



4 Steps to Generating Client Referrals

Having a consistent and proactive client referral process is mandatory for any financial advisor that is serious about growing their practice. Advisors may get client referrals without asking—but there will always be more referrals generated when a proactive referral process is implemented.

Client research shows that if client is considered “loyal” they will be willing to provide their advisor with a referral. A recent client survey showed that 70% of loyal clients stated they would be willing to provide a referral if their advisor asked – yet when asked how frequently their advisor approached them, less than 11% said that their advisor had a referral conversation with them in the last 12 months.

Advisors are leaving their client’s goodwill and their willingness to refer them to friends, business associates, and family on the table by not having a consistent referral process. I have determined that there are five steps that if followed, will result in a consistent stream of affluent referrals from your existing clients.

Step 1 – Developing Loyal Clients

Having “raving fan” loyal clients is a prerequisite to generating client referrals. I have read countless articles, books, and attended many workshops on generating client referrals. The emphasis of these is always on using the right “script” or “techniques” and very little time and space devoted to the development of a loyal clientele. However, I believe that this is the most important part of the referral process. I have found that if a client is a “raving fan,” then even the best script is a non-factor: all you have to do is ask and most “raving fans” clients are willing to help introduce you to someone they know that you could help. However, if the client is just “satisfied” or “not satisfied” with their advisor, there is no script good enough to get a referral.

Step 2 – The Right Referral Mindset

Less than 10% of financial advisors have a consistent proactive client referral process, yet among experienced advisors, 80% of new accounts come from referrals. When I ask advisors why they don’t have a consistent proactive referral process, the answers I get most often are: “It feels awkward,” “I don’t like to pressure my clients,” or “I feel like a salesperson—not a professional.” I remember as an advisor feeling exactly the same way.

Yet advisors need to change their thinking and have a Top Advisor Mindset. In my research of top advisors for my book, *THE MILLION DOLLAR FINANCIAL ADVISOR*, one of the common success principles was a strong belief that they were the best financial advisor in their market. They believed they were so good that they felt like “financial missionaries” who were making an important and positive difference in the lives of their clients and prospective clients. They didn’t believe that they were “salespeople” who were “asking” and “selling;” rather they believed they were “offering” and “helping” their clients.

Adopting a top advisor mindset means owning the deep held belief that you are helping your clients by “offering to help” a person that their client cares about. It’s not asking for a referral; it’s offering to make an important difference for the referral.

Step 3 – Make it a Consistent Process

The next step is to create a proactive referral process. Write a list of your “core affluent clients” which should not to exceed 100, and make a commitment to having one academy award winning referral discussion with each of those clients once a year. After each conversation, record the date that it took place. If this process is followed and the advisor has loyal clients, then a reasonable expectation would be to receive 10 -20 referrals annually.

Referral conversations need to be “academy award” quality to get the best results. The following are the elements required:

1. Do it in person at the end of a client review
2. Have an agenda, where the last agenda item should be “offer to help”
3. Reserve 10 minutes of the agenda for referral conversation
4. Always use the word “brainstorming” regarding people that your client knows, as opposed to asking, “who do you know”
5. Always research before your meeting and have at least one name you can suggest an introduction for

Step 4 – Help Your Clients Help You

While the research shows that the majority of loyal clients are willing to provide their advisor with a referral, that doesn’t mean they have a specific name to provide. In fact, the most common response most advisors get, even with loyal clients, is, “I’d love to help you, but no one comes to mind.” What that really means is that your loyal client has not given it any thought. Your job then is to help your loyal clients come up with a name of a referral.

There are several ways to help your existing clients come up with a name of a referral:

1. **Specific Categories or Situations** – during the referral conversation, mention that you work particularly well or specialize in working with a specific type of investor or stage of life. This is where your value proposition or brand can really shine – “I work best with individuals that are going through a change of circumstance in their life – like someone who is about to retire or who has just retired,” or “I have developed expertise in helping widows with not only their unique financial needs but also their emotional needs.” Then add, “Do you know anyone in those circumstances that could benefit from my experience and expertise?”
2. **Niche Market** – share with your clients the division in your practice that specializes in (your niche). Once your clients know about your niche they can identify people they know in your niche that would benefit from your expertise. Referral research shows referral success rate goes up significantly when the financial advisor shares with their clients their niche market expertise.
3. **Specific Names** – If you can provide a loyal client with the name of someone that you would like to meet, you are providing them with a “lay-up” for a referral. There are three primary sources you can use to generate the potential referral:
 - A. **Google** – look up the clients name and see if there is anyone they are associated with that you would like to be introduced to
 - B. **Web site**– visit the client’s website where they work and look for senior executives, associates, or partners that you would like to be introduced to
 - C. **LinkedIn** – Invite all of your clients to connect with you on LinkedIn. When they do you will have access to their Rolodex. Before the referral conversation review their connections and identify which ones you would like to be introduced to.

Then, use the following language to position yourself during your meeting:

"Mr./Ms. Client, I was reviewing my marketing list and noticed that Jim Smith is a senior partner in your law practice. I wanted to ask if you would feel comfortable brainstorming with me on how I might meet Jim."

~ or ~

"I was reviewing my LinkedIn connections and noticed that you were connected with Joe Jones, and I realized Joe meets the ideal profile of the kind of client I am looking for. Would you feel comfortable brainstorming with me on how I might meet Joe."