



BENEFITS OF HERITAGE DESIGN FOR BANKS AND TRUST COMPANIES

The bottom line is that Heritage Design work will increase business, quality introductions, client retention and sustainable streams of revenue for banks and trust companies.

How?

Client Demand: Affluent clients demand and need a higher level of service than less affluent clients. Our research and experience have shown that affluent clients want:

- their primary advisor to listen to them and understand their desired outcomes for themselves and their families both now and in the future in addition to their desired outcomes for their finances;
- their wealth to help, and not hurt, their children and grandchildren;
- to be part of the successful 10% of families who keep their family and the family wealth together for three or more generations;
- the top quality and breath of services that are available to their peers.

Affluent clients desire to sustain and grow their wealth and sustain their family unity across generations. To accomplish this, they want you to help them improve their family communication, create their family's vision/mission/purpose statement, create sustainable family governance, and create a culture and system of family mentoring to prepare each generation to sustain and grow the inheritances they will receive.



In 2012 Allianz updated a study it first completed in 2005 which asked baby boomers (age 47-66) and “elders” (age 72+) about inheritances. The number 1 answer (86%) for baby boomers was “Family stories are very important to me for keeping my family history and memories alive.” That was the #2 answer for elders (at 78%) behind leaving a living will or other instructions in the event of terminal illness.

In order to fulfill these desired outcomes, banks and trust companies must offer services beyond traditional banking, trust, financial planning and investment services. **The Heritage Process allows the clients to pass their values, stories and life lessons, in addition to their money, to the next generations, and builds the family purpose, governance, and mentoring affluent clients’ desire and demand.**

Client Retention and Increased Sustainable Revenue: A number of studies found that 90% or more of inheritors will fire their parents’ advisors. **Through The Heritage Process, the inheritors become your clients while their parents are still alive.** As a result, when their parents die, the inheritors will already be your clients and your retention of the family’s assets after the death of the parents will increase. In addition, several advisors have surveyed their practices and determined that it takes several new clients to make up for the loss of an existing, long-term clients (typically 4-5 new clients per loss of one existing client) because the new clients typically start with lower balances than the long-term clients have amassed. That is likely true for you also.

Several years ago Harvard Business Review found that having “satisfied” clients is not good enough to keep them as clients. Only “completely satisfied” clients are loyal. In the article called “Why Satisfied Customers Defect”, the authors measured customer satisfaction from 1 to 5 (1 = completely dissatisfied, 2 = dissatisfied, 3 = neutral, 4 = satisfied, and 5 = completely satisfied). Most advisors assumed that 1's and 2's would defect, 3's may or may not, and 4's and 5's would be loyal. They were wrong, only 5's were loyal. And, in order for affluent clients to be completely satisfied, you must provide them with the services and tools that they demand (described above).



Providing quality products and services is not enough to retain affluent clients. A 2009 study found that 75.5% of clients who fired their advisors did so due to lack of chemistry or poor working rapport with the advisor. Building that deeper relationship and bond with both your existing clients and their children will also increase your retention of your affluent clients.

Client Introductions to new “A” Clients: A 2004 study by Russ Alan Prince found that there is a direct correlation between how well the client perceives you know them and the amount of business and number of introductions you receive from them. Prince found that, on average, our clients have 8 core values. If the clients perceive their advisor knows all 8 of their core values, they entrust 100% of their assets with that advisor **and make 4.1 introductions to that advisor.** If the client perceives the advisor only knows 5 of their core values, they entrust 72% of their assets with the advisor **and make 1.7 introductions.** If the client perceives the advisor knows 2 of their core values, they entrust 50% of their assets with the advisor **and make no introductions.**

The key to this study is that the trigger is whether the client **perceives** the advisor knows their core values. **Through The Heritage Process™ your clients will know you know their core values.** As a result, you will receive more business from the client (if you do not already have it all) and they will make more quality introductions to you.

You can provide Heritage Design services either directly or through collaboration with The Heritage Institute or any of its qualified Heritage Design Professionals™. For more information, please visit our website at www.theheritageinstitute.com or email us at admin@theheritageinstitute.com.