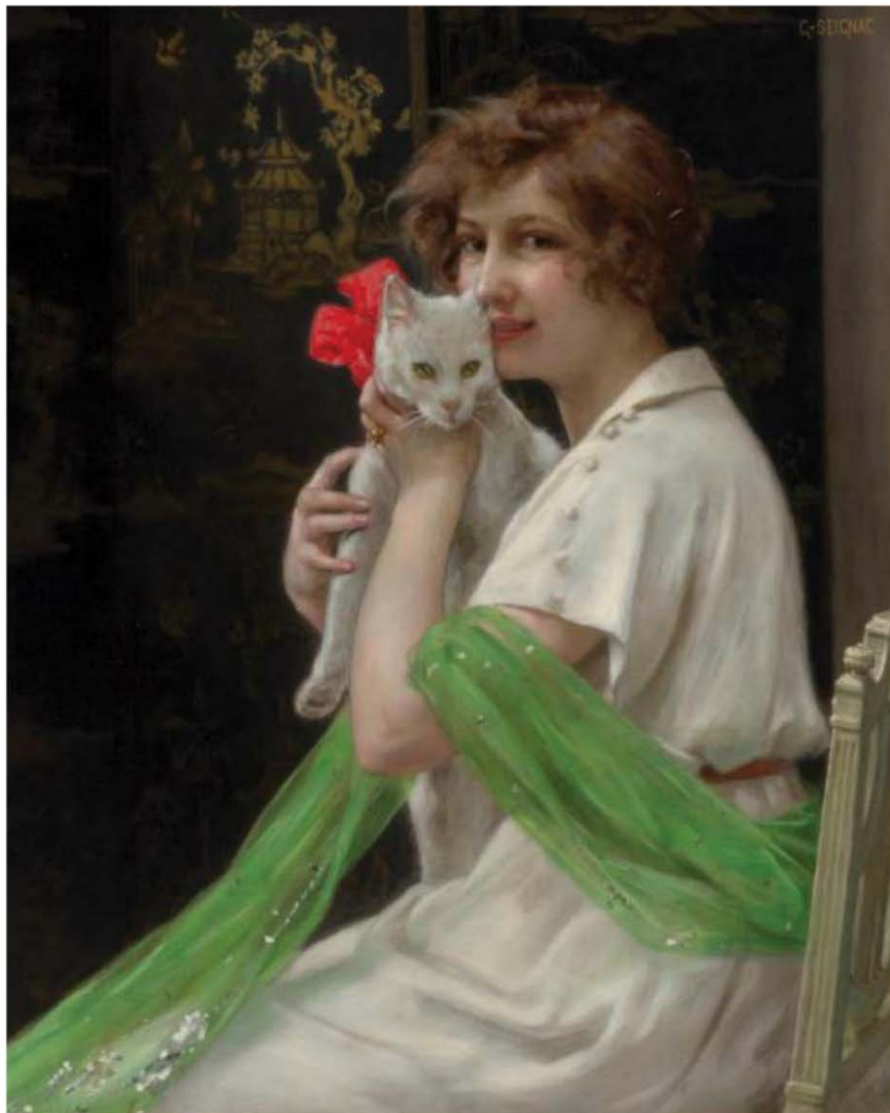


# TRUSTS & ESTATES

The  WealthManagement.com Journal for Estate-Planning Professionals



**DECEMBER 2018**

\$35.00

**Purr-fect Gift**—*Bons Amis* by Guillaume Seignac sold for \$7,500 at Doyle's Fine Paintings auction on Oct. 10, 2018, p. 4.

Committee Report on  
**New Practitioners**

Features on **Estate Planning & Taxation, Retirement Benefits, The Modern Practice** and **International Practice**, plus **Tax Law Update, Philanthropy** and **Tips From the Pros**

## FEATURE: THE MODERN PRACTICE

By **Craig R. Hersch**

# Bridging the Experience Gap

Creating an expectation of premium services

**M**any estate-planning attorneys quote fixed fees for services. Therefore, I commonly ask my colleagues, “Do you ever quote a fee that’s below the true value of the services you’re about to render?”

Resoundingly, almost every attorney to whom I make this inquiry answers, “Yes!”

The next question I ask is more difficult to answer: “Why?”

A variety of responses commonly emerge:

*The client won’t pay it.*

*They’ll visit the attorney down the street for a comparison quote.*

*My referral source might think I’m trying to gouge his client.*

*They’ll try to do it themselves on the Internet.*

None of these answers justifies charging amounts below a fee commensurate with the true value of the services delivered, and it speaks to certain expectations that may exist either in the client’s mind or in the mind of your referral source. Most readers of this magazine offer something beyond. We offer premium services, but our clients’ perception is a jaded one, as they often don’t know what level of service is even possible.

### No Frame of Reference

Let’s return to my original question above as to why you don’t charge for the level of service you’re about to deliver. The one answer that speaks to the heart of this

issue, and therefore leads us to a successful resolution is, “Because proximate to the time that I’m quoting the fee, the client (or often my referral source) doesn’t have a proper frame of reference in which to judge the true value of the services that I’m about to deliver.”

I call this “The Experience Gap,”<sup>1</sup> which, succinctly stated, refers to the problem that we ask our clients to sign a service agreement at a time before they understand the true value of the time, complexity and value of the services about to be delivered.

Let’s begin by examining exactly what I mean by The Experience Gap.

### Digitization

Understanding The Experience Gap starts with a foundational understanding of today’s marketplace. With the advent of the microchip (which, according to Moore’s law,<sup>2</sup> doubles its processing power every two years) comes commoditization. Consumers save time, money and headache minimizing human interaction when purchasing goods and services with the microchip enabling these efficiencies.

Those close to my age, (I was born in 1964) can remember a time when nearly every neighborhood shopping center contained a Blockbuster video store, a bookstore, a travel agency and a video arcade. Xfinity, Netflix, Hulu and a variety of similar faster, cheaper and more convenient programming overcame Blockbuster. Amazon ran many bookstores out of business. You complete your purchase of plane tickets, hotel reservations and car rentals through websites found on your smartphone, tablet or laptop in the convenience of your home. Teenagers and adolescents compete with their gaming systems, in real time, with others from around the globe.

The digital revolution isn’t confined to traditional retail businesses. Online brokerage and mutual fund offerings challenge client perceptions about the value



**Craig R. Hersch** is a board certified estate-planning attorney and national practice development expert at The Freedom Practice in Fort Myers, Fla.





of services provided by traditional financial advisors. Free or low cost tax preparation websites similarly challenge your local CPA's practice. As artificial intelligence (AI) improves, estate-planning attorneys feel the squeeze by LegalZoom, RocketLawyer and similar services.

These forces of competition and digitization are known as the "Commoditization Trap."<sup>3</sup> Increasing competitive forces, whether they come from the firm across the street or AI capabilities, are why you intuitively feel pressure not to charge a fee that's commensurate with the services.

### Transactions

What all of this points to is that transactions are commoditized. When you shop for groceries, you don't look to engage in a meaningful relationship. You drive to the store, seek out the most reasonably priced food options, pay (often at a self-service kiosk) and go home. In most instances, you're not willing to pay a premium, and that's why grocery store margins typically average less than 2 percent.<sup>4</sup>

More and more, shopping for goods and services becomes transactional. Here's where the disconnect lies. Legal, tax and financial services are viewed by our clients as mere transactions.<sup>5</sup> It's just that the service professionals haven't opened up to this reality. We still believe our clients want us.

They don't.

If your client could get along without ever interacting with you to achieve the desired end result, she'd be just as happy. With the exponentially increasing power of the microchip, such a reality becomes more attainable.

Yes, AI isn't fully capable of putting together an exceptional and complete estate plan in many situations ... yet. Complexities surrounding blended families, assets with income tax ramifications, larger estates, spendthrift or unusual beneficiaries and those who own significant commercial real estate and closely held business interests, to name a few, scream for the services of wise professionals.

### Commoditization

Yet, many prospective clients aren't aware of how we might add value even in those circumstances. This speaks to an educational element that I discuss later in this article. Estate-planning clients, for example, view attorney-drafted wills, trusts and ancillary documents as commodities. Your documents might be better constructed, thought out and lead to better outcomes than

---

It's immensely important that your referral sources understand the uniquely valuable client experience you offer so that they can describe it to the potential clients they send your way.

---

your competitors, but your client doesn't have the requisite background to judge that.

The proof that your clients consider your documents as a commodity is found when they refer to your carefully drafted provisions as "boilerplate." Another example is when a client calls your office needing a complete estate plan before his European vacation that he's leaving for this Friday. "Don't you just push a button?" seems to be the attitude.

Similarly, financial planning clients often believe that there's nothing special to the selection of an investment portfolio, citing low cost market tracking index funds. "I can track the market for almost nothing."

To the extent that our services are deemed transactional, similar to grocery shopping, buying an airline ticket or renewing your driver's license online, the perceived client value decreases. Clients are unwilling to pay a premium, viewing legal, tax and financial services as fungible. In a transaction-based economy, your services



## FEATURE: THE MODERN PRACTICE

are indistinguishable from the competitor across the street, with price as the only differentiating factor.

### Premium Prices

Looking at the general economy, however, there's a trend where one can find consumers willing to pay premium prices. In *The Experience Economy*, authors Jim Gilmore and Joseph Pine point to businesses that provide uniquely valuable experiences as finding success in today's marketplace.<sup>6</sup>

Pine and Gilmore identify four different experience realms: entertainment, escapist, esthetic and educational. Consider, for example, why one willingly pays a premium to stay at a Ritz Carlton hotel as opposed to a Best

A generic website won't differentiate or distinguish you, and in fact, will lead the client to anticipate a transactional experience.

Western. Both offer a room, bed and bathroom. Many customers willingly pay for the esthetic and escapist experience that the Ritz offers.

I could book my own European bicycling tour, arranging for bike rentals, hotels, transportation and food, but I'm willing to pay a premium to have the Backroads Travel Company take care of my every need. Adventure travel with Backroads is a truly escapist experience, as I can attest firsthand.

Pine and Gilmore instruct businesses, in this case law firms, to think of their practices as theater. Each firm has a front stage that the client experiences, but there's also a carefully scripted back stage that's necessary to pull off the experience.

### Educational Experience

Of the four experience realms, those in the legal, tax and financial community would likely focus on providing an educational experience to command premium fees. An experience occurs when a firm uses

services as a stage and the fungible commodities (legal documents, tax returns, financial service products) as props, to engage the client in a way that creates an individualized, memorable event.

Creating a valuable educational experience, however, is more difficult to consistently accomplish than it initially appears. Rather than passively listening to a lecture-style event, the experience should instead require active participation while absorbing material. The material itself must focus on your wisdom rather than data, information and textbook-type knowledge. I write extensively on how to create a uniquely positive educational experience that clients will pay a premium for, so I urge you to investigate those articles for more on that topic.<sup>7</sup>

The short-form educational experience includes seeking out your client's individual goals, obstacles to those goals, opportunities to capitalize on and strengths that you can both enhance in pursuing those opportunities. The educational process you put in place should explain the strategies that will satisfy the client's needs, conveyed in layman's terms. Like Disney, Backroads and the Ritz Carlton, it shouldn't matter who in your organization provides the experience, so the right systems need to be in place to ensure a uniquely valuable outcome.

### Client Expectations

This, nevertheless, begs the question: Now that you understand that by providing a valuable experience you break the commoditization trap, how do you bridge the client's expectation of engaging in and paying for a transaction as opposed to a premium experience with a commensurate fee?

"Bridging the Gap," p. 41, represents the issue at hand. The horizontal X axis is Time, with the vertical Y axis representing price/fee. The initial point on the Y axis indicates your client's expectation regarding the fee you would charge him for your firm's services, before or at the time of your initial meeting.

In almost all cases, that fee will be less than the zenith of the bell curve, marked as optimal billing point (OBP). Obviously, the OBP will be at different point(s) for legal, tax and financial services. It's usually safe to assume that the OBP will be at some point after you've delivered at least a portion of your services.

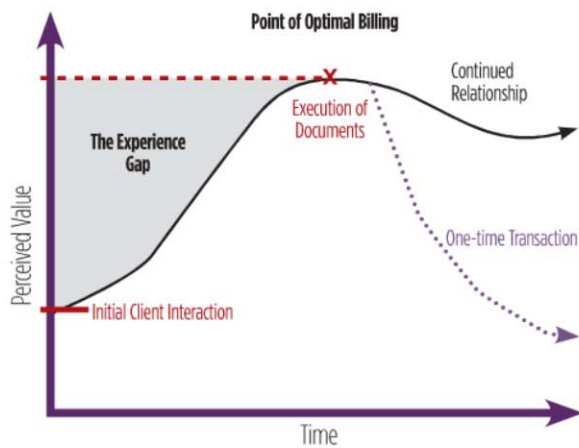
So, the challenge, as you can see, is reflected in the gray shaded area. That's The Experience Gap, which



## FEATURE: THE MODERN PRACTICE

### Bridging the Gap

*The difference between client's expectation and the value of your services*



— Craig R. Hersch

represents the difference between the fee you intend to charge and the fee that the client expects to pay. The larger the gray area, the more likely you'll be to quote a lesser fee.

### No Frame of Reference

Not all clients' initial expectations will be the same, so the starting point on the Y axis will be at a different point, and therefore, The Experience Gap will be either larger or smaller. Clients who find you through an online referral network, for example, and who have no other frame of reference working with you other than what they've imagined in their minds, may pose a large experience gap such as that found in "Low Expectations," p. 42.

Clients referred from existing clients, on the other hand, will likely have a smaller experience gap to close, represented by "Raised Expectations," p. 43, because the existing client most likely described the services in such a way as to raise expectations both as to the quality and the price.

SHARE this article

Click for more ESTATE PLANNING

## I was 99% sure I was going to quit my practice...

Fifteen years ago, I almost quit the practice of law. I felt like I was working longer hours for less revenue.

Modern communication left clients expecting results yesterday at little or no cost. Overhead increased, but charging higher fees seemed out of the question.

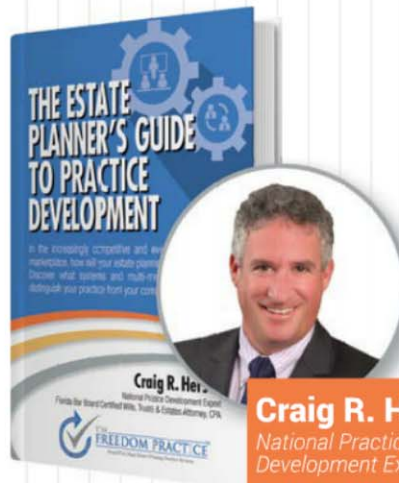
I stopped working out. My wife and I became roommates instead of soulmates. I lost my work-life balance. I thought there must something else I could do with my

career that energized and balanced me.

Before giving up on a law practice that I worked so hard to build, I focused on rebuilding it to make it energizing, lucrative and fun. You can do the same.

Joining The Freedom Practice™ has been the single best decision we have made to transform our law practice. We've quickly implemented systems that reworked our firm, distinguishing ourselves in a crowded field.

— Kenneth Simmons & Marco Schiavo,  
Simmons & Schiavo, LLP | Woburn, MA



**Craig R. Hersch**  
National Practice  
Development Expert

GET THIS **FREE** PROVEN GUIDE  
TO HELP YOU MULTIPLY YOUR  
PRACTICE, PROVIDING YOU WITH  
MORE FREEDOMS!

**GO TO**  
**www.4multiply.com**



Marketing guru Joe Polish refers to this as a client who's predisposed, pre-interested, pre-motivated and pre-qualified to use your firm's services.<sup>8</sup> The more of these "Four Pre-s" each prospective client possesses, the more open he'll be to a fee that's commensurate with the quality of the experience you're about to deliver.

Intuitively, you know this to be true. Consider the most recent initial meeting you had with a client referred by an A+ referral source. Chances are the meeting went smoothly. The prospective client heard good things about you and went in with the attitude that you were going to meet her expectations. Similarly, you felt that because she expected quality services, there was a low

Most clients want to know what to expect in an initial meeting.

likelihood of her balking at your fee quote, so you confidently presented her with your service agreement.

### Closing The Experience Gap

Your goal, therefore, is to close this Experience Gap from the beginning of the client's interaction with you and your firm, so that at the time you quote a fee, the unique client value will at least be intuitively understood and willingly paid for.

That's a lot easier said than done.

Assuming that you carefully thought through your front-stage experience and the backstage support necessary to carry out that experience, you need to consider the specific elements that your typical client will walk through before you present your service agreement.

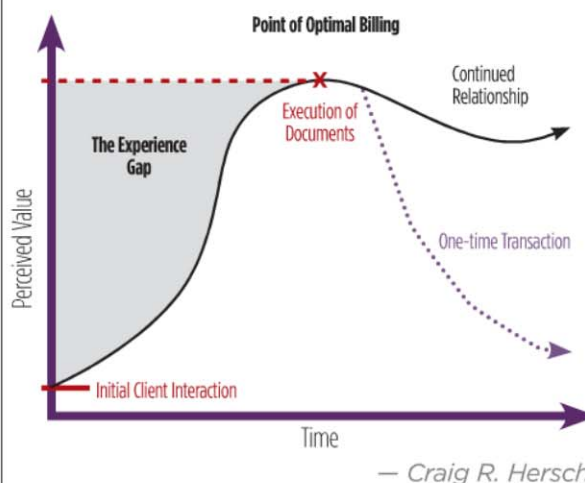
How, exactly, will you deliver client value? Remember that client value has little to do with your biography, experience and background. The description should be client-centric. What steps do you take and when? What will you ask of your client for you to diagnose the path to a better future? How will you maintain this success over time? The answers to these questions create your value creation proposition.

### Referral Source

It's therefore immensely important that your refer-

### Low Expectations

*Clients with no frame of reference pose a large experience gap*



ral sources understand the uniquely valuable client experience you offer so that they can describe it to the potential clients they send your way. Propose to give them a free trial run. This way, they can act as your beta test, providing you with valuable feedback. Assuming that the experience is found to be uniquely valuable, they could also vouch for you with first-hand knowledge.

### Website

More of our prospective clients either find us on the Internet, or, on being referred to us, investigate our websites prior to making an appointment. Therefore, the front stage educational experience must begin there. A generic website won't differentiate or distinguish you, and in fact, will lead the client to anticipate a transactional experience.

Does your website contain content speaking to the reason clients usually call on your services? Does it answer the questions that you hear most often with video, podcasts, webinars and blogs? It's important to convey this information in different formats as some of your clients will prefer to watch, others listen, while some want to read. Many will do all three.

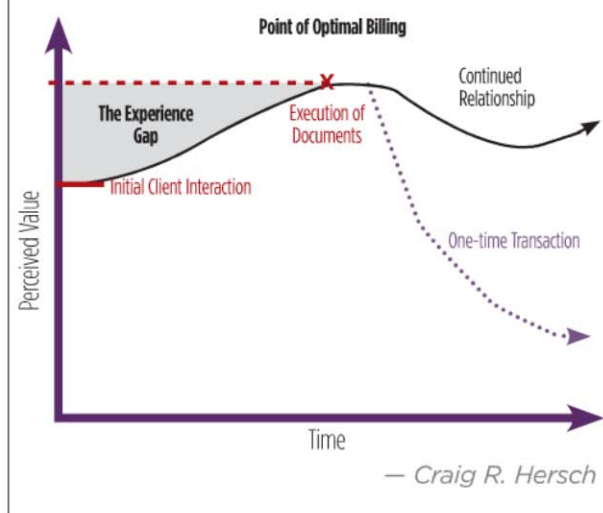
Most clients want to know what to expect in an initial





## Raised Expectations

*Clients referred from other clients have a smaller experience gap*



meeting. Will they be charged? What information will be exchanged? How will you identify the estate-planning issues most relevant to them? This should all be laid out in an easy-to-understand process, which becomes your firm's calling card—its message.

The more your promotional materials communicate the client value you're about to deliver even before that initial meeting, the smaller your Experience Gap will be.

## Seminars/Webinars

Your seminars and webinars offer another opportunity to close The Experience Gap. Just as your website describes an easy to navigate process leading to client value, so can your live and electronic presentations.

Many clients don't realize, for example, that they have certain estate-planning issues until a knowledgeable professional points them out. In Florida, for example, the devise of a homestead residence into a credit shelter or marital trust is invalid, often leading to unintended ownership and dispositive consequences. It's been my experience that many new Florida residents are unaware how the simple act of claiming Florida residency can create this problem despite an estate plan that's otherwise up-to-date.

Accountants and financial planners also have

opportunities to depict various tax and financial planning issues commonly encountered but not wholly understood.

You can probably recall any number of instances when your clients were surprised they even had an issue before you identified it. While you don't want to "spill the candy in the lobby," that is, give away all of your knowledge before getting engaged, it's relatively easy for potential clients to relate your best war stories to their own individual situation. By identifying issues and illustrating how you solved client problems, you close The Experience Gap.

## Introductory Client Package

How does your current introductory client package introduce the client value your firm is about to create? Do you include a brochure that describes the front-stage processes that your prospect is about to experience? Do you forward information not only in paper form but also electronically, enabling an audio/visual experience that immediately distinguishes you from the competition?

Do you confirm the appointment with a telephone call? Text message? Does an electronic confirmation include directions to your office that can be accessed from navigation apps?

A potential client who scheduled an appointment is most of the way to being pre-disposed, pre-interested, pre-motivated and pre-qualified to engage your firm's services. Consequently, the introductory client package is probably the most important tool in your marketing arsenal.

## Initial Meeting

Finally, your initial client meeting is the opportunity to close the sale, gaining the client engagement. This is also your last opportunity to close The Experience Gap before discussing your fees and having your client sign a service agreement.

If you have a front-stage process describing the steps you'll travel together to achieve your client's goals, I suggest describing that process in detail just prior to asking for the commitment. Legal, tax and financial professionals too often instead provide what they believe is the actual answer to the client's issues. That's something you should avoid until getting the client's commitment. Besides, you probably haven't gathered enough

## FEATURE: THE MODERN PRACTICE

information to provide end-result answers anyway. Believe me when I tell you that your clients will appreciate understanding the process. If they have the right mindset, you're likely off to a great relationship.

### Close the Gap

The Experience Gap explains what many legal, tax and financial professionals intuitively knew but couldn't put their finger on as to why it's common to quote a fee below the value of the service that your firm is about to provide. Now that you understand it, you can take steps necessary to close the gap between your clients' perception as to the value you're about to deliver and the exceptional experience that they'll pay handsomely for.

The more you work on closing this gap, the easier it will get. Just like any improvement you make in your practice, it will take time and effort to perfect your process and that of your team.

### Endnotes

1. "The Experience Gap" concept is copyright and trademarked by The Freedom Practice.
2. Gordon E. Moore, "Cramming More Components Onto Integrated Circuits" (April 19, 1965), [http://cmore.soest.hawaii.edu/summercourse/2014/documents/Karl\\_05-27/Moore\\_1965.pdf](http://cmore.soest.hawaii.edu/summercourse/2014/documents/Karl_05-27/Moore_1965.pdf).
3. Jeff Thull, "Avoid the Commoditization Trap," [www.forbes.com/2010/04/23/commoditization-trap-branding-leadership-managing-marketing.html#739ad340166a](http://www.forbes.com/2010/04/23/commoditization-trap-branding-leadership-managing-marketing.html#739ad340166a).
4. Mary Ellen Biery and Sageworks Stats, "The 15 Least Profitable Industries In The U.S.," *Forbes*, [www.forbes.com/sites/sageworks/2016/10/03/the-15-least-profitable-industries-in-the-u-s/#2a079dde618a](http://www.forbes.com/sites/sageworks/2016/10/03/the-15-least-profitable-industries-in-the-u-s/#2a079dde618a).
5. Thomson Reuters and The Georgetown University Law Center, "2017 Report on the State of the Legal Market," [www.thomsonreuters.com/en/press-releases/2017/january/2017-report-on-the-state-of-the-legal-market.html](http://www.thomsonreuters.com/en/press-releases/2017/january/2017-report-on-the-state-of-the-legal-market.html).
6. B.J. Pine and J.H. Gilmore, *The Experience Economy*, Boston: Harvard Business School (2011).
7. [www.wealthmanagement.com/author/Craig%20R.-Hersch](http://www.wealthmanagement.com/author/Craig%20R.-Hersch).
8. <https://joepolish.com/>.

SHARE this article

Click for more ESTATE PLANNING



# Get weekly news with unique industry analysis impacting High Net Worth

Subscribe at  
**TrustsAndEstates.com/Newsletters**