

NEWS

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CONTACT

Al Martin, Director of Media Relations
Impact Communications, Inc.
almartin@impactcommunications.org
Phone: (913) 649-5009 / (800) 974-7753



Julie Littlechild
President, Advisor Impact, Inc.

Advisor Impact, Charles Schwab and Texas Tech University Reveal Results of Survey on Client Engagement and Referrals

Julie Littlechild Surveys More Than 1000 Investors to examine client engagement and links to client referrals

(December 7, 2010) New York – Advisor Impact, Charles Schwab Advisor Services, and researchers at Texas Tech University today revealed results from the 2010 “Economics of Loyalty” survey. The surveys, conducted every two years, are designed to help advisors understand the drivers of client engagement and profitability. The data for the 2010 survey were gathered from 1,034 investors, all of whom work with a financial advisor, contributed to/made the financial decisions in the household and met specific asset criteria.

“The 2010 study, an extension of the 2008 survey, sought to do three things,” said Julie Littlechild, president and founder of Advisor Impact. “First, we wanted to assess the over time change in the client/advisor relationship. Second, we wanted to refine understanding of what drives client engagement and, lastly, we wanted to refine our understanding about how and why clients offer referrals to their advisors.”

Some of the key findings from the 2010 study include:

- Despite a difficult two-year period for investors, trust in their financial professional remained high, with 92 percent of respondents giving their advisor a four or five (out of five) rating.
- Seventy-seven percent of those surveyed were satisfied and loyal, with 93 percent saying they are either somewhat or extremely likely to continue to work with their financial professional.
- Still, only 29 percent of respondents said they had provided their advisor a referral in the past 12 months.

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“What the study found is that while the numbers are positive, there is a clear disconnect between satisfaction, loyalty and referrals.” Littlechild said. “To explain that disconnect, we built a model from the data which we refer to as the ‘Anatomy of the Referral’ to provide a deeper understanding of why clients refer and when they refer. Our goal, with our new report, is to not only provide the data, but a clear action plan for advisors who want to engage clients and then leverage that higher level of commitment into more referrals.”

“The good news is that the study found 58 percent of ‘engaged’ clients referred clients because they wanted to ‘re-pay’ their advisor for a great experience. In other words, engaged clients want to help their advisors continue to be successful,” Littlechild said.

“This study underscores that there is a direct economic correlation between having ‘engaged’ clients and having a thriving practice,” said Nancy Allen, Director, Business Consulting Services with Schwab Advisor Services. “These ‘engaged’ clients are a great source of referrals for advisors, they just need to know how to close the gap by working with the right clients, having the right conversations and asking the right questions. The key is to turn a sense of willingness and motivation into action,” she said. “We are proud to sponsor this important work.”

“This year’s study gets us closer to cracking the code to client satisfaction, client loyalty and client referrals,” said Deena Katz, associate professor of personal financial planning at Texas Tech University, whose research team provided assistance during the survey process. “The Economics of Loyalty reports, both in 2008 and 2010, clearly demonstrate that when advisors move clients from merely ‘satisfied’ to ‘engaged,’ advisors can substantially impact the profitability of the relationship.”

A full report, *The Economics of Loyalty: Anatomy of a Referral*, is available on the Advisor Impact website at www.advisorimpact.com or by contacting Josele Quejadas at jquejadas@advisorimpact.com or 877.686.0660 x221. To learn more about Advisor Impact, visit www.advisorimpact.com.

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Economics OF LOYALTY

Audio Summary of Littlechild’s “Anatomy of a Referral” Presentation Available for Journalists

Journalists are invited to download an audio recording in which Littlechild summarizes key survey findings and explains the implications for financial advisors.

To launch the recording, click here:
<http://www.audioacrobat.com/play/W6JYtGf>

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To schedule an interview with Julie Littlechild and/or to receive an Executive Summary of the 2011 Economics of Loyalty report:

Please contact Al Martin at Impact Communications at (800) 974-7753 or almartin@impactcommunications.org.

About Advisor Impact, Inc. and Julie Littlechild

Julie Littlechild is president and founder of Advisor Impact and an expert on client engagement among financial advisors. Founded in 1998, Advisor Impact is a leading provider of research, training and tools for financial advisors across North America and the United Kingdom. Advisor Impact's flagship program is the Client Audit, a tool that helps advisors gather and use client feedback.

Under Julie's leadership, Advisor Impact conducts extensive, on-going research among financial advisors and their clients. She and her firm have gathered feedback from about 80,000 investors over the last five years. A frequent speaker at sales and industry conferences, Julie contributes to a wide range of publications, including *Financial Planning*, *Investment Advisor*, *Horseshoeth* and *Financial Advisor*. She is also the author of the *Business Success Kit*, a comprehensive guidebook to assist financial advisors in efficient practice management.

Julie has worked with and studied top producing financial advisors for fifteen years, holds an MBA from the University of Toronto and is a member of the FFPA's 2011 Board of Directors. Learn more at www.AdvisorImpact.com.

About Charles Schwab

The Charles Schwab Corporation (NYSE:SCHW) is a leading provider of financial services, with more than 300 offices and 7.9 million client brokerage accounts, 1.5 million corporate retirement plan participants, 665,000 banking accounts, and \$1.47 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. ("Schwab") (member [SIPC](http://www.sipc.org), www.sipc.org), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its banking subsidiary, Charles Schwab Bank (member FDIC and an Equal Housing Lender), provides banking and mortgage services and products. More information is available at www.schwab.com and www.aboutschwab.com.

About Texas Tech University and Deena Katz

Deena Katz, CFP®, is an associate professor in the personal financial planning division at Texas Tech University. She is also chairman of Evensky & Katz in Coral Gables, Fla. Katz was named one of *Financial Planning* magazine's 5 Most Influential People in the Planning Profession in 2001 and 2008. In 2010, she was selected as one of *Investment Advisor* magazine's 30 Most Influential Figures in the Wealth Management Industry over the past 30 years. She is the author or co-editor of several books relating to financial planning, has written for several trade publications and was the first female Editor-in-Chief of the trade publication *Journal of Retirement Planning*. She has also contributed to the *Wall Street Journal*, *PBS*, *ABC*, *CBS* and *CNBC-Asia*. Katz has written nine books, including *Retirement Income Redesigned*, *Investment Think Tank*, and *Deena Katz on Practice Management*. Learn more at <http://www.depts.ttu.edu/pfp>.

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