



**CENTRALIZED INVESTMENT
PROPOSITION**

Workbook

Module 1: Value Proposition

DEFINING VALUE

Man does not value a good deed unless it brings a reward - Ovid

To deliver something of value to clients in a profitable way is the foundation of a successful business. When the perceived value a client receives from an advisor's services exceeds the effort and cost of getting it, the client experiences satisfaction. However, when clients are unable to identify and describe the value an advisor adds, they experience dissatisfaction resulting in them focusing on the lowest denominator - price. Research done by Pershing, a US clearing and custody company, found that more than 60% of private investors think that advisors make the same promises, making it difficult to differentiate between them. On the other hand, advisors often battle to justify their fee because they cannot clearly define the value their advice offering adds. This often leads to them undercharging for their advice or populating their service model with elements that clients do not necessarily value.

The client's inability to understand the value added by the advisor and the advisor's difficulty in articulating their value is arguably two of the main reasons why advisors experience tension in client relationships and pressure on the fees they charge. There is a direct link between pricing and loyalty when value is clear. This was the finding of a study conducted by Bain & Company, an international management consulting firm. They found that the reason companies like Apple and Starbucks can charge 40 – 50% more than competitors can be ascribed to their ability to deliver more value to clients. They also found offerings that incorporate more of the elements clients want and value, leads to higher client satisfaction and ultimately loyalty to the company or brand. These are just two of the reasons why advisors should take the time to develop a good value-proposition.

It must be said that every active financial services business has a value proposition otherwise they would not be in business, but the changing business landscape is forcing advisors to enhance and clearly demonstrate the value they offer clients to remain competitive. By proactively developing their value proposition, advisors can take control of the value-added outcomes they want to deliver. This will ensure that the value delivered is aligned with client expectations.

In this section you will be guided through a practical process to develop a clear value proposition for your FSP which will be valuable for growing your business, improving client relationships and being more efficient in servicing them.

What is a value proposition?

A Value proposition defines the value that a client experiences from what you offer. It describes how the clients' life will be better off after their dealings with your business. It is to understand what the substance is of your offering and describes what the problem is that you solve for clients.

The following equation may put it into perspective:

$$\text{Value} = (\text{Benefits} \times \text{Client needs}) - \text{Total Cost}$$

The clients' experience of value happens in their thoughts, feelings and emotions. They evaluate the interaction they have with your advice, your services, with your team and their expectations and compare that to the rational, psychological and sensory benefits they believe they received. Only if the benefits in their opinion exceed the total cost will they feel that they received value out of the relationship. The FSP can control the value experience by proactively creating a value expectation through a well-defined value proposition.

The three components of the equation above need some explanation.

Benefits – The benefits answer the question: *What's in it for me?* The client needs to know what your offering will do for them. What are the advantages they will get?

Client needs – All too often businesspeople will develop products and services that deliver benefits that the client does not want or need. Your offering can only have value for the client if it is something they deem to be important. If something is *important* and has a *significant implication* for the client, they will deem it to be worth something.

“CUSTOMERS ATTACH VALUE TO A PRODUCT IN PROPORTION TO ITS PERCEIVED ABILITY TO HELP SOLVE THEIR PROBLEMS OR MEET THEIR NEEDS.

- PROF THEODORE LEVITT

Total cost – The cost for the client in dealing with the FSP is not only the fees or commissions they pay. There are other cost elements that needs to be taken into consideration. When a client starts working with an FSP they may be uncertain about whether they can trust an advisor or not. This is an emotional cost that can detract from the value experience.

Another cost could be time. If the client places a premium on his/her time, then the cost of doing business with the FSP will increase if the relationship takes more time due to inefficient advice processes or ineffective people on the team.

Value can therefore be increased by a number of ways. Either benefits can be increased, the total cost reduced or both. It is worth mentioning again, if a client cannot clearly see the benefits they receive from the FSP, then they will default to the price they pay for the offering. *The clearer the value, the lower the relevance of price.*

It is also important to know that the development of the value proposition, although it is about the client, is for the business. It is done to help the FSP understand what the value is that it brings to the client. That is why it should not only be a features and benefits statement but rather to understand what the problem is the FSP solves for the client and what the value is of doing that.

It is also important to understand that it is not a marketing statement. It will however form the basis for the development of your core marketing message

A value proposition can therefore best be defined as:

A clear description of how your offering solves a *significant problem*, in a *unique* way, for a *specific target client* and what the value is they will *experience*.

Why is a value proposition important?

Used correctly, the value proposition forms the strategic foundation that the whole business is built on. It places the client at the centre of the business and helps to design the business processes to deliver value in a profitable way to clients.

The benefits of a value proposition approach to the FSP are numerous. In the book *Creating & Delivering your value proposition* (Barnes & Blake, 2009) the point is made that “a good customer experience is closely aligned with loyalty and a disinclination to switch to a different supplier”. It is a known fact that it is expensive to acquire a new client. Understanding what the value is that the FSP delivers and being able to communicate that with the client enhances the long-term relationship and places the focus on the lifetime value of the client. This in turn ensures that what the FSP offers clients is sustainable and profitable.

Starting with a clear value proposition dictates the skills required, what kind of people is needed in the business, how performance of the team will be measured and how processes need to be designed to be effective and efficient.

The value proposition helps to understand what it is the business offers the client which in turn assists in the development of the core marketing message. It not only helps in knowing what to say but also who to say it too. This improves the effectiveness of marketing and optimises the use of resources.

The value proposition ensures that there is alignment in all the functional areas: marketing, human resource, operational, finance and compliance.

Ultimately the value of a clear value proposition is growth, sustainable income, lower cost, higher profitability and greater shareholder value.

Key elements of a value proposition

Developing a value proposition requires one to stand in the shoes of the client and answer the question: What's in it for me? You firstly need to identify which *target market* or markets you want to serve. Then identify the *key problem that your FSP solves* for that target market. After that has been done the FSP needs to *list the services it offers* and describe what the *benefits* are the clients will get from this. After this has been done, test the value proposition with clients to find out if it appeals to them and if this is something that they will deem to be of value.

Let's drill a bit deeper into each of the components.

Defining your target market

Many businesses say that their target market is anyone that is willing to pay for their services. The reality is that it is very difficult for any business to be everything to everybody. In the first place it is not cost effective and secondly because different types of clients have different expectations and needs as described above, and chances are that the business will not be able to satisfy all their expectations. The lack of a focused value proposition could lead to the business not satisfying the expectations of any of its clients.

Another problem with this general approach is that it is very difficult for the FSP to ensure that all their clients are viable. Unless you have a clear understanding of who your clients are, it would be difficult to develop an appropriate service model that is profitable for the FSP.

With a clear profile of the ideal client the FSP can develop the value offering in such a way that it is viable to serve the targeted client. It is important to note that a business is not obliged to take a client on but should do so if it is worthwhile from either a strategic or financial point of view. At the same time, if a business takes a client on then it has the obligation to deliver value to that client. To be able to serve both the client and the business's interests it is essential that the target market be clearly defined.

If the approach to developing your value proposition is done with a strategic rather than a marketing focus, then the aim is to identify the target market that will get the most value from your specific set of skills instead of merely focusing on creating more sales.



EXAMPLES OF TARGET MARKETS

Creative Bedrooms

The target market is homeowners between the ages of 25 and 40 with a household income of R40 000+ per month in the greater Johannesburg and Pretoria area and with at least 1 child below the age of 8.

Trendy Teenagers

The target market is teenage girls between the ages of 10 and 18 in the Umghlanga and Balito area. These teenagers live in households with an income of R60 000+ per month, are active, have a specific interest in outdoor life and prefer to create trends rather than follow.

It will assist in the development of the appropriate services to offer, which product providers to partner with, how the business processes need to be developed and what kind of people is required to serve the specific type of client you want to target.

Targeting a specific market does not mean that you are excluding people who do not fit your criteria. It just means that going forward you will attract more and more of your ideal clients and over time you will find that your client base is primarily the clients that is the best fit for both parties.

A common mistake made when profiling the ideal client is to be too general. An example could be an interior decorator that describes its target market as being homeowners or a clothing retailer that targets clients with a household income of R10 000+ per month.

The more specific the criteria that describes the target market the better. To understand the benefit of a clearly defined client profile let us look at the example of Creative Bedrooms. By having a clear description of the target client, questions can be asked as to why these clients would buy the products of Creative bedrooms. What kind of bedrooms for kids would they be looking for? What kind of magazines would they read, or TV programmes would they watch? How much can they afford to spend on a bedroom for their kids? What is important to them in life? How do they spend their time?

It helps the business to create a “Day in the life of the customer” scenario. This in turn can help to understand what it is in our offering that the client will value because we can infer what the client is trying to achieve with the product.

Most articles and business books describe the following categories of criteria used to profile the ideal client:



Figure 1: Client profile (source: Boundless.com/marketing)

Demographic – “Who?”

This helps to know who the client is.

Answer questions like:

- What age group is your client?
- What stage of the life cycle is the ideal client?
- What jobs do they do?
- What is their level of education?
- What is their family status?

Geographic – “Where?”

What geographical area does our clients come from?

Economic/Financial – What is their financial circumstances/status?

- What is their annual household income?
- What is their net asset value?
- How much financial assets do they have?
- What are their main financial concerns?

Psychographic – “Why?”

This helps answering the question why people make the choices they do?

- What is the ideal clients’ attitude towards life?
- What kind of personality does the ideal client have?
- What are their values?

Social – How do these clients live?

- How does the client interact in their community?
- What kind of lifestyle do they have?
- Do they have specific hobbies or interests?
- Are they members of specific social circles/organisations?

Bear in mind that a client does not have to fit all the criteria. The idea is to have a clear picture of who the ideal client is. The more the detail with which you can describe the ideal client, the more it will assist in understanding what the problem is that the client is trying to solve. This will improve the efficiency of marketing, help in developing an appropriate service and pricing model.

The above-mentioned criteria is provided to ensure that all the different dimensions of describing the ideal target market in detail is considered. However, the advisor can decide how deep he/she wants to go in terms of applying the different criteria and does not necessarily have to use all the criteria. It must be noted though that the more criteria used, the better the ability to identify the needs and challenges that the targeted client may experience.

What is the value experience you offer?

The value experience describes *how the clients' life will be different after dealing with your FSP*. It defines what the value is that is added to the clients' life.

To determine the value experience you offer the client, you need to be able to answer the question:

What is the problem our FSP solves for the client?

To determine the problem, look at what it is you offer in terms of services and solutions and then do the "Why?" test a few times. Prof Theodore Levitt, a marketing legend at Harvard University coined the phrase "*People don't buy a quarter inch drill, they buy a quarter inch hole.*" The answer in determining the problem clients try to solve therefore lies in the "Why?"

**"A PROBLEM WELL STATED IS
A PROBLEM HALF SOLVED."**

- CHARLES KETTERING

Why do clients buy insurance?	To look after their families in case of their death.
Why is it important for them to look after their families in case of death?	Because they don't want them to be destitute.
Why is this important to them?	Because they have a need to provide and protect
The true problem that is solved with insurance could be that a person's family could be destitute in case of the breadwinner's demise. Other problems that go hand in hand could be the uncertainty of how much is needed to ensure that a family can sustain their lifestyle and the uncertainty of the family being able to handle their financial affairs after death.	

Think in terms of what the consequences are if the client goes without your FSP's services? Would the consequences be costly or painful for the client? Bare in mind that the consequences could be functional, emotional or social in nature.

Value elements

When thinking about the value the FSP adds to the client's life, one needs to be aware of the different ways in which value can be added.

Value can be split into two dimensions: physical value and emotional value.

The starting point of a great value experience is meeting the client's expectation with the product or service you deliver. The physical value. Delivering a good product or service is the entry fee to the game. Clients expect you to deliver great advice, be technically proficient,

know your stuff. They expect the product you recommend to deliver the financial outcome that was planned.

However, an advice proposition that is focused on the client’s financial wellbeing instead of the service or product offered also delivers emotional value. This enhances client engagement and leads to the ultimate value experience.



Physical	Emotional
<i>We provide investment management services</i>	<i>Our investment management approach helps our client achieve their goals whilst protecting their capital</i>

In an article published by Harvard Business Review, Bain & Company listed 30 elements of value that they identified after 30 years of consumer research. These elements can be categorised as functional, emotional, life changing and social impact. Some of the elements focus inwardly, tapping into what motivates people. Other elements of value are outwardly focused, helping people interact or navigate the world they live in.

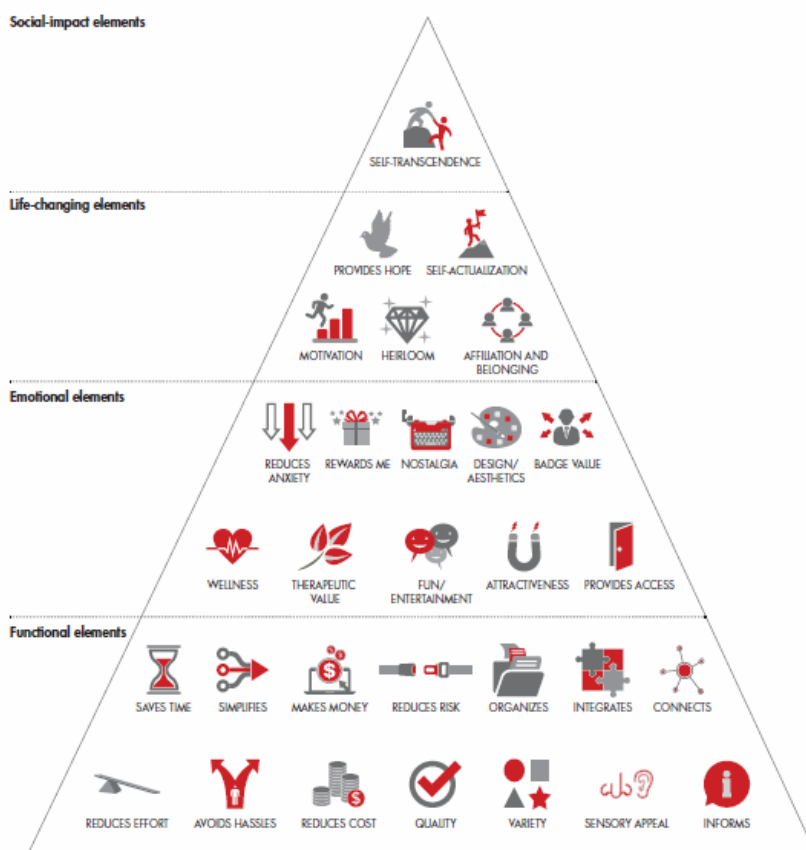


Figure 2 shows the elements identified as being valuable to clients. Using these elements, advisors can identify what the value is their advice offering delivers to clients.

The primary value of an advice offering that is focused on brokering services i.e. helping clients to find the appropriate financial product for their need, will be functional. Clients in this target market will place a value on an advice proposition that will reduce their cost, saves them time and does so by minimising their effort.

Figure 21: Elements of Value (Bain & Company, 2018)

The fees charged for this kind of value proposition will tend to be lower. That is why advisors offering this kind of advice proposition must ensure that their service model is viable, that they have systems in place to deliver the service model efficiently and at a low cost to the FSP.

On the other hand, an advice offering that focuses on providing comprehensive integrated financial planning will deliver value in the form of providing hope for the future, experiencing wellness and self-actualisation. The planning process for this proposition will need to be designed around a more comprehensive client discovery process. It will require the advisor to have coaching skills and a collaborative planning process. This kind of advice proposition will warrant a higher advice fee but will also require an expanded, personalised service model.

An effective technique that can be used to identify the value added by your business is the Value proposition canvas (Osterwalder, Pigneur, Bernarda, & Smith, 2014). The value proposition canvas, as shown in figure 3 below, has two distinct parts.

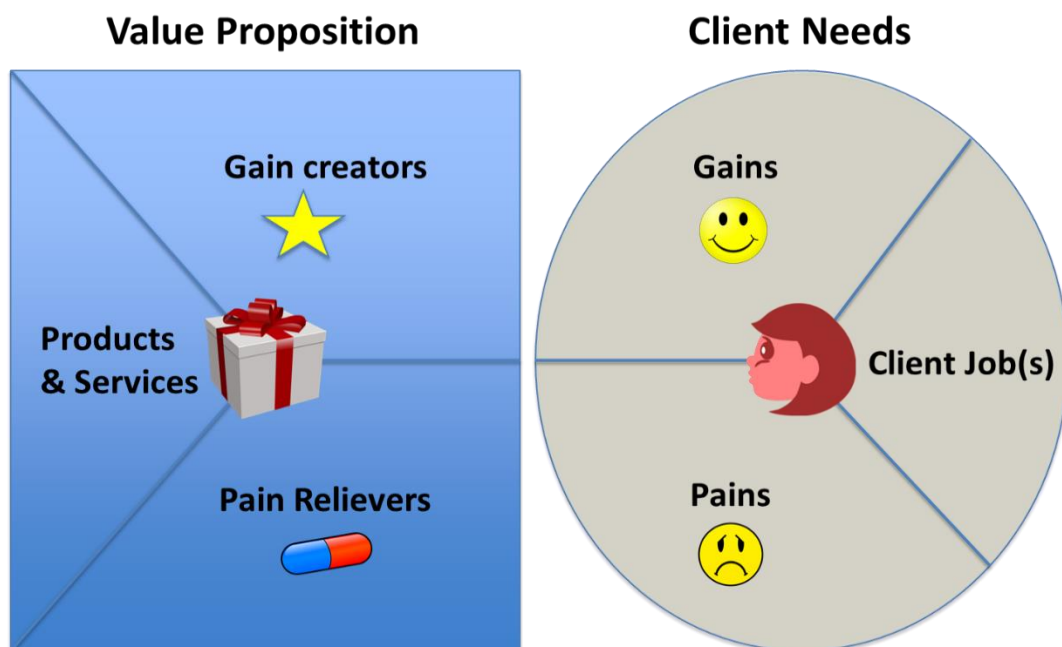


Figure 3: Value Proposition Canvas (Osterwalder, Pigneur, Bernarda, & Smith, 2014)

On the right-hand side is the *client profile* which aims to identify the needs of the client and what it is the client wants to achieve. On the left-hand side is the *value proposition* that can be delivered to address the identified needs.

The process starts by identifying the jobs the client wants to do. From this, gains and pains are identified which is used to develop the value elements the FSP wants to deliver.

Client jobs

Client jobs refers to the tasks clients are trying to complete, the problems they are trying to solve or the needs they are trying to satisfy. It describes what it is a specific client segment is trying to get done.

The jobs clients are trying to complete can be classified into three categories: Functional, Social or Personal/Emotional.

Functional

What functional job are you helping your client get done? Examples could be to sustain a certain standard of living after retirement or to be financially independent by age 55 or to ensure their family is taken care of after death.

Social

What social jobs you are helping your client get done? These jobs describe how clients want to be perceived by others. An example could be being a client of an exclusive Private client Wealth Management FSP. Research in the US has shown that many clients invest in hedge funds for the status value they get. The minimum investment in a hedge fund in the US is \$1 million. When people talk about their hedge fund investment people in their social circle will know that they have at least \$1 million invested. Which serves to fulfil a status job for them.

Personal/emotional

What emotional jobs do you help your client get done? These refers to when a client seeks a specific emotional state, such as peace of mind or a sense of security.

All the jobs the client tries to do are not equal in importance. It is important to create context of the problem. Understand if the problem your FSP is solving for the client is significant, important and/or critical.

Client pains

Pains are negative emotions, undesired costs, situations and risks that your client experiences or could experience.

The following questions could help in identifying potential pains the client experiences:

What does your client find costly? – These could be the time to investigate and evaluate different financial products, it could require too much effort to find a solution or it could be that it is too expensive to do the required job.

What makes your client feel bad? – Frustrations, things that annoys them, things that gives them a headache.

What are the main difficulties and challenges your client encounters? – Not understanding financial products, not being able to distinguish the pros and cons of products, not finding time to take control of their financial affairs etc.

What negative social consequences does your client fear? – Loss of status, loss of face, loss of power, trust etc.

What risks does the client fear? – Losing money, uncertainty after retirement, being destitute, lack of understanding, lack of trust in advisors etc.

What is keeping the client awake at night? – Big issues, worries.

What common mistakes does the client make? – Behavioural or in the way their finances are handled.

What barriers are keeping clients from adopting financial solutions? – Upfront investment costs, lack of trust, incorrect perceptions etc.

Gains

Gains describe the benefits clients expect, desire or would be surprised by. These could be functional utility, social gains, positive emotions or cost savings.

The following questions could be asked to identify potential gains that would be of value:

Which savings would make the client happy? – In terms of time, money, effort etc.

What outcomes does the client expect from financial services and what would go beyond their expectations? - More certainty, less volatility, a guaranteed outcome etc.

What would make the clients life easier? – taking some responsibilities or tasks of their hands when it comes to their financial affairs, analysing different options and recommending solutions, educating them in financial affairs etc.

What social consequences does the client desire? – What will make them look good or give them power or control?

What are clients looking for? - In terms of service, products, advice etc.

What do clients dream about? – Financial independence, specific life goals they want to achieve etc.

How does the client measure success and failure? – Performance, returns etc.

What would increase the likelihood of adopting a solution? – Lower costs, lower risk, more information, more certainty, proof from others that have used the solution etc.

The left-hand side of the Value Proposition Canvas identifies the products and services the FSP offers clients that help them perform a specific job. This is then expressed in relation to the gain it creates or the pain it relieves.

Products and Services

This is a list of what your FSP offers to clients. It's an account of all the products and services your value proposition builds on. Your offering helps a client to complete either a functional, social or emotional job or to satisfy a basic need. Keep in mind that products and services don't create value alone – only in relationship to a specific client segment and their jobs, pains and gains is value created.

Also bear in mind that your services may help a client fulfil a role as buyer (services that help the client compare and make informed decisions) or of a co-creator of value (where the client plays an active role in the solution i.e. investors behaviour, keeping to a withdrawal strategy or adjusting expenses to save for a goal)

Gain Creators

Describe how your services create client gains. Outline how you intend to produce outcomes and benefits for your clients. Don't try and address all the gains on the client profile. Focus on those that you want your services to deliver.

Ask yourself the following questions:

Can your services create savings for your clients in terms of time, money or effort?

Do your services produce outcomes by offering more or less of something?

How does your services make life easier for the client? This could be in terms of usability, accessibility, decision making etc.

Are there positive social consequences your FSP creates for the clients by creating power, status or control?

Does your offering deliver something specific that clients are looking for? For instance, guarantees, capital preservation or other features.

Does your offering help clients achieve aspirations or provide relief from something?

How does your FSP's offering help clients achieve outcomes that match their criteria for success?

How does your offering help to make it easier for clients to adopt financial solutions?

It is important to differentiate between essential and nice to have gain creators. The idea is to identify how your service changes the clients' life for the good. See if you can find a theme that emanates from answering these questions.

Pain Relievers

This answers the question: How does your services alleviate specific pains clients may have? Outline specifically how your FSP eliminate or reduce pains for clients. Once again you want to focus on those pains that are important and significant for the client.

There are numerous pains clients have when it comes to financial service. Whether it is fear for retirement or leaving a family destitute after death, these are examples of value that the advisor can add by help alleviate in some way.

Answering some of the following questions can help to identify pains that your FSP help alleviate for clients:

Does your offer produce any savings in terms of time, money or effort?

How does your offer improve frustrations for clients or make them feel better in some way?

Does your offer produce better performance of existing solutions in some way?

Does your offering put an end to difficulties or challenges the client faces?

Does your offer change negative social consequences or fear the client may encounter?

Does your offer alleviate significant issues, diminish concerns or eliminate worries the client may have?

Does your offer eliminate common mistakes clients make?

Does your offer eliminate barriers that keep clients from adopting some financial solution?

Once again, the idea is to use the questions to help identify the most important pains that your offer alleviates for the client. Keep in mind it must be important and significant for the client.

Value Proposition optimisation

The key to a great value proposition is to identify the one or two unique ways in which your FSP's services add value to a clients' life. These unique value elements will in most cases not be the product that you offer or even the service but rather in the unique way that you do it, the unique way you package a solution or the unique skills you offer to a specific target market. It could also be a unique way in which the service is delivered.

What is important however, is that it must be relevant to the client. A great value proposition needs to show a client the value your FSP delivers in an area that is most important to them. To test the strength of your value proposition, use the POP, POD and POI test as shown in figure 4 below (Goward, 2013)

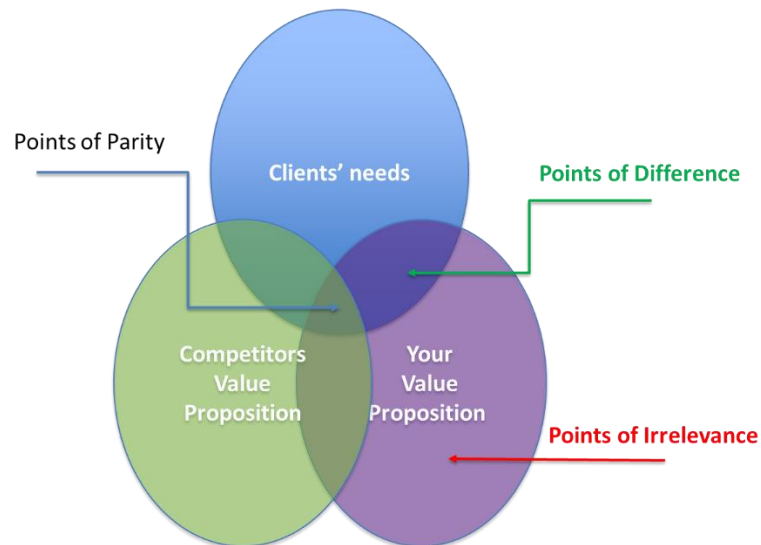


Figure 4: Value proposition test

The concept of framing your value proposition by looking at the points of parity (POP), Points of Difference (POD) and Points of Irrelevance (POI) was first introduced by Professor Keller et al in an article in the Harvard Business Review (Keller, Sternthal, & Tybout, 2002) where the point was made that brand positioning starts with establishing a frame of reference, which signals to clients what the goal is they can expect to achieve by using a businesses' offering. Effective brand positioning requires not only careful consideration of a brands point of difference, but also of the points of parity with other products.

Point of Parity

These are the features you offer that are important to clients and that you share with other competitors. These are the basic requirements clients expect and include competence and trust. It is critical that the client know that your offer include these, but they will not differentiate you. Without them prospects won't even consider you as an option.

Point of Difference

This is the value you bring to a client that is important to them and differentiates your offering from others. It is important not to confuse clients by trying to position too many. Identify the two or three that are the most valuable and that represents your core strengths.

Points of irrelevance

These are often what is positioned in FSP's value proposition and is usually based on what advisors think clients value. These are features that the FSP offer but clients deem to be irrelevant because they address a problem that are not important or significant for the client.

It is important to include those elements that are important to clients even though you cannot necessarily differentiate yourself in offering these. However, focus on highlighting the few key areas that differentiates you're offering.

What is it you offer?

The lack of understanding clients have of the value financial advisors deliver could be due to the fact that they don't know what advisors and their teams do for clients. Listing what you do for clients is a good starting point to develop your offering to clients.

Once you have a list of all you do for the client try and group them into a service offering. An example would be changing beneficiaries on policies, facilitating withdrawals or top ups on an investment, arranging tax certificates etc. These could all be group as administering the clients' financial portfolio.

In developing your offer, you want to steer clear from listing products you sell. Keep in mind that products are merely tools to deliver what you offer. Think in terms of what it is you do for the client and focus on the planning, managing, intermediation and monitoring aspects of your offering.

What are the key benefits for clients?

Next up is the process of identifying the benefits of your offering. You may ask how the value experience differs from the benefits. The value experience shows the overall high-level problem you solve for the client. The benefits are more specific to each of the services you offer. It describes the advantage a client receives from the specific service or product you offer.

A useful tool when thinking of benefits is the benefits map (Barnes & Blake, 2009). As illustrated in figure 5. There are those benefits that are expected and then there are the WOW benefits or the augmented benefits.

Expected benefits are hygiene factors: clients expect competency, reliability, responsiveness etcetera from their advisor. That does not mean that these should not be listed as benefits, they should but they are not unique to your offering.

Additional or augmented benefits are areas where clients are surprised by what they receive. Potential benefits refer to those that create room for growth over time. They can be suggested by clients but may need some development in terms of the service or a product that would be required to deliver this benefit.

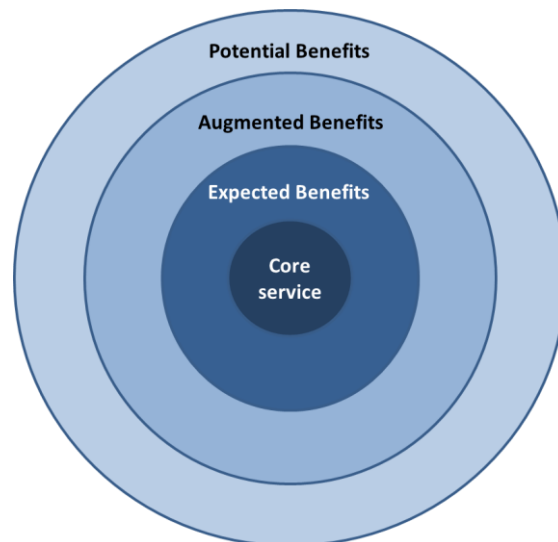


Figure 5: The benefits map

Source: Creating & Delivering Your Value Proposition, Cindy Barnes, Helen Blake, David Pinder, 2009

As an example, take the offering of helping the client putting life insurance in place. The client expects the advisor to know the product and present them in an understandable way. The exclusions, what the premiums will be and other important information that will help them make an informed decision are all basics they expect. The expected benefit for the client is therefore to make an informed decision regarding a specific product.

However, an advisor that develops a plan and shows the client how much life insurance they need, what income this will afford his/her family in case of death and how this would provide for the kids to go to University, would be an additional benefit. An independent advisor that provides the products of multiple insurance companies could have a template that compares the products of different providers in a simple and understandable way as to help the client easily identify the differences. This would be an additional benefit for the client and would in many cases be unexpected.

When identifying the benefits think in terms of the outcome of the service offered and what the client gains from this in terms of gains or pains as described in the value proposition canvas.

Substantiate your value claim

Once the value proposition has been developed it needs to be tested. Identify a few clients in your existing client base that you trust to give you honest feedback. Run the value proposition by them and ask them if this is what they experience from your offering. Ask them if the value you highlight is what is important to them.

Testing the value proposition helps in identifying areas for improvement. It helps identify service gaps, improvements needed in the delivery processes and areas where more resources need to be applied.

The most important part of developing your value proposition is the process. This is usually also the part that is the most difficult and takes the longest time in developing a strategic and business plan for your business. It is unfortunately also the part of the process that most businesses fail to do properly. However, once you developed your value proposition properly you will have gone a long way in establishing a value-based business that will be world class.

Use the case study below to get you going in the development of your own value proposition:



Case study: Finco value proposition

Problem: Most medical professionals own financial affairs are in disarray. They do not know where they are financially and do not have any clearly stated objectives of where they want to go. They are high earners and tend to spend without a wealth creation framework for making lifestyle decision.

They do not have time to do it themselves, although they think they have the knowledge to do so. They feel they have unique circumstances and therefore are in need of someone that can provide a bespoke solution to them. They tend to have the need to be in control and require a certain status. Because they are professionals they want to know that they are dealing with a professional.

Finco's **target market** is male and female medical professionals between the age of 30 and 65. They are in private practice in the greater Gauteng area. The professional practitioner earns in excess of R100 000 per month. They are professionals which requires continuous development, they have a teachable attitude and a desire to grow. They have an active lifestyle and their own wellness is important to them. They have a permanent life partner or are married and have families. Family life is important to them.

The **value experience** Finco creates for these clients is one where they have an independent specialist personal financial coach which guides them, organises their financial affairs, create and review a financial plan to achieve their desires life, implements the plan through suitable solutions and continuously monitors the progress made in achieving the planned outcomes. As part of an exclusive group of likeminded clients they know that the financial solutions are customised for their unique requirements. They feel in control of their financial destiny and have clear objectives and a strategy to accumulate, grow and protect their wealth. This provides them with peace of mind, hope for the future and a sense of wellbeing.

Finco's service **offering** include:

Comprehensive financial plan – The plan articulates the clients' life goals, quantifies objectives, describes clear strategies for wealth accumulation, growing wealth and protecting wealth.

Risk evaluation – All risks that can influence the client’s financial wellbeing is identified, clearly described and quantified to determine the impact and consequences it can have on the wellbeing of the client and his/her family. These include death, disability, liquidity, practice debt, wills, tax optimisation and estate duty. Strategies are developed to manage and/or finance the risks.

Personal financial administration – This service includes the upkeep of all relevant financial documentation and recordkeeping. Documents are regularly updated and saved in a single point that ensure ease of access to the client and in case of adverse circumstances documents can be provided to the relevant parties. This includes the annual review of the clients will, updating of FICA documentation, Balance sheet and other relevant documents.

Expert advice – Our well qualified advisors have expertise in financial planning, tax optimisation, estate planning, wealth accumulation and investment management. Through the dedicated relationship with a specific consultant advice can be given within the context of the clients’ unique circumstances and financial plan.

Independent evaluation and recommendation of financial products – Because Finco is totally independent and we receive our fees in alignment with our client’s interest, we can source appropriate products that is in alignment with the clients’ unique financial goals and objectives. Our analysis of alternative products, whether insurance or investment related, allow the client to make informed decisions.

Monitoring of financial progress – Our unique reporting allows for the monitoring of the progress made in achieving the stated objectives. This in turn allows for the reviewing of the strategy and the instruments/products used to implement the strategy.

Our services deliver the following **benefits**:

The client is in total control of his/her financial destiny

Total peace of mind

Clients are empowered and informed

Decision making is improved which prohibits costly financial mistakes

The comprehensive plan and investment philosophy helps to reduce risk and enhance the growth of the client’s wealth

Independence ensures that appropriate products are sourced which saves costly changes and reduces risk

A dedicated expert consultant serves as a coach and soundboard which improves decision making, saves costs and improves the probability of achieving the client’s life goals.

Continues monitoring ensures that risk is reduced and growth is optimised.

The worksheet below can be used to develop your own value proposition. The questions serve to prompt thinking. The idea is for you to add your own questions and think about what is applicable to your FSP. Once you have a good understanding of the value elements use the answers to write your value proposition statement as seen in the Finco case study.



Worksheet: Value Proposition Constructor

Step 1: Defining the Target Market

Demographic criteria

What age group is your client?	
What jobs do they do?	
What is their level of education?	
What is their family status?	
What is their marital status?	
What is their Ethnic background?	
What is their gender?	
What geographical area does our clients come from?	

Economic/Financial criteria

What is their annual household income?	
What is their net asset value?	
How much financial assets do they have?	

Psychographic characteristics

What kind of personality does the ideal client have?	
What is the ideal clients' attitude towards life?	
What are their values?	
What is their behavior like?	

Social characteristics

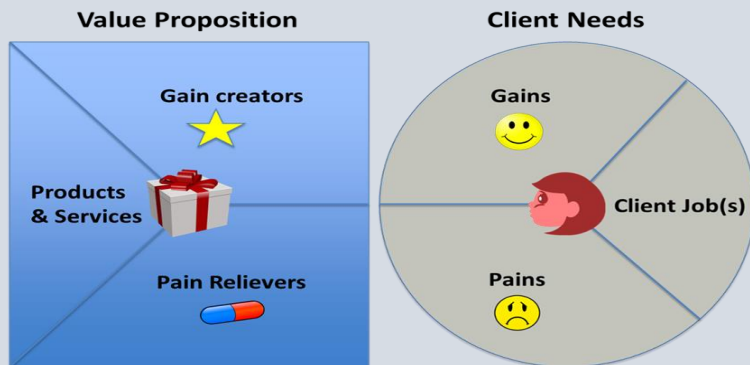
How does the client interact in their community?	
What kind of lifestyle do they have?	
Do they have specific hobbies or interests?	
Are they members of specific social circles/organisations?	

Step 2: Determining the Value Experience

Defining the problem

What is the problem your FSP solves for the client?

Identify the value your FSP delivers for the client



CLIENT NEEDS

Client Jobs

What are the "jobs" clients are trying to get done through financial planning services

What functional job are you helping your client get done?

What social jobs you are helping your client get done?

What emotional jobs do you help your client get done?

Client Pains

Pains are negative emotions, undesired costs, situations and risks that your client experiences or could experience.

What does your client find costly?

What makes your client feel bad?

What are the main difficulties and challenges your client encounters?

What negative social consequences does your client fear?

What risks does the client fear?

What is keeping the client awake at night?

What common mistakes does the client make?

What barriers are keeping clients from adopting financial solutions?

VALUE PROPOSITION

Gains

Gains describe the benefits the client expects, desires or would be surprised by. These could be functional utility, social gains, positive emotions or cost savings.

Which savings would make the client happy?

What outcomes does the client expect from financial services and what would go beyond their expectations?

What would make the clients life easier?

What social consequences does the client desire?

What are clients looking for?

What do clients dream about?

How does the client measure success and failure?

What would increase the likelihood of adopting a solution?

Gain Creators

Describe how your services create client gains.

Can your services create savings for your clients in terms of time, money or effort?

Does your services produce outcomes by offering more or less of something?

How does your services make life easier for the client?

Are there positive social consequences your FSP creates for the clients by creating power, status or control?

Does your offering deliver something specific that clients are looking for? For instance guarantees or specific features.

Does your offering help clients achieve aspirations or provide relief from something?

How does your FSP's offering help clients achieve outcomes that match their criteria for success?

How does your offering help to make it easier for clients to adopt financial solutions?

Pain Relievers

This answers the question: How does your services alleviate specific pains clients may have?

Does your offer produce any savings in terms of time, money or effort?

How does your offer improve frustrations for clients or make them feel better in some way?

Does your offer produce better performance of existing solutions in some way?

Does your offering put an end to difficulties or challenges the client faces?

Does your offer change negative social consequences or fear the client may encounter?

Does your offer alleviate significant issues, diminish concerns or eliminate worries the client may have?

Does your offer eliminate common mistakes clients make?

Does your offer eliminate barriers that keep clients from adopting some financial solution?

Step 3: List the services you offer and the benefits of the services

Service offering	Description	Benefit
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		