



Secrets to creating great referral relationships: Part 2

In Part 1 of “Secrets to creating great referral relationships”, I made the point that ‘without the motivation or desire of the relationship holder to refer, the best referral systems fail’. The article ended with a promise to describe the ingredients necessary for an easy-to-implement yet high-performance referral system.

Before taking a look at the system, let me briefly revisit why a desire by the relationship holder to refer is so important.

There are two types of referral relationships operating in our industry – the proactive relationship and the reactive relationship. The latter is common place. A planner or adviser leaves their business card with various accountants and other centres of influence. They touch base for the odd cup of coffee. Every now and then the relationship holder comes across a situation that screams out for planning advice, or sometimes their client requests advice – and this leads to a referral. This is a reactive referral. The need for your involvement is so obvious that action is taken.

Reactive referrals are ad hoc, may be received too late for the required solution to be implemented and, most importantly, only involve a small fraction of the relationship holder’s clients.

Proactive referrals occur when the relationship holder has an appreciation of their client’s needs, is motivated (cares) enough to want to take action, and adopts a systematic approach to identifying, contacting and referring all clients who require your services.

The following steps can be taken to create a proactive relationship between targeted relationship holders and your business:

Step 1: Consider WHO you’re looking for

Be deliberate! Be specific! By describing which of the relationship holder’s clients you are looking to provide your service to, you are able to discuss the specific needs of - and solutions available to - that client. This step also minimises non-commercial referrals and assists the relationship holder in identifying suitable clients.

You may even decide to choose a specific niche within a group. Your general focus could be self-employed professionals. You could narrow this down to, say, doctors.

Before your first meeting with the relationship holder, you would research the niche and identify the needs, frustrations and desires of doctors with regard to their financial objectives. Be sure to meet with some of the more established and respected practitioners. You may even write an article in a medical trade journal or speak at a conference.



When you then sit down with the relationship holder to discuss a referral relationship, you will be able to communicate with credibility and insight. You will be able to say, 'I understand the unique difficulties and challenges that your clients (or members – if meeting with a head of a professional body) face. And I'd like you to help me get in front of these people so that I can share some specific and practical solutions.'

Don't be concerned that by specifying who you're looking for that you'll miss out on other referrals. You will win a great deal of confidence by being so clear and deliberate. Your referral partner will ask if you can meet with clients outside your specified group. You can do this at your discretion – but you have an opportunity to turn down unsuitable referrals instead of being forced to provide a service just because they were referred.

Step 2: Making contact

You have two immediate missions in your first meeting with the relationship holder:

- Get a general idea of their level of motivation to refer
- Determine if they have the right relationships

Motivation

There are many, many relationship holders who will want to work with you. But there are many who won't. You want to put your time and effort into a relationship with someone who's keen to do business with you. If they are motivated, great. If not, you have some work to do.

You can assess motivation by asking questions. 'Have you worked with a financial planner before? How do you see what I do helping your clients? What do you feel are your clients' greatest financial needs? How do you feel about working with me? How do you see us working together?'

An effective way to motivate is to create a level of discomfort in the relationship holder. They need to consider the consequences for their clients of not addressing some key needs. Of course the classic motivational grease is to discuss the revenue benefits of the relationship.

If, after a few exploratory meetings, you feel that the relationship holder lacks the desire to work with you, move on. Don't try to set fire to wet wood.

Right relationships

Ask questions about the relationship holder's clients (or in the case of a centre of influence what type of people they mix with). You need to ensure they are able to send you the type of person you want to work with. If your focus is business insurance solutions, you don't want to tee up with an accountant who only works with pensioners.



Step 3: Getting started

The aim is for you to keep as much control as possible in the early, fragile part of a relationship. A few good meetings, some hand-shaking, and an agreement to take things forward seldom produce the goods.

It may take one meeting, it may take a dozen, but at some point you're going to feel confident enough to say to the relationship holder, 'can we set a time for me to do some training with you and your staff to make this happen?'

This is a crucial step. The relationship holder may WANT to refer. But, unless they have some skills and experience in this area, they will soon find that they're not too sure HOW to find a suitable referral. They will have forgotten what the client's needs are. And they are sure to struggle with what to say to their clients and how to position you. They need support.

Step 4: Training

The relationship holder needs support in three areas:

Their clients' needs and the associated solutions that you will provide

You don't want to turn the relationship holder into a financial expert. However, an insight into their clients' problems and the available solutions will make it much easier for them to discuss you and your services. It will also make them feel more strongly that the relationship with you is relevant and in the best interests of their clients.

This is why it's so useful to focus on a particular group (especially at the start of a relationship). The needs of, say, self-employed professional people can be far more easily communicated than generalising about 'everyone's needs'.

How to spot suitable clients to refer

By communicating exactly who you are looking for, you avoid poor referrals and elevate your service from general practitioner to specialist.

Depending on how specific you are, you may wish to provide tools such as a checklist. Don't make any tool too onerous. I have seen some heavy duty documents that obstruct referrals because they take too much time to complete. A few basic pointers should suffice: self-employed professionals earning more than \$80,000. No problem spotting those.



How to position you

A referral is not simply a name and contact number. It is a transfer of trust from the relationship holder to you. The better the job the relationship holder does positioning you, the more trust is transferred.

There are four accepted approaches:

Direct: Here the relationship holder positions you either face to face or over the telephone. You will probably have to assist with what to say. Something along these lines...

'Jill, I have decided to become more proactive with my top clients. I'm working with a guy (lady) who has a lot of experience with [insert a specific need for this type of client] and I'd like you to hear what they have to say. His / her name is [your name] and I'm going to ask them to contact you in the next day or so.'

Seminar: This is very popular because it is less direct. A good seminar addresses the needs of a specific group. Presenters must avoid jargon and use this as an opportunity not to provide information, but to clarify the need.

Letters: This approach is weaker than the other two. Unfortunately most people throw away unsolicited mail. If you choose the letter route, either the relationship holder or someone closely connected should follow up 'to answer any questions' or enquire whether an appointment should be scheduled.

Questionnaires: These can be given to clients before an appointment. Again, the intent is to disturb to create action. It's not an opportunity to simply collect information. Completed questionnaires are then given to you to follow up on.

Now things are in place for referrals to flow! The relationship holder is motivated to refer and knows HOW to refer. There's just one more step...

Step 5: Managing the relationship

You need to keep the momentum in this relationship. End of year holidays, illness, year end's all contribute to a break down of momentum that can end a productive experience.

Here are some ideas:

Schedule regular meetings. Always keep the 'Big 3' on the agenda – the client, their needs and the solutions. Discuss the suitability of each referral. Celebrate successes. Your aim with these meetings is to communicate the message: 'you're doing the right thing by your clients. They're benefiting from your efforts and so are you'.



Issue regular reports. Email weekly updates on each client's progress. You may wish to create an Excel template. This is a continuous reminder of the relationship. It provides the relationship holder with a sense of comfort that you are in control of things. And it assists the relationship holder when they meet and discuss progress with their client.

Perform joint marketing activities. Write a regular article for the relationship holder's newsletter. Hold joint seminars. Ask to attend both staff and client functions so that you can be introduced as an alliance partner.

Feedback. Ask each referred client to provide the relationship holder with feedback. Nothing reinforces the relationship more strongly than confirmation from clients that they appreciated the referral.

Your aim is to maintain a high profile with each relationship holder you work with. You want to keep them thinking about you and how their clients can benefit from what you do.

Let's conclude with a couple of tips...

- The difficulty finding a time that suits you, the client and the relationship holder often prevents a meeting from taking place. Make it easy for the relationship holder. Suggest that you block out set times in your calendar – for example every second Thursday afternoon. The relationship holder can then schedule meetings without having first to contact you before confirming with their client.
- For time conscious accountants. Why not suggest that the accountant open up a charge code for financial planning activity? They can compare their introduction fee (or share of commission) with the time they've invested earning the fee. Working with you will usually be the more profitable option.

In conclusion...

A proactive referral relationship has the potential to transform your business. Help the relationship holder find their purpose in the relationship. It may be a simple monetary incentive or a desire to provide additional support to their clients. Build a system to manage the referral activity. Then expect great things!

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