

# Referrals

### WHY is this Important?

Most advisors approach referrals in a passive manner. Typically, they don't talk about them and simply wait until they happen. However, when we ask advisors where some of their best new clients and business growth comes from, it's from referrals. Imagine if they were to become proactive with referrals – what kind of impact would that have on their practice?



Sounds great – right? Except for the fact that most of the advisors we speak with haven't seen or heard of any referral approaches they would be comfortable sharing with their best clients. Many of them allude to 'horror stories' when it comes to some of the approaches they've heard over the years.

This strategy will provide you with a proactive and professional approach to referrals that is advisor-friendly and will be well received by your best clients. We will also address the key barriers as to why people don't typically refer. This will help to positively impact the number of referrals you are receiving. In fact, this is the type of approach where you may hear "Thank you" from your best clients.

### WHAT You Can Expect from this Best Practice

- Think about referrals in a new way
- Ensure your best clients are getting the attention they deserve
- Position the introductions as a value-added service for top clients
- Ensure your best clients understand how their introductions will be managed
- Regularly reinforce your introduction process to your top clients
- Proactively encourage multi-generational involvement (this is a form of business succession planning – ensuring that when wealth changes hands, it stays with you)
- Learn a simple process to show gratitude when you receive a referral



## HOW to Get Started

### Make the Paradigm Shift

1. To get started, read [Zen and the Art of Referrals](#).
2. Next, carefully review the list of your AAA and AA clients and meet with your team to ensure that all Client Service deliverables are being delivered exactly as expected to this high value client group.
3. With these high value clients in mind, review the [Psychology of Referrals](#) to get a new appreciation of the best way to position referrals to your clients.

### Imprint Your Introduction Process

We will be providing specific direction and guidance with respect to referrals in the Client Onboarding and Client Rebranding sections of this program, however, you can begin using this approach with your best clients right away.

1. Print a copy of the [Introduction Process Scripting](#).
  - Customize the script where appropriate for you.
  - Rehearse and role-play your Introduction Process Scripting until you feel comfortable.
2. When conducting the next round of Review Meetings with your high value clients, share and discuss your Introduction Process for the first time.
3. At subsequent Review Meetings with these same high value clients, spend about thirty seconds to reinforce your introduction process.
4. When making calls to high value clients during significant market turmoil, you can also reinforce this concept appropriately using the [Introduction Script for Turbulent Times](#).
5. Finally, when you do receive an introduction, we believe you should show your gratitude immediately - before the outcome is determined. We recommend you send a quality card with a heartfelt message thanking them for their 'trust and confidence'. We do not recommend gift giving which can 'cheaper' the process and become awkward in the event of a client on a 'referral run'. Instead, we believe it's best if you spoil them as the AAAs they are.

Carefully review [Questions Your Clients May Ask You](#) so you can respond professionally.

### Tracking Referrals

Use your CRM to carefully track the names of those who were referred by existing clients as well as, keep a running log in your existing clients in terms of who they referred to you and when. This is important when you are assessing your clients annually to determine who your true fans are.

# Zen and the Art of Referrals

In the 70s, there was a popular book called Zen and the Art of Motorcycle Maintenance. I read it, and then read the book that it was based on called: **Zen and the Art of Archery**.

The latter was a story of an individual who had ventured to Japan to study Zen through the mastery of archery. To achieve his goal, he had to be able to shoot an arrow into the bull's eye from a couple of hundred feet, flawlessly and repetitively. He was even required to do this in complete darkness.



The idea was that the archer would tap into the 'void'. He experienced things in such a way that would guide him to success without thought or conscious interference, and without attachment to the end results.

About 4 years into his studies, he found a "trick" that allowed him to hold the arrow a certain way. The arrow would slip from his fingertips without his knowing when, and it usually hit the bull's eye.

He was excited and decided to demonstrate the technique to the monk that was training him. The monk walked over to him and took his bow. He then walked a few steps away, with his back to the student, and suggested that if he was to rely on trickery to succeed, then he must leave immediately. The student was devastated and begged forgiveness of the monk. The monk relented and agreed to give him one more chance.

After a total of 7 years, the student reached his goal. He got to the point where he could stand in the practice range, and without any attachment to the end results, he could lift his bow and arrow and hit the bull's eye precisely each time. He could do so consistently, without any conscious interference, and he could do it with or without light.

We have a consultant on our team that is that dedicated to our referral process. When I listen to him talk about referrals, he reminds me of Zen and the Art of Archery. His proclamation is that to achieve a steady stream of quality referrals you must have a process that allows you to not be attached to the results--that is getting referrals.

In other words, if you want them too badly, you won't get them. If you don't care about the results, but you follow the process and understand that you are providing a service, referrals will soon follow.

So, consider this statement an advisor might make to a client: "One of the services I offer my best clients is that if they know someone who needs to speak to someone about their financial affairs, for whatever reason, I will speak to that person. It may not be appropriate for them to become a client, or perhaps it will, but regardless I will point them in a direction that is appropriate for them. If they are important to you, they are important to me and I would be pleased to meet with them."

When discussing this with advisors, there is often a jump to the incorrect conclusion that this is some sort of trick. On the other hand, there have been advisors who have had complete sincerity and belief in the power of this approach.

The shared belief is that even if none of these introductions results in a new client, the understanding is that the existing clients are being served better than they ever had before, and that is no small thing in this business.

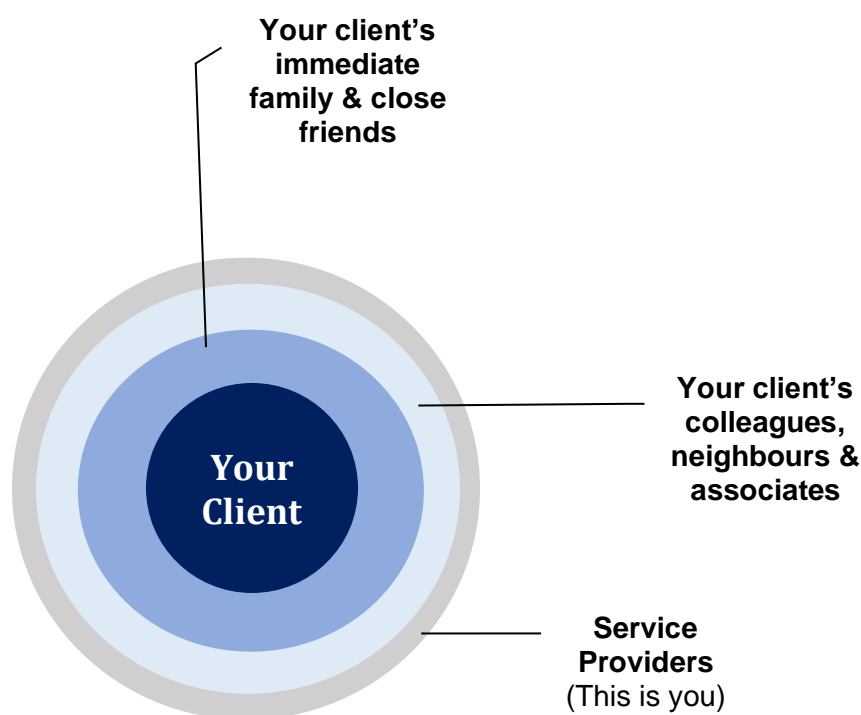
Not surprisingly, it is the advisors that buy in to the Zen-oriented approach that come back to us and rave about the results they have had. These results point not only to a history of well-served and happy clients, but also to the numerous referrals they have received.

The monk would be pleased I am sure.

# The Psychology of Referrals

The psychology of why clients introduce you to their friends, family and associates is straight forward: They don't do it to benefit you; they do it to benefit their friends and family. The initial payoff (read = motivation) for your client is the simple pleasure they derive in knowing they've helped someone they care about. A secondary payoff can come in the form of the praise and thanks they receive from their friend or family member, which also makes them feel good.

This means that at the heart of your client's motivation is – *themselves* – and how they feel because of their actions. This is tied directly to their desire to help immediate family and close friends. Beyond this, is their willingness to help colleagues, neighbors and associates. On the outer edge (read = least important motivation), is where service providers, like Advisors and other professional's rank.



## What Exactly Does This Mean?

If Advisors position introductions to benefit themselves (which is often how it has been done and/or is perceived by those on the receiving end), they will seldom happen. In addition to completely missing the motivation behind why clients are motivated to refer in the first place, this often has advisors coming across as needy, which is not something we want associated with your branding.

**We need to alter how we fundamentally think and talk about 'referrals.'** In fact, the first thing we are going to recommend is that you stop using the word 'referral' with your clients and instead call them 'introductions' because that is in fact, what they are. The word "referral" has a negative connotation for many people – simply because most of us have been on the receiving end of a bad one.

# The Win-Win-Win Approach

To begin to truly embrace a new way of looking at referrals, we need to believe and accept that everyone in the referral chain is a 'winner,' not just the advisor.

## What's in it for your clients making the referral?

The messaging around the introduction process must speak to the client's payoff: what's in it for them – not *us*. It is positioned as a service and benefit to the client: help them help others and feel great about their day-to-day decisions.

We're sure they also enjoy the perks and privileges they receive because they're your AAA client.

## What's in it for those who are introduced to you?

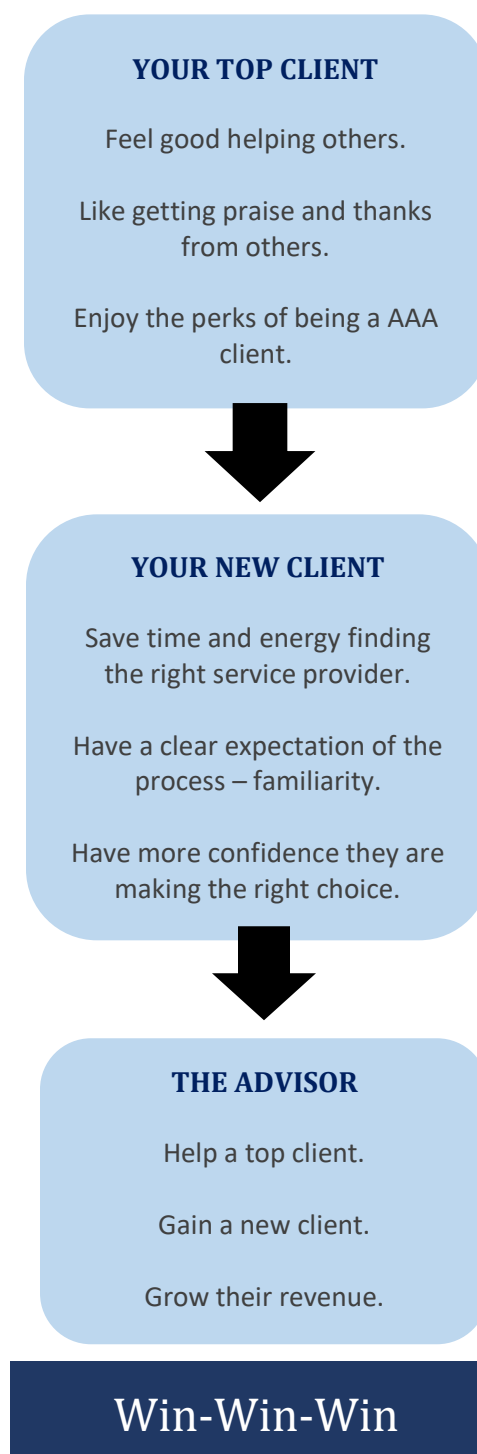
Equally important: we need to understand the payoff to the friend or family client who has been introduced to you. An introduction provides them with:

- Knowledge
- A respected opinion
- Freed-up time to do other things
- Value when introduced to a professional that is a good fit

When it comes to finding the services of a professional (especially one related to financial matters), the last thing most people want to do is rely on Google and/or set up a series of interviews with various Advisors. Instead, most individuals are inclined to ask those around them who they use and why. In other words, they prefer the easy way.

## What's in it for you – the Advisor?

This is the obvious one – you benefit from having a new client which positively impacts your assets under management and revenues generated. However, this isn't the only intention behind WHY we have an introduction process. We do it because it's the right thing to do for our clients. And we've found if you approach it with that in mind you will generate better results.



# Introduction Process Scripting

*Look at the agenda for your meeting and point to the item on the agenda when you begin speaking about the Introduction Process.*

*This scripting should take about 30-60 seconds.*

- [CLIENT], now that we will be working together, I am going to briefly explain what my Introduction Process is.
- Over the course of our relationship, it is very likely at some point that you will encounter someone who has need of our services. Someone you know may have uncertainties about the markets or their portfolios, perhaps they are going through a Critical Financial Event like we discussed, and there is uncertainty about that. Or, maybe they are dissatisfied with their advisor.
- If that situation happens, and historically speaking, my experience tells me it will, you should know that if that person is important to you, then they are important to me. I will always make the time to meet with them.
- There is no guarantee that this person will be a good FIT for me as a client, but that is irrelevant. I will meet anyone that is important to you, and if it turns out **not** to be a good FIT, I will do everything I can to point that person in a direction that **is** beneficial to them.
- Regarding how to handle it if you **do** encounter someone that might benefit from our services, really, the best thing to do is for **you** to give me a call, let me know about who the introduction is and their contact info., and of course to let them know I will reach out to them as soon as that is convenient. I will also send them out an Introductory Kit as I did for you.

*(If you do not have an Introductory Kit then eliminate that last bit from the script. You will be creating an Introduction Kit in this program.)*

- Do you have any questions [CLIENT]?"

# Introduction Script for Turbulent Times

This introduction script can be used when you are making active outbound phone calls to your best clients during turbulent market times. For this to be effective, the Advisor must first sufficiently address any issues or anxieties with their client. This may involve one or more of the following depending on the client and the situation:

- Reinforce your client's long-term goals and objectives.
- Re-emphasize how a well-diversified portfolio `protects` during times like these.
- Realize the peril of getting faked-out and veering from the plan during corrections like these.
- Understand the role of the media and its ability to generate panic to ensure viewer ship and ratings.
- Ultimately, being the voice of reason (and saving them from making bad decisions while in an emotionally charged state).

In addition, Warren Buffet and Peter Lynch are great all the time for their quotes in times like these and zeroing in on what is important. If you don't already have a favorite, you might want to find one.

## The Introduction Script

Master the nuances of this script so that you can deliver it with conviction and passion. Then say it during every phone conversation & face-to-face meeting with your best clients ~ after your reaffirmations that the world is not ending.

*You know, John, these are exceptional and unusual times right now. And it's important for me to remind you that I'm here for you as a resource to help you and those you care about.*

*Understandably, there are many people right now who are stressed out and may have a great deal of anxiety about their investments, the market and their financial future. Some may even be experiencing significant life events right now and require professional guidance and advice on what to do in the middle of this. And still others may mention to you that they aren't happy with their current advisors. Regardless, we are talking about people's life savings here – so it isn't something to be taken lightly. Not now, and not ever.*

*So, if you have a friend or family member who you think needs some assistance, I would be happy to meet with them. I can't promise you that they will become a client, because I'm not all things to all people. But, regardless of the outcome, I will do my best to point them in the right direction so they will be better off.*

*So, if you should run into someone that needs help or guidance, give me a call and let me know. **I will make the time** to reach out to them because if they are important to you, they are important to me. Do you have any questions?*



## Don't Miss the Huge Opportunity...

With the level of current and future expected market volatility, if you aren't conveying this to your best clients, you are missing a huge opportunity. It's exactly times like this when clients are frustrated, looking for guidance and ready for a change. Some of these potential clients are friends and family of your best clients. Seize volatility from the opportunity.



# Questions Your Clients May Ask You

## REFERRALS



It's common for clients to ask questions when they are hearing and learning about your Introduction Process. It's important you think about these questions ahead of time and formulate a response that's a good fit for you.

Here are some frequently asked questions and sample scripting for how to answer them.

***“What type of clients do you work with?”***

**or**

***“What type of clients are you looking for?”***

We recommend you answer this question using the attitudinal traits you've defined in your Ideal Client Profile.

Here is a sample:

*“We work best with individuals like you - who are proactive about planning for their financial future, are genuinely looking for professional guidance, and are committed to working exclusively with one advisor. It's equally important they are fully engaged in the process of achieving their financial and lifestyle goals – this means offering full disclosure and answering all our questions honestly and to the best of their ability.*

*As you know, we believe strongly in comprehensive wealth management.”*

***“Do you have a minimum account size?”***

We recommend you answer this question using the asset level you've defined in your Ideal Client Profile. We also suggest you intentionally use the word 'typically' to leave the door open for situations when you might in fact take someone on due to a special relationship (think family members of your best clients) or extraordinary circumstance.

Here is a sample:

*“I'm glad you asked John. Typically, our investment philosophy and approach is best suited to individuals who have about a [insert your ideal client assets here]. However, it's not a hard and fast rule and sometimes the circumstances of an individual are such that they are exactly the kind of client we can help.*

*Despite how much money they have, it's also important they understand and believe in our style of investment management. And, quite honestly, attitude is often more important than the amount money.*

*We've learned a lot over the years and can easily identify the kinds of people we know who will become long-term partners like you and those who might be better served somewhere else."*

***"What if I'm not sure if they are a good fit for you?"***

We recommend you answer this question showcasing the concept of 'FIT' to remove any sense of ownership they may have in the outcome of making the introduction to you. This will also remove any fear they may have that their friend or family member might be put into an uncomfortable 'sales' situation.

Here is a sample:

*"That's a great question, but you don't have to worry about any of that John. This is about helping those that are important to you. We use our FIT meeting to ensure they are right for us and they use it to determine if we are right for them. And, if we determine they can be better served somewhere else based on what they are looking for, we will do our very best to point them in the right direction and make an introduction.*

*Either way, they'll be better off for coming in and seeing us and they will always be treated with the highest level of professionalism and respect."*

The concept of 'FIT' is covered in detail in the New Client Advocate Process and more specifically, in the best practice called "The 1<sup>st</sup> Appointment."

