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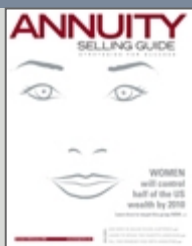
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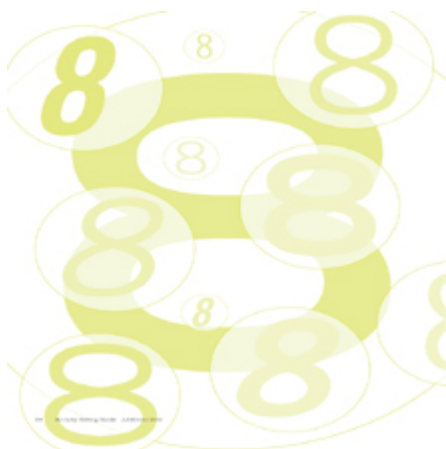
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8 Steps to Asking for Referrals

Increase the quality and quantity of referrals you receive by asking for them in the right way.

by *Pamela Peters*

Let's face it; you can't build a successful business alone. It takes support from your co-workers, family, friends and network of colleagues and clients. One of the most effective and least expensive methods of building your business is through word-of-mouth referrals, and yet many financial advisors don't take advantage of this very effective marketing tool. Overcome your own hurdles and set up a plan to put this process to work for you. Begin with the clients who value your services the most and use the following techniques to build your client base through referrals.

GROUNDWORK & TIMING

Before you even think about asking someone for a referral, make sure you have provided them with something of value. You simply must provide excellent service every time you are in contact with a client. Consider every phone call, e-mail and face-to-face visit an opportunity to provide value and excellent service to that person.

Be genuine in your concern and assistance with a client and he will remember that. You'll become more than a financial advisor; you'll become a colleague and friend. "Look for ways to serve your prospects as soon as you can, even if it has nothing to do with what you are selling," says Bill Cates, president of The Referral Marketing Institute on his Web site www.referralcoach.com.

Building referral alliances with professionals whose services complement yours such as accountants and attorneys is a given (learn how to build strategic alliances in "Team Effort," on page 28).

However don't stop there. Create alliances with others in your sphere of influence so they refer to you as well. This may include your banker, barber, neighbor and daycare

provider. Be sure that they know not only what you do, but how you benefit others. For example, you aren't simply a "financial advisor," you "help people retain and grow their wealth."

Next, make certain that they know who would be a good client for you. This is where your target audience comes into play. If your business caters mostly to single executive women, let your partners know this. Joseph Ventura, principal and manager of William Tell Financial Services in Latham, N.Y., says having a niche helps him stay focused and gives him direction when asking for referrals.

Of course, don't make a referral relationship with another professional feel obligatory. Making it a tit-for-tat situation will turn off a potential partner. Instead, reciprocal referrals will be implied. As Jeffrey Fishman, president of Los Angeles-based JSF Financial, states, "I'm a big believer that you do the right thing for people and it comes back in huge multiples."

Also, make certain that your referral partners provide the quality of service that you expect and provide for your own clients. If a referral partner turns out to be a disappointment, find someone new fast. It's not just his or her reputation on the line, it's yours as well.

Advisors ask for referrals at different times in the process — sometimes on the first visit, sometimes not until after years of working with a client. It's up to you to decide what's most comfortable.

As previously mentioned, first deliver value to your customer. Cates says you'll know when you've delivered when a client says something like, "This meeting has been very helpful, thanks." Or, initiate the conversation by asking, "Has this meeting been helpful?" Rick Miller, Ph.D., founder of Sensible Financial in Cambridge, Mass., asks for a referral as soon as he completes a transaction.

Next, consider what type of relationship you have with the client. Is it open and relaxed or more formal and closed? Cates feels that if the client offers information about his personal life, other than the financial topics you are discussing, you're in a good place to ask for a referral.

Some client-advisor relationships take longer to get to the "ask-point," depending on the personalities of both the advisor and the client.

READY, SET, ASK!

Once you've laid the groundwork, here are eight steps to successfully asking for referrals:

1. Make Time

Once you've determined it's the right time to ask for a referral, carve out enough time at the end of an appointment. Give "the ask" the appropriate time and energy. Allow the client some time to think of people he wants to refer. If you come across as hurried or dismissive because the client doesn't come up with five names in 30 seconds, you won't get the referral.

2. Lead In

Ventura leads into the conversation by asking three "yes" questions that help the client realize that his services have value that someone else may benefit from. The questions he uses reflect his practice's expertise in 529 plans, so tweak your three questions to fit your expertise. Ventura's questions are:

1. "I'm sure you'll agree that you're very happy with the 529 program we designed for your child's education?"
2. "You'd agree that the tax-free status is going to go a long way for sending Bobby to school?"
3. "You'd also agree that the investment selection based on age-based investing is really going to make your money work hard for you, isn't it?"

By asking questions such as these, you're prompting clients to say positive things about your services, which is the perfect lead-in to asking for a referral.

3. Face Obstacles

Sometimes, in the midst of asking a client for a referral, you'll encounter a road block. Getting beyond this takes some patience and gentle discussion. Make sure the client is willing to talk about the issue. Be agreeable and non-defensive, even if the obstacle strikes a chord within you. If the argument is, "I don't feel that I know you well enough yet," back off. Even if you don't get a referral this time around, you may in the future. But

don't lay the relationship on the line. This is not the time or place to win a debate.

It may be that the client simply doesn't understand what happens next if he gives you a referral. A quick discussion of what to expect can go a long way to assuage sticky feelings. Talking about the process can provoke a new understanding from the client, getting you on your way to finding some high-quality referrals. Just being able to listen attentively and offer open-minded thoughts can work wonders for the relationship.

If the client resists providing names, it may be a sign that he doesn't trust you. This can lead to difficulties within the relationship down the road. Clearing the air at this point is sometimes helpful to your overall client-advisor relationship.

Ventura follows a five-step approach to overcoming obstacles: restate the objection; sympathize with the client; look at something together; soft close; close by asking for referrals again. "Learning how to overcome objections is very much an integral part of getting referrals," he says.

4. Trigger the Client's Memory

Once you get to the point where a client is willing to give you some names but he can't think of any offhand, ask specific questions to start the brainstorming. Some leading questions are:

- Who would be the first five people you would call if you won the lottery?
- I know you golf frequently, who is in your foursome?
- Who in your rotary club (toastmasters club, leads group, etc.) is in a similar situation as you who would benefit from my services?

At this point, you may also want to do some education about the types of people you work with and remind the client of the benefits of your service.

5. Warm Up the Call

Have the client make the initial call to the people he's referring to prepare these new prospects for your call. Then there are no surprises for the prospect, and the client can give a testimonial about your services, warming up your call even more.

6. Contact the Referral

Once you get the go-ahead from your client, make the follow-up call in a timely fashion. Never let referrals go stale. Avoid this by only asking for what you know you can handle. It's better to receive just a few quality referrals that you can concentrate on rather than collecting so many that you can't follow-up on all of them. Or, keep asking for them, but make sure someone else in your office can follow up so those referrals don't fall through the cracks.

7. Thank the Client

Once you make contact with a referral, send a thank-you note to the client so he knows you value his help and have followed through on the lead. He'll feel good knowing someone in his sphere of influence is benefiting from your expertise. If the referral leads to business, consider sending a small thank-you gift. Ventura sends a coffee mug bearing his company name filled with coffee and candy, for example.

8. Keep in Touch

Continuing to contact clients, even if it's not to ask for referrals, is one way to keep your name and the benefits of your services in the front of clients' minds. Send regular e-mails with some item of personal or business interest and clients will continue to have feelings of good will toward you. They'll understand that you care about them and in return will help you when they hear of someone who needs an advisor.

"Maintaining high-quality contact with a client over time is an important element of the referral process," says Miller. "I find that when I make those repeated contacts with clients it can generate referrals even when I am not asking for them. It's as if you have a referral bank account with a client. You've got to keep making deposits [in the form of valuable service] if you want to earn returns. Otherwise, it depreciates."

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