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FPA Central Virginia Forum

Segmentation Strategy & Service Model Design

Catherine Williams

Head of Practice Management
Dimensional Fund Advisors

June 13, 2025

If you were to segment today, what would your **top three** segmentation criteria be?

Global Advisor Study and
Global Investor Study Insights
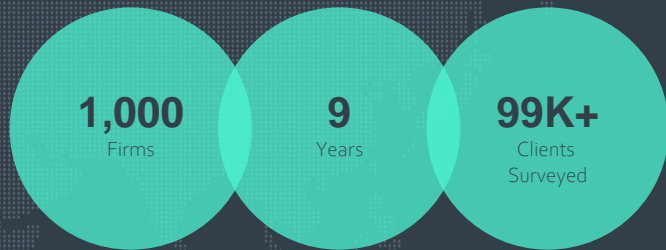
2024 Global Advisor Study: Client Segmentation Insights

Top Operational Challenges

#5
Client Segmentation ranking among 18 possible challenges

20%
selected client segmentation as a top 3 operational challenge

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72%

of firms segment
their client base

Top criteria (drivers) in the process:

- Revenue generated (70% of firms)

- AUM (60% of firms)

- Unique client needs (22% of firms)

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George Bailey Advisors

Firm Snapshot

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$3.8M
Revenue

$660M
AUM

422
Households

12
FTEs

1
Office Location

1960
Year Founded
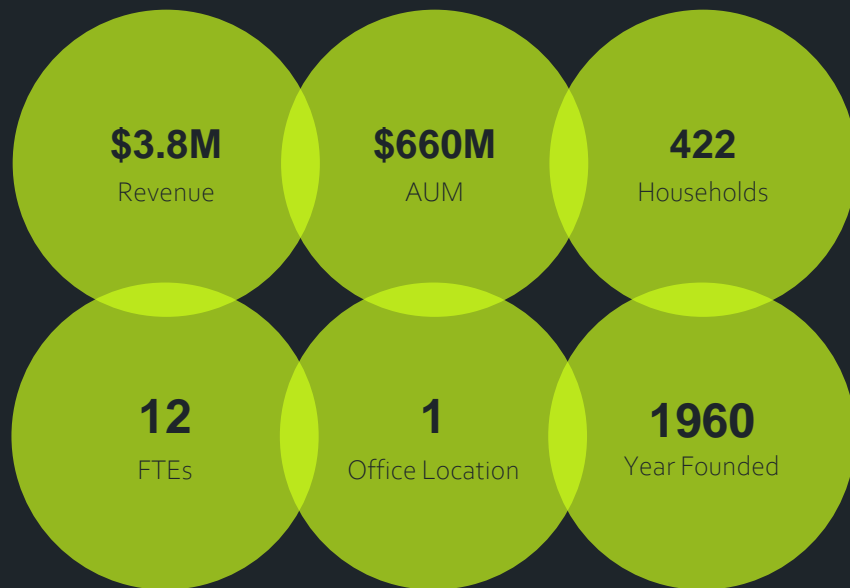
MISSION

To bring clients and their loved ones peace of mind and honor their legacy of hard-work.

VISION

To help our clients transform their hard-work into a legacy that spans generations.

VALUES & OFFER

To coach clients to stick to their plan through research-based and time-tested investment principles, all centered around their custom financial plan. With multi-generational planning
in mind, we partner with trusted tax and estate planning professionals in an integrated and coordinated approach.

The Bailey Advisory Team

George Bailey

Senior Advisor, CFP

Age 62

Successor of his
late father
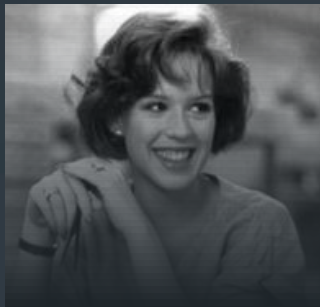
Claire Standish

Senior Advisor, CFA

13 years with firm

13 years total experience
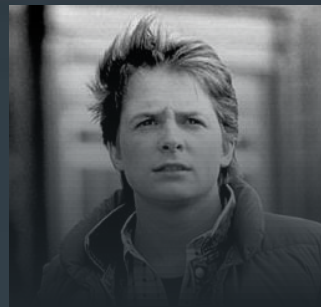
Marty McFly

Service Advisor, CFP

2 years with firm

8 years total experience

Wednesday Addams

Service Advisor

3 years with firm

5 years total experience

A Simple Framework for Client Segmentation

A Simple Framework for Client Segmentation

STEP 1

WHY?

Aligning on why you are pursuing a client segmentation strategy for your practice

A Simple Framework for Client Segmentation

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WHY?

Aligning on why you are pursuing a client segmentation strategy for your practice

STEP 2
HOW?

Determine how you structurally and philosophically will approach segmentation

A Simple Framework for Client Segmentation

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STEP 3

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Determine who meets each segment criteria and who supports each segment

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STEP 4

WHAT?

Determine service models and identify what service model will align with each segment

Client Segmentation vs. Service Model

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STEP 1

WHY?

Aligning on why you are pursuing a client segmentation strategy for your practice

Steps to consider:

- Revisit/create your 5-year vision

- Assess your current ability to meet your growth goals and ability to support that level of growth when attained

- Discuss your biggest reasons for this shift— Profitability? Capacity? Client experience?

Segmentation Outcomes

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Profitability

Assess and Improve
Profitability

Evaluate/Expand Capacity

Develop Sustainable
Service Models

**Client
Experience**

Inform CX

Enhance CX

Develop
Service Model

Growth

Develop Target
Client Profile

Free Up Senior
Advisor Capacity

Bailey Advisors Segmentation Priorities

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Profitability

Assess and Improve Profitability

Evaluate/Expand Capacity

Develop Sustainable Service Models

Client Experience

Inform CX

Enhance CX

Develop Service Model

Growth

Develop Target Client Profile

Free Up Senior Advisor Capacity

GOALS

- Transition some of George's clients to Claire to free-up capacity for George to focus more on business development.

- Transition the majority of Claire's current clients to Marty and Wednesday.

- Provide a differentiated experience that leverages Bailey Advisors full value proposition for highly-aligned clients and maximizes talent.

- Give Service Advisors the experience needed to continue to grow.

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STEP 2
HOW?

Determine how
you structurally
and philosophically
will approach
segmentation

Steps to consider:

- Assess value proposition, current offer, and current/future services

- Determine high-level segmentation strategy and methodology

- Assess cost-to-serve, client breakeven, and revenue per client

- Decide on drivers to include that support your methodology

57% have a written value proposition

49% have a written value proposition
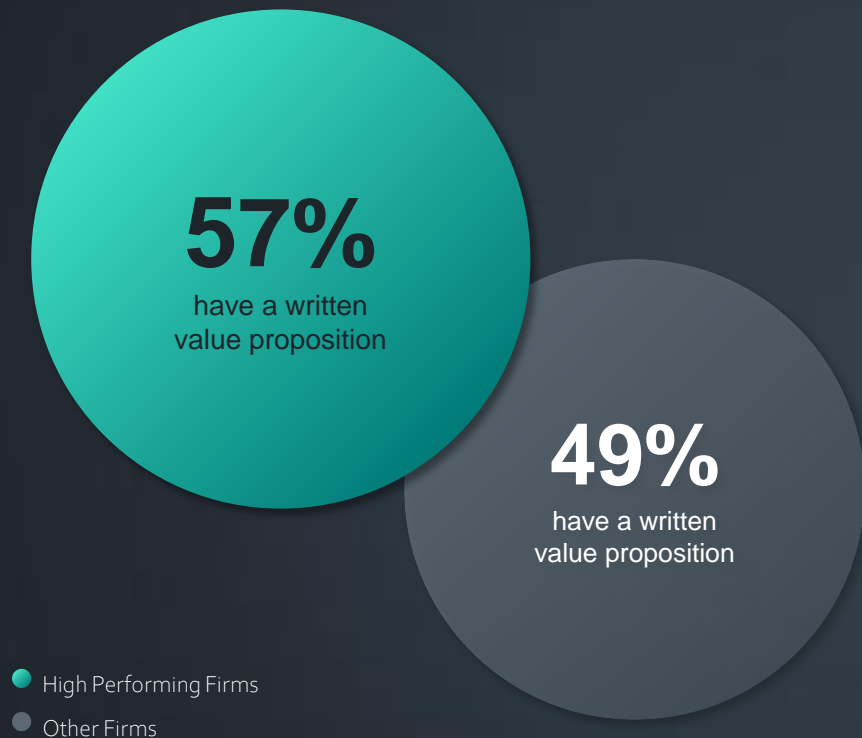
High Performing Firms are more likely to have a written value proposition.

● High Performing Firms
● Other Firms

Results from the Dimensional 2023 Global Advisor Study. 500 US firms participated, of which 125 were designated as High Performing Firms.

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Bailey Advisors Value Proposition

Cornerstones of Advice

"We help you stick to your plan through research-based and time-tested investment principles, all centered around your custom financial plan."

COMPETENCE

COACHING

"The greatest joy of our role is helping you and your loved ones through life's transitions. We see ourselves as both a thought-partner and coach."

"With multi-generational planning in mind, we partner with trusted tax and estate planning professionals in an integrated and coordinated approach."

CONVENIENCE

CONTINUITY

"Built on values of hard-work and family, we've built our expertise around helping our clients transform their hard-work to a legacy that spans generations."

Segmentation Strategy and Methodology

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Quantitative

Stack-rank based on a single quantitative criteria or use a weighted stank-rank taking into account multiple criteria.

Potential considerations might include:

- Client profitability
- Client AUM
- Client annual revenue
- Net worth (potential to grow share of wallet)
- Share of wallet
- Wealth trajectory / earning potential
- Time required to service
- Number of services leveraged
- Age

Qualitative

Add a qualitative overlay to the quantitative criteria to account for behavioral and attitudinal alignment with the practice.

Potential considerations might include:

- Risk tolerance
- Communication preferences
- Level of delegation / involvement
- Openness to new ideas / trust factor
- Likeability
- Referral potential
- Accumulating vs. decumulating
- Values alignment
- Engagement with NextGen
- Location

For Illustrative purposes only.

Bailey Advisors Methodology

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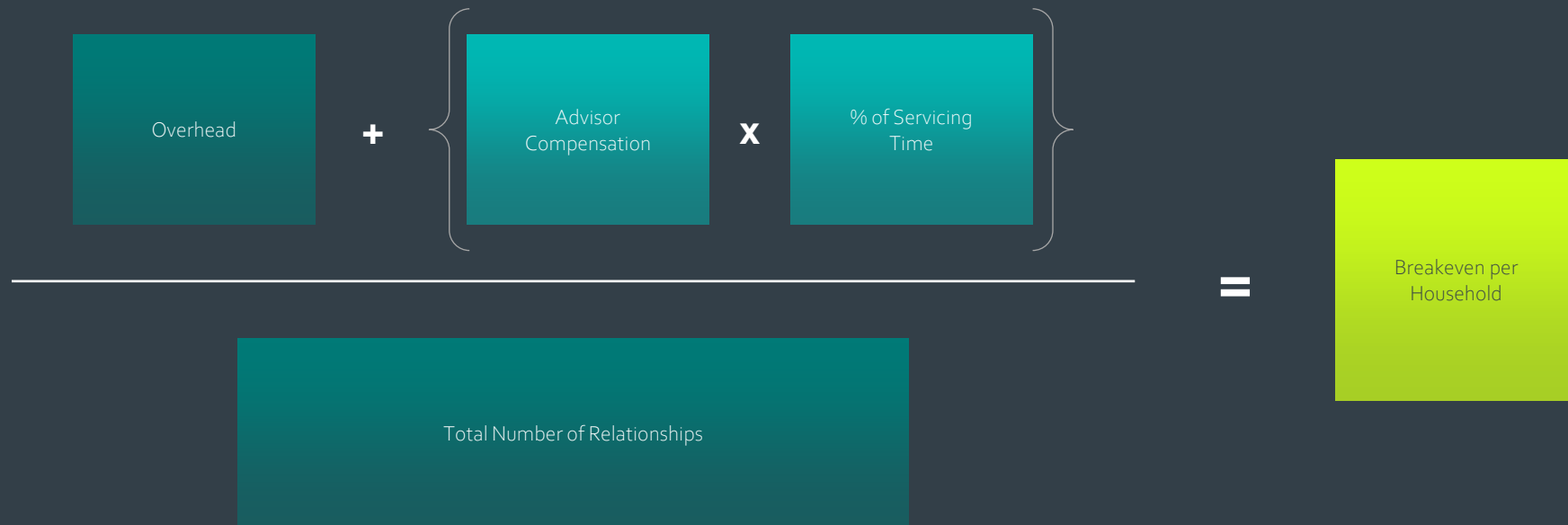
Breakeven Calculation

Overhead

———————————————————

Total Number of Relationships

= Breakeven per Household

Breakeven Calculation

$$\frac{\text{Overhead} + \{\text{Advisor Compensation} \times \% \text{ of Servicing Time}\}}{\text{Total Number of Relationships}} = \text{Breakeven per Household}$$

Breakeven Calculation: Bailey Advisors

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$1.5M
Overhead

+

$1.2M
Advisor Compensation

x

75%
% of Servicing Time

=

$5,585
Breakeven per Household

422
Total Number of Relationships

For illustrative purposes only.

3 Bucket Segmentation Strategy

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1

Wealth Management
HIGH VALUE

Split between Senior Advisors, with a smaller percentage to those with larger BD responsibilities

2

Emerging Wealth
HIGH POTENTIAL

Split between Service Advisors, with a larger allocation to the more tenured, stronger talent

REVENUE BREAKEVEN

3

Not TCP
LOW POTENTIAL

Low-touch approach by a less tenured Service Advisor with plan to transition clients out of practice

STEP 3

WHO?

Determine who meets each segment criteria and who supports each segment

Steps to consider:

- Create your Target Client Profile

- Analyze your client data

- Align specific clients with segments

- Determine personnel support for each segment

77%

of firms have an
ideal client profile

Most common characteristics
from High Performing Firms:

- Assets (92% of firms)

- Stage of life (64% of firms)

- Age (49% of firms)

- Values (45% of firms)

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Demographics/Psychographics

	Person 1	Person 2
Born in 1948	?	?
Male		
Raised in the UK		
Married Twice		
Wealth / Famous		
Lives in a Castle		

Demographics/Psychographics

King Charles
King of England

Person 2

Born in 1948

Male

Raised in the UK

Married Twice

Wealth / Famous

Lives in a Castle

Demographics/Psychographics

King Charles
King of England

Ozzie Osborne
Prince of Darkness

Born in 1948

Male

Raised in the UK

Married Twice

Wealth / Famous

Lives in a Castle

Demographics/Psychographics

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	Person 1	Person 2

Born in 1969; American; Wealthy; Trailblazer

Female

Built a global brand empire

Co-authored a *New York Times* best-selling book

Performed on the world's biggest stage

Known for empowering women

Started from "the Block"

Demographics/Psychographics

Jennifer Lopez
"Jenny from the block"

Person 2

Born in 1969; American; Wealthy; Trailblazer

Female

Built a global brand empire

Co-authored a *New York Times* best-selling book

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Known for empowering women

Started from "the Block"

Demographics/Psychographics

Jennifer Lopez
"Jenny from the block"

Sheryl Sandberg
Former COO of Meta; Built
Facebook's digital block

Born in 1969; American; Wealthy; Trailblazer

Female

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Bailey Advisors Target Client Profile

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Demographic

- Business builders and owners

- First high net worth generation

- $1M+ investable assets

- Have children or grandchildren

Behavioral

- Trust us

- Welcome us into their homes

- Future-generation/ family oriented

Psychographics

- Hard workers, dedicated to their craft

- Dreamers

- Humble

- Financially prudent

Sample Segmentation

WEIGHTING				
35%	**15%**	**30%**	**20%**	
Revenue	Net Worth	Referability Potential	NextGen Relationship	Weighted Score

For illustrative purposes only.

Sample Segmentation

Dimensional

Revenue	Net Worth	Referability Potential	NextGen Relationship	Weighted Score
35%	15%	30%	20%	

LOWEST ← → HIGHEST

	1	2	3	4	5
Revenue	<$2K	$2K–$5K	$5K–$10K	$10K–$20K	>$20K
Net Worth	<$250K	$250K–$500K	$500K–$1M	$1M–$5M	>$5M

Sample Segmentation

	WEIGHTING				
	35%	**15%**	**30%**	**20%**	
	Revenue	Net Worth	Referability Potential	NextGen Relationship	Weighted Score
Client A	**1**	**2**	**3**	**1**	**1.75**
Client B	**5**	**5**	**4**	**1**	**3.9**
Client C	**3**	**3**	**2**	**2**	**2.5**
Client D	**4**	**2**	**2**	**5**	**3.3**
Client E	**3**	**1**	**1**	**3**	**2.1**

LOWEST ⟵ ⟶ HIGHEST

	1	**2**	**3**	**4**	**5**
Revenue	<$2K	$2K–$5K	$5K–$10K	$10K–$20K	>$20K
Net Worth	<$250K	$250K–$500K	$500K–$1M	$1M–$5M	>$5M

For illustrative purposes only.

Cost to Service

Total Cash Compensation Range

25th Percentile	Median	75th Percentile
$100K	**$124K** ($59 hourly rate)	**$160K**
$131K	**$200K** ($96 hourly rate)	**$287K**

● Service Advisor
● Senior Advisor

Align Clients with Segment and Advisor Coverage

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1 Wealth Management
HIGH VALUE

150 clients
- 50 clients – George (Senior Advisor, CFP)
- 100 clients – Claire (Senior Advisor, CFA)

2 Emerging Wealth
HIGH POTENTIAL

200 clients
- 125 clients – Marty (Service Advisor, CFP)
- 75 clients – Wednesday (Service Advisor)

REVENUE BREAKEVEN

3 Not TCP
LOW POTENTIAL

72 clients
- 72 clients – Wednesday / Transition out

For illustrative purposes only.

STEP 4

WHAT?

Determine service models and identify what service model will align with each segment

Steps to consider:

- Determine components of your unique service model

- Outline service model for each segment

- Have a clear point of view for the service model for unprofitable clients

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Components of the Service Offer

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Services

EXAMPLES

- Model vs. Custom portfolios?
- CIO to join annual review meeting?
- Financial planning fee vs. Included in wealth management?
- Cadence of updates to plan?

Client Experience

EXAMPLES

- Gifts, cards, "surprise and delights"?
- Inclusion in client-appreciation events?
- Complimentary 2nd opinions for family?

Communication

EXAMPLES

- In-person vs. Virtual appointments?
- Quarterly vs. Bi-annual vs. Annual meetings?
- Outreach from CSA or Associate/ Service Advisor vs. Senior Advisor?

Investment Management is Important

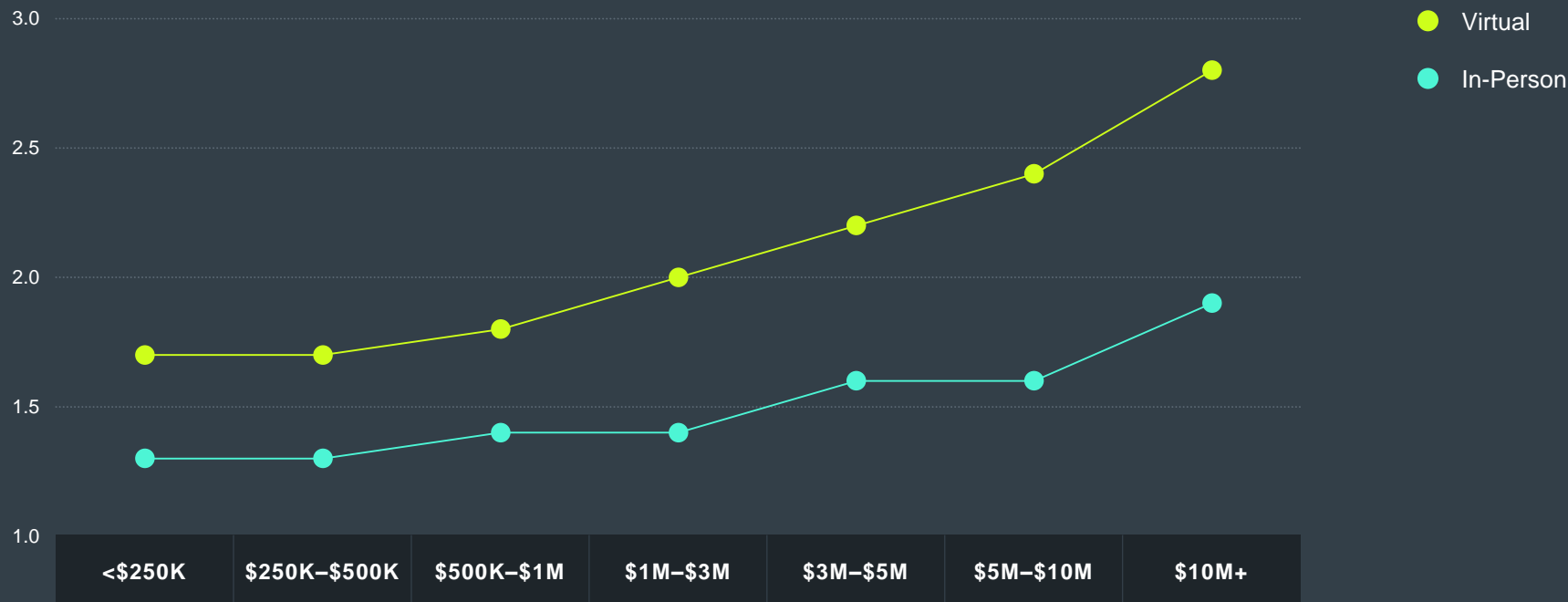How important are each of the following services? Scale of 1–5, select all that apply

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		<$250K		>$5M
1	Investment Management	4.6	▶▶▶	**4.8**
2	Financial Planning	4.5	▶▶▶	**4.6**
3	Tax Planning	3.4	▶▶▶	**4.2**
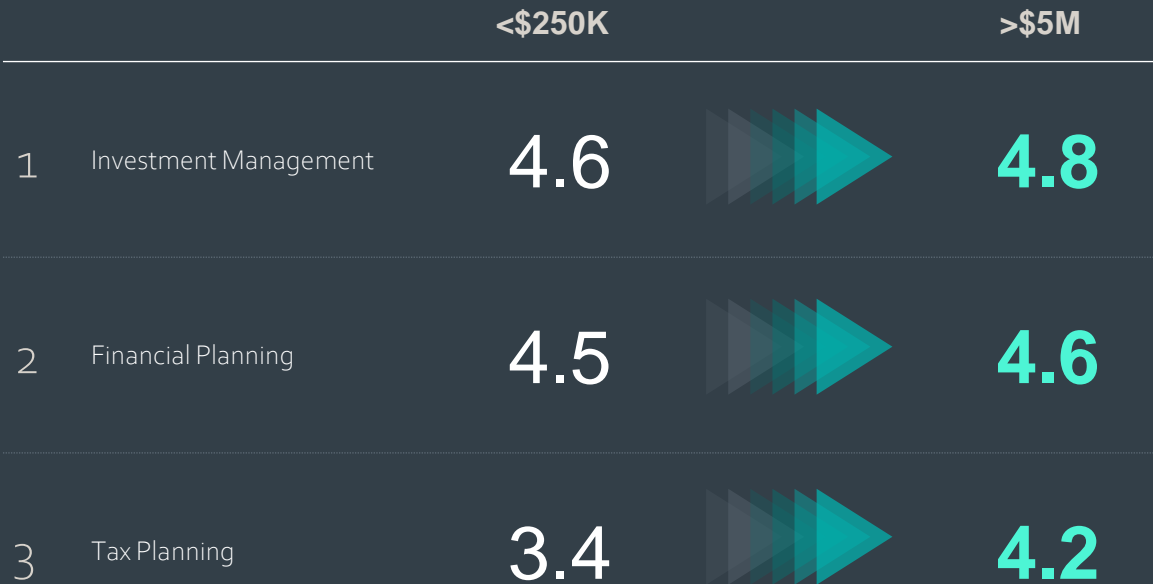
Investment Management is the most importance service.

As levels of investable assets increase, all services become more important.

Clients' Preferred Frequency of Meetings

In relation to total investable assets

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Virtual
In-Person

| | <$250K | $250K–$500K | $500K–$1M | $1M–$3M | $3M–$5M | $5M–$10M | $10M+ |

Bailey Advisors Service Model Matrix

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		Wealth Management / High-Value	Emerging Wealth / High Potential	Non-TCP / Low Value
Services	Cost of financial plan	Included	Retainer fee	As-needed retainer fee
	Wealth planning	Includes estate, insurance, education and tax planning/assistance	Includes education planning	Cash flow analysis and goal setting if no financial plan
	Investment management	Comprehensive	Comprehensive	Basic
	Assistance with outside professionals	In-person partner	In-person or virtual partner	Refer
	Personnel support	Senior Advisor; Senior/dedicated Ops Staff	Service Advisor; Pooled Ops support	Service or Associate Advisor; Pooled Ops support
Client Experience	Birthday	Call and card	Email	—
	Family death / birth	Flowers / gift	Card	—
	Holiday	Card	Email	—
	Entertainment	Bi-annual lunch, dinner, sporting event, etc.	—	—
	Client appreciation	Priority invitation for special events; bring friends	Firm-wide BBQ	—
Communication	Review meeting / call	Quarterly	Semi-Annual	Bi-annual life-event update Bi-annual review
	Meeting location	Client's choice	Advisor office or virtual	Virtual
	Email response time	24 hours	48 hours	72 hours
	Client feedback	Bi-annual feedback referral meeting	Bi-annual Dimensional Investor Study Survey	—

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Taking Action

Client segmentation and service model framework

Why

- Revisit/create your 5-year vision
- Assess your current ability to meet your growth goals and ability to support that level of growth when attained
- Discuss your biggest reasons for this shift – Profitability? Capacity? Client experience?

Drivers to keep front-of-mind as you segment:

- Revenue generated
- Unique client needs
- Advisor capabilities and capacity

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Dimensional's podcast, Managing Your Practice, is dedicated to providing financial professionals with best practices in key areas such as driving growth, business efficiency, and the client experience.

Transform the Experience, Transform Your Business
Dennis Moseley-Williams

Health Meets Wealth: The Power of Transformational Financial Advice
Brady Fineske and Richard Stott

Feedback as Fuel for Growth: Why Your Clients' Point of View Matters Most
Helen Stephens

Ingredients of Engagement: How Trust, Presence, and Values Make for a Winning Combination
Helen Learmonth and Matt Hall

Connecting the Dots: How to Drive Growth Through Your Culture, People, and Client Experience
Cameron Passmore
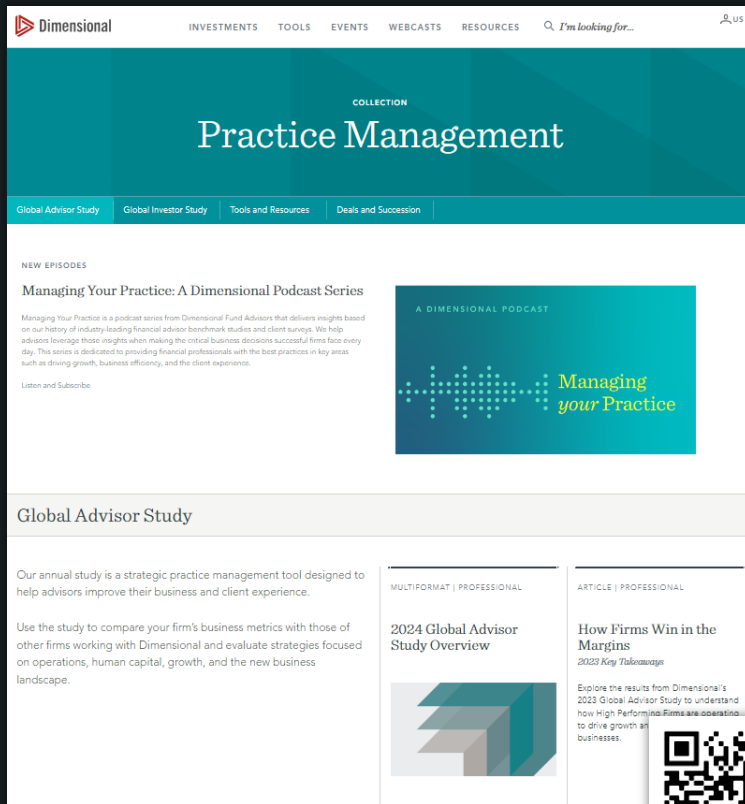
Visit our page on MyDimensional

Resources include:

- Practice Points
  Briefs on Key Topics, like client segmentation

- Conference and Webcast Recordings

- Global Advisor and Investor Study Resources

- Global Studies Key Takeaways

- White Papers and Research Articles

- And more!

Contact us at:

practice_management@dimensional.com