



HOW TO ASK FOR A REFERRAL

FINANCIAL ADVISORS SHARE
STRATEGIES FOR ATTRACTING
AND CONVERTING REFERRALS

HOW TO ASK FOR A REFERRAL: FINANCIAL ADVISORS SHARE STRATEGIES FOR ATTRACTING AND CONVERTING REFERRALS

ON THE SURFACE, it should be the simplest conversation you will ever have: “do you know anyone who I can help?”

Unfortunately, while referrals are still the gold standard of growing a financial firm, many advisors are either too shy to ask or fail to ask the question in the right way to get results.

There is no question that referrals are one of the most effective ways to generate business – and not just in the financial services business. The global research company Nielsen found that 92% of consumers around the world say they trust word-of-mouth or recommendations from friends and family more than any type of advertising. That is up by 17 percent since 2007.

The case for referrals is strong in wealth management, too. In the 2016 Cerulli Advisor Metrics survey, 66% of advisors said that referrals from clients, friends, and family members were a major source of new business, while an additional 16% cited referrals from CPAs, attorneys, and other professionals as critical to their business building efforts.

So, how do you ask the right questions? It starts with making sure the person you are asking understands and appreciates what you have done for them. They are a happy client. They know how you improved their situation. Behavioral economics research suggests that they are more eager to share their good news than keep it to themselves -- happy people like to express their gratitude by helping people in similar circumstances achieve better outcomes, especially if the source of that outcome is not a limited resource.

You helped your clients. Remind them that you are happy to help other people. Ask them if they know anyone who might be a good candidate for your assistance. That is all it takes. If nobody comes to mind today, the conversation at least gets them thinking. When they encounter a good prospect, they will be better prepared to

suggest him or her the next time you have the conversation -- or even volunteer the name on their own.

Of course it helps if you ask the right people. When Edward J. Snyder, CFP®, ChFC, and his partners started Carmel, Indiana-based Oaktree Partners in 2000, they did what all young, ambitious entrepreneurs do. They bought ads in local papers. They passed out flyers to local businesses. They organized workshops. They asked friends and family for referrals. Their original approach was broad – they would provide whatever kind of financial planning or investment advice their clients seemed to want.



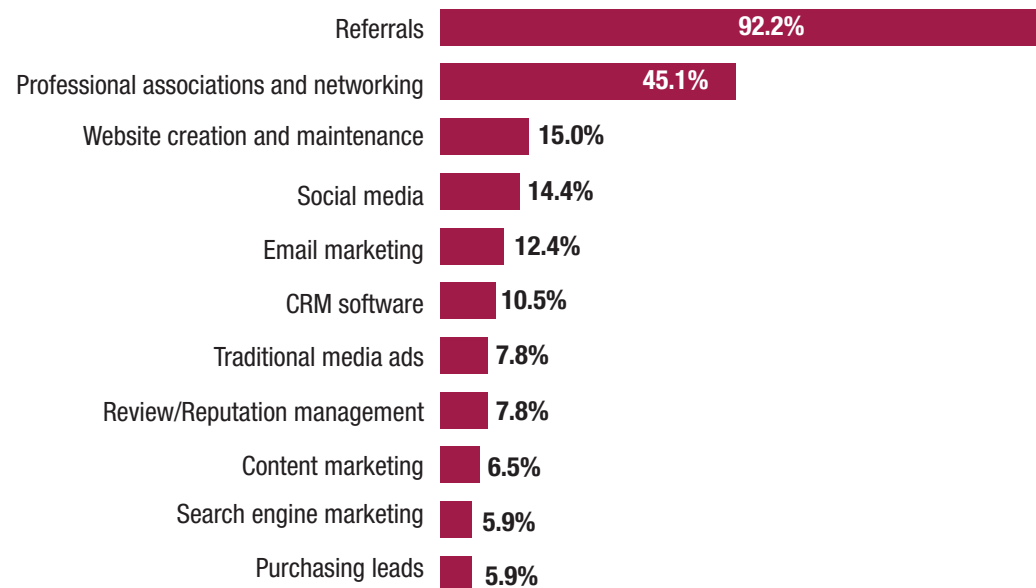
However, it really snowballed when they found the right people to ask. People know people. People who might benefit from a particular form of professional advice often have friends in similar circumstances who will eventually -- in a few years, months or even right now -- also become good clients. Over time, Snyder and his firm began noticing that they had an unusual number of clients from Eli Lilly, the pharmaceutical conglomerate whose headquarters was a few miles away in Indianapolis. As they served these clients, they began to understand more and more about the employee benefits that Lilly offered and how they impacted clients' financial planning.

The more Lilly employees Snyder and his partners worked with, the better they knew which questions to ask and the better the response was. It is all about the benefit plan, so they ask about insurance, health coverage, the executive options plan, and the funds on the 401(k) menu. They ask the right questions and so when they ask if anyone else at the company is having trouble, the right answers come up more often.

Now, Snyder says, though the conversation often begins around general topics like "Am I saving enough money to retire," it quickly devolves into Lilly-specific details. "We're able to say, 'Did you know that you could also be getting your life insurance cheaper than what you're getting through the company? Or, 'Did you know that you should probably be using the health savings account rather than the health reimbursement account and here's why.'"

Oaktree Partners sends out a mass email around open enrollment time about changes in the Eli Lilly plan. In that email they discuss many of their marketing efforts throughout the year, highlighting opportunities only relevant to Lilly employees. Their client list is not exclusively employed at the pharmaceutical company, but Lilly workers have become a foundation of a growing, successful business.

Which of your current marketing efforts are most successful?



Source: Financial Services Marketing Benchmarks 2017, Outbound Engine

The word of mouth works continuously for Oaktree, while clients and prospects are on break, at lunch, having after work drinks, or anywhere else that friends and colleagues might discuss business. "This isn't very common but it's happened. I've had prospects say, 'Hey we're looking at you and we're looking at one or two other advisors but what I like about you is that you know the programs inside and out,'" says Snyder.

Oaktree's experience is just one example of how financial advisors leverage the power of referrals to attract and retain clients – provided they ask the right questions in the right context.

Different approaches for different advisors

Referrals are a powerful fuel for business growth in almost any practice, but there is no single model for success. Every advisor's business is different – and different business models require different referral cultivation strategies. Here is how three advisors have built successful referral systems around their own unique capabilities and client base.



MELISSA ELLIS Work The Network

When Melissa Ellis started in the financial advice business, she worked in an office with six other men. When female clients came in for advice, her male colleagues found that it often made them more comfortable to include Ellis in the conversation – or turn the conversation over entirely to her. Gradually, Ellis found that she was attracting a client base of predominantly Gen X women, many of them either divorced, in the process of divorce, or planning for a divorce.

Today Ellis, is a Certified Financial Planner®, a Certified Divorce Financial Analyst, and the founder of Sapphire Wealth Planning, a fee-only financial planning firm that helps Gen X women establish and maintain wealth.

Because of her specialty, Ellis has been able to attract referrals from a number of sources, including other advisors. “For advisors who don’t specialize in divorce planning, there are a lot of pitfalls,” she notes, explaining that divorce planning is the only specialty that requires additional E&O insurance because of its risks. Her firm carries this insurance, though many others do not. “In addition, divorce is such an emotional issue that many advisors don’t want to work through the process. I’m a member of XY Planning Network and often referred through this network of advisors.

Advisors know that I’m going to help their clients through the divorce process, but they’re going to be the ongoing advisor after the divorce is complete.”

The added expertise and reputation ensure that other professionals seek her out. Ellis also works with family law attorneys, who may understand the legal complexities of divorce, but not its financial implications. As a Certified Divorce Financial Analyst (CDFA), she can advise on equitable distribution of assets, taking into account the tax treatment of tax-deferred and taxable assets, and incorporating emotional issues like who retains the family home or who inherits the stock from a grandparent’s company. She maintains good relationships with other people involved in the divorce process, like marriage counselors and pastors, who may also refer clients to her.

When she asks, they already know that she is the person to call. And since she has already worked with them, they feel that they owe her -- they are eager to suggest people who might be a good fit. At that point, asking for referrals is really only a matter of formality.

“It’s also just networking with women. Women talk. They confide in each other. A lot of times they might confide that they’re about to go through a divorce even before their spouse knows,” says Ellis. “It’s important to let women know that this is what I do so that when they talk to their friends, and oh by the way, they’re having this struggle, they’ll say, you need to talk to Melissa. She can tell you where you are from a financial standpoint.”

FOR ADVISORS WHO DON'T SPECIALIZE IN DIVORCE PLANNING, THERE ARE A LOT OF PITFALLS. DIVORCE PLANNING IS THE ONLY SPECIALTY THAT REQUIRES ADDITIONAL E&O INSURANCE BECAUSE OF ITS RISKS.

Five ways to maximize referrals

As these case studies demonstrate, your strategy for cultivating referrals will be based on you – your strengths, your experiences, and the clients you want and expect to serve. Still, no matter what the specifics of your plan, here are some elements that all successful referral programs have in common.

1. SOLVE A PROBLEM OVER AND OVER: The most powerful referrals come when you have provided a specific solution to one of your clients — and your client tells other people who have the same problem. From navigating the financial impact of divorce to figuring out how to exercise stock options, to guiding a couple through the estate planning implications of same-sex marriage, our successful advisors have demonstrated problem-solving skills that apply not just to one client, but to many.

2. HAVE A NICHE: You would think it would be easier to get business if you are willing to do anything, but paradoxically, financial advisors who specialize seem to have an edge in generating and converting referrals. Look through your current book of business for patterns – are their types of people or work that you have been successful with already? See if you can build on that success to attract referrals and new clients.

3. ESTABLISH EXPERTISE: Once you have identified a niche, you will want to prove your expertise in it – by creating social media content, giving seminars, writing op-ed columns, or getting involved in professional organizations focused on your area. Your goal is to become the person that individuals naturally turn to when they have an issue in your area of expertise.

4. CREATE A NETWORK OF PROFESSIONALS: Form relationships with lawyers, accountants, and other professionals who serve the same client base as you. And remember, referrals are a two-way street. You will need to give them in order to get them.

5. BE PROACTIVE: If your client mentions a possible referral, ask for the person's name and number and follow up within 24 hours. Do not wait for the prospect to contact you, but rather reach out to them to offer your assistance.



BRIAN THOMPSON **Ask the World, Let Them Answer**

Many of Brian Thompson's clients feel like they know him even before the first phone call. That is because this tax attorney and Certified Financial Planner based in Chicago maintains a financial planning blog that stretches back for years and covers over 300 topics (and counting). By the time a prospect sits across the desk from him for the first meeting, he or she might know an awful lot about what Thompson specializes in (LGBTQ financial planning), his approach (careful planning, good communication between partners), and even his personal life.

He is not asking for referrals one on one so much as positioning himself to the world as the kind of person potential clients would love to point their way. For all practical purposes, the Internet makes the introductions. Just like a business card saved for years, chance encounters with his material can pay off years later.

"Recently a couple found me because the wife had been reading my blog for months. Then her husband got stock options, and he didn't know how to deal with them. So she said, you should talk to this guy, Brian Thompson." She had never met him up to that point.

As a former English/Philosophy major, Thompson says he has always enjoyed writing. "I find it cathartic. It helps get my thoughts down on paper but also in my mind," he explains. He was a blogger before he was a financial advisor, but he began to integrate these two parts of his life in the run-up to the legalization of gay marriage. "I wanted to help people navigate that and figure out what it means and keep track of the court cases that were happening," he says.

The key here is to cast a broad net in terms of the people who might find your material and reach out when they need personal advice. Thompson's blog has expanded to cover all kinds of issues — from financial basics like how to get organized and how much to save, to more technical issues around employee benefits, to broad societal issues like racial income inequality. In addition to his own blog, he writes a monthly column for Forbes, contributes articles to the XY Network, and recently got a mention in the New York Times.

Five ways to maximize referrals

As these case studies demonstrate, your strategy for cultivating referrals will be based on you – your strengths, your experiences, and the clients you want and expect to serve. Still, no matter what the specifics of your plan, here are some elements that all successful referral programs have in common.

1. SOLVE A PROBLEM OVER AND OVER: The most powerful referrals come when you have provided a specific solution to one of your clients — and your client tells other people who have the same problem. From navigating the financial impact of divorce to figuring out how to exercise stock options, to guiding a couple through the estate planning implications of same-sex marriage, our successful advisors have demonstrated problem-solving skills that apply not just to one client, but to many.

2. HAVE A NICHE: You would think it would be easier to get business if you are willing to do anything, but paradoxically, financial advisors who specialize seem to have an edge in generating and converting referrals. Look through your current book of business for patterns – are their types of people or work that you have been successful with already? See if you can build on that success to attract referrals and new clients.

3. ESTABLISH EXPERTISE: Once you have identified a niche, you will want to prove your expertise in it – by creating social media content, giving seminars, writing op-ed columns, or getting involved in professional organizations focused on your area. Your goal is to become the person that individuals naturally turn to when they have an issue in your area of expertise.

4. CREATE A NETWORK OF PROFESSIONALS: Form relationships with lawyers, accountants, and other professionals who serve the same client base as you. And remember, referrals are a two-way street. You will need to give them in order to get them.

5. BE PROACTIVE: If your client mentions a possible referral, ask for the person's name and number and follow up within 24 hours. Do not wait for the prospect to contact you, but rather reach out to them to offer your assistance.

His blogging positions him as an expert and it gives people a chance to know him and gain trust in him without making a commitment. He doesn't ask for referrals. They connect the dots and refer themselves. "These relationships are about trust," he says. "People want to make sure that you know what you're doing and they can trust you. After that, it is just time and getting to know you. Having a weekly blog that comes out is a way of building trust."



DARIN SHEBESTA **Ask the Right People**

"I had a sales coach for a few years and his mantra was that there are three kinds of advisors: hunters, trappers, and troughers," says Darin Shebesta, Certified Financial Planner and vice president at Phoenix, Arizona-based Jackson/Roskelley Wealth Advisors. "The hunters are the ones that are going out, knocking on doors, going after the big whales. The trappers are the ones who are being

strategic and they're setting traps. And then troughers are basically pigs that are at the trough, waiting for the slop to come, waiting for the phone to ring." He adds, "I decided to be a trapper, taking a strategic approach to develop leads through centers of influence."

If natural hunters are happy asking everyone they meet if they know someone who wants advice, Shebesta, a financial advisor since 2000, has taken a more targeted approach, cultivating "referral centers" who have their fingers on the pulse of a client base dominated by next generation wealth (clients in their 20s to 40s), women in transition, business owners, and attorneys. He targets these clients through an intensive centers-of-influence marketing strategy directed at attorneys, accountants, and other professionals.

Shebesta says that his planning focus resonates with other professionals when it comes to suggesting a client who might be a good mutual fit. He starts every relationship with a fee-based financial plan. "Attorneys and accountants get that because they're in the advice business. There's nothing for them to sell other than advice," he says.

In addition, Shebesta makes sure to treat potential referral generators well before asking the question, taking them out to lunch and putting together an annual "crunch time" gift basket for CPAs at tax time (it includes crunchy Kit Kat bars.)

HOW TO ASK FOR A REFERRAL: FINANCIAL ADVISORS SHARE STRATEGIES FOR ATTRACTING AND CONVERTING REFERRALS

Perhaps the most innovative part of Shebesta's referral effort is the monthly networking group he has put together, drawing 30-something professionals from a variety of disciplines together to exchange information and build relationships. "We have a CPA, estate attorney, business attorney, benefits person, a variety of people, but they're all white collar and target the same group of people," says Shebesta. Every month on a Friday morning, the 14-person group convenes at one member's workplace, taking turns in updating each other on important developments in their industry.

"I get to come every month and I get to hear what's happening in real estate, what's happening in banking, what's happening in accounting and estate planning," says Shebesta. The group has paid off in new business, as well, he says, "We really are a resource for each other and we get to know each other so well that we are comfortable introducing each other to our clients."

When a mutual client needs specialized help, the group is there. When a group member asks if anyone's clients is looking for assistance, the mutual benefit is clear: you bring me referrals, I bring them to you.



AT YOUR SIDE AS YOU GROW YOUR BUSINESS

Building the kind of professional relationships you can confidently ask for referrals is a critical step towards growing your business. Financial advisors who can see that their clients understand their expertise and are not shy to ask for referrals will set themselves up for maximum growth. Clients want to do business with someone they know, and they trust. Leveraging your network of professionals will be instrumental in attracting and converting referrals.

Premier Trust can help you at every stage of the process. They are an advisor-friendly trust company that does not interfere with your existing referral network. They are not attorneys, CPAs, or financial advisors. Their model is to maintain the clients team of professionals while they work with you to provide exceptional trust administration services. Make Premier Trust your partner in implementing wealth strategies that can provide financial security for generations.

Premier Trust is based in Nevada staffed with trust administrators trained in wealth management issues. With over 40 team members and more than 150 years of combined experience, they can help grow and protect your business. Give your clients access to all the advantages of Nevada's progressive trust, corporate, and tax laws:

- Dynasty Trusts lasting up to 365 years, which allow planning for multi-generational wealth transfer.
- Directed Trusts, which permit division of duties including, trust adviser, investment trust adviser, and trust protector
- Self-Settled Spendthrift Trusts (often referred to as Nevada Asset Protection Trusts) – permits a person to protect assets from creditors during their lifetime.

For all these reasons, Nevada is considered the #1 state law for asset protection by Forbes Magazine.

Your clients will want to refer you to their friends and colleagues when they know you are dedicated to protecting and conserving their wealth.

For more information contact us: Premier Trust 4465 S. JONES BLVD, LAS VEGAS, NV, 89103 TEL: (702) 577-1777 | FAX: (702) 507-0755