
FOUR HABITS OF HIGHLY SUCCESSFUL ADVISORS: PART TWO

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My colleague Ryan Krystopowicz and I recently co-wrote and posted to the WisdomTree website a white paper “think piece” entitled [“Four Habits of Highly Successful Advisors.”](#)¹ We are now “serializing” that white paper into four distinct blog posts. In [part 1](#), we discussed how to appropriately evaluate and build enterprise value by focusing on scale, efficiency and profitability. Here in part 2, we turn our attention to the importance of client segmentation and niche branding.

Habit Two: Segmentation and Finding Your Niche

Many advisors set minimum investment levels for accepting clients—\$500,000, \$1,000,000, \$5,000,000 and so forth.

There is nothing wrong with that and, in fact, if you set a reasonable minimum based on your opportunity set of clients (and then stick to that minimum!), it will help drive scale in your practice.

But the most successful advisors take it one step further, identifying a specific market niche or segment, and then seeking to be *the* advisor for that niche. This is a viable way to establish a brand for your firm to set it apart in the crowded marketplace.

We like to use the simple example of deciding to be *the advisor* for people who collect watches. What do we know about this niche market?

One, if you collect watches, you probably have an elevated level of net worth and/or disposable income.

Two, if you’ve ever met anyone who collects watches, you know they *love* to talk about their watches (feel free to substitute jewelry, art, cars, wine or any other collectible).

Three, they love to get together with other watch collectors and talk about watches.

So, imagine if you became the world’s expert on collectable watches and the typical financial objectives of the people who collect them. You have a built-in market niche that is narrow enough for you to dominate and deep enough to build a thriving practice around.

Those are the keys—narrow enough to dominate and deep enough to build a practice around. It doesn’t matter what the niche market is—just identify one and build your practice around it.

We know many advisors who have done so successfully, whether it be around medical professionals, small business owners, lawyers, real estate developers, multi-generational wealthy families or something else.

A recent article in the IWI’s *Investments & Wealth Monitor* highlighted this segmentation strategy.² Three advisors were interviewed about their successful practices, and all highlighted the importance of successful client segmentation.

One advisor runs the wealth management arm of a successful sports agency, and all his clients are professional athletes. He outsources the investment management function to a third-party so he can focus on everything else his clients need—cash management, insurance, bill paying, tax preparation, estate planning and so forth. In a highly competitive marketplace, his new clients seek him out because of the word-of-mouth references he gets from existing clients, who are among the most well-known athletes in the world.

A second advisor focuses his practice on entrepreneurs, small business owners and corporate executives, all of whom place high value on estate and financial planning, business transition and succession planning, taxes and wealth transfer. His geographical footprint is fairly small, many of his clients know each other and act as active references for him with potential new clients, and his practice is thriving.

A third advisor focuses her practice almost exclusively on the ex-wives of wealthy New York executives and hedge fund/private equity managers. She counsels them through divorce and then helps them become self-sufficient in

managing their own finances. Her practice is booming, and she has become a national spokesperson on empowering divorced women to take control of their own financial lives.

Three quite different market niches but all with the common characteristics of being deep enough to grow a practice and narrow enough to be one of "the brands" in those market segments. The point of the story is to find your niche, develop the appropriate expertise for that niche and then get busy.

For those interested in learning about the rest of the habits, please keep an eye out for the [next two blog posts](#) and make sure to read the entire white paper: ["Four Habits of Highly Successful Advisors."](#)

¹ With respect to Dr. Stephen Covey for his *The Seven Habits of Highly Successful People*, Simon & Schuster, Anniversary Edition, May 2020.

² See "Client Segmentation and Its Impact on Growing Enterprise Value," a facilitated discussion with three successful advisors, *IWI Investments & Wealth Monitor*, March/April 2021, pp.33-36.

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