



GrowthPlus! Through Referrals

Marketing your practice is all about getting prospects in front of you so that you have the opportunity to present your value proposition and encourage these potential clients to become actual clients. And without doubt, the most effective way to generate prospects is via referrals.

But to grow your business with your preferred kind of clients, you need to consider implementing a referral system that stops leaving the process to chance. Take a systematic approach by following these four practical steps.

Step 1: Know your business

Before attracting people to your business, you need to clearly understand who you're looking for and what value you are going to provide them. When you've just opened the doors to do business, any client is welcome. This 'activity' phase of your business soon moves to a more deliberate approach to deciding who you wish to do business with on an ongoing basis.

Picture your top 20 clients - the ones who are most profitable and most enjoyable to service. What are their qualities? Do they have significant insurance needs or do they require advice on wealth creation? Do you prefer clients who are geographically close? Or perhaps people in a certain age group - young clients, pre-retirees or post-retirees? You need to consider these issues in order to identify exactly what type of person you seek as a client.

Next, you have to work out and articulate what value you provide to your ideal client (your client value proposition). Consider what services they need and also consider what your areas of expertise are. It makes a lot of sense to work in a space, such as business insurance, if you are particularly skilled and experienced in this area.

The outcome you seek from this first step is a clear idea of who you want referred and what value you offer this person.

Step 2: Identify suitable referrers

Building a robust referral system means not leaving referrals to chance. You want to be proactive and recruit your ideal referral partners.

Start with your existing client base. Make a list of clients that you believe would make suitable referrers. Here are some ideas to help you with this exercise. Start with clients who meet your 'ideal client' criteria – similar people stick together. Centres of influence, clients who believe in the importance of financial planning, advocates of your business, and mixers (clients who get around a lot, for example members of sports teams or social clubs) make the best referral partners.



Take a look at your external connections too. People in positions of influence, friends and acquaintances who take what you do seriously, and of course people whose business you support (your accountant, insurance broker, landlord and print shop) all have the potential to be good referrers.

The outcome from step two is a list of clients and associates who you believe have the potential to be good referrers.

Step 3: Get your systems up to speed

Many excellent referrers have had a negative experience with a financial planner. This presents you with a great opportunity. The issue usually concerns feedback: “I send my client to a financial planner and I get no feedback!”

When a referrer, especially those who you will have a commercial relationship with, refers a prospect, they need to be kept informed. They have the existing relationship and will most likely be communicating with that person. They should not be put in a position where they have referred their client and then been left uninformed as to what has taken place between you and their client. Similarly, the referrer should not have to chase a planner for their share of the commission.

When training your referrer (see Step 4) you will explain all the various steps you take with each prospect - from the initial exploratory meeting, to the completion and implementation of the Statement of Advice. You need to develop a system (paper, whiteboard, Excel spreadsheet or customised planning software) that tracks each referral. The system should be able to generate a report showing at which step in the process each referred client is.

Therefore, the outcome from Step 3 is a system tracking referred clients and allocating commission earned from these clients.

Step 4: Implement

In Steps 1 to 3 you have prepared the ground. You now need to implement your referral system.

a. Checklist of items you need to get going:

- Appoint an alliance champion. Consider appointing a senior services staff member or a junior planner. You should not be the alliance champion if possible – your business should continue to attract clients without your input.
- Build a referral pack. This is your training and marketing material for each referrer. Your referral pack should include the following: information about your business, your products and services, business cards, contact details (perhaps a map to find your premises), your client value proposition, description of the type of client you would like referred, testimonials, a description of your client process, brochures and basic marketing material.



- Reward program. What incentives are you going to give? Some may simply refer because they respect the value you bring people. Commercial referral partners (accountants, mortgage brokers, solicitors) will usually want a share of your fees or commission. Personalised gifts to clients usually work best (not a bottle of wine for everyone!).
- Abandonment criteria. You need to plan for a possible break-up up front (just like entering into an ante nuptial contract prior to getting married). Say your best referrer's firm is taken over by a larger business with a financial planning division – who receives the ongoing trail commission?

b. Some tips to gain agreement with your referrers.

- Prepare an agenda for a meeting to discuss your proposed referral system.
- Have your alliance champion attend the meeting. Position that person as the referrer's point of contact.
- Be confident and compelling. You're looking to recruit a team of powerful referrers. Use language like, "I'm looking to build my business. I'm going about it in a very deliberate way. I have a clear idea of what kind of person I am looking for as a client. I have identified you as an ideal person to refer clients because [explain why you selected them]. Do you feel that you could work with me?"

c. Training and ongoing communication

- Formally train the referrer and their staff using the referral pack you have prepared.
- Ensure that the referrer and your alliance champion meet each month to discuss issues such as the number of clients referred, where they are in your system and to pay any commission due. Discuss any feedback received from clients.
- Give your referrers reasons to talk about you by communicating new investment opportunities or changes to legislation.

A referral system should free up your time to focus on other parts of your business and will substantially enhance the value of your business as client growth no longer depends on your direct input and efforts.

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