional development.
24. We make continuous learning options available to our team members.
25. We have identified someone on our team to coordinate and manage client events.

# What Does This All Mean for You?

The best Financial Professionals will take what they know about themselves in 2022 and compare it to their peers. The very best will compare themselves to their former self, to make incremental, habitual refinements in their business and with their team.

Our prediction for 2023 is an evolution of the advisory team; shifting from knowledge and expertise to a business built on intellectual property. We are beginning to see the inflection point for a mindset of best practices, captured in a team's proprietary playbook of systems and processes.

The playbook serves as the central hub, in terms of how financial professionals and teams conduct themselves to deliver a consistent client experience, organically grow the business, and scale with predictability.

What can you do now, to begin your journey of optimization? It starts here:

1. **Assess Your Opportunity Gaps** – Determine specific action items that you can take to begin to reach the full potential of your business. You can take your PMI for 2023 at this link (45 minutes): [practicemanagementindex.com](https://practicemanagementindex.com)
2. **Consider a Coach or a Mentor** – Find someone that can provide an outside view on your business, but also provide accountability and implementation support.
3. **Create A Plan** – Outline what steps and action items you will implement. You can utilize the PMI reporting as the foundation for this plan.
4. **Action Must Be Taken** – Don't just put a plan together, be accountable to it. Using coaching programs with resources, templates, worksheets, scripting, agendas and tutorials can provide the foundation for implementation.
5. **Constant Reassessment** – Monitor your progress by completing the PMI annually. This will provide you with a framework for meaningful and measurable progress over time.

**You can take your PMI for 2023  
at [practicemanagementindex.com](https://practicemanagementindex.com)**