

# Client Segmentation Worksheet



# Using Your CRM for Client Segmentation Worksheet

Client segmentation is an important strategy for optimizing your efforts in your practice and maximizing your return on your book of business. Segmenting your client base enables you to focus most of your time and resources on those clients who need your help the most, and who will lead to more sales and more renewals.

Keep in mind, you can segment your current client list as means to identify which of them would be good cross-sell and up-sell opportunities, or to identify what level of service they will receive. You can also segment prospects in your contact list to identify candidates for upcoming marketing campaigns. And, at its core, segmentation is essential to [defining and finding your niche](#).

To segment your client base and identify the marketing and sales strategies for each segment follow these three steps using your CRM.



# Identify the Criteria You Will Use to Segment Your Clients

Every advisor has a different approach to how they segment their client base. The approach that makes the most sense for business is made up of individual criteria that defines a segment. To identify the criteria you will use to segment your clients think of your ideal clients: what attributes and qualities do they share that make them the best? These qualities are criteria you will use to sort your contacts into segments.

## Exercise 1

Thinking of your ideal clients, select from the following list (and /or add more of your own) the characteristics most important to you when determining if a client belongs in your 'A', 'B', 'C' or 'D' segment.

### Demographics

- Age
- Location
- Income
- Net worth
- Marital status
- Number of children
- Occupation
- Education

Other (List below):

**Psychographics**

- Attitude towards risk
- Level of relationship desired
- Preferred method of communicating
- Decision-making style

Other ( List below ) :

**Economic Value**

- Cost to service relationship
- Annual recurring revenue
- Assets under management
- Number of introductions and referrals per year
- Profitability of relationship

Products and services purchased ( List below ) :

Other ( List below ) :

## Exercise 2

Once you have created your list of the characteristics most important to you, define the specific attribute you are looking for in each characteristic.

Here's an example:

Segment	Demographics	Psychographics
A	<ul style="list-style-type: none"><li>• Age: 40-60 years old</li><li>• Earnings: 150k+</li><li>• Occupation: Doctor, Lawyer</li></ul>	<ul style="list-style-type: none"><li>• Attitude towards risk: Moderate risk tolerance</li><li>• Level of relationship desired: High. Face-to-face reviews and semi-annual in person contact</li></ul>
B	<ul style="list-style-type: none"><li>• Age: 40-45 years old</li><li>• Earnings: 100k-149k</li><li>• Occupation: Doctor, Lawyer</li></ul>	<ul style="list-style-type: none"><li>• Attitude towards risk: High risk tolerance</li><li>• Level of relationship desired: Moderate. Frequent email and online contact. Annual in-person review.</li></ul>

Fill the table below with your specific attributes for each segment.

Segment	Demographics	Psychographics	Economic Value
A			
B			
C			
D			



## Segment Your Client Base

If you are using a good advisor-specific CRM, you should be able to use its filters functionality to segment your client base. You can sort your clients into 'A', 'B', 'C' or 'D' segments using the criteria you defined in the previous step. And you can then create appropriate marketing and service strategies for each segment.

### **Kronos Finance Tip**

Using Kronos Finance's filters in the Contact Module it's easy to segment your client base. Doing this ensures that, while you give the same great service to all clients when they need it, you focus your proactive efforts on those clients who have the greatest need and potential for profitability.

Check out this [article](#) to learn how to create and use filters in Kronos Finance. Once you have made sure that all your segmentation criteria have been entered as filters, you can use them to segment your clients.



## Create a Client Segmentation Strategy

Boy, that’s a mouthful of big words. Don’t worry, it’s simple to do and will be invaluable in guiding your activities and building an even more profitable practice.

After you’ve completed your segmentation, you need to identify the marketing, sales and service strategies appropriate to each segment. For each segment, consider what your expectations are around income, the amount you’ll need to invest in your client and what strategies you will use to most effectively and profitably interact with that client type.

Here’s an example of what a segmentation strategy looks like:

Segment	Criteria	Annual Income per client	Annual Cost per client	Profit per Client	Marketing and Service Activities	Technology
A	<ul style="list-style-type: none"> <li>• More than \$400,000 AUM</li> <li>• &gt;6 referrals or introductions per year</li> <li>• Annual renewals</li> </ul>	\$5,001+	\$2,001+	~\$3,000	<ul style="list-style-type: none"> <li>• Concept lunch</li> <li>• Seminar</li> <li>• 2 review meetings</li> <li>• Newsletter</li> <li>• Respond to incoming calls and emails</li> </ul>	<ul style="list-style-type: none"> <li>• CRM</li> <li>• FNA</li> <li>• Social media tool</li> </ul>
B	<ul style="list-style-type: none"> <li>• \$200,000-399,000 AUM</li> <li>• 4-6 referrals or introductions</li> </ul>	\$1,251-5,000	\$501-1,000	~\$1,000	<ul style="list-style-type: none"> <li>• Annual review</li> <li>• Newsletter</li> <li>• Seminar</li> <li>• Respond to incoming calls and emails</li> </ul>	<ul style="list-style-type: none"> <li>• CRM</li> <li>• FNA</li> <li>• Social media tool</li> </ul>
C	<ul style="list-style-type: none"> <li>• \$50,001-199,000 AUM</li> <li>• 2-4 referrals</li> </ul>	\$601-1250	\$201-500	~\$500	<ul style="list-style-type: none"> <li>• Newsletter</li> <li>• Annual check-up phone call</li> <li>• Respond to incoming calls and emails</li> </ul>	<ul style="list-style-type: none"> <li>• CRM</li> </ul>
D	<ul style="list-style-type: none"> <li>• &lt;\$50,000 AUM</li> <li>• &lt;2 referrals per year</li> </ul>	\$0-600	\$0-200	~\$100	<ul style="list-style-type: none"> <li>• Newsletter</li> <li>• Respond to incoming calls and emails</li> </ul>	<ul style="list-style-type: none"> <li>• CRM</li> </ul>



**CRM Tip**

To reduce effort going forward it's a good idea to create a template of your client segmentation strategy for each segment in your CRM. That way you'll be able to create new strategies with little hassle, whenever you need.

**Exercise 3**

Fill out the blank template:

Segment	Criteria	Annual Income per Client	Annual Cost per Client	Profit per client	Marketing and Service Activities	Technology
A						
B						
C						
D						

# Wrap up

Now that you have completed the exercises in this workbook you should have a segmented client base. You can use these segments to identify your niche, drive your marketing strategies, increase your ability to cross-sell, and offer awesome proactive service. And, keep in mind, your segmentation can be useful in preparing your practice for transition. To see more on how that would work check out our [Transition Planning ebook](#).