



WHY REFERRAL MARKETING FAILED YOU AND HOW YOU CAN FIX IT



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Making Sense of the Gibberish

Ask one hundred advisors what they think about referrals and they'll agree: referrals are invaluable and they want more. Then, ask the same group to describe the difference between referral marketing, word of mouth marketing and center of influence referrals and we doubt there will be much agreement.

Sure, advisors want more referrals, but few have established a clear, profitable referral program. The problem is most advisors do not acknowledge that not all referrals are created equal. So, let's start by defining referral types and understand their true value for generating business.

Word of Mouth Marketing:

What is it?: People talking about you and/or your firm in a positive way.

Example: A client is at a cocktail party and mentions how great your services are to a friend.

Chances of Generating Business: Slim to None. Positive word of mouth is great. It builds your brand. But the conversion from "I heard something good about this advisor" to "I have a new advisor" is rare. Since the client or other professional is not closing the loop by making a direct introduction to you the chance that they will reach out to you is slim.

Client Referrals:

What is it?: Client introduces you to someone in their network who is looking for your services.

Example: A client invites a friend to a wine tasting event you are hosting and makes an introduction.

Chances of Generating Business: Medium-High. This is a nice referral because it's coming from a happy client. However, if the friend is simply there to accompany them to the event, short-term opportunities are limited. Referrals are most effective when they are the result of a current need of the prospective client.

Center of Influence (COI) Referrals:

What is it?: Another professional, such as an attorney or accountant, introduces you to their client or friend.

Example: An accountant is meeting with a client who mentions a need for financial planning. The accountant arranges a meeting for the three of you in their office for the following week.

Chances of Generating Business: High. Because the other professional is closing the loop by making the introduction, your chance of generating business is very high.

Bottom line: Client referrals are great when they are targeted, but they can be difficult to predict or rely on for consistently delivering successful referrals. For that reason, focus on Center of Influence Referrals. Let's explore the opportunity a bit deeper, because maintaining COI referral relationships requires more attention than sending an annual bottle of scotch.

The Fatal Flaw—Why Most COI Referral Systems Don't Work

Center of influence referrals are powerful, but if you plan to get them by simply promising a reciprocal referral to each source, the math won't work. Few advisors, if any, have the amount of clients necessary to keep a reciprocal referral network working. It comes down to sheer numbers.

Additionally, there is the problem of control. It's nearly impossible to determine how often one of your clients or acquaintances will have a need appropriate to one of your target referral sources. Any good marketing tactic requires the ability to reliably repeat it when necessary. The system of reciprocal referrals fails this test.

We are not suggesting that you stop referring business. We're simply addressing the reality that reciprocal referral programs alone cannot create a large referral network, quickly or reliably. You need a different approach. Change the game by cultivating other sources of value to bring to the relationship and watch your referrals grow.

Creating Value—Magic Wand Not Required

Engineering strong referral value doesn't require a magic wand. It does, however, require putting yourself into the referrer's shoes and thinking of ways to make their lives simpler, better and more valuable. Here's a list of 7 ideas for how you can deliver other types of value to your referral partners :

- 1 Feature them in your client newsletter or blog.
- 2 Do a joint workshop, seminar or webinar. Share the costs and the business opportunity.

- 3 Make referring easier by providing a simpler way to share information on common clients.
- 4 Promote them on social media (LinkedIn, Twitter, Google+).
- 5 Create a joint case study that shows clients the benefit of working with both of you.
- 6 Feature them on your website in a resources or partner section, and offer to make a connection.
- 7 Invite them to your client appreciation events.

Let's state the obvious: ALL referral plans depend heavily on the satisfaction of referred clients. No amount of value that you provide to other professionals will outweigh a client complaining that your referred service stunk. If there is any doubt about the happiness of your existing clients or the quality of your services, go fix that now.

Now that you know what kinds of value you can deliver to your network and you've verified that your service is great, it's time to start building your network.

Custom Fit—Target the Right COI Referral Partners

Before you start, it is important to clarify and write down the kinds of clients you're targeting. Your target client, in turn, dictates which professionals you want to include in your referral network. For example, if you target divorced women, or Gen X/Y business owners, or doctors in Boston, you want to work with someone that serves the same market.

You also want to build a network with other professionals whose business approach is similar. If you are an entrepreneurial professional in a mid-sized firm, then consider working with someone in a similar environment. An incompatible source may lead to an unbalanced, frustrating relationship with little referral potential.

Set yourself up for success from the start. There is no point in spending your time and resources creating a relationship with a professional that has a different mindset, or that serves an entirely different market.

5 Simple Steps : Identify, Create and Maintain your Referral Network Relationships

1 Find them

There are many different ways to find professionals to add to your network. Here are a few:

a. Ask Existing Clients

Network through your ideal clients first. In your next meeting, ask them to introduce you to their accountant, attorney, etc. Make sure you explain the benefits of having their various advisors share data, goals and strategies. Alternatively, you can ask their permission to reach out directly in lieu of a formal introduction.

b. Go Local

Take advantage of local business associations. There are numerous opportunities to connect with professionals in your area. A few examples of local associations are: the North Carolina Association of Public Accountants, the Boston Estate Planning Council, and the National Association of Estate Planners and Councils' local search option, and the Massachusetts Society of Certified Public Accountants.

c. Look Online using Social Media

Social media is an effective way to find and connect with professionals in your area. Follow local accountants and attorneys on LinkedIn, Twitter and Facebook. Don't be afraid to start a conversation! For example, if a local accountant is running a seminar, help promote the event to your followers. Ask about the topics they will cover to see if you could add value. Once you connect, offer to run a breakfast seminar at their office, as a value-add for their clients on a popular financial planning topic.

2 Differentiate Yourself

Before you begin to set up meetings or make phone calls, make sure you can clearly and quickly articulate your value proposition, and what sets you apart from other advisors.

One great way to differentiate your firm is with technology. Progressive advisors are now using client portals with “secure sharing”. Secure sharing, (available with [Blueleaf](#)) can give advisors a competitive advantage by offering their partners “anytime access” to their clients’ accounts. Blueleaf sharing allows your mutual clients to enable simple, secure access to their accounts. You can imagine how this kind of tool would help an accountant process their taxes faster and enable attorneys to quickly identify opportunities for trusts, or other estate planning issues, etc. Secure sharing moves clients away from the work of old school methods requiring clients to dig through mountains of paperwork. Learn about the other awesome features of Blueleaf [here](#).

Here are some questions you should be able to answer about your firm before taking a meeting:

- **What is your unique value proposition? What makes you stand out from your competition?**
- **What services do you offer?**
- **Who can you service? Who is your ideal client?**
- **What do you do to ensure your clients are happy with you and your team?**
- **What is your process for taking on a new client?**
- **What do you look for in a referral partner?**
- **What strategies are you implementing, or would you like to implement, with referral partners?**

3 Make the First Move

Once you have a list of firms you’d like to work with and identified your differentiation messaging, you need to begin reaching out. It’s best to start with the firms that your clients referred you to, and then work your way down to the colder part of the list. We suggest sending an email or letter asking for an introductory meeting or call. If you’re particularly good on the telephone, a simple phone call may work best. Remember to focus on them during the initial conversation. Learn about their business goals, listen for ways you could work together to solve the needs of their clients and the potential benefits of having a referral relationship.

4 Follow Up

Immediately after individual meetings, send follow-up emails to lay out next steps. The first few communications you have with potential referral partners are crucial. Treat each of them like a professional colleague with whom you're working on a mutually beneficial project. In your follow up email outline the ways you can create value for each other based on your discussion.

Be careful not to "sell" too much in your follow-up. Simply outline the commitments. This is a delicate time in the relationship and any persuasion should be done during live dialogue. We all hate being sold to, so let your actions do the selling. Your follow-up shows that you are serious about the partnership, and you are making the first move by offering them value first and organizing the effort so it's simple for them.

5 Over-Service and Be Consistent

Speak with your referral network members regularly. This is relationship building. Emails are effective. Phone calls are better. Face to face meetings can't be beat, but you'll need to carefully manage your time. Also, make sure that you pay special attention to the first few referrals from any source. Particularly, be sure to focus on being responsive. Referrers will hear about your performance from their clients and it can cement or kill the relationship.

Get going! Consistency is required when building a business partnership. Creating referral relationships does NOT work if you're reaching out sporadically.

Nurturing—Tools of the Trade

Staying at the top of their mind requires consistency, so we encourage you to set up a solid system for ensuring consistency. The good news is there are new tools that make staying on top of a growing referral network easy.

3 killer tools for managing your Referral Network

Make scheduling simple—As part of your email communications, think about adding a free shared calendar tool to your signature. This will allow an

incredibly simple and direct way for your referral partners to close the loop and schedule time with you and their clients. [Timetrade](#) is a fantastic free service that allows someone to click a link, pick a time on your calendar when you are free, and schedule a call or meeting. Encourage your network to use the link to directly schedule a call with you and their referral to talk. This will close the loop and make it easier for the potential client to connect with you.

Always, always follow-up—As part of your referral program you'll send many emails and want to follow-up if you don't get a reply after some time. Using a task list or calendar won't support a large volume of reminders very well. We suggest you use an email-based follow-up tool. One of our favorites is an inexpensive service called [Followup.cc](#). It works on any device and in any email system by simply bcc'ing the time you'd like to follow-up (e.g. fri-5pm@followup.cc). Check it out. It works like magic.

Systematize routine communication—Lastly, and perhaps most importantly, you must implement a simple nurturing program. A nurturing program is an automated email program you can create using online technology like [Mailchimp](#) or [Hubspot](#). Both of these tools allow users to quickly build a series of emails that run for a designated amount of time. Mailchimp is focused on emails only, while Hubspot is a complete marketing and marketing analytics platform. Take a look at both tools and decide what is best for you.

The emails you send out should include helpful articles for your network on industry topics, videos, blog posts, links to resources you use, a link to FAQ's, or even your brochure. The whole idea is to “touch” your network with valuable content at least once every 14 days, so when a client comes in and needs a referral you are the name that comes to mind.

Building a successful referral network does not happen overnight. The good news is there are “best practices” that, when followed, will generate new referrals within weeks of implementation. Those who implement the marketing strategy outlined above will be able to meet new people, connect with relevant industry leaders, receive quality client referrals, and grow their business.