

The Best Way to Ask for Referrals?

DON'T ASK FOR REFERRALS

A Simple but Profound Adjustment to **Maximize** Client Referral Opportunities



For financial professionals and clients alike, few moments are quite as awkward as the point-blank request for a referral. It can come in many forms, including the vague, “Do you know anyone who can benefit from my services?”; the strangely dramatic, “Could you write down the names and numbers of three people I could contact?”; and the client-turned-marketer request, “I grow my business through referrals—is there anyone you could put me in contact with?”

There are numerous reasons why approaches like these can fail, not the least of which is that putting your clients on the spot can leave a bad taste in everyone’s mouth and risk jeopardizing the strength of a known relationship for the possible gain of a new one. But there’s another problem with these approaches that encapsulates their fundamental flaw: requesting referrals like this is a sales tactic, and yet as a financial professional, you are in a service business. You are there to solve your clients’ problems, not ask them for help solving one of yours.

Taking the Ask Out of the Ask

Your clients are most likely well aware of word-of-mouth marketing: they read reviews before buying items online and seek the advice of friends and family for reliable doctors, electricians, restaurants, and the like. They know they are, or can be, part of your marketing strategy—but it’s best if it feels like their idea, that they have chosen to help their friends and family without being prompted to do so. You can accomplish this and make referrals a service tactic by turning them into a specific offer of assistance.

The following approaches will help you open the door to referrals under a variety of circumstances. In essence, you’re priming your clients to give you referrals, prompting them to see an opportunity where they might not have seen one before.

The approaches you use may depend in part on your business and clients, but you can likely adapt each to your own situation.



The Key Ingredient to Getting Referrals: Communication

It should go without saying, but if your clients aren’t happy with your service, they aren’t going to recommend you to others in their sphere of influence. A baseline for determining if you need to up your service game is to ensure you aren’t doing anything that might ultimately drive clients away. One study that looked at why clients leave their financial professionals found that strong, timely communication was key—even more important than quality of advice and portfolio performance.¹

Referrals are, at their core, pieces of dialogue between you and your clients, so it shouldn’t come as a surprise that fostering strong communication between you and your clients is essential to creating a more referable—and referred—business.

¹ Spectrem Group and Vanguard. (2017). Advisor relationships and changing advice requirements. (Report). Retrieved April 27, 2020, from <https://www.envestnetinstitute.com/file-download/download/public/2691>

All of these approaches will work best if born of bona fide concern for your clients and the people they know. The words you say must ring true to you. Therefore, take the suggested language as just that—inspiration, not a script. As the saying goes for birds in the hand, the client you have is more important than the one you might get through a referral, so focus on the integrity of that relationship first.

The Successful Outcome Approach

If you've just helped a client work through a financial issue or solve a particular problem they were having—it could be anything from setting up a college savings account to creating a financial strategy—and they are happy with the outcome or have mentioned feeling better “now that that’s done,” you have an excellent window into offering your services to their network. The goal with these approaches is to not come on too strong, and always couch your comments out of concern and/or a desire to help.

“Good—I’m glad you feel better about it! Like so many things, getting started can be the toughest part, but having a good financial strategy can truly be life changing. If you know anyone else who would benefit from setting up a financial strategy, you should share your story with them and urge them to work with their financial professional to get it done. Of course, I always welcome an introduction to anyone you feel I may be able to help. It’d be my pleasure to get to know some of your friends and family, and naturally for them there’d be no cost for an initial phone or video consultation.”

All Referrals Are **Not** Created Equal

When you were just starting out, you might have felt that every referral was a good one. After all, you were building your business, and turning down the opportunity to talk with a potential client would have seemed foolish. But not every referral is a good referral—ultimately you want clients who are the right fit for your business and niche, and align with your goals.

Simply asking clients to make introductions to their friends and family might seem like a good and logical idea: hopefully, you like your clients, and by extension, chances are you’ll get along well enough with their friends and family to enjoy servicing them to your same high standards. But just because a client has a brother or an aunt who might benefit from your services doesn’t mean they’ll be the right fit for your business. And if they’re not, you are put in a bit of a bind: you have a good client you like working with who, after you asked them for a referral, gave you one—a family member to boot—and you are now having to turn that person away, or worse, take them on as a non-ideal client.



The Niche (or Desired Niche) Approach

One of the best ways to get referrals is to have a client niche, such as healthcare professionals, women in transition (divorcees, widows, women returning to the workforce), athletes, families with special-needs children, small-business owners, and the like.

Niches help you carve out a specialty with a built-in referral network. If you're known for working with several local doctors, you have an advantage in capturing the business of their colleagues organically. However, when you're just starting to build your niche, you may need a more direct approach to garner those referrals from existing clients.

"As you know from our working together, [desired/existing niche] have a unique set of challenges when it comes to their finances and pursuing their goals for the future. I can honestly say some of the most personally and professionally rewarding work I do is helping [desired/existing niche] overcome those challenges and create a stronger financial future for themselves and their families. If you know anyone who might need that kind of help, I would be happy to meet with them. No obligation of course—but if I can be of benefit to them, it would be my pleasure."

The Headline Approach

Financial headlines can grab the attention—and imagination—of clients and prospects for good and bad. While clients have you to offer guidance and answer questions, others in their circle of influence may not have anyone to help them navigate changes in the economy, regulations, markets, and so forth. Reminding your existing clients that you are happy to answer the questions of friends and family can be a great way to break the ice with new prospects and see if they would be a good fit as a client.

Note that this approach doesn't require you to scan the headlines every day for ideas—the concerns you share with clients should be genuine to you, and therefore can stem from the sources you already enjoy reading, like newspapers, trade publications, market analyses, and so on, or come from something your clients bring up in a meeting.

"One thing that has me genuinely concerned is the relative lack of savings people have for emergencies. As someone who sees the upside of having a strategy or a plan to deal with financial realities on a daily basis—and what happens when people don't—I want to do all I can to see people benefiting from the upside. If you have any friends or family members who struggle with putting money aside for the future, I am happy to talk with them to see if I can help. Sometimes just talking with someone can bring a little relief, and nearly everyone can benefit from some guidance. And, if they need more formal help, we have a variety of ways to work with clients that can make it affordable and within reach of nearly everyone."



The Topical Approach

A corollary to the headline approach is drawing from a “headline” that a client brings up in a meeting: a colleague going through a divorce, a family member buying or selling a business, a friend whose career rapidly advanced, and so forth. This is where your social skills can reap potentially big rewards. If you don’t know all or nearly all of your clients well enough to engage them in a few minutes of non-business talk at the start of each meeting—their successes or changes in their lives, their hopes and concerns for the year ahead, how their families are doing—you may want to consider ways to foster that more personal side of your business (see below, “Are You Seeing the Full Value of Your CRM?”).

“How exciting that your daughter is starting her own business—you must be very proud! I have a number of clients who own businesses and I know it can be quite thrilling and confoundingly challenging all at once. Hopefully for her, mostly the former! I would be happy to talk with her and share some insights to make things easier. Also glad to be a second set of eyes on the financials. That first year can be critical, so anything I can do to help I’d be happy to do.”

The Concerned-About-Trends Approach

This is another branch off the headline approach, but rather than working off of attention-grabbing news stories, it might stem from more general demographic insights, such as the savings patterns of young people, the number of divorcees or widows struggling to make ends meet, or common mistakes or missed opportunities people make when setting up their estate or wealth-transfer plan. Again, your clients may offer information for you to build from, such as their spending a lot of time consoling a friend who is going through a divorce.

“I am so sorry to hear that your friend is experiencing a difficult divorce and is concerned about getting their finances organized afterwards. You know that is something I have experience in and can help with, so if you would like you could pass along my contact information to them, or I would be happy to reach out to them as well.”



Are You Seeing the **Full** Value of Your CRM?

While research has shown that the average person has the capacity to form strong social bonds with about 150 people²—meaning that, broadly speaking, at a dinner party of everyone we’ve ever met we have a good shot at remembering 150 or so names without prompting—it hasn’t evaluated how many of their children’s names we can recall, or their birthdays, or career changes, or their hobbies and interests. For many of us, such information doesn’t reliably reveal itself as quickly—or as often—as we need it to.

Your contact relationship management (CRM) system, however, has an insatiable capacity to remember all sorts of information about your clients—if you make it a point to capture it. Talking to your clients about their families, hopes and dreams, interests, anniversaries, and what keeps them up at night isn’t small talk—it’s opening a window into their character and what matters to them. It’s also a way to show them that they matter to you. Capturing that information in your CRM, using it to create meaningful contact throughout the year, and reviewing it before client meetings to spark some friendly conversation can not only remind your clients why they might refer you in the first place, it can also give you a window into the kinds of referrals each client may be able to offer.

² Dunbar, R. I. M. (1993). Coevolution of neocortical size, group size and language in humans. *Behavioral and Brain Sciences*, 16, 681-735.

The Build-off-a-Compliment Approach

When a client offers you a compliment or effusively thanks you for something you have done or services you have provided, it can be the perfect time to remind them that you would be happy to help family and friends with the same level of assistance and service.

“It was my pleasure! It was a [tricky/delicate/interesting/unusual/more common than you think] situation—if you know anyone else who might benefit from having someone help them through a similar challenge, please let me know or ask them to give me a call—I would be happy to help.”

Or if humor comes naturally to you or is appropriate for the client and situation,

“Now, don’t let word of that get out—I don’t want too many people knocking on my door. I’ll send a news crew to your house in the morning.”

The Direct Ask

While asking for referrals directly can be uncomfortable for both you and your clients, it isn’t forbidden. You may have some clients for whom this approach might be most appropriate. For instance, clients who are also in a business where referrals are extremely common, such as doctors and lawyers, may not see a request for referrals as the large ask other clients might.

Reciprocal Referrals

Clients to whom you have referred customers may welcome the opportunity to return the favor:

“I was happy to help—glad it all worked out. I would truly appreciate the introduction to people in your network who might benefit from my services.”



Niches

If you’re already working with a niche or have a client or two who represents your ideal niche, you can ask them to make an introduction to others in their professional or personal circle who fit your ideal client profile. Your approach and language may change from client to client, and while it can be direct, it should also demonstrate a desire to be of assistance:

“I have really been enjoying working with you on a personal level, [client name], but also on a professional level. You are truly an ideal client! I find the challenges unique to [doctors/lawyers/small-business owners/executives] invigorating to solve for. If you know of anyone in your professional network who might benefit from working with me on [something you helped them with], or anything else they may need, I would really love an introduction and the chance to talk with them to see if I can earn their business.”

Clients You Have Strong Rapport With

Satisfied clients with whom you are close or share a strong bond are less likely to be put off by a direct request for an introduction to their family and friends or colleagues within their professional network. Since happy clients are arguably your best source of advertising, and people tend to evaluate more favorably the recommendations of family and friends, these clients can be a tremendous resource:

“I’ve really enjoyed working with you over the years, and as you may know I have some openings to take on some new clients. I would love the introduction to your [son/daughter/sister/brother/business partner] to explore if we might be a good fit to work together. I always enjoy meeting the family and friends of my clients, and if I can help them out professionally, it’s just that much more rewarding.”



Indirect Referrals

As noted earlier, your success being referred to new clients can be dependent on the strength of your communications with your existing ones—people are unlikely to refer professionals they aren't happy with! A strong communications strategy that includes regular, non-portfolio-based communications can not only help your clients feel more connected to you and engaged, but can be a source of sharable content that can get you and your business's name in front of their friends and acquaintances.

Events

Social outings where clients are encouraged to bring friends and family are great for not only strengthening existing relationships, but also forging new ones. Getting a group of volunteers together for a local charity event, conducting a seminar on retirement or college planning, hosting a tailgating party before a big game, having a barbecue in your back yard, and putting together a tasting at a favorite wine merchant are just a few ways to bring people together in a comfortable, pressure-free environment where you can get to know them and they can learn about you. The goal of such events (outside of seminars) is not to talk shop, or focus on prospecting, but you'll likely have opportunities to discuss what you do and why you are passionate about it as a normal part of getting to know clients' guests.

If time, mobility, and travel are an obstacle to getting everyone physically together, you can host a virtual event using a video-conferencing service such as Zoom.

Virtual events could be webinars or workshops focused on financial literacy, saving money to buy a house or start a family, smart money tips, and other broadly appealing topics, or could focus on a specific niche or subset of clients and prospects, such as a financial support group for the newly divorced or widowed, managing the increase or decrease in cashflow for career-changers or folks starting a new business, and so on.

Whether the event is virtual or in person, be sure to gather email addresses of all participants, including guests, beforehand (which you may need to provide directions or query about dietary restrictions) or at the event with a sign-in book. You can give people an opt-in opportunity to receive timely market insights or your newsletter, if you have one (*see below*)—but be sure you have a strategy to deliver on that offer before making a promise you can't keep.

Electronic Communications

Take advantage of client-ready communications on topics that go beyond account and portfolio performance. You can access MarketingCentral, an extensive library of content that covers a well-rounded selection of topics and formats from market commentary and economic insights, hobbies and interests, quizzes and calculators, videos and infographics, and more. Each piece can be sent individually or as part of a recurring newsletter branded with the financial professional's logo and business information. These communications can further be sent ad hoc or automated as part of a "set and forget" client contact plan.

Using MarketingCentral allows you to accomplish three things in one fell swoop: creating ongoing, proactive communication with your clients; demonstrating an interest in them that goes beyond a mere business relationship; and providing a simple way to passively reach out to prospects.

Help Your Clients Refer the Way You Both Prefer

Because of people's tendency to solicit and take the advice of friends and acquaintances, getting referrals from your current clients can be an excellent way to grow your business. Whichever method you try, be sure to always start from a position of offering help, and only employ those that feel natural to you. If you are not a schmoozer or comfortable in groups, events may not be your go-to choice; but the personality traits that may cause you to shy away from the limelight can be the very things that attracted your clients to you in the first place, and a more personal, one-on-one approach could give you greater success.

Likewise, you'll need to read your clients to be sure you are not still coming across as "salesy" in your approach. If a client seems uncomfortable with any of the discussed methods, it's better to stop there and try a different tactic another time. For instance, if a client has a business associate you would like to meet, but the client is not interested in attending an event, there's no point in repeatedly reminding them of your upcoming barbecue, and worse, showing any disappointment if they do show up without their associate! If you always keep in mind your referral strategy is a service-minded one—not favor- or request-driven—you're far less likely to meet resistance from your clients.

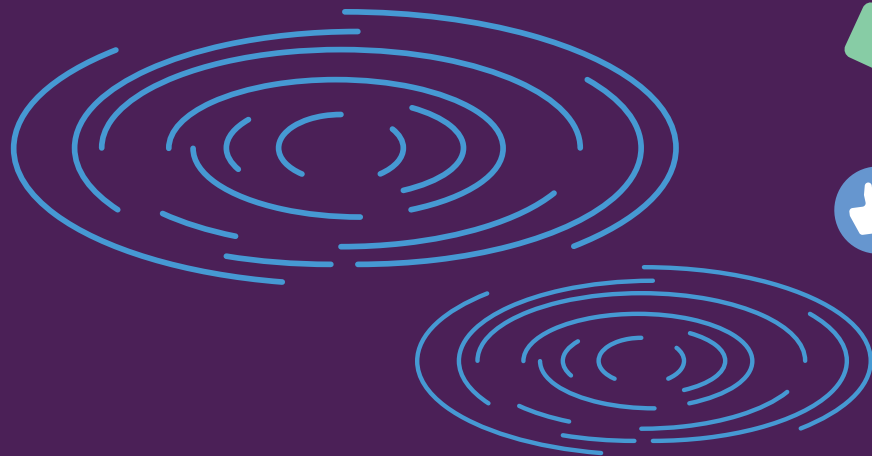
Lastly, be sure to thank your clients for every introduction, whether fruitful or not. If your clients know you appreciate their efforts, they are more likely to continue them on your behalf—and be one of your strongest, most economical marketing resources.





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20-0281_CFG 8/20