

How to create the best referrals— The ones you don't ask for

1. Why are referrals so important?

In today's environment, it is becoming more and more difficult to get in front of people. Regulators and over-saturation make seminars more difficult and less productive. Broker Dealer compliance departments have turned into sales prevention departments. The public and press have become much more skeptical of us and what we do (more people are becoming do-it-yourselfers than ever before).

Referrals are no longer a luxury but are becoming a necessity. They are important for many reasons:

- There is no more effective way to see a prospect than from a referral. They are already pre-sold on you thus making the sale much more likely and the process, from start-to-finish, much faster.
- They are the least expensive, highest quality leads you can get.
- You build a clientele that all knows each other making it harder for people to leave you.
- You are protected from problems outside your control that would interfere with your lead generation e.g. A mailing that misses that causes you to cancel a seminar, an advertisement that is faulty because a product changes its interest rate after the ad is already placed, paying a lot for "qualified leads" that have you driving around town only to have the lead pull down their shade when you pull up to their driveway.
- For regulatory purposes it is a lot better for a prospect to call you than for you to solicit business from them. Let's face it! The regulators believe us guilty until proven innocent. You are insulating yourself from regulatory questions by the fact the prospect made the first move.

Advisors that have not put formal referral programs into place may soon find themselves wondering where their next deal is coming from, and that is not a successful business model.

2. What type of referrals are best?

I have to laugh at 90% of the referral systems I see. They all revolve around asking for referrals. PLLEEAASSEE! Who do you remember that asked you for referrals? The window salesman? The siding salesman? The car salesman? (Probably not your

doctor!) And what did you tell these guys? How did it make you feel? Embarrassed and uncomfortable?

Do you want to put the clients that you worked so hard to get in a situation where they feel uncomfortable around you? Oh, by the way, if you don't think it makes your clients feel uncomfortable when you ask them point blank for referrals you had better work on your empathy skills. But Mike! They smile and say they would love to give me referrals when I ask them! I believe you. Can I ask you a question? When one of the above salespeople asked for referrals did you yell at them and get angry? Or did you smile and ask them to let you think of some names? Just 'cuz they smile doesn't mean they are happy.

Besides, if they do give you names when you ask for them, what do you think they do after you leave? They call those folks and apologize for giving their names out and say that you may be calling, "But don't feel any obligation, I mean, I probably shouldn't have given him your name, sorry about that. Just tell him you're already taken care of. I don't know what I was thinking giving out your name."

Great referral, huh?

The best referral is one given of their own volition. Given the same way that they rave about a new movie or restaurant unsolicited to their friends. Given in the same way they recommend their mechanic that they just love when their friend is having problems with their car.

You see, when they give the referral because they truly want to help their friend, not just to satisfy your request, they will try to "sell" their friend on you. Think about this. Do they really care whether a friend of theirs goes to a movie they liked or not? No, but think about how they start promoting the movie telling their friend how great it is and that they would love it. When you recommend a restaurant you start telling your friends all the reasons they should go and if they resist, you start to sell it harder. It's weird. It's almost as if you have a vested interest in their accepting your referral. In a way I guess you are vested. If your recommendation is rejected, then you feel somewhat rejected.

The only referral worth having is one that is given by somebody that thinks enough of you and their friend to have them come see you...WITHOUT YOU HAVING TO ASK DIRECTLY.

3. How do you create the best referrals?

There are two ways to create an environment that encourages spontaneous referrals. First is to create what Tom Peters calls the WOW! Experience. The second is by creating an effective, proactive referral system. Either method on it's own is very effective. When

the two are combined together it becomes a referral machine.

As I said, creating the WOW! Experience for your clients is a very personal thing. It all revolves around creating a practice that people can't believe. The dentist that has an Italian café for a waiting room and has foot massages for clients during the exam. Notice that neither had to do with dentistry per se. People expect great service, WOW! goes beyond service and does the unexpected. WOW! is a subject all on its own so won't be covered in detail here.

However, creating a proactive referral system is something that I would like to explore briefly. You have to make a spontaneous referral easy for your clients and the professionals you work with (see our white paper on CPA and attorney referrals).

How do you make it easy?

- Create a referral system and formalize it by naming it. We use Share & Show™.
- Explain to your clients how the referral system works through brochures and in your newsletter.
- Remind them constantly in gentle, non-invasive ways that the program exists via your newsletter, posters, brochures, and letters.
- Reward them AND their referrals for taking action.
- Reward publicly to utilize the Principles of Influence *Consensus* and *Scarcity*. By letting your clientele know in subtle yet public ways that other clients are referring and they are getting special things because of their referrals...the powers of INFLUENCE kick into over drive.

By providing both a WOW! Experience and a formal and elegant referral system you will be well on your way to a conveyor belt of new clients being hand delivered to your door. Get busy!

What to Do Next...

Email Kelly Hansen, President, HOARD Clients System research@hoardclients.com and he will be happy to discuss specific questions you may have on utilizing this information. The HOARD team looks forward to serving you as you tackle one of the biggest challenges today...getting in front of qualified prospects.

Don't let all of the everyday hassles we all face in the financial industry everyday keep you from getting started on the above information today. Remember the difference between urgent and important. It is the important things like putting client acquisition strategies in place that will ensure your profitable practice...not answering the phone that is ringing on your desk right now. HOARD wishes you all the success you deserve.