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Automatic Referrals

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How to Instill Discipline
in Your Referral Strategy
and Guide Your Clients to
Deliver Perfect Prospects
Every Time

A Horsesmouth Action Research Report

Introduction to Excerpt Edition

This excerpt edition of *Automatic Referrals* is designed to give you an executive overview of Horsemouth's new action research report “*Automatic Referrals: How to Instill Discipline in Your Referral Strategy and Guide Your Clients to Deliver Perfect Prospects Every Time.*”

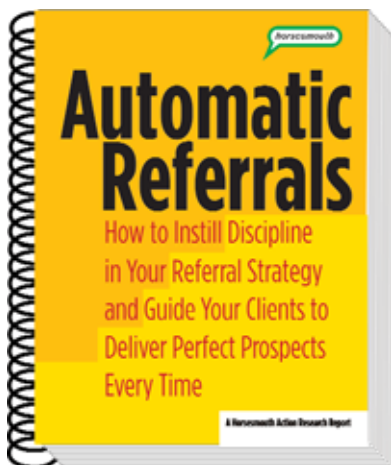
Inside, you'll find the first 25 pages of the report, including:

- “**The Power of Referral Marketing,**” the complete chapter 1 excerpt, and the table of contents, editor's note and the introduction.
- A **complete chapter by chapter display** of the key learning points, action steps and worksheets associated with each chapter in this action research report.
- Testimonials from advisors and experts who've read *Automatic Referrals*.
- **How an FA Doubled His Revenues Without Making a Single Cold Call**—a case study excerpt from *Automatic Referrals*.

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- Plus, real-life referral insights gleaned from more than 1,600 advisors

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What People are Saying About Automatic Referrals

Every Financial Advisor's Best Friend

"I've had the good fortune to read many excellent books, reports and articles on practically all aspects of referral-based marketing, including those specifically geared to financial advisors. Quite simply, **Automatic Referrals** is the best, most complete work in this genre I've ever seen. In my opinion, every financial advisor should not only own this publication, but should refer to it constantly as a resource and 'best friend' in building their business."

Bob Burg, Horseshoehorn contributor and author

*Endless Referrals: Network Your Everyday Contacts into Sales
Jupiter, Florida*

Helping Me In Three Ways

"I want to build my business with quality referrals rather than expensive seminars and the like. For example, I've been thinking of joining an exclusive club with the idea that it could lead to new friendships and new business. **Automatic Referrals** is helping me in three ways. It's showing me how to: 1) set referral goals so they don't happen by accident, 2) work a room (a skill I lack and know I need to improve), 3) 'give to get' which will help me be more patient with the whole process. This report gives me new confidence to initiate many things I've been procrastinating doing."

Peter Gutekunst

Independent

Spring House, Pennsylvania

My Referral Bible!

"I'm using **Automatic Referrals** to plan a new marketing campaign to reach CPAs and tax advisors. It's so thorough and specific—it's my referral bible!"

Michael Hyde

Top producer

Regional Broker-Dealer

Boston, Massachusetts

I Already Have a Success

“I just finished **Automatic Referrals** last week and I already have a success. One of my clients briefly mentioned that a friend of his was sick and was going to be going on disability. A week later I was talking to my client and brought up this friend (an idea from your report). I asked how he was doing and told my client I have a lot of experience helping people with disabilities, and perhaps I could help his friend.

“He immediately got on his cell phone, called up his friend and told him he must immediately call me and schedule an appointment. The man and his wife came in. They are financially very successful, and I was able to help them out (and my client was so grateful that I helped his dear friend that he sent me another friend!).

“**Automatic Referrals** gave me a tracking system, and a bug in my ear, to pick up on that and to follow through on it.”

*Laura Walsh
Independent advisor
Weston, Fla.*

Learn to Grow Centers of Influence

“**Automatic Referrals** is an excellent way to learn how to grow my centers of influence. It's easy to understand—the information is deep and broad.”

*B. Leanne Fenton
Trust Officer
Reno, Nevada*

Great and Creative Ideas

“I read **Automatic Referrals** in search of great and creative ideas. I found plenty! The report is easy to use and well-designed so I can find specific topics quickly. What I like is that these ideas weren't designed in a think tank, but by advisors who are using creative, simple, and inexpensive ways to get referrals. I especially like the case studies of others who have tried the various techniques and how they did it. The message is very clear: with focused effort and discipline, referrals are there for advisors who work with their very best resource: their existing book.”

*Neil Wood
Hingham, Massachusetts*

My Results Are Much Better Now

“Thanks to **Automatic Referrals**, I have finally painted a clear picture of what an ideal client looks like when I ask for referrals/introductions. Before, when I asked for referrals, clients tended to get a ‘blank look’ on their face, not knowing exactly who I was looking to meet. Now, I am seeing clients’ ‘wheels moving’ as they are thinking of friends/family that fit within these defined parameters. My results are much better now.”

*Fred Quinn
Independent advisor
Toledo, Ohio*

Comprehensive

“**Automatic Referrals** is the most comprehensive guide to referrals I've ever seen.”

*Jim Rohrbach, business coach and HM contributor
Chicago, Illinois*

A Complete Referral System

“**Automatic Referrals** offers a complete referral system that includes checklists, case studies, and references to other resources. Best of all, it acknowledges the positives and negatives of recommended approaches.”

*Sandy Schussel
National Sales Training Development Manager
National Broker-Dealer
Edison, New Jersey*

Key Insights Into How to Do It Better

“Working for a bank, referrals are very important. Many people still struggle with how to ask their clients for a personal introduction. **Automatic Referrals** provides key insights into how to do it better.”

*Mark Nagelsmith
Bank Rep
Glens Falls, New York*



Automatic Referrals

How to Instill Discipline in Your Referral Strategy and Guide Your Clients to Deliver Perfect Prospects Every Time

A Horsemouth Action Research Report

Automatic Referrals: How to Instill Discipline in Your Referral Strategy and Guide Your Clients to Deliver Perfect Prospects Every Time

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For information, contact:

Horsemouth, LLC.
39 Broadway, Fl 23
New York, NY 10006
1-888-336-6884 (Outside the U.S.: 1-212-343-8760)
Reports@horsemouth.com

ISBN 0-9767804-0-2

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Editor's Note

Automatic Referrals is fundamentally about solving one key problem: Financial advisors don't know how to get referrals. Specifically, advisors—regardless of time in the business, business model, and specialty—seem to find it nearly impossible to secure a steady flow of high-quality referrals, thus incurring untold opportunity costs in their businesses.

We know this because a diverse group of Horsemouth members told us so in two separate online surveys we conducted in 2004. In total, more than 2,600 advisors answered our in-depth questions about their business development challenges. (The second survey, which focused exclusively on referrals, had 1,651 advisor respondents with an average of 13 years in the business.)

When we pored over the data, the results stunned us. Only 5% of advisors said they were very satisfied with their referral strategies. A full 80% said they either have no referral strategy at all or employ an “unfocused and/or inconsistent” strategy—and the same number expressed a desire to change their approach.

Never before had we seen such a dramatic and pervasive need among our members. They didn't know who to ask for referrals. They didn't know when to ask. They didn't know how. They asked the wrong people, or they asked at the wrong time. Or they simply didn't ask at all.

We knew immediately that we had our own challenge cut out for us. Our members needed specific guidance on improving their referral business. So, throughout 2004, we made referrals our top editorial priority.

Our editors spent hundreds of man-hours researching and interviewing advisors on the range of issues that comprise the world of referral marketing, and writing more than a dozen features on the topic. We also hosted several online discussions where more advisors asked questions about referrals and got answers from our guest experts. And we sought out the opinions of a wide variety of marketing and business development experts for their views on how advisors should improve their referral marketing.

All of that research and reporting showed us clearly that when it comes to referrals, there is NO ONE SYSTEM OR PROCESS that is the ideal solution for all advisors. Rather, we discovered that there are certain key approaches to follow as you set about personalizing your own method for gathering new business by referral.

One chief goal of the Horseshmouth service is to deliver each day incisive, succinct and action-oriented articles that can immediately help advisors with the many business development and practice management challenges they face. Judging from the feedback we received from our members about our referral articles in 2004, we successfully helped a lot of advisors with the problem. But referral marketing is a complicated, wide-ranging topic, and we felt it was essential to create one comprehensive resource that could take advisors through the entire process of creating and implementing their own referral marketing strategy from soup-to-nuts, based on our research, and delivered in our trademark action-oriented style. So we decided to produce a special report on the topic, based on those criteria.

The end result is our first Action Research Report: **Automatic Referrals: How to Instill Discipline in Your Referral Strategy and Guide Your Clients to Deliver Perfect Prospects Every Time.**

Horseshmouth veteran Miriam Lawrence expertly handled the development of this report. You will find that Miriam has synthesized our vast referral resources and written a compelling and instructive narrative that carries you enthusiastically through every step needed to create a referral marketing strategy that actually works automatically.

We take pride in ensuring that all of our work is action-oriented, and **Automatic Referrals** is no exception. In addition to its forceful narrative, each chapter includes an Action Research Summary that you can use for review or as an in-depth overview. We've also included a group of previously published Horseshmouth case studies that showcase specific tactics that four advisors have used to get referrals in their businesses. Read them for inspiration and ideas about how to implement similar ideas in your own practice.

Finally, in the back, we've also included an Action Resource section where you will find a variety of worksheets and checklists that will help you develop and put your referral marketing strategy into play.

Since day one of our existence, Horsemouth has always focused exclusively on the needs and challenges of dedicated financial advisors like you. We've been fortunate to attract a unique and generous group of members who turn to us for help, sometimes every day, and who respond faithfully and honestly when we ask about their business-building insights and struggles.

Our mission every single day is finding ways to help financial advisors succeed. As Editor-in-Chief of Horsemouth, I'm pleased to say that **Automatic Referrals** embodies the essence of that mission, and I'm happy you now have a copy in your hands. You're about to experience a warp-speed improvement in your referral effectiveness. So, enjoy, good luck, and keep in mind the philosopher's injunction: "We make a living by what we get. We make a life by what we give." No truer words could apply to the core message of **Automatic Referrals**.

Sean Bailey
Editor-in-Chief
Horsemouth
April 7, 2005
New York City

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Acknowledgements

Horsemouth would like to thank Miriam Lawrence for her work organizing, writing and editing **Automatic Referrals**. We'd also like to thank Horsemouth senior editors Nicole Coulter, Edward Klink, and Wendi Webb. Much of their original reporting and writing is featured throughout this report, and each has played key roles in the development of the vast Horsemouth archive on referrals and other business development practices. Additional kudos go to Russell Jones and Lacey Wintle for their design and production work on **Automatic Referrals**. Thanks to Elaine Belsito and Jenny Rosenberg for their copyediting assistance.

Thanks also to Horsemouth's contributing experts: Patti Abram, David Allen, Mitch Anthony, Bill Bachrach, Chris Barlow, Susan Berkley, Max Bolka, Patti Branco, Michael Brizz, Marjorie Brody, Robb Brown, Joel Bruckenstein, Bob Burg, Rod Burylo, Paul Calendrillo, Ron Carson, Bill Cates, Robert Cobb, Mark Colgan, Sarah Dale, Kevin Davis, Mark Delton, John Doerr, Jim Domanski, Nina East, Martin Franks, Kip Gregory, Kathleen Gurney, David E. Gustafson, Chris Holman, Howard Jacobson, Jan Jasper, Kerry Johnson, Dave Kahle, Peggy Klaus, Hilka Klinkenberg, Maribeth Kuzmeski, David Leo, Michael Lovas, Daryl Logullo, Kirk Lowe, Joe Lukacs, Duncan McPherson, Barry Mendelson, Robert Middleton, Rick Miners, Donald Moine, Steve Moeller, Peter Montoya, John Musser, Matt Oechsli, Ginny Pulos, Jim Rohrbach, Steve Saenz, Bryce M. Sanders, Steve Sanduski, Michael Schultz, Jeri Sedlar, Roger Silk, Bill Smith, Art Sobczak, Andrew Sobel, Dan Sullivan, Michael Sullivan, Ron Surz, Marie Swift, Dan Thatcher, Donald Trone, Katherine Vessenens, Peter Vessenens, Hank Weisinger, C. Richard Weylman, and Lloyd Williams.

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Introduction

A few years ago, a movie was released that would have an unusually profound effect on American moviegoers, eventually inspiring millions of people to think deeply about generosity and good works. *Pay It Forward* told the story of a 12-year-old boy who, seeking extra credit in a social studies class, devises a plan to change the world by creating what amounts to a chain reaction of good deeds. His idea: When someone does you a favor, instead of paying it back, you turn around and “pay it forward” by doing favors for three other people. They do the same, and so on. By the magic of geometric progression, the world is soon awash in acts of kindness.

In theory, that’s the way the referral process should work, too—pay-it-forward style. You do well by clients and professional colleagues, they pass your name along to two or three friends or colleagues, and so forth. You get to be the agent of positive change for more and more people, and before you know it, voilà: you’ve established a successful business that builds itself.

It’s a lovely utopian vision—and the best part is, it can really work. In fact, it *has* worked for many financial advisors. Referral marketing, done well, is arguably the most powerful and cost-effective business-building method there is. But it will only work if you do it right. And as you’ve undoubtedly learned, no one hands you directions to the land of referral plenty when you hang out your shingle as a financial advisor.

If you’re like most advisors, you understand the referral opportunity, and you want to take advantage of it. You ask for referrals from time to time, perhaps even with great frequency. You probably have found some specific tactics that work well for you—when you remember to use them. But if you’re like most advisors, you know you can do better.

We know it, too. We know that all you need is that map to the land of plenty—an effective, systematic process for getting qualified referrals.

That’s what this report is all about. When you’re done reading, you will understand how to ask the right people for referrals to the right prospects at the right time and in the right way—and how to do it consistently—even automatically. You will be able to identify and tackle the obstacles that can

derail even the best referral marketing plan. Best of all, you will understand how to build a practice that makes acquiring new clients by referral feel as natural as breathing.



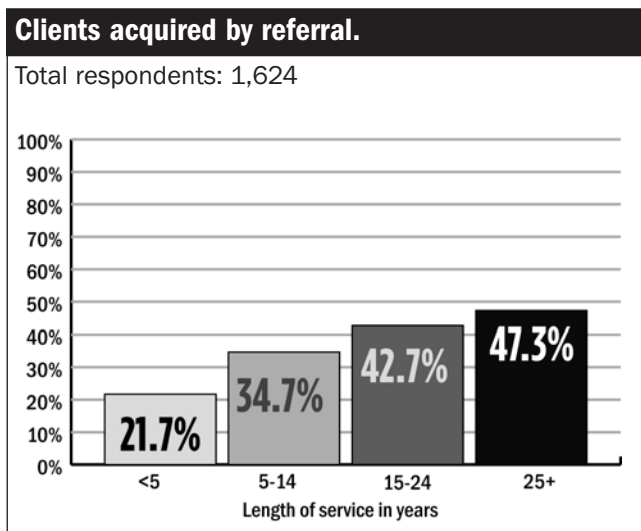
Chapter 1

The Power of Referral Marketing

An attorney that I have worked with in the past referred a client to me who did not have a lot of assets but needed some planning. I gladly met with her and helped her with her retirement strategy. This client then referred me to two other people who became clients. One was also in charge of a local Caregivers Resource Fair and asked me to participate. I have received three referrals from her as well as meeting five professional contacts that I now network with and use to help my elder clients with special needs. I just received another referral from her this week.

—CARECE S., INDEPENDENT ADVISOR, CARROLLTON, TX

It's generally a good idea to question the conventional wisdom. Conventional wisdom, after all, is often outdated, if not flat-out wrong. But when it comes to the business-building power of referrals, the conventional wisdom is true: referral marketing works. When advisors systematically, consistently, and effectively ask for referrals, they win new clients—and those clients are of high quality.



Source: Horsemouth survey data

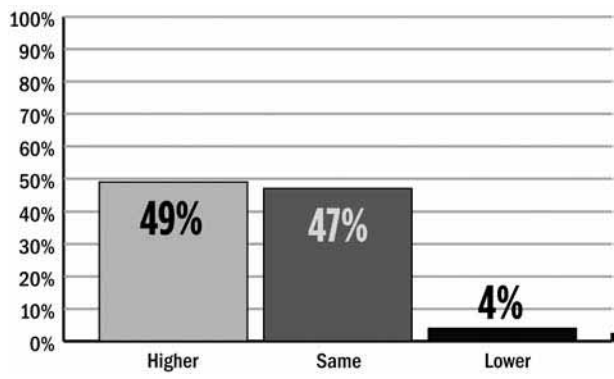
In late 2004, Horsemouth conducted a survey of more than 1,650 financial advisors. The survey, which focused exclusively on referral marketing, found that 35% of the average advisor's client base can be traced back to referrals. Not surprisingly, that percentage increases the longer advisors stay in business and their relationships continue to mature and bear referral fruit.

Twenty percent of the advisors surveyed say that they've acquired two-thirds or more of their current high-quality clients through referrals.

Thirty-eight percent say that referred clients are less costly and risky to

How does the profitability of referred client accounts compare with your other accounts?

Total respondents: 1,607



Source: Horsemouth survey data

manage than clients acquired through other means; nearly 50% report that referred accounts are more profitable than other client accounts.

Perhaps most striking of all, 85% of advisors believe that when they get a successful referral from a client, it strengthens their relationship with that referral source.

So, we know that referrals really do yield clients, and that those clients are high quality. We also know that acquiring

clients by referral can improve profitability and accelerate the growth rate of your practice. Every time you win new business through a referral, you lower your customer acquisition cost. In addition:

- **Your closing ratio is likely to be higher.** Often, referred prospects have already been primed by the referrer to be receptive to your services. Numerous survey respondents relayed stories like these about referred prospects who were prepared to sign on the dotted line even before they walked in the door.

One referred client wanted to sign over a six-figure check to me without meeting me because she respected my client so much.

—Daryl C., independent advisor, Orange, CA

A client's referral called. We chatted for a few minutes. The referral came in for a meeting and handed me a \$2 million check.

—Jose B., regional FA, Atlantic Beach, NJ

- **Your initial calls are warmer.** Even if your referral source has not prepared the referral to hear from you, you're able to say, "Joe Smith suggested I give you a call," or "Rose Reynolds mentioned that you might be looking for someone to help you with..."
- **Prospects are more likely to be the kind of clients you really want.** If you've gone about asking for the referral the right way, you're going to get prospects who match your Ideal Client Profile. If you've been sufficiently specific in

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your request, or better yet, asked for an introduction to a coveted prospect, you know ahead of time that you're talking to someone with whom you'd really like to do business.

The opportunity

There's one more benefit to referral marketing that we haven't mentioned yet—but it may well be the most significant advantage of all. When you prospect through referrals, you approach prospective clients—especially high-net-worth prospects—the way they prefer to be approached.

Russ Prince, one of the foremost experts on the high-net-worth investor and author of 18 books focused on the high-net-worth market, has conducted studies that show definitively that two-thirds of affluent clients prefer to be referred or introduced to a financial advisor by centers of influence, family, friends, or colleagues.

So, there you have it: the prospects you most want to reach want to meet you through referral. And the happy news is that, contrary to what many advisors believe, clients want to give referrals. In a study done by the Toronto Stock Exchange, 94% of clients reported that they gladly would provide referrals to their advisor, if asked. However, 83% of those same clients had never been asked! Another more recent study by American Express Financial Advisors showed similar findings: 87% of clients are willing to recommend their advisors, but only 11% of them are actually being asked to do so.

That's the bad news. Despite the proven business-boosting power of referrals, the majority of advisors do not actively solicit them. And therein lies the core challenge.

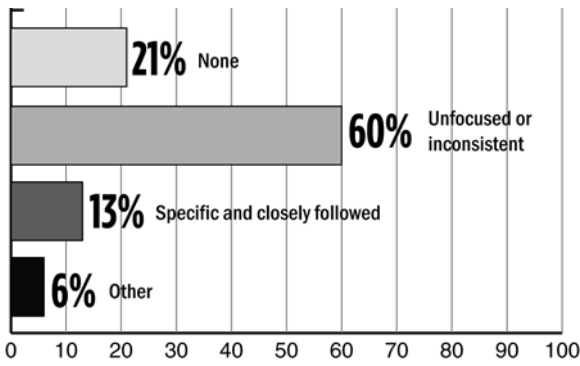
If you want to win, you've got to play

You've undoubtedly heard those lottery ads that urge participation with the phrase "You can't win if you don't play." The same goes for the referral game—if you want to get referrals, you have to ask.

Happily, your odds of winning new clients by referral are a heck of a lot better than your odds of hitting the Powerball jackpot. FAs are sitting on a goldmine of happy clients, according to Bill Cates of Referral Coach International. Cates believes that, at any given time, a full 80% of an advi-

How would you describe your strategy for seeking referrals?

Total respondents: 1,650



Source: Horseshmouth survey data

advisor's clients are available to be tapped as referral sources. He says that 20% of these, the so-called "raving fans," will provide referrals unsolicited. That leaves 60% who would likely refer business your way under the right circumstances—but only if you ask.

The message is clear: you *can* get more referrals. Are you asking regularly and consistently? Are you confident that you're asking as effectively as possible? If you can't answer *yes* to both of these questions, you're probably leaving a lot of business on the table.

You're also in very good company. While almost 75% of the advisors surveyed by Horseshmouth expect their dependence on referrals to increase going forward, a full 80% say they either have no referral strategy at all or that they employ an "unfocused and/or inconsistent" strategy.

Advisors are not happy with this state of affairs. Only about 5% of FAs surveyed said they are very satisfied with the results of their referral efforts; more than 80% are considering making changes to their approach.

Many advisors expressed a desire to adopt a more disciplined and systematic method for seeking out referrals:

I don't have a well-focused strategy, and that is probably the reason I have less success with referrals than I would like.

—Rick H., regional FA, Charlotte, NC

I need a referral strategy that is systematic so it can become a part of my ordinary course of business instead of a campaign. My current referral strategy gets implemented very sporadically. Consequently, it is not nearly as effective as it could be.

—Andrea W., wirehouse advisor, Wyomissing, PA

My strategy needs to be more formalized and routine.

—Andrew A., wirehouse advisor, Fayetteville, NC



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Plans are not optional

As the survey results show, most advisors go about seeking referrals in a very ad hoc fashion. Maybe they remember to ask as they wrap up a meeting with a client or conclude a lunch meeting with a professional colleague—or maybe they don't. Maybe the client will be able to think of someone to refer—or maybe she won't. The whole thing is very...well...random. As referral expert Michael Brizz points out, when you approach referrals that way, every request becomes an experiment—and your results will be equally experimental.

Surely, you don't want the growth of your business to be left to random chance. You want it to be predictable and controllable. You want automatic referrals—but to get them, you need to implement a strategic referral process.

For many advisors, though, strategic planning is much easier to talk about than to implement. In fact, when you've got bills to pay and the phone isn't ringing, planning is probably the last thing you want to think about. A plan takes time, which tends to be in short supply in this business, and it doesn't pay a commission or ask you to manage its assets. For that reason, it can seem much more expedient to forget about strategy and just do what seems most likely to yield measurable results right now.

Unfortunately, in the long run, that method doesn't work. That's why so many top producers use strategic planning in their practices, systematically thinking through and documenting the clients they want to serve and how best to reach them. The consulting firm CEG Worldwide has shown that 80% of advisors producing \$1 million or more use written business and marketing plans, compared with only 7% of advisors making \$75,000 or less. Top producers plan—and then they act.

The importance of planning applies as much to referral marketing as to any other aspect of a financial practice. FAs who successfully use referrals to drive their business development, explains Brizz, are very clear about their referral targets. They always know when, where, and how they'll ask for referrals, and they come to every meeting prepared with clear referral objectives and a well-honed strategy.

Why a referral strategy?

Strategy. *Noun.* An elaborate and systematic plan of action.

By definition, a referral strategy is not simply a collection of things you do to ask for referrals. It's a systematic plan of attack in which you first establish your referral goals and then describe the specific steps and activities you will use to bring those goals to fruition. When you put your strategy into effect, it should produce a predictable and consistent result: more referrals.

A complete referral strategy—which you will be well on your way to creating when you finish this report—answers the following questions:

1. Who are the prospects you want to meet through referrals?
2. Who will you ask for referrals?
3. How will you ask?
4. When will you ask?
5. How will you follow up with referred prospects?
6. How will you follow up with referral sources?
7. How will you measure your success?
8. What will you do to ensure that you are referable, and to make the referral process natural both for your referral sources and for you?

A solid referral strategy, implemented properly, eventually permeates all of an advisor's marketing and service efforts. It creates a mindset that influences your entire practice. It leads to automatic referrals. The payoff? You'll work smarter instead of harder, and referrals will arrive on your doorstep by design, rather than by accident.

Getting referrals “by design.” Let's consider that concept for a moment, because it means more than simply getting the number of referrals you want. Getting referrals by design means that you gain control not only over the number of referrals you get, but also their quality. And that, as you can



imagine, has tremendous implications for your practice.

Imagine for a moment that 100% of the prospects you meet by referral are not only financially qualified, but are precisely the types of clients you've dreamed about advising. These are clients who seem absolutely perfect for you. And you are just the kind of advisor they've always wanted.

If this could all be true, you'd not only be working much more profitably and happily, but you'd be mitigating the most substantial risks of referral marketing.

You're in control

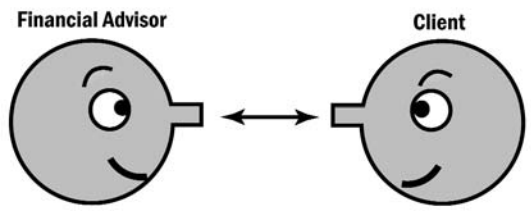
"Wait a minute, back up. Risks? There are risks in asking for referrals?"

Well, yes. After all, a referral by definition involves not only you and the referred client, but the original referral source as well. A referral involves a third party, creates a triangle—and that extra leg introduces a variety of additional risks.

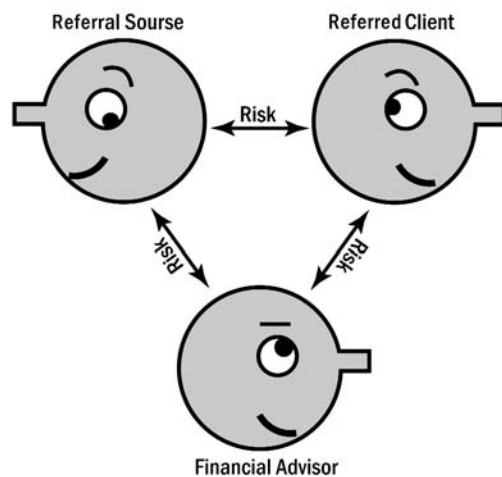
What exactly are these risks? From the advisor's point of view, accepting a referral introduces the potential to compromise the relationship with the referral source, who may be a very important client or colleague.

Say your top client, Mrs. Jones, refers her sister to you. You speak to the sister, only to discover she is either unqualified or inappropriate for your practice. If you refuse to take her on, you risk offending Mrs. Jones and even losing her business. On the other hand, if you do accept the sister as a client despite your reservations, very real potential exists for trouble to develop in the account down the road.

And what if Mrs. Jones misrepresents you or your services to her sister,



Standard (non-referred) client relationship



The referral triangle

not out of malice but because she doesn't understand how different her sister's financial issues are from her own? Unrealistic expectations can lay the groundwork for trouble—and if trouble unfolds in the sister's account, that could destroy your wonderful relationship with Mrs. Jones—who is, let us not forget, your top client.

Referral sources also take on risks when they refer. That CPA in your networking group may be afraid to refer his clients lest you disappoint them, which would of course reflect poorly upon him. Conversely, perhaps he has a very wealthy client who happens to be a jerk. Perhaps he's willing to put up with the client's bad behavior, but doesn't want to foist it on you, for fear you'll hold it against him.

Here's how one veteran top producer expresses some of these concerns:

I do not mind being accountable to my clients, but I do not want the added responsibility of being accountable to clients for someone they refer.

What happens if the referral wants me to do something I do not want to do, or has expectations that are too high a hurdle for my ability? How can I fire a referral?

Most referrals come on the scene so fast that I do not have time to get to know them. How do I find out in such a short time if the referral will let me "go where I want to go" with their investments? How do I know if the referral will fit into my client niche?

These are, of course, all valid concerns. However, a referral strategy can reduce these risks significantly.

When you solicit referrals in an ad hoc fashion or accept unsolicited referrals, your referral sources tend to suggest people at random or based on potentially erroneous assumptions about what you do and the clients you serve. A good referral marketing process, as we've already discussed, does not leave the acquisition of referrals to chance.



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The process you are about to learn will help you get automatic referrals by:

- Identifying very specifically the types of clients you want
- Communicating those interests to your referral sources
- Explaining to your referral sources precisely how you think you can help those prospective clients
- Identifying specific prospects that you want to meet and getting actual introductions to those target prospects

In other words, this process will put you in the driver's seat, rather than your referral sources. You'll do more work up front, but that work will pay off in the form of more referrals, and even introductions, to qualified prospective clients you can close more quickly and serve more effectively.

Best of all, rather than feeling like an ill-fitting, restrictive, off-the-rack system designed for somebody else, this entire process will seem as though it were tailor-made for your practice, because it *will* be!

Action Research Summary

- When advisors ask for referrals systematically and consistently, they get new clients—good ones. The longer advisors stay in business and build strong client relationships, the more their books bear fruit in the form of new prospects and new clients.
- Every time you win new business through a referral, you lower your client acquisition costs. Plus, your closing ratio is likely to be higher; your initial calls are warmer; and prospects are more likely to become the types of clients you really enjoy.
- Two-thirds of high-net-worth investors PREFER to be introduced to an advisor through family, friends or colleagues. One survey showed that 87% of investors are willing to recommend advisors, but only 11% are ever actually asked to do so.
- One expert estimates that 80% of an advisor's clients are willing to provide referrals, and 20% of clients will give referrals unsolicited. That means 60% of your clients would likely refer business your way—but only if you ask. Don't leave business on the table; commit to asking for referrals regularly and consistently.
- Most advisors seek referrals in an ad hoc manner. But experimental approaches don't work in the long term. Indeed, only 5% of advisors say they are very satisfied with their efforts to obtain referrals.

- Studies prove that advisors who plan their business and marketing strategies succeed at much higher rates than those who don't plan. Automatic referrals will only flow once you've engaged in strategic planning, set goals, and described specific steps and activities you'll pursue to get referrals more frequently and consistently.
- Your referral strategy should answer the eight questions outlined on page 20. A solid referral strategy, implemented properly, will permeate all aspects of your service and marketing efforts.

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Appendix A: Case Studies
Case Study #1

How an FA Doubled Revenues—Without a Single Cold Call

By **Nicole O. Coulter**
Horsemouth Senior Editor

How did one advisor give up conventional business development methods like cold calling and seminars and still increase his revenues by 100%? Patience, persistence, and a four-step process he calls “predatory prospecting.”

After six years of rehashing the same old prospecting techniques—cold calling, seminars, and random referrals—Scott Carr decided that his small-town practice was ripe for a more efficient method of bringing in business.

“I began to realize I had all the contacts I would need to grow my business,” says Carr, an advisor with a regional firm on the East Coast. “At \$50 million in assets under management, you probably have all the potential clients you can handle—you just don’t know it yet. I decided that if I took care of my clients, they would take care of me.”

About four years ago, the 29-year-old Carr set a five-year goal: to double his assets under management and triple his revenues by taking what he describes as a “predatory” approach to referrals. “Instead of prospecting with a shotgun, you’re prospecting with a scope and rifle,” Carr explains. Here’s how it works.

Step 1: Segmenting your book

Carr started by segmenting his book into A, B, and C clients. This is a

critical step that maximizes your chances for multiplying ideal clients.

“A clients are the ones you most want to replicate,” Carr says, pointing out that his clients in this category tend to be centers of influence in their communities and to share the following characteristics:

- Affable personalities
- Realistic expectations
- Excellent relationships with him
- Significant assets and revenue

“I discovered that nearly three-quarters of my business comes not just from 20% of my clients, but from 20 clients,” Carr says.

Step 2: Identifying potential referrals

Once Carr had assembled his list, he asked himself whether his A clients might know others who would also make ideal clients. He broke down the welter of possibilities into three main categories:

1. Family
2. Work
3. Neighbors

Ticking through his list, Carr made notes about people he'd heard his clients mention. Like a detective, he began to tease out possible associations and connections that were not evident at first blush. If a client worked for a particular company or served as a trustee on a foundation or pension fund, for example, Carr would research the players who controlled assets for that entity. His goal was to build his own list of potential referral prospects, identify ways he might serve them, and, at the appropriate time, ask clients for an introduction.

Step 3: Maintaining a list

To assist him in his referral research, Carr began a logbook listing each of his important clients, as well as prospective customers within their circles of acquaintance. Carr built three referral profiles for each client:

- **Family.** “The family relationship is the best place to look for referrals,”

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Carr asserts. “There are so many intergenerational issues families need to plan for.”

Carr developed a strong relationship with one client, for example, who was the 70-year-old patriarch of an extremely wealthy family. On the basis of this relationship, he asked for an introduction to one son, and then to a second son—each of whom had about \$2 million in assets. Now he is asking the brothers to introduce him to their sister.

“If you have a client who’s older, you’d better be spending time getting to know the kids,” Carr maintains. “There are going to be considerable assets changing hands over which they’ll end up having control.”

In another situation, Carr cultivated a solid client bond, then brought in the client’s son, then landed her son’s company’s retirement plan. “The deeper you go with a client, the more opportunities there are,” he explains. “Clients eventually turn to you as a financial resource.”

- **Work.** Carr listed his clients’ places of business, their co-workers and supervisors, and the boards that they serve on. He also researched the names of the important decision makers and tapped into the databases of local retirement plans to identify potential opportunities. Often he got these databases from his mutual fund and annuity wholesalers. “I reviewed my files to find out where clients worked and whether they had a company retirement plan that fit my model,” Carr says.

For example, Carr met one of his clients through the Rotary Club and set up a small 529 plan for him. Then—knowing that this client was a CFO who controlled a \$6 million corporate retirement plan—Carr went out of his way to provide top-shelf service.

“Normally on a \$6,000 account, I’m not going to do a lot of analysis or dig up a lot of outside articles, but I did for this guy,” Carr remembers. “After a year of serving him, I asked him what he didn’t like about his current retirement plan. I was able to turn a \$6,000 account into a \$6 million account.”

In another instance, Carr knew a CPA who had worked as a third-party administrator on a \$5 million profit-sharing plan. With her help, he set up a meeting with the plan trustees and won the account.

- **Neighbors.** Carr determined where clients and prospects lived via cross-reference directories and reverse telephone directories. “I look through my clients’ neighborhoods and see whether there are people I recognize and would like to do business with. I build a profile that way,” Carr explains. The drawback? Often, clients feel less comfortable referring neighbors than they would with family or friends. Carr hasn’t had quite as much success with this tactic, but he firmly believes in its potential.

Step 4: Asking for introductions

Once Carr identifies a referral opportunity, he asks clients detailed questions to learn more about the prospect’s situation. His goal is to prioritize his opportunities by identifying the “pain” they’re feeling in their current financial situation or advisory relationship. For instance, if he hears a client mention: “My grandma was complaining about how bad interest rates are,” or “My brother had a bad experience with an advisor,” he asks the client for more detailed information, makes a note of it in his logbook, and plans to follow up.

Carr tries to identify at least three potential referrals for each client. Patience is key. “It might be a year before I feel comfortable asking to talk to someone,” he remarks.

Then, each time he meets personally with a client, he asks them about one of the people on his logbook list. “Always hit them for one person every time you see them,” he says. “Rather than ask, ‘Can I have some referrals?’ you say, ‘I’d like to talk to so and so, the CFO of your retirement plan. Would you mind walking down the hall and introducing me?’ I’ve never had a single client say no.”

The result: A 160% improvement

Four years into his five-year time frame, Carr has already surpassed his goal. Since 2001, his assets under management have increased more than 160% and his revenues have nearly tripled.

“Ideally, I’d like to have 50 clients with \$25 million each,” Carr says. “That would be my dream book. Until then, there’s always room for improvement. This is just a matter of being attuned to opportunities and doing your homework,” he concludes. “This strategy works really well for established financial advisors who have an existing client base.”

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Chapter 2

Developing a Referral Mindset

A client who I was intimidated by was surprised I hadn't asked sooner. He gave me three referrals on the spot.

—MATT P., WIREHOUSE ADVISOR, MIAMI, FL

Before we can talk about how to generate automatic referrals, we have to talk about something a bit less tangible: the referral mindset. In nearly all things, thoughts and attitude breed success—or lack of success. Nowhere is that more true than in referral marketing.

Why? Because referrals are all about relationships, and relationships have emotional implications. It's important to examine our own thoughts, feelings, and beliefs about referrals before we establish a process.

When you put yourself into the referral mindset, you feel good about the process of asking for and getting referrals. More than that, you expect to get them, and you feel committed to establishing a system for making that happen.

The sooner you get your head in the right place, the sooner you will become referable to your prospects. Master the referral mindset and you'll be 90% of the way to mastering the entire process.

Nothing to fear

Back in 1933, in the black times Roosevelt included 10 words in his symbolize American resilience and below for emphasis.

"Let me assert my firm belief in fear itself—nameless, unrea

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- What causes referral fear—and how to overcome it
- How your frame of mind influences referral success
- Why certain types of referral requests can be deadly to your business
- How to unleash the dormant referral potential in your existing book
- 3 remedies for beating referral aversion
- Why referral requests can actually strengthen your client relationships

***What I Do for My Clients* worksheet makes it easier to ask for referrals by helping you take stock of your value.**

What I Do for My Clients

What I Do for My Clients: page 1 of 2

Sometimes we don't realize how much we bring to the table on behalf of others. When you're finding it difficult to ask for a referral, take stock of your value to your client by copying this sheet and filling it out.

Client name: _____

Has been my client for _____ years.

1. I have provided the following services for this client (e.g., created a plan so kids can go to college, ensured a comfortable retirement, protected family in case of unexpected tragedy, etc.):

2. My expertise in these areas has provided important benefits to this client (e.g., retirement planning, stock options, college planning, stock picking, etc.):

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Inside Chapter 3:

- Why having goals is key to generating automatic referrals
- How to establish appropriate and effective referral goals
- Why goals must be SMART
- How to determine how many referrals you need
- 8 tips for actionable referral goals
- How to translate referral goals into concrete action steps

Establish Your Referral Targets worksheet helps you work backwards from your financial objectives to determine how many referrals you'll need to hit your goals.

Chapter 3

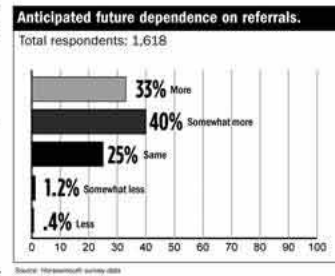
How to Set Goals That Promote Automatic Referrals

A plan to quantify my referral process. If it can't be measured, then it can't be improved.
—CHRISTOPHER V., INDEPENDENT ADVISOR, LOS ANGELES, CA

Someone once asked Texas oil billionaire H. L. Hunt how he had managed to amass such terrific wealth. His famous response: "Decide what you want, decide what you are willing to exchange for it. Establish your priorities, and go to work."

Priorities. Goals. These are the key to success in business, and that is nowhere more true than in an advisor's practice. There's just too much to think about otherwise; too much information, too many opportunities, too many worries, too little time. If you don't give yourself some parameters and decide where to focus your energy, you will end up squandering it.

In the Wall Street jungle, well-designed goals are like machetes; they help you cut through the dense tangle of



and pathways to success. More than 70% of advisors plan to seek to establish clear referral goals—the importance of goals, and sometimes as they set. The good news is that if you do, you're very likely to meet them.

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Establish Your Referral Targets

How many referrals do you actually need to get to achieve your business-building goals? We're going to start with a financial objective you've set for this year. This can be a revenue goal, an income goal, or an assets-under-management goal, depending on your particular business model. Then we'll work backwards to extrapolate your annual and monthly referral targets.

To complete this sheet, you will also need to have completed an Ideal Client Profile (see Chapter 4) and analyzed your book to determine how many clients you need to reach. You will also need to have some idea of what percentage become clients? If you

This year's financial objective: \$ _____

Total number of clients needed to reach _____

Number of "ideal clients" in my book _____

Number of new clients needed to achieve _____ in book): _____

Current closing ratio: _____

Number of referrals needed to achieve _____

Number of referrals needed per month _____

Reward I will give myself for hitting my _____

Create an Action Plan

Behavioral objectives that correspond to your overall referral goals will help you stay focused and motivated.

SAMPLE ACTION PLAN

Monthly

- Schedule lunch with one estate attorney and one CPA.
- Complete a referral profile for 4 "A" clients.

Weekly

- Complete a referral profile for one "A" client.
- Ask five "A" or "B" clients for introductions to appropriate prospects.

Daily

- Ask for a minimum of one targeted referral.

Create an Action Plan worksheet helps you set specific objectives to keep you focused and motivated.

Inside Chapter 4:

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Chapter 4

In Search of the Perfect Referral—Identifying Ideal Clients and Markets

We had a client who brought in a friend that he knew could use our services. The referral was definitely not our ideal client type as for us age and income—but we chose to take him on as a favor to the client. He gave us almost two whole months to achieve all of his long-term financial goals before requesting to withdraw his funds. He was just too much of a nervous Nellie to trust a third party to manage his money. That was the last time we accepted a referral that we knew was not a good match.

—GARY A., INDEPENDENT ADVISOR, LYNNWOOD, WA

Up to this point, we've been talking about referrals in relatively general terms. And that was fine, because we were establishing basic parameters for creating automatic referrals. Now it's time to get specific, because specificity may well be the single greatest key to getting quality referrals on an ongoing and consistent basis.

Before you ask for a single referral, you need to know who your preferred clients are. And before you want to be referred, how can any client refer you?

Walk a mile in your clients' shoes

Imagine going into the shoe store and saying, "Can you sell me a pair, please?" The store clerk won't roll his eyes at you and make you feel tempted. After all, you haven't gone to the store to help you? Sure, he could make a recommendation based on what you're wearing.

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- Why you need to create an Ideal Client Profile
- The 5 key qualities every A client possesses
- The single greatest secret to getting quality referrals on an ongoing basis
- How to train clients to spot qualified referral candidates
- 5 ways to test your target market
- How to clone your best clients

Make sure you've chosen a viable niche with the *Identifying a Target Market* worksheet.

Identifying a Target Market

Make sure you've chosen a viable target market by asking yourself the following questions. (If you have more than one target market, create multiple copies of this worksheet and complete one for each market. If you need more assistance identifying your target market, visit www.horsemouth.com and search for resources using the keywords "marketing plan" and "target marketing.")

Describe your target market:

How do the members of this market network and communicate with each other or with a common third party?

Ideal Client Profile template allows you to get a clear bead on your target client.

Ideal Client Profile

Ideal Client Profile: page 1 of 2

Account size: \$ _____ Annual revenue generated: \$ _____

Annual referrals provided: _____

Age: _____

Profession: _____

Hobbies: _____

Key professional and social affiliations: _____

communication do

experience or knowledge do

what type? What type of (s?)

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Now!**

- Why you, not your clients, are responsible for the quality of the referrals you receive
- The truth behind the “I don't know anyone” response
- How the KISS principle can help you get qualified referrals
- How to regulate your referral pipeline
- Why and how to shoot for face-to-face introductions
- How to put introductions in writing—if necessary

Chapter 5

Driving the Referral Process—Clients Take Direction From You

I've learned that I must be specific in describing what constitutes an ideal client.

—MICHAEL J., REGIONAL FA, HOUSTON, TX

Nuke LaLoosh is a pitcher with a million-dollar arm and a five-cent head. He's the rookie that veteran catcher Crash Davis is supposed to groom for the Big Leagues in the 1988 film *Bull Durham*. But Nuke is cocky. He routinely ignores Crash's signals and makes his own decisions about which pitch to throw—and every time he does, the batter tees off and hits the ball out of the park. The Bulls keep losing, and Nuke looks like a fool. His game and his career only start taking off when he heeds Crash's sage advice: “Don't think. It can only hurt the ball club.”

In the referral game, your clients may be serving up the balls, but you've got to be the one calling the pitches. If you do what most advisors routinely do—that is, hand off control of the referral process to your referral sources—you are highly unlikely to get the prospects you really want. FAs tend to think of referrals as reactive when, in fact, they can and should be just as proactive as any other type of business development method.

Identifying quality referral prospects is *your* responsibility. Would you decide to hold a seminar and then, on the appointed evening, sit in the room looking at the rows of empty seats, waiting for prospects to wander in by chance? Of course not. You would announce the seminar. You would publicize and advertise it. You would get the word out about what you're planning to discuss and which types of clients you'd like to have in attendance. You would be proactive. You would take control.

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Inside Chapter 6:

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- How to use network maps to identify new sources of referrals
- When it's worthwhile to take on the "less than perfect client"
- Why documenting client comments helps drive more referrals
- How to uncover the important social and business connections of family, friends, and colleagues
- Why you should look beyond your clients for referrals
- How to build a referral profile

Chapter 6

Mapping Client Networks—The Road to Automatic Referrals

I obtained a sizeable rollover, and in the process of getting to know this client it became obvious that he was the leader of his department and that several of his colleagues would be retiring in the next one to three years. I asked for names and introductions... Within the last six months, two more people have called and we have set up accounts with them. In addition, several more have requested we do a retirement plan seminar in their place of business. Bottom line: Nearly \$2 million in new assets.

—SAMUEL B., REGIONAL FA, MARQUETTE, MI

You've profiled your ideal client. You know which people you want to meet through referrals. But who should you ask? Referrals can flow from a number of different sources. For many advisors, existing clients are the best starting point. However, that's not true for everyone. Let's find out if your current clients should be your top referral marketing priority, or if you'd be better off directing your energies elsewhere first.

The lay of the land

Mapping Client Networks worksheet helps you document your clients' significant relationships so you can better target your referral requests.

Mapping Client Networks: page 1 of 5

Mapping Client Networks

Use this worksheet in concert with a logbook in which you make notes about your clients' connections as they come up in conversation. Make a blank copy for each important client and use it to document significant relationships. You can also use the worksheet to remind you of questions you might want to ask clients about their relationships. Once you have enough information about a client's network, you can create a referral profile for that client.

Client name: _____

Family relationships

Parents: _____

Notes: _____

Siblings: _____

Notes: _____

Adult children: _____

Notes: _____

Adult grandchildren: _____

Notes: _____

Other family: _____

Notes: _____

reacquainted in
A or B clients, then

are relatively new in

this report in any manner.
violation of federal law and
arts@horsemouth.com.

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Use the **Prospective Referrals Form** to create lists of introductions and referrals that your clients may be able to provide

Prospective Referrals Form

Copy this form and use it to create lists of introductions and referrals that your clients may be able to provide.

Referral list for: _____
Client name

Prospective referral #1: _____

Relationship to client: _____

Contact information: _____

Known needs: _____

Possible needs: _____

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- What motivates your referral sources
- Which key client events create the best opportunities for referral requests
- The soft techniques that support your referral efforts
- How long to wait before asking for referrals
- How to turn compliments into referrals
- The 4 best times to ask for a referral
- How to find the proper “angle” for meeting with a referral prospect
- How to ward off referral objections

Chapter 7

Knowing When and How to Ask Clients for Referrals

After we asked the existing client what value we provided for him, we asked him to refer people just like him. We were introduced to the CEO of a \$65 million-revenue business who is looking to consolidate his assets under one umbrella. He has a net worth of over \$80 million and we are very close to becoming his sole advisor.

—HENRY G. WIREHOUSE FA, FLORIDA

You’ve done your homework. You know which prospects you want to meet, and you know which client can help you do it. You’re ready to ask for that referral.

But there’s one more question you need to ask: Is your client ready? Patience is key. Scott Carr, for example, says it’s taken him up to a year to feel comfortable asking to talk to someone.

There’s no reason to assume that kind of wait will be the norm, but it is key to make sure your timing is right. The single most important issue to ask yourself is, “Have I provided value to this client?”

Before clients will consider you to be referable, you must earn their trust and loyalty by providing them with valuable service. Asking for prospects before value is provided and recognized is considered “old style” referral selling, says Bill Cates, and in the end, it will create more bad will than good referrals.

Cates illustrates this point with a story. An insurance agent set up an appointment with him, and as they were about to hang up, the agent mentioned that he built his practice from referrals and that at the end of his first meeting with Cates, he’d be asking for referrals. “So, perhaps you could

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- Why your fear of asking may be overblown
- How to dispel outdated images of yourself
- Why in-house referrals may be your best untapped referral source
- Overcoming 3 obstacles to in-house referrals
- The 4-step process for turning close personal and business contacts into referral sources
- 12-step formula for cultivating referrals from colleagues

Chapter 8

Getting Referrals From Friends, Family, and Colleagues

A client who has been a personal friend of a team member for many years referred a colleague to us. The colleague was using several different methods of management with no clear overall structure or strategy. By getting our arms around his entire situation and bringing in the right experts, he is happier, and has the time to pursue recreational opportunities he didn't have time for in the past. Also, having successfully over-delivered, both are now habitual referrers of others who are in our sweet spot.

— K.M., WIREHOUSE ADVISOR, ALEXANDRIA, VA

Advisors who find it difficult to ask clients to point them to new business often find it even harder to ask their own personal and professional acquaintances. Why? Mostly, it's fear that asking might cause an important relationship to go sour. If you alienate a client, sure, you could theoretically lose some money in the bargain. It just seems like there's more at stake in alienating your father-in-law or your best buddy or that VP over in Investment Banking.

What if you ask your best friend for a referral and he gets offended because he feels like you're using him? What if you ask your cousin and she says, "No"? It's one thing to be rejected by a complete stranger, quite another to hear it from a close friend or family member—especially since you will be seeing each other again at the family reunion or at softball practice next week.

These fears are understandable and quite common but, like most fears about asking for referrals from clients, they are also overblown. The key is asking properly. As is the case with any referral request, the recipe for success includes an ample portion of proper education, a healthy bit of patience, and just the right combination of directness and subtlety.

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Inside Chapter 9:

- The keys to getting referrals from allied professionals
- 3 steps to success with strategic partners
- Five principles of selecting and securing referral partners
- What CPAs fear most about forming strategic partnerships with you
- Why strategic alliances often fail
- The problems estate attorneys wish you'd help them solve
- The value of architects, business brokers, and other “outside the box” strategic alliance partners
- How to connect with CPAs and estate attorneys
- 17 questions CPAs will ask you
- 6 critical steps to keep referral partnerships running smoothly

Chapter 9

Automatic Referral Allies—Landing Strategic Partners

I got a referral from a CPA who regularly sends us referrals. This couple was not even a client of the CPA's, but he knew them and knew they needed help. The result was a multi million-dollar account for us and a box of Omaha Steaks to the CPA.

— JOHN M., REGIONAL FA, OHARA, NE

Greg Hurlbrink knows firsthand the potency of a good strategic relationship. Hurlbrink, a veteran member of a top-producing advisor team in Baltimore, has built successful relationships—through his clients—with several CPAs at a local office of a regional accounting firm. In return, his CPA allies have regularly referred to him more than 10 clients a year who have wealth management issues, generating \$5 million to \$15 million in new assets. These are clients, Hurlbrink says, that he probably never would have found on his own.

Alliances with professional centers of influence such as CPAs, attorneys, and real estate agents not only have the potential to yield a steady stream of clients, they're also more likely to result in the right kind of clients. Research has shown that high-net-worth individuals rely heavily on referrals from trusted professionals when selecting a financial advisor.

Despite the value of strong strategic partnerships, many advisors feel uncertain about how to form them. And for every FA with a success story, it seems there are 10 who say they've tried to build alliances, only to be rebuffed by the professionals they've approached. But there's no need to feel intimidated. While there is an art to forming alliances with other professionals, it isn't complicated. The key to success, quite simply, is finding the right partners and approaching them in the right way. Sound familiar?

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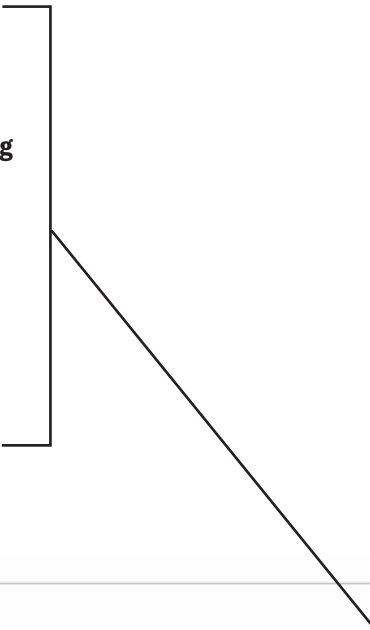
Inside Chapter 10:

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- The benefits of formal networking groups
- 4 basic principles of effective networking
- Why business cards and elevator pitches can kill your networking
- 7 secrets of natural networkers
- How to get the “Man, you know everyone!” reputation
- The one trait that all superstar networkers share
- 12 steps to networking success
- How to break the ice at social and business events



Chapter 10

Network Your Way to Automatic Referrals

An attorney in my networking group referred his wife's sister to me, and her husband is from a very large family. I'm being referred throughout his entire family. I'm pretty sure I'll be invited to the family's Christmas dinner at this point.

—JOSEPH D., INDEPENDENT ADVISOR, GREEN BROOK, NJ

As a rookie, Nathan Lash built a book of 110 clients in just two years—and without making a single cold call. Lash did it all by referral. He discovered how to expand his prospecting reach when he joined Business Network International (BNI), an organization that seeks to connect individual practitioners, entrepreneurs, and business professionals. BNI members carry other members' business cards and recommend one another to prospective clients. Lash's chapter had 22 members, including cell phone sales reps, real estate agents, attorneys, and insurance salesmen. He astounded people with his ability to conjure up instantly a recommendation for a doctor, mechanic, CPA, or contractor. “Man,” they'd say, “You know everyone!”

It seemed that way because as a member of a networking group, Lash had committed to learn about the businesses of his fellow members, just as they had committed to learn that he was focusing his advisory efforts on family-run businesses with one to six employees and under \$10 million in revenue. In essence, the group became his own personal referral network.

Ben Franklin would be proud

Of all the ways to obtain referrals, networking may be the one that can take you in the most unexpected directions. When you consciously seek out opportunities to meet new people, you start opening doors for yourself that you never even knew existed. Lash's BNI relationships, for example, opened

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Chapter 11

Managing Automatic Referrals—Effective Follow-Up

A fellow CPA has sent me several new clients. I asked him why and he said that I was the only planner who followed up on the details, which gave him a great deal of comfort.

—DEXTER M., INDEPENDENT ADVISOR, DENVER, TX

Very soon, with a little luck and elbow grease, you're going to start getting a nice flow of referrals and introductions. And it's going to feel great. But that superhero feeling won't last if you don't know what to do with all of those referrals.

You know the saying: Nothing in life is free. That goes for referrals too. The price you pay for getting terrific, qualified prospects who are perfect for your practice is that you have two parties you've got to follow up with, rather than just one: the prospect and the referral source.

This is the point where many advisors make costly, even ruinous mistakes. Fail to follow up properly with the prospect and the entire exercise

- The “cover charge” every successful advisor pays for referrals
- Why offering “back door” escapes can build your credibility
- Proper care and feeding of referred prospects
- The 5 questions you should ask yourself before every call to a referral
- Two scripts for follow-up success
- How to respond to “I already have an advisor” and “I really don't have time to see you”

Referral Follow-Up Checklist

Every time you get a referral or introduction, use a copy of this checklist (or your own version adapted from this example) to ensure that you complete all necessary follow-ups with both your referred prospect and your referral source. Consider creating a binder or tickler system to manage your checklists. You may also want to adapt your contact manager to help you manage the follow-up process (see Case Study #2, “How to Use ACT to Maximize Referrals, in Appendix B).

Referred Prospect Name: _____

Address: _____

Use the *Referral Follow-up Checklist* to ensure that you complete all the necessary follow-ups with both referred prospects and referral sources.

Call Planning Worksheet helps you put your best foot forward with referred prospects.

Call Planning Sheet

Use this sheet to plan your call when you are ready to follow up on a referral.

Referred Prospect Name: _____

Referred by: _____

What is this prospect's current situation? List issues, problems you're aware of that you expect to play an important role in your conversations.

What is my desired next outcome for this prospect?

PROSPECT FOLLOW-UP

First meeting (Use c

Introductory contact
Notes:

Initial call

Inside Chapter 12:

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- Why referral goals must be measurable
- 11 referral metrics worth tracking
- The hard-number approach to measuring results
- The activity approach to tracking referrals success
- How to develop your own tracking system

Chapter 12

Tracking Referral Results—Fine-Tuning the Automatic Referral Flow

I'm now tracking my "referrals asked" activities daily, and that's making all the difference!

—RICHARD P., WIREHOUSE ADVISOR, HOUSTON, TX

Back in Chapter 3, we talked about setting referral goals. If you don't give yourself some parameters and decide where to focus your energy, we agreed, you will end up squandering it. But goal setting is only half of the equation. Do you recall our insistence that your referral goals must be measurable? That's because measurement is the other half of the equation. Having a goal may motivate you, but if you don't keep track of your progress, you'll never know whether you've succeeded or not. You won't know whether to celebrate, change your tactics, or tweak your goals.

In short, neglecting to track your results is like setting out on a trip but having no way of knowing when you've

Do you plan on changing your referral strategy in the next year?

Total respondents: 1,608



Referral Tracking Sheet

Make copies of this sheet and use them to track your referral-related activities. When you've gotten into the habit of tracking, you may want to use a spreadsheet program to track your results, so that you can easily calculate ratios and create graphs to help you visualize your progress.

Month: _____

	Referrals Requested from Clients	Referrals Received from Clients	Referrals Requested from COIs	Referrals Received from COIs	Referral Appts Set	Clients Gained by Referral
WEEK 1						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Total						
WEEK 2						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Total						
WEEK 3						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Total						
WEEK 4						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Total						
WEEK 5						
Monday						
Tuesday						
Wednesday						

Referral Tracking Sheet lets you measure your referral-related activities and results.

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Inside Chapter 13:

- How to create and leverage “raving fans”
- The 2 accounts you must manage for every client
- Why you should include CPAs and estate attorneys in your service strategy
- The one question you must answer correctly to succeed in getting referrals
- 4 “must-have” client service priorities
- 8 little extras that make clients happy and cost almost nothing
- How to reward referral sources
- The polestar by which to guide your career

Chapter 13

The Referral Circle: The Engine of Automatic Referrals

I inherited a client who had about \$2,000, and was located in Moscow, Russia, at the time. Apparently, she had requested that the previous advisor wire her entire balance, but it was never completed. She was in panic mode and quite upset. She conveyed to me that this had been an ongoing saga. I promised her that if she explained the situation to me one more time, it would be the last time—that on my word, it would be done, and done correctly. After she explained it to me, I got to work and had everything completed and in her hands by her deadline. She called to apologize to me for “freaking out,” told me how “blown away” she was by my commitment to service, and promised to help me in any way possible. Within three months, she transferred in \$250,000 for her account, and referred me to her goddaughter’s family, but not before telling them how “great” I was and that they “had to have me as their advisor.” I drove five hours to meet with them. Within two weeks, they transferred \$2 million to me, and I am now preparing for a meeting concerning the family foundation—eight figures. We’ll see what happens. All I know is that “second to none” service carried me this far.

—JOHN A., WEIRHOUSE ADVISOR, NEW YORK, NY

Ask after providing value. Mention specific target names or groups. Follow up. Repeat.

—ROBERT P., WEIRHOUSE ADVISOR, WASHINGTON, DC

Look how far we’ve come. We’ve covered the entire process for creating automatic referrals, from establishing the proper mindset and creating a plan of attack that is appropriate for your practice, all the way through asking for referrals and introductions, acting on them, and tracking your results.

But we aren’t quite through. There’s one more step. And it involves what may be the hardest professional question that you can ask yourself.

Are you really worth a referral?

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See Three More Case Studies Inside...

Case Study #2

How to Use ACT to Maximize Referrals

By Wendi Webb
Horsemouth Senior Editor

If you can't follow through on a warm lead, you've missed some major opportunities. This financial planner solved her problem by building a contact management system in ACT that helps her follow up on every prospect until they buy or die.

Anne Hagggett has only one thing to do: sell. In the banking industry, she's called a BDO, or business development officer, which means she doesn't

have to service clients. She brings in high-net-worth clients. "Crudely speaking, I hunt, gather, and

To some advisors, errand children are juiced on the ma-

On the flip side, renewable sources often to meet her

In the beginning, Hagggett did new fee-only investments. B

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Case Study #3

How to Boost Referrals Using a Client Advisory Board

By Edward E. Klink
Horsemouth Senior Editor

After losing a bundle on bad marketing, this advisor convened a client advisory group to critique his practice. Before long, he revamped his approach, started landing higher-quality referrals, and grew his book by more than one-third. Here's how he did it.

After 11 years in the business, advisor William Connington realized he didn't know what his clients wanted. He spent the first five years of his

career at American Express. He started his practice—Connington Wealth Services in New Jersey. He realized prospects weren't getting hired.

"I had spent \$30,000 on marketing and realized I'd wasted it," Connington said. "I had spent much money and we hadn't generated; he was worried. With a plan to reverse his fortunes—a

The challenge: Redefining understanding clients

While brainstorming for ideas done in the past with a coach, source of new business is you establishing a client advisory

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Case Study #4

Referrals—A Fresh Tack That Yielded \$35M

By Edward E. Klink
Horsemouth Senior Editor

This 50-something advisor doubled his production in 18 months by cultivating relationships with two key professionals in his small town. You can do the same, no matter where you live.

When most advisors think "success," they envision landing a handful of Trump-style clients—and many assume that means networking in the big city. But do you really have to go urban to connect with the wealthy? Not according to Henry V. This 50-something financial advisor has unearthed plenty of surprisingly well-heeled clients—and most are from his own small-town community.

Henry wasn't always a local boy. He began his career as a banker in 1982, and



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Appendix B: Recommended Reading

All of the following resources are available on the Horsemouth website. Each title below is followed by a search identification number. Simply type the number for the article you'd like to read into the search box on the top right of your Horsemouth screen and click the green "search" button.

The Power of Referral Marketing

HM Members: Referral Discipline Key to Getting More Clients [75979]
Get Systematic About Getting Referrals [75274]

Developing a Referral Mindset

Referrals 101, Part 1: 6 Degrees of Separation [43786]
A New Way to Look at Referrals [64719]
30 Referrals a Year: How to Get Them [74815]

How to Set Goals That Promote Automatic Referrals

A 5-Step Plan for Setting Reachable Goals [73978]
How to Set Goals That'll Go the Distance [73883]
Take Small Steps to Achieve Big Goals [72227]

In Search of the Perfect Referral

3 Key Steps to Attracting Your Ideal Client [75978]
Identify Your Best Clients [68983]
25 Qualities the Best Clients Share [72913]
How to Launch a Successful Niche Practice [73636]

Driving the Referral Process—Clients Take Direction From You

Want Referrals? The Trick Is in How You Ask [72414]
Targeted Referrals: Tips for Scoring a Bull's-Eye [73633]

Mapping Client Networks—The Road to Automatic Referrals

Are Your Clients Making the Power Introduction? [74862]
Training Clients to Give You Referrals [75453]

Knowing When and How to Ask Clients for Referrals

Referrals—Use a Script to Clinch Your Next Call [75271]
Trigger Questions That Produce Referrals [74887]
Referrals: 8 Tactics That Make Asking Easier [74583]

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Horsemouth was founded in 1996 and is located in New York's financial district.

Horsemouth, LLC
39 Broadway, 23rd Floor
New York, NY 10006

Voice: 888-33-MOUTH (888-336-6884)
Fax: 212-363-9526
www.horsemouth.com
reports@horsemouth.com