

When to Bring up Referrals

By Dan Richards

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Advisors often ask me what should be the right frequency with which to raise referrals with clients.

Some advisors are hesitant to introduce the topic of referrals at all. Balancing that reluctance, one advisor told me about a direct connection between how frequently he talks to clients about referrals and the chances that referrals will follow as a result – the more often he raises this, the more often referrals will follow.



While true to a point, there are obvious cases of going too far.

For example, suppose you raise the subject of referrals on the phone with a client in the morning.

If you believe that advisors should always ask for referrals, then if you happen to speak to that same client the next day, you should say “*Since we spoke last, have you run into anyone I should be talking to?*”

Few advisors would take the idea of always asking for referrals to this extreme – but the question still persists about the right frequency with which to raise referrals.

Quality over quantity

The key is to strike the right balance – to bring up referrals often enough to keep them top of mind, but not so often that you undermine your image of professionalism or have clients feel you’re hounding them. While the “more the merrier” approach applies to some aspects of the advisor-client relationship – it’s not true of referrals. Yes, you want to let clients know you’re open for business, but bringing this up too often will backfire.

The reason is quite simple. Clients provide referrals to help their friends, not their advisors. And if referral conversations becomes a recurring part of every conversation, you risk being seen as a pest rather than someone committed to helping clients achieve their goals and as operating from your agenda, not your clients’.



As a result, the focus of referral conversations needs to be quality, not quantity. For example, throw away reminders that you're open for business have marginal benefit. As a general rule, strive for a three-minute conversation about the specific attributes of the clients that you work with best. That actually engages clients (and is, in fact, a conversation) and is far more effective than any number of casual reminders that "referrals are welcomed."

Establishing a rule of thumb

Even with a focus on quality first, you still need some guidelines on how often to raise this subject when talking to clients.

Part of the difficulty here is that there is no universal answer to this question – it will vary with each advisor and client.

There are three scenarios in which it's easier to bring up referrals:

1. If clients have provided referrals in the past. While respecting client confidentiality, if the person they referred is still a prospect, there's an opportunity to update clients on the progress of the conversation. And if the person they signed up has become a client, you can briefly mention that things are going well and thank them again.
2. If they joined you as a referral themselves.

One advisor will introduce this topic by saying: *"You'll recall that the only reason we're working together is that you were referred by NAME OF CLIENT. I just wanted to let you know that I expect to have capacity to take on INSERT A NUMBER of new clients in the next 12 months – and if you're talking to friends who you think we might be a good fit for, I'd be happy to talk to them."*

3. If a client is coming to an event you're running, you have an opportunity to call him or her a couple of weeks beforehand and say:

"Dan, I look forward to seeing you at the tax planning lunch that I am hosting with our panel of three accountants. The reason I'm calling is that while the bulk of my guests will be clients like you, I do have one spot available at my table. I wonder whether your partner Joanne might be interested in joining you and coming along."

So the frequency will vary – but you still need a rule of thumb.

Here's one way to think about the frequency with which to bring up referrals in client meetings.



Unless clients raise the topic, you should bring up referrals no more than once every three meetings or every two years, whichever comes first. That means that if you meet with clients annually, you would raise referrals on every second meeting ... or every two years. If you meet with clients twice a year, you should bring up referrals every 18 months.

This assumes, of course, that you haven't received a referral in the meantime – if you do get a referral, this creates an opportunity to keep this top-of-mind by updating clients on the progress of your conversation with their friends.

Guidelines for referral conversations

There are three guidelines to adopting a more selective approach to raising referrals with clients:

1. First, a *"less is more"* approach only works if the conversations that you do have are higher quality and engage clients.
2. As a result, you need to plan the conversation. One approach I've written about in the past is incorporating a referral conversation into the agenda for client meetings.

So when you're setting the meeting up, after first finding out what clients want to talk about, you could then go on to say:

"One other topic I'd like to briefly discuss when we meet. You may recall that a couple of years ago we talked about the qualities of clients that I found I could help the most. I've recently updated that list – when we meet, I wonder if we could take three minutes to talk about this, should you be talking to someone looking to make a change in advisors."

3. Finally, you need to rigorously record every time you talk to clients about referrals. Chances are your clients will remember when you talked about referrals – but unless you record this in the client file, you won't.

All of this is much more effort than every time you meet with a client saying "Who do you know who I should be talking to?"

But results are the standard of success, not the ease of implementation.

And if results are your priority, then a "quality over quantity" approach to referral conversations will be right for you.



[Dan Richards](#) conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries, go to www.clientinsights.ca. Use A555A for the rep and dealer code to register for website access.

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