

### To set KPIs, you need to

1. Determine your end goal and what you're trying to accomplish.
2. Ask key performance questions (KPQs) to define what success looks like and how to measure it.
3. Identify what information you already have and what data you need to collect to support your KPIs.
4. Determine how frequently you'll measure each KPI and set short- and long-term goals for them.
5. Delegate responsibility for KPIs to the appropriate people and teams.
6. Share KPIs with relevant stakeholders and communicate the results and progress.

Key Performance Questions (KPQs) for financial advisors are strategic questions that guide decision-making and evaluate the effectiveness of their business practices. Unlike KPIs, which are specific metrics, KPQs focus on broad, impactful queries that challenge advisors to assess different aspects of their operations. These questions help financial advisors understand how well they are serving their clients, managing their practice, and positioning themselves for long-term growth.

Here are some important KPQs for financial advisors:

#### 1. How well are we meeting the financial goals and objectives of our clients?

- **Focus:** Client outcomes and satisfaction.
- **Why it matters:** The core of a financial advisor's job is to help clients achieve their financial goals. This question prompts advisors to assess how effectively their advice is translating into positive financial results for clients.

#### 2. What is our client acquisition strategy, and how effective is it?

- **Focus:** Client acquisition and growth.
- **Why it matters:** Understanding the effectiveness of your strategy for attracting new clients helps you identify successful channels and refine areas that need improvement.

#### 3. Are we effectively differentiating ourselves from competitors?

- **Focus:** Market positioning and competitive advantage.
- **Why it matters:** In a crowded industry, standing out is crucial. This question encourages advisors to evaluate their unique selling proposition (USP) and whether they are effectively communicating their value to prospects.

### 4. What percentage of our clients are likely to refer us to others?

- **Focus:** Referral potential and client satisfaction.
- **Why it matters:** Referrals are a powerful way to grow a financial advisory practice. A high referral rate often correlates with strong client satisfaction and trust. This question pushes advisors to assess their relationship with clients and their likelihood of generating new leads.

### 5. How are we tracking and managing client satisfaction over time?

- **Focus:** Client relationship management and retention.
- **Why it matters:** Retaining clients and ensuring their satisfaction is more cost-effective than constantly acquiring new ones. Understanding how well clients feel served helps identify areas for improvement.

### 6. What is the long-term sustainability of our revenue model?

- **Focus:** Business model and financial stability.
- **Why it matters:** Financial advisors must ensure that their revenue model is scalable and sustainable. This question invites advisors to assess the resilience of their practice and revenue streams (e.g., AUM, flat fees, commissions, etc.).

### 7. Are we effectively managing our time and resources to maximize productivity?

- **Focus:** Time management and operational efficiency.
- **Why it matters:** Financial advisors juggle numerous tasks, from managing client relationships to growing the business. This question prompts advisors to consider whether they're using their time effectively or if there are inefficiencies in their workflows.

### 8. How aligned are our investment strategies with clients' risk tolerance and goals?

- **Focus:** Portfolio management and client fit.
- **Why it matters:** An advisor must ensure that clients' portfolios align with their risk preferences and financial objectives. Misalignment can lead to dissatisfaction or underperformance.

### 9. Are we maintaining a strong digital presence and adapting to industry trends?

- **Focus:** Digital marketing and adaptability.
- **Why it matters:** In an increasingly digital world, having an online presence is essential for business growth. Advisors must assess whether they are leveraging digital marketing tools and staying current with industry changes (e.g., robo-advisors, fintech, social media).

### 10. What is our strategy for continuing professional development and staying compliant?

- **Focus:** Education, compliance, and ethics.
- **Why it matters:** Financial advisors must keep up with regulatory changes and industry best practices. This question ensures that the advisor is committed to ongoing professional development and legal compliance.

### 11. Are we adequately diversifying our client base in terms of wealth, age, and life stage?

- **Focus:** Client diversification and risk management.
- **Why it matters:** A diverse client base can help reduce business risk. Advisors should assess whether their portfolio of clients is too dependent on a narrow demographic or if they are serving a range of clients across different wealth brackets and life stages.

### 12. How well do we integrate financial planning with other aspects of clients' lives, such as estate planning, tax planning, and retirement planning?

- **Focus:** Holistic wealth management.
- **Why it matters:** A comprehensive, integrated approach to financial planning adds value for clients and can lead to more in-depth relationships and greater client satisfaction. This question asks advisors to assess the depth and breadth of the services they provide.

### 13. Are we effectively managing risk for both our clients and our business?

- **Focus:** Risk management and business continuity.
- **Why it matters:** Financial advisors must understand and manage both their clients' investment risks and the operational risks of their practice. This question evaluates whether the advisor has strategies in place to minimize risk in both areas.

### 14. How well are we communicating with clients, and are we meeting their expectations for frequency and mode of communication?

- **Focus:** Communication and client service.
- **Why it matters:** Clear, consistent, and timely communication is essential for building strong client relationships. This question prompts the advisor to assess whether clients are receiving the information they need in a format they prefer.

### 15. What strategies are we using to increase the lifetime value of each client?

- **Focus:** Client retention and upselling.
- **Why it matters:** Increasing the lifetime value of clients (through offering additional services, rebalancing portfolios, or increasing AUM) contributes to long-term profitability. This question encourages advisors to think beyond initial client acquisition and explore strategies to enhance client relationships over time.

### 16. How are we tracking and analyzing client investment performance?

- **Focus:** Portfolio performance and reporting.
- **Why it matters:** Regular tracking of client portfolios ensures that advisors can adjust strategies when necessary and show clients the effectiveness of their financial planning. This question helps evaluate the advisor's process for monitoring and reporting performance.

### 17. Are we fostering a culture of trust and transparency with our clients?

- **Focus:** Ethical practice and client trust.
- **Why it matters:** Trust is foundational to any advisory relationship. This question helps advisors reflect on whether their business practices promote transparency and build trust with clients.

### 18. What steps are we taking to grow our professional network and business partnerships?

- **Focus:** Networking and partnerships.
- **Why it matters:** Building a strong professional network can provide more referral sources, strategic alliances, and opportunities for business growth. This question evaluates whether the advisor is actively pursuing new relationships that can support business development.

### 19. Are we using technology effectively to streamline our operations and provide better service?

- **Focus:** Technology and efficiency.
- **Why it matters:** Advisors should leverage technology (CRM systems, financial planning tools, robo-advisory platforms, etc.) to enhance their efficiency and provide a better client experience. This question encourages reflection on how well technology is integrated into the practice.

### 20. What are the potential risks or threats to our business, and how are we mitigating them?

- **Focus:** Risk mitigation and long-term planning.
- **Why it matters:** Identifying risks—such as market downturns, changing regulations, or reputational issues—helps advisors prepare for potential challenges. This question prompts proactive risk management strategies.

### Conclusion:

KPQs provide a broader, strategic lens through which financial advisors can assess their business, client relationships, and practices. By regularly reflecting on these questions, advisors can make informed decisions, uncover areas for improvement, and build a more sustainable and client-centric business.