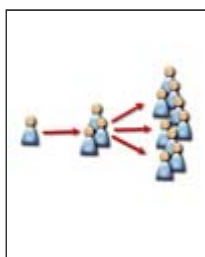


## Five Best Practices to Increase Client Referrals

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By Leslie J. Thompson



Ask most financial advisors whether clients are a good source of referrals, and without hesitation, they will say yes. Ask them whether they routinely request referrals from their own clients, and many will look away, grudgingly admitting they do not.

Advisors often claim they are too busy to ask for referrals, or that they don't want to seem pushy—or worse, desperate. But, such excuses can keep you from hitting your business goals. In reality, existing accounts should be your first source for growing assets under management. Here, several industry veterans share five best practices for acquiring new business through current clients.

### Set the Expectation

Advisors should not hesitate to ask for referrals from the first meeting, says Joni Youngwirth, Vice President of Practice Management for Commonwealth Financial Network in Waltham, Mass. You shouldn't wait six months or a year before broaching the topic, she says. Instead, introduce it as a key component of the business relationship at the outset.

Explains Youngwirth, "One rep I know says something like, 'Mr. and Mrs. Jones, my intent is to service you so well that by the end of six months, you are going to want to refer your friends and family to me.'" This approach establishes the expectation for the client, and also holds the advisor accountable for delivering quality service worthy of a recommendation.

### Avoid the "R" Word

Of course, many reps simply get anxious about asking for referrals, for fear they might sound needy. "The most critical thing is they find their own words and their own voice to ask for a referral in a way that sounds comfortable to their own ears," advises Youngwirth. "One planner I know is very uncomfortable asking for referrals, but he's very comfortable asking for introductions." By avoiding the dreaded "r" word, the advisor found a more relaxed way to engender support from his clients.

Another seasoned producer often tells his clients, "Please don't keep me a secret." This simple phrase carries heavy weight. Not only is it a low-key way of asking for a referral, it also builds up the relationship by implying the client is "in the know" about an excellent resource.

### Make Them Feel Special

George Lollis, Vice President of Investments at Prospera Financial in Dallas, works primarily with high-net worth individuals, and asks for referrals in a way that makes clients feel privileged. Here's an example of his approach:

Mr. Smith, my business is working with million dollar-plus clients, just like you. My job is to provide extraordinary value for my clients, and 100 percent of my business comes from referrals. If you have somebody you think would benefit from my practice, I would be open to talking with them.

Says Lollis, "You want to leave an impression that you only work with top clients. They're special because they're with you, and you would give somebody that consideration if they were a friend of theirs."

He recommends introducing the topic of referrals at the start of a meeting, before moving on to other business. "If you have a little card they can send back if somebody comes to mind, they don't feel on the spot, and they can respond back to you," he says.

### Focus on Value

Quarterly and annual review meetings present a perfect opportunity to ask for referrals, but many advisors get so wrapped up in business, they simply forget. Including a value-added conversation as part of the meeting agenda can help ensure you address the topic before the end of the review.

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Says Joni Youngwirth, "The value-added conversation is something like this, 'Mr. and Mrs. Jones, you come in here every six months, and we look at your portfolio. We review your financial situation. We talk about your dreams and goals, and how we're going to achieve them. I'm curious, what value do you get from these meetings?" At this point, the advisor should be quiet and give the client time to answer, she says. "Whatever they say, they're going to have some feeling about what's valuable to them," notes Youngwirth. "Then, the planner can ask, 'Do you know anyone else who would get a similar value from meeting with me?"

#### Host an Event

Rob Wilson, a financial advisor with RBC Dain Rauscher in Dallas, finds that offering clients an incentive also helps increase introductions. About twice a year, he hosts a dinner event at an upscale restaurant and encourages top-tier clients to bring a friend.

"It's a low-key way for people to meet me and hear an update on the market and a little bit on how we manage portfolios," says Wilson. "Everybody likes to go to a free dinner."

Other advisors downplay the business aspect of client referral events and focus mainly on providing an enjoyable social outing. For example, rather than make a presentation during a dinner gathering, you can arrange for the sommelier to give a special tutorial on wines from a particular region. Other ideas for generating introductions include hosting a golf outing, reserving box seats at a sporting event, or taking clients and their guests on a half-day boat tour. Whatever the approach, discussing investment strategies is secondary to meeting new people and building relationships.

Wilson estimates that as many as half of the guests who attend his dinner events eventually become clients, compared to only one out of ten visitors at one of his investment seminars. "It's a completely different thing with an introduction," he says.



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