TREK INSTITUTE
A BASE CAMP CO-OP FOR SUCCESS

TREKIN GUIDE BOOK

FOUNDATIONS

YOUR CLIENT COMPASS: CLASSIFICATION AND SEGMENTATION

YOUR CLIENT COMPASS

CLIENT CLASSIFICATION & SEGMENTATION

Managing client relationships effectively takes more than instinct or habit. It requires a thoughtful approach that combines two distinct but complementary strategies: classification and segmentation.

Client classification helps identify where to direct your time and resources by evaluating each relationship through a practical lens—looking at factors like revenue, advocacy, and level of engagement. It answers the question: who do we prioritize?

Segmentation, on the other hand, focuses on how clients engage with your business. It allows you to shape communication, service delivery, and outreach based on behavior, expectations, and interaction style. It helps determine: how do we connect?

Each approach, on its own, has limits. Classification without segmentation can result in a one-size-fits-all model that overlooks individual preferences or communication needs. Segmentation without classification, meanwhile, may spread resources too thin by applying the same energy to clients with very different levels of value.

When used together, these strategies create a clearer, more sustainable system. The result is a client experience that feels tailored while still allowing the business to operate with clarity and intention. Those who bring the most value receive the most aligned service, without the team stretching beyond its limits.

CLASSIFICATION: Prioritizing Resources and Service Levels

Client classification is the process of categorizing clients based on key factors that determine their value to the business. These factors go beyond financial metrics, incorporating service needs, engagement levels, and long-term business potential. Effective classification helps ensure that advisors and staff allocate their time and energy to the right clients while maintaining service efficiency.

Key Classification Factors

Profitability Factor – Determines both immediate and long-term revenue potential. A client may not currently be highly profitable, but factors such as future inheritance or a business sale can change this over time.

Advocacy Factor – Measures how likely a client is to refer others to the business. Clients who actively promote your services can have a compounding effect on business growth.

Likeability Factor – Evaluates how well a client aligns with the business's culture and values. Clients who respect and appreciate the service provided contribute to a positive working environment.

Depth of Service Factor – Considers the extent of services the client utilizes. Clients who engage in multiple services tend to be more loyal and require a higher level of support.

Family Engagement Factor – Looks at how connected the client's family is with the business. Establishing relationships with the next generation can help retain assets across multiple generations.

Incorporating these factors into your classification model can help you prioritize your efforts, optimize your service offerings, and ensure that your resources are allocated to the clients who contribute most to long-term success. This structured approach enhances efficiency, strengthens client relationships, and builds a sustainable growth model that aligns service levels with true client value.

SEGMENTATION: Understanding Engagement Levels and Approaches

Once clients are classified, the next step is segmentation, which categorizes clients based on their level of engagement and interaction with the business. This segmentation helps advisors understand client behaviors and tailor their communication and service strategies accordingly.

Three Types of Segmentation

Priori Segmentation

This segmentation method is based on data that businesses likely already have on their clients. It includes factors such as demographic information (age, gender, education, etc.), geographic information (location, rural vs. urban), firmographic information (company size, industry category), as well as psychographic and behavioral insights.

Value-Based Segmentation

This method categorizes clients based on the financial value they bring to the business. Common data points used in this approach includes MRR (monthly recurring revenue), Average case/client size, number of services utilized, and frequency of engagement with business services. This segmentation helps businesses prioritize high-value clients and ensure the proper allocation of resources to those contributing most to revenue growth.

Needs-Based Segmentation

Unlike the other methods, which rely on descriptive data, needs-based segmentation focuses on understanding the pain points, motivations, and ambitions driving customer behavior. This is often the most powerful and effective segmentation method because it helps align services with what truly matters to the client. Questions you can ask for this method include:

- What challenges are the prospect/client facing?
- What specific goals are they working toward?
- What services or solutions best align with their immediate and long-term needs?

Implementing needs-based segmentation allows businesses to create highly personalized client experiences that foster loyalty and advocacy.

Psychographic and Behavioral Insights

Understanding clients goes beyond raw data points. It requires insight into their motivations, values, and behavioral patterns. Psychographic segmentation dives into lifestyle, interests, and social status, elements that shape financial decisions and personal priorities. For example, a client focused on travel and experiences may approach financial planning differently from one prioritizing long-term wealth accumulation.

Behavioral segmentation, on the other hand, analyzes how clients engage with your business, tracking purchase frequency, content interaction, and their position in the customer journey. These insights help advisors predict future behaviors, identify engagement opportunities, and refine service models to align with client needs.

By incorporating both psychographic and behavioral data, advisors can move beyond surface-level classifications and connect with clients on a deeper level, ensuring that strategies and communication resonate with each individual’s unique perspective.

Primary Client Segments

Understanding where clients fall within these segments allows you to develop targeted marketing strategies, deepen client relationships, and identify opportunities for client movement from one category to the next. Moving a customer to a client and ultimately to an advocate requires deliberate actions, personalized engagement, and ongoing trust-building strategies. By integrating this segmentation with classification factors such as profitability and advocacy potential, you can ensure that each client is nurtured in a way that maximizes both their experience and the business' growth.

Customers

Clients who use your services but maintain relationships with other advisors. They may not be fully committed and could require additional education or touchpoints to deepen engagement. Some customers may simply be exploring their options, while others may be hesitant due to longstanding loyalty to another advisor. By identifying what is holding them back, you can tailor communication strategies to demonstrate value and encourage deeper engagement.

Clients

Fully engaged individuals who do all their business with the business but have not yet refer others. They trust you and your team but may need encouragement to become advocates. This group benefits from continued relationship-building efforts, such as personalized check-ins, referral event opportunities, and exclusive service offerings that enhance their confidence in referring others.

Advocates

Highly engaged clients who actively refer others. These clients are the foundation of your business growth and should receive a higher level of service and recognition. Advocates not only bring in new clients but also reinforce trust and credibility in the business. Providing exclusive events, priority access to services, and referral appreciation programs can strengthen their loyalty and maintain their engagement over time.

BRINGING IT ALL TOGETHER:
The Power of Integrated Classification and Segmentation

Client classification and segmentation are powerful tools on their own, but their full potential is realized when used together. Classification helps determine who should receive more attention based on profitability, advocacy potential, and overall business value. Segmentation, on the other hand, ensures that the right messaging, engagement strategies, and service levels are applied based on the client's motivations, behaviors, and financial contributions.

By integrating classification and segmentation you can:

- **Prioritize value clients** while ensuring all clients receive the level of service appropriate to their engagement and potential growth.
- **Tailor communication and service strategies** to resonate with the client's motivations, whether those are financially driven, need-based, or tied to deeper lifestyle goals.
- **Create a structured pathway for client movement**, guiding customers toward deeper engagement, full commitment, and ultimately advocacy.

For example, a client classified as highly profitable but minimally engaged may require a different approach than a moderately profitable client who is highly engaged and actively referring others. By balancing classification and segmentation, you can ensure that you are fostering the right relationships in the most efficient and impactful way.

In summary, managing clients effectively goes beyond knowing who brings the most value. It requires a deeper understanding of what keeps them engaged, how they prefer to communicate, and the factors that influence their choices. When you combine objective data with a thoughtful look at client behavior and preferences, you build a framework that supports both efficiency and connection. The result is a service model that strengthens relationships, improves retention, and supports long-term growth.

THE TREKCAST

To put these strategies into action, be sure to listen to the latest episode of TrekCast with Brian. In each episode, Brian provides deeper insights, real-world examples, and actionable exercises designed to help you refine your client segmentation and classification approach.

This session's activity will walk you through applying these principles in your own business, helping you assess where your clients fall and how you can optimize your engagement strategy. Don't miss out on these key insights. Tune in and get the guidance you need to take the next step!