



**BUILDING A PROFESSIONAL
REFERRAL NETWORK**

Thomas Stanley, PhD, had done extensive research on first generation millionaires and has written numerous books on his findings, including, *The Millionaire Next Door* and *The Middle Class Millionaire*. One of his important findings that have significant implications for financial advisors is that the #1 source for a millionaire's primary advisor comes from referrals from either their CPA or Attorney. Based on this research, financial advisors should be motivated to build a network of professionals that are willing to refer their clients to the advisor.

Most advisors would agree that building a professional referral network should be an important part of their acquisition strategy. However, most don't know how to do it. The intent of this paper is to provide a five step process that if followed will result in the successful development of a professional referral network – generating at least six new affluent clients a year. The steps here outline a strategy for CPAs which also works for attorneys.

The Five Step Process to Building a Professional Referral Network

Step 1 – Permission to Call

The first step in the process is for the advisor to target their core affluent clients (the top 50-100 clients in your practice) who live within two hours of their market. Once these core affluent clients are identified, the advisor should ask these individuals for permission to contact their CPA so that they can build a professional relationship with them that will ultimately benefit the client. If this request is positioned the right way and the client has a good relationship with their CPA, the client will grant permission to their advisor to contact their CPA.

Step 2 – Introductory Lunch Meeting with Client's CPA

The objective of Step 2 is for the advisor to secure an introductory lunch meeting with their client's CPA with the intent of developing a professional relationship that would benefit the mutual client. In our experience, the biggest challenge for Step 2 is getting in touch with the client's CPA to set the lunch appointment. However, if the advisor is persistent they will eventually connect with the CPA, and in almost all cases, once the connection is made, the CPA will agree to an introductory lunch meeting.

Step 3 – Building a Relationship with the CPA

The primary objective of Step 3 is to develop a positive relationship between the financial advisor and the CPA during the lunch meeting. In our experience, if the advisor focuses on the mutual client as well as the CPA and his/her business practices, they can accomplish this objective. The tendency for many advisors is to try and “sell” the CPA on how good they are and why the CPA should consider referring clients to the advisor. The problem with this approach is that it confirms the stereotype that many CPA's have of advisors as commission-based “sales people” who do not act in the best interest of the client. Worse, they will feel that the agenda for lunch was misleading.

In our experience it is much better for the advisor to focus solely on the CPA during the first meeting, with minimal time spent on the advisor and his or her practice. However, at the end

of the lunch meeting (for which the advisor is paying for lunch) the advisor should summarize the meeting and politely suggest a short follow-up meeting at the CPA's office, where the advisor would share their unique wealth management process designed to enable their clients to reach their financial goals.

Step 4 -The Advisor's Presentation

The purpose of Step 4 is to educate the CPA on how the advisor works with clients, sharing their value proposition and wealth management process.

Based on our research we have found that most CPAs don't understand how advisors work with clients, the wealth management process, or goal based planning. By sharing these processes the financial advisor will leave the CPA with a positive impression of the advisor and how they can help both new and existing clients. Our findings have shown that if the advisor can share their wealth management process as well the tools used to enable clients reach their financial goals within a brief (30 minute) meeting, the CPA in almost all cases will be impressed.

At the end of Step 4, the advisor should suggest that they continue to develop a longer-term, professional relationship. This can best be accomplished by offering to provide the CPA with tax-related investment information on a periodic basis that would be helpful to the CPA and their clients. In almost all cases the CPA will agree to this offer because the advisor is not asking them for anything - all they are doing is offering to provide helpful information to the CPA.

Step 5 - Building A Long Term Professional Relationship

Step 4 completes the foundation for the CPA professional referral network. The objective of step 5 is to deliver on what was promised: providing helpful and relevant tax related investment information to the CPA on a regular basis. It is recommended that this information be provided monthly and whenever possible, in person. Face to face meetings give the advisor the opportunity to build a relationship with the CPA, and we have found that without the in-person delivery, a meaningful relationship is very difficult to develop. A CPA *will not* provide referrals to a financial advisor unless a relationship of trust is developed, because their reputation is at stake.

In order to organize this process the advisor should create a white paper library that contains the intellectual capital on investment related tax information that their firm offers. This process works because the advisor's relationship with the CPA is based on helping, educating, and providing a resource to the CPA, rather than acting like a "salesperson." The advisor distinguishes themselves from their competition by their patience, commitment to helping the CPA, and demonstrating in "real time" their expertise. It is in the best interest of the CPA to have a financial advisor available that they have confidence in referring when their clients request a financial advisor or need to make a financial advisor change. This process takes time, but once it is developed the advisor will see that it pays off in the creation of a successful professional referral network.