



THE REFERRAL CONSCIOUSNESS

A STRATEGY THAT GENERATES MORE REFERRALS (AND WORKS)

According to a 2023 study, 47% of clients are willing to refer their friends and family to their advisor. Most advisors tend to get their growth through referrals from their clients. But are you getting even half that many?

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THE CHALLENGE

According to a 2023 study, 47% of clients are willing to refer their friends and family to their advisor. That is a lot of potential! Most advisors tend to get their growth through referrals from their clients. But are you getting even half that many?

If you're like most advisors, you want more referrals. Those advisors we've worked with to accomplish everything in this guide are getting at least 20% of their clients to give them a referral each year.

Some will tell you all you need to do is ask for those referrals. However, you know in your heart of hearts that this does not work. People whose names are solicited rarely become clients. Why? Because they are not referrals. They are just names and perhaps only slightly better than cold-call names.

Furthermore, it's uncomfortable for you and your client to ask for referrals.

Still, if you're like most advisors, you've probably tried asking for referrals anyway. What else is there to do?

The good news is that there's a lot more that you can do.

THE SOLUTION

You start by understanding how referrals actually work. Then, you can develop a strategy for getting more. Even better? The actions that lead to referrals are simple, easy, and, most of all, natural!

To prove it, think of your own experiences outside of your career. Have you ever referred a friend or family member to a doctor you respect, a mechanic you rely on, or even a store you enjoy shopping at? Did any of those professionals/places twist your arm about giving a referral? Or did it come naturally to you?

Chances are, it came naturally – for the simple reason that you had a consistently good experience with the professional or place you recommended.

FOUR FACTS ABOUT REFERRALS ALL ADVISORS NEED TO KNOW

To understand the science behind generating more referrals, you need to know four basic facts about referrals.

FACT #1: THE DEFINITION OF A REFERRAL IS A NAME VOLUNTEERED

When you search for the definition of a referral, you can get many different answers:

Merriam-Webster: The act, action, or an instance of referring.

Dictionary.com: An act of referring; the state of being referred.

Wikipedia: To personally recommend, endorse, and pass a person to a qualified professional or service.

Bill Good: A referral is a name volunteered or recommended.

Pay attention to the words volunteered and recommended. It means whoever provided you with the name of a person of their own volition. That can come from clients, strategic partners, or even prospects.

The reason why it's important to understand the definition of a referral is because you have likely been taught to ask for or solicit referrals. But read the definition again: a referral is a name volunteered. You can call a name solicited a referral. You can also call a dog a cat. Neither changes the fundamental definition.

FACT #2: ASKING FOR REFERRALS DOESN'T WORK!

According to a study by Julie Littlechild, CEO of Absolute Engagement, only 2% of clients referred someone because their advisor asked them to. If nothing else, the data alone should convince you that asking for referrals is the worst way to get them.

"But Bill," you're probably saying, "I've asked many of my clients for a referral, and they've told me the name of someone they know."

My question: How many of those names became actual clients? Probably not very many. A solicited name is a spur-of-the-moment thing. They are just trying to satisfy your request

with minimal effort. At best, they have no idea if that name they gave you even needs financial advice. At worst, they gave you the name of someone they know won't mind telling you to go away.

On the other hand, why would a client volunteer a name?

There are two main reasons:

First, because the person your client referred is someone they already KNOW needs financial advice. Otherwise, it wouldn't have even occurred to them to provide the person's name to you in the first place.

Second, by voluntarily providing a referral, the client signals that they feel comfortable and happy about their relationship with you. They think highly enough of you to recommend you to a friend, family member, or associate.

FACT #3: ASKING FOR REFERRALS CAN BE HARMFUL

When you ask clients for a referral, it often makes them feel uncomfortable. Suddenly, they're under awkward pressure to do something for you. You have now added discomfort to your brand. The chance they will seek out and send friends and family your way has been diminished.

FACT #4: THERE ARE FOUR CONDITIONS THAT MUST BE MET IN ORDER FOR YOUR CLIENTS TO PROVIDE MORE REFERRALS

Here are the four conditions:

- *The client's basic needs and expectations must be consistently met*
- *The client must be engaged with you and your business*
- *You must build Top-of-Mind Awareness (TOMA) with your client*
- *The client must know that you accept and value referrals*

Once these four conditions are met, something magical happens: You create a referral consciousness in the minds of your clients. A referral consciousness means that whenever an opportunity to provide a referral arises, your clients are aware of it and know how to

act on it.

The result is 15-24% of your clients sending you at least one referral per year.

The steps you take to satisfy each of these conditions will comprise your referral strategy. So, without further ado, let's dive into how each of these conditions work, and what steps to take to achieve them.

THE FOUR CONDITIONS TO CREATING A REFERRAL CONSCIOUSNESS

CONDITION ONE: YOUR CLIENTS' BASIC NEEDS MUST BE CONSISTENTLY MET

What do clients expect from their financial advisors? They expect you to be the expert who can help them achieve their objectives. They expect you to educate them and keep them informed. They expect you to keep all their information private and secure.

Your first step, then, is obvious. You must provide good investment advice and high-quality service. This is just common sense. Clients with even a trace of unhappiness in either of these areas will not refer their friends or family to you. If your new car spends more time in the shop than on the road, would you refer your best friend to the dealer?

GOOD INVESTMENT ADVICE

Now, I won't tell you what investments to recommend. However, I do have a few thoughts on what constitutes "good" investment advice.

- *You need an investment philosophy that is understandable and repeatable. A long-winded explanation that includes terms like regression line, Case-Schiller P/E ratio, or MACD will not get you anywhere. Your clients will never use those terms, so why confuse the issue?*
- *Your strategy must have rules that are written and followed.*

- *Your investment strategy rules must be back-tested to show they can both protect and participate in market volatility.*
- *Your investment strategy should be based on the ethos of “putting clients’ best interests first.” Not only does being a fiduciary demand it, but increasingly-savvy investors expect nothing less.*
- *You and your client need a written agreement of how you will manage their investments.*

HIGH-QUALITY SERVICE

The subject of great service is so vast, I could write an entire book on it. But here are the basics:

- *Great service is fast*
- *Great service solves the right problem correctly*
- *Great service is meticulous in follow-up*
- *Great service is friendly*
- *Great service is delivered by a service professional*

Here’s the problem: You’re an investment professional, not a service professional. You didn’t come into the industry to do service. You don’t get compensated directly for it. Nor are you likely to have the time to personally deliver fast, friendly, and meticulous service.

The solution, then, is obvious: You must have a team. Furthermore, at least one member of your team should be a dedicated Service Assistant who answers the phones, manages your calendar, handles paperwork and fulfills client requests. Someone who can return phone calls and emails in a timely manner.

Understand that clients who are happy with your investment advice and service do not necessarily refer. You know this to be true just from experience. Bob and Betty have been happy clients for years, but there’s never been a whisper of a referral to Bob’s four brothers, Betty’s colleagues at her law firm, their adult children, or their wealthy parents.

Yes, some referrals will trickle in as long as your clients' basic needs and expectations are met, though rarely enough to grow a business. This condition is a prerequisite for referrals, but it won't necessarily lead to more referrals itself. That's why you must work on the next condition, which is:

CONDITION TWO: YOUR CLIENTS MUST BE ENGAGED WITH YOU AND YOUR BUSINESS

Ensuring your clients' basic needs are met will likely create satisfaction, but we can do better.

Think about it: Do you tell your friends about every meal you have that's merely satisfying?

When you visit a doctor who spends five minutes with you, checks your vitals, and prescribes the necessary medicine, do you rave about him or her to your family?

No, you probably don't.

However, what about when you dine at a restaurant where the maître d' welcomes you by name, the waiter is attentive and friendly, the food cooked to perfection, and you even get a complimentary dessert on the house because they already knew it was your spouse's birthday?

You bet you're going to tell people about it.

That's why you want your own clients to feel more than satisfied. You want them raving about you. That's what client engagement is.

I could write an entire guide on this subject alone, but for now, here are four steps you can take to increase client engagement.

STEP 1: PROVIDE EACH CLIENT WITH A WRITTEN FINANCIAL PLAN

According to a different study by Julie Littlechild, engaged clients are more likely to have a written financial plan in place. In fact, 64% of engaged clients have a plan, compared to only 44% for merely contented clients.

Now, a financial plan does not have to be an elaborate document taking out entire forests. Nor do you necessarily need to be a CFP® professional to provide a financial plan. It must

answer two critical questions for your client: Will they be ok in achieving their goals? What do you do for them to get them there?

STEP 2: INVITE EVERY CLIENT TO A CLIENT EDUCATIONAL EVENT

Many studies show that clients expect their advisors to provide education. The single best way to provide that education is by sending monthly educational letters. But hosting educational events is also very helpful. You can do that through conference calls, webinars, or in-person workshops. And if you encourage your clients to bring guests, you can potentially generate some great new prospects.

STEP 3: AT LEAST ONCE A YEAR, INVITE EVERY CLIENT TO A CLIENT APPRECIATION EVENT

There are few things as powerful as appreciation events when it comes to client engagement. Whether you're hosting a wine tasting, summer BBQ, movie night, or anything else you can think of, taking the time to personally show your clients how grateful you are for their business is a phenomenal way to turn them into raving fans. Just make sure they physically participate at that event.

Just imagine this sort of conversation:

"Hey, Bob, how was your weekend?"

"It was great. My financial advisor hosted a golf outing with a local golf pro. It was a ton of fun."

"Wow. My advisor doesn't do that."

STEP 4: INVITE WELL-CONNECTED CLIENTS TO A MILESTONE CELEBRATION

Taking your best clients out on their birthday creates tremendous loyalty and appreciation. The same can be said of hosting a retirement party. These types of events are also an unbeatable way to meet your clients' closest friends and family members.

There is more to our Client Engagement Formula, but if you consistently follow these steps, you will take your client relationships to a higher level than you've ever enjoyed

before. You will create client engagement, a necessary ingredient to creating moments in which your clients introduce you to their family and friends.

CONDITION THREE: BUILD “TOP-OF-MIND AWARENESS” WITH YOUR CLIENTS

Top-of-Mind Awareness, or TOMA, is a subconscious thought. It’s always there and produces the first mental recall in a category. What does this have to do with referrals? It’s very simple. Your wealthier clients likely have more than one advisor.

“40% of investors have only one advisor...” That means that 60% of HNW investors have multiple advisors according to a McKinsey & Company study.

When a friend or an associate of one of your clients (who also is the client of two other advisors) approaches them about help with a financial matter, whose name should come to your client’s mind first? Their other advisor? That nice young lady at the bank? If your name pops to mind first, you have an excellent chance of receiving the referral.

To make sure you understand this concept, when you read each of the next three words, pause for a second and notice what company comes to your mind first.

Ready?

- ***Smart phones.***
- ***Hotels.***
- ***Rental cars.***

How do you think Apple, Marriott, or Enterprise stay “top-of-mind?” They are applying the three basic principles of marketing: repetition, repetition, and repetition. Assuming you are providing good investment advice, great service, and engaging your clients, creating and maintaining TOMA will increase referrals.

How does one create and maintain TOMA? Here are some basic ways:

1. Ensure every client gets a phone call from someone in your office at least once every 90 days.

2. Ensure every client receives a letter on a topic of interest to them every month. (Sending emails periodically can also help.)
3. Ensure every client and client spouse receives a birthday letter every year.

CONDITION FOUR: ALL CLIENTS MUST KNOW THAT YOU VALUE AND ACCEPT REFERRALS

As we've already covered, the other three conditions are absolute musts when it comes to referral marketing. If those conditions aren't satisfied, chances are, referrals simply won't occur.

But even if you ensure your clients' basic needs are met, create client engagement, and maintain TOMA, you still might not get the number of referrals you want.

Until, that is, you start actively promoting them.

What's the difference between promoting a referral and asking for one? Simple. Asking goes like this:

"Who do you know that might need financial advice?"

Asking makes clients uncomfortable and rarely leads to anything. Promoting goes like this:

"By the way, if you ever know anyone who needs help with their finances like the way we help you, please don't hesitate to let us know. We love getting more clients just like you!"

Promoting is a lot more pleasant than asking, and as you already know, a lot more effective. One reason for this is that, for some of your clients, the very concept of "providing a referral" may not even occur to them.

That's why you must educate them. Your clients have to know that you'd love to meet any friends or family who could use financial advice.

There are literally dozens of ways to promote referrals. To get you started, here are five of the most basic – and effective!

FIVE EASY WAYS TO PROMOTE REFERRALS

1. PROMOTE REFERRALS OVER THE PHONE AND IN PERSON USING REHEARSED “REFERRAL CONVERSATIONS.”

Whenever you speak with a client, end the conversation by verbally promoting a referral. Here are a few examples of “referral conversations”:

Life Changes: “We’ve found that whenever someone goes through major life changes, some of the stress associated has to do with the financial side of the equation. That’s where we come in. When you come across someone going through some big changes, let’s help them relieve some of that stress by finding a way for you to introduce us.”

Reminder: “Before I forget, I wanted to let you know that I’m currently taking on new clients again. So, if there’s ever anyone you know who has expressed the need for financial advice, please think of me.”

During Market Volatility: “Whenever markets are volatile like this, there is a lot of fear and anxiety among investors. As you know, our team likes to be sure everyone is not just comfortable with their financial strategy, but they are able to focus on better things than the current market headlines. If you come across anyone worried or anxious about these markets, please give them our information. We’d love to help them.”

2. PROMOTE REFERRALS IN THE POSTSCRIPTS OF ALL LETTERS AND EMAILS.

Here’s one of those surprising-but-true facts every FA should know: The first thing most people see in a letter is the headline or salutation. The second thing is the postscript. That’s because people will often quickly skim the message, read the postscript, and then, if they’re still interested, go back and read the entire letter. That’s why the postscript is prime real estate to promote a referral. Here are a few suggestions:

P.S. I’m always on the lookout for more clients just like you. If there’s anyone you know who could use a second opinion on their investments, I’ve love to hear about them.

P.S. Since I love what I do, I'm always ready to do more of it. If there's someone you know who could use a second opinion on their investments, please think of me.

P.S. Helping people reach their financial goals is the most professionally satisfying thing I do. So, if you ever have a friend or family member who would like help with their goals, let me know. I'd love to talk to them.

3. POST A SIGN IN YOUR OFFICE THAT STATES, "YOUR REFERRALS ARE GREATLY ACCEPTED."

Referral marketing is all about building a "referral consciousness" in the minds of your clients. To do that, you must subtly plant a seed in the back of their minds that you value and accept referrals. That way, when the situation arises where they can provide a referral, your clients will remember to do so.

Posting a referral sign in a highly visible location in your office is a simple but effective way to do this.

4. SEND A LAMINATED BUSINESS CARD TO ALL YOUR CLIENTS, ALONG WITH 2-3 REGULAR BUSINESS CARDS.

Whenever you get a new client, send them a letter thanking them for their business. Include a laminated version of your business card, with written instructions to keep the card so that you can always be reached should the client ever be in an emergency where they need immediate access to their money. Also, include a few regular business cards for them to keep in their purse or wallet. You'd be surprised how often this leads to more referrals.

5. GIVE A "THANK YOU" GIFT THAT ENCOURAGES MORE REFERRALS.

Clients who provide referrals should be promptly rewarded with a gift. Some suggestions: movie tickets, gift cards, bottle of wine with custom label on it, or crystal wine glasses. Include a hand-signed "thank you" letter along with it.

So, there you have it. There are other ways to promote referrals, of course – many other ways – but these five will help you build a referral consciousness in the minds of your clients.

SUMMARY

As you can see, there's a lot more to referral marketing than simply asking. Fortunately, by understanding and applying a little science to referral marketing, it's not unusual to start getting more referrals in a year than you previously got in five. In fact, most advisors using the Bill Good Marketing System usually see about 15% of their clients provide at least one referral within the first year of implementing this strategy. If you have, say, one hundred client households, that's at least fifteen new referrals.

Just remember:

- *Don't ask for referrals.*
- *Promote them instead.*
- *Start building a referral consciousness by providing good advice and great service. Then, start creating and maintaining better client engagement and top-of-mind awareness.*

Now, permit me a short advertisement.

Make no mistake, referral marketing takes some work. But the Bill Good Marketing System is designed to make it quicker, easier, and more organized. Here's just a glimpse of what we offer:

- *Our "Twelve-Month Referral Strategy" enables you to implement everything we know about referral marketing in only one year.*
- *Our "Referral Conversations" and "Referral Postscripts" processes provide dozens of ways to promote referrals both verbally and in writing.*
- *Our Client Retention Formula and Client Engagement Formulas are the full lists of the partial ones given here.*

- *Our “Find the Money” and “Client Awareness” campaigns will not only help you create stronger client engagement, but they can lead directly to more referrals, too!*
- *Our customized coaching helps you deploy all these amazing resources.*

In short, we offer everything you need to generate more referrals...all without asking!

If you would like to know more about how we can help you get more referrals without asking, **click the blue button to schedule a discovery** call with one of our team.

**CLICK HERE TO TALK TO US ABOUT
MORE REFERRALS
WITHOUT ASKING**

Or if you'd rather, *give Annabel a call* and she'll get you on the schedule.

**Annabel
888-495-7303**

BILL GOOD MARKETING

Helping Advisors Double Production or
Work Half as Much!

For more than forty years, Bill Good Marketing has helped advisors double their production or work half as much. We do that through our famous Marketing System, which enables advisors to improve their client marketing, boost their prospecting, and simplify their practice management.

We have helped advisors survive and thrive despite recessions, bear markets, and seismic changes to the industry. How have we done this? We never stop improving and adding to our System which is how we've become the most trusted source in the industry for the last 44 years.

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