Referrals—Ideas from Million Dollar Producers

Vicki Writer, DFP

It's imperative that every single one of us has good, solid technical knowledge. However, if we don't have people to see to apply the technical know-how, what we know really isn't worth very much.

Over the next 45 minutes I will share with you some best practice strategies, tools, and ideas that I have been fortunate enough to pick up from some of the top-producing advisors around my country in the hope these will make a difference to you and help you to grow your business.

Let me start by pre-positioning the presentation by saying that some of these ideas will not be new to you. In fact, I know some of you would have tested out these ideas. They worked for you and, for some reason, you stopped using them. For the rest of you, a number of these ideas you will not be familiar with and to you I say this: take some notes and walk out of this presentation with at least two ideas that you can execute and implement within 48 hours of leaving the MDRT Annual Meeting.

They do say that an idea not acted upon within 48 hours of hearing it will likely not ever be actioned.

So, let's start by talking through some strategies around capitalizing on opportunities within our own community.

I want to discuss how to get more referrals from our existing client base and capitalizing on opportunities with Generations X and Y. Generation X refers to people born between 1961 and 1981 and Generation Y refers to people born between 1982 and 1995.

I have been having conversations of late with a number of advisors who are looking potentially to retire from the industry in the next five to ten years.

If it's true what they say about segmentation, and we are dealing with a demographic that is usually 10 years above our own age and 10 years below our age, and we have an aging advisor demographic, then this tells us we also have an aging client demographic, and our clients will soon reach an age when they no longer need insurance.

This being the case, I am saying to these advisors that if they are not actively looking to attract a new generation of client, what is your business going to be worth when the time comes to sell the business? With this in mind, we will talk through some strategies that will, hopefully, open the door to us attracting a new generation of client.

This involves some strategies around partnering and getting more referrals from our centers of influence and, last but not least, discussing some creative strategies for referrals from word of mouth.

Let me start by discussing some research that was done by the Nelson Group back in about 2007, a little bit dated but still as potent today as it was back then. What this is telling us is that word of mouth is by far the most powerful selling tool. Word-of-mouth referrals far outweigh any advertising that we do on radio and far outweigh any advertising that we do on TV.

This, therefore, tells us that we must get people speaking more positively about us, and I am going to share some strategies today about how to do that.

Clone Your Top 10 Clients.

A bit of a cliché, however I have to say that many of the advisors I have worked with can't clearly articulate who their ideal client is or what he looks like. You can't begin

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to replicate your top 10 clients until you know what your ideal clients look like.

A question to you is, who are your ideal clients and what do they look like? What industry, age, occupation, salary, marital status, and location are these people from?

It's very hard to clone your ideal client until you can clearly articulate and know whom you want to be doing business with.

How profitable would your ideal clients be to your business, or do your clients actually cost you money? A survey conducted in April 2011 by a large dealer group in Australia and given to all of its advisors showed that, on average, each advisor thought their clients brought about $3,700 per year into their business. In actual fact each of their clients on average brought in only $780 per year.

Many advisors do not understand what each of their clients is worth to their business. How many here keep a time sheet of the hours spent working with your clients? How much time do we spend with our clients each year and how much money are they actually costing us and our business?

Do our ideal clients actually refer us business and, if so, who do they refer and how many?

What about products? How many products would our ideal client have purchased from us? Would it be investment, retirement, and risk products? Who are these people?

It's not until we can get really clear on what our ideal clients look like that we can then go back and put a plan of replication in place.

So how do we replicate these ideal clients? If we want to work in the business insurance market, then get very clear about the business insurance market—what industry, turnover, and number of employees? If it's the personal insurance market, then what industry, age, occupation, salary, marital status, and location?

Go back through our database and cross-check to see how many of these clients we already have that fit this criteria. Many advisors are actually quite surprised because they are operating in a market that they ideally don't want to be operating in. Make contact with those people who fit the criteria. We know through the law of attraction that like attracts like. Many of these people are going to know similar people with similar characteristics. If we are looking to develop more medical professionals and we have medical professionals in our database, then these are the ideal people to be getting more referrals from to attract more medical professionals.

Self-employed people know more self-employed people. Accountants know more accountants. Use these people as our personal marketing board of advice. Utilize their knowledge, their skill, their insights, their expertise to help design marketing material that is going to be applicable, relevant, and interesting to that particular demographic.

Determine whether these clients would be willing to hand write a with compliments slip outlining and recommending our services. Attach that to the marketing material we have developed with their assistance, and send it out in a personally addressed, plain white envelope.

I don't know what happens where you live but where I live, I get an enormous amount of junk mail, and most of my mail goes straight into the garbage bin without even opening it. The one thing I can be guaranteed to always open is anything handwritten and personally addressed to me because I get the impression that this person knows me. If you are looking to have more people open up the mail you send them, hand write and personally address the envelope.

You simply go through the follow-up process. It's a very good strategy and one that we know works.

Community Marketing

There is a sporting phenomenon going on around the world. I am finding that a number of advisors are now tapping into the opportunities within sporting clubs. Some advisors are going out to a number of sporting clubs and saying they would like to be a sponsor of that club and asking if the club would like to tender for the sponsorship business.

They say, "We would like you to come back to us and let us know what you will do for us if we were to sponsor your sporting club." The one thing that sporting clubs can't do without is funding and sponsorship so if you can help solve that problem for them, why would they not want to align themselves with you and your business?

What some advisors are doing is running appreciation nights for members of the club. These are simply informative sessions to help educate people in the areas of health, wealth, and well-being, contributing to newsletters and anything they write off the back of that sporting club. They are contributing back a portion of the commission and helping to solve the funding issue.

The other thing that I think remains completely untapped is the opportunity to work with schools and the local P&C (parents and citizens for each of the local schools within your community).

I am working with a number of female advisors at the moment and doing some joint presentations and running seminars on trauma/critical illness insurance—what is it and why people need to have it—to a lot of the moms who have children at the local school.

Again, schools can't survive without money, so the advisors I am working with are donating money to the school for every person who attends the event. And any business written as a result of the seminar, a portion of the commission, is donated back to the school to purchase additional equipment or whatever is needed. This is a very good strategy and one that we know works.

Diagnostic Questionnaire

This would have to be one of my favorite strategies. I came across the questionnaire when I went to visit an advisor. It was sitting in his reception area on a coffee table. The language, in terms of the questions that are asked, are very thought provoking and really open up the door for us to have a very needs-based conversation.

There are questions about taxation and accounting. There are questions about wills and estate planning, there are questions about mortgages and, of course, there are questions about investments and financial advice when it comes to risk.

Let me just read out some of the questions on the diagnostic questionnaire. Listen to the language and how powerful it is.

- "Considering how much tax you are paying now, how *certain are you* that you are maximizing your entitlements and paying as little tax as permissible?"
- "If, through some injury or illness, you were unable to work for a short period of time, *are you quite sure* that your current lifestyle could be maintained?"
- "Do your current will and estate planning arrangements fully reflect your vision and needs for the distribution of your assets in the most tax effective way?"
- "*Are you certain* that your home loan is the best you could have in terms of interest rates and additional investment opportunities?"

If the client answers anything except "I am absolutely certain," then we have a great excuse to be engaging in a very robust conversation.

In addition, I believe this diagnostic questionnaire offers an enormous opportunity for us to be providing referrals to our center of influence partners. Also, you can give this diagnostic questionnaire to each of your referral partners so that you can have multiple referral opportunities taking place at the same time because these nine questions are made up of varying different areas.

These are all very good questions and again, if your client has not answered that he is absolutely certain, then there are some very good conversations to be had.

I would definitely be using this with your center of influence partners because the one thing that will get you referrals is to actually give referrals, and this questionnaire is a great strategy for being able to do that.

It also allows us to have multiple things happening at one time if we supply each of our referral partners with the diagnostic questionnaire as they can then generate more referrals to us by using this with their own client base.

Referrals from Our Current Clients—the Family Tree

Intergenerational advice strategies are talked about quite a lot in our industry, and they certainly need to be. I am working with a number of advisors and helping them position this family tree concept during the fact-finding process/discovery. I am trying to encourage them to build some questions into their fact find that I want to share with you right now.

From an estate planning perspective, I need to understand your family tree. (Use a whiteboard or something to create a visual.)

> Mr. and Mrs. Client,
>
> Tell me about your parents. Are they married? Divorced? Working? Carrying any debt? Are they financially secure?
>
> What about your son and daughter? Are they married? Divorced? Working? Carrying any debt? Are they financially secure?

And if they're old enough, ask about their kids.

> Mr. and Mrs. Client,
>
> Based on what you have told me, your mom/dad/son/daughter is in need of some financial advice. Would you be willing to introduce me or, at least, pass on their details so I can make contact myself?

As soon as you start to paint a picture about the financial consequences of something unforseen happening within that family unit, you open up the door to getting some significant referrals. This strategy can get you between five and seven referrals with just that one question.

The other strategy I would recommend and that I speak with advisors about is what is called a beneficiary briefing meeting. This strategy can be used in isolation or use it to complement the family tree strategy we just discussed.

Most of Our Clients Do Not Understand What It Is They Have Purchased.

I am always shocked to hear that when an advisor makes a call to a client to book in a review meeting, he finds out that the client was diagnosed with a malignant melanoma six months prior or that he has suffered a heart attack.

Most of our clients really don't understand what it is that they have purchased from you, and the beneficiary briefing meeting is where you go out and meet with all of the beneficiaries—all of the people who are going to benefit from all of the hard work you have put in place.

You sit down with the partner of the life insured and their children, if they are old enough. Position yourself as being the conduit, the facilitator, and explain to them in layman's terms the features and benefits and all of the claimable events.

In fact, some advisors are developing their own claims cards. It has a 24/7 contact number, and they are positioning themselves as being one of the first people to be called in the event that something unforseen happens.

They are really trying to position themselves within that entire family unit and build a relationship with all family members who may generate referrals and introductions to other members of that family at some stage in the future.

This is a very good strategy.

The Biggest Threat to Retirees Is Their Children.

I speak to many advisors who operate in the retiree market and who don't think they have an opportunity to sell risk. I think they have an enormous opportunity to sell risk. The reason I say that is there is not one person I know who would see his or her child suffer financial ruin in the event something unforseen occurred.

If you can, start to explain the financial impacts and the consequences, the financial ruin of something unforseen happening to someone in that family unit—the children. Get an introduction to those children or the parents or the grandparents who pay for a policy on behalf of those children. It's a lot cheaper than actually destroying your complete retirement strategy, which is what most people would do.

I think there is a question there as well.

> Mr. and Mrs. Client,
>
> If your son or daughter was injured or had to take time off work for a long period of time due to illness, would you need to take time off work and would it impact you financially?

I heard some questions just the other day that really frightened me. Questions that I had not previously thought about.

You know, everyone gets really excited when they are asked to become a godparent. I started to think about the financial impacts of being a godparent when those parents are no longer around. We all jump at the chance. It's a lovely feeling to be asked, but what about the financial impact to you and your family?

Are you the guarantor for any of your children's loans? If one of your children or their spouse suffered a critical illness, how much would you be willing to part with to bail them out? Are you a nominated guardian, or do you have an implied responsibility for the upbringing of your grandchildren or someone else's children?

Have your children sought or received adequate advice for protecting their human capital? If one of your children fell into financial difficulty yesterday, where would they go to for help?

These are all very good questions and a great opportunity for you to get in to speak with some of the other family members.

Referral Cards

Barry Van den Berg has been a Top of the Table member for 38 years and is a very good friend of mine. He has implemented this referral card, and some of the wording won't be new for some of you. For those advisors who, for whatever reason, don't feel comfortable asking for referrals, and many of you don't, I think this is a nice, nonaggressive, subtle way to get some clients.

Barry's card says this:

We are looking for special people who you believe can benefit from our organization. These people will have three special qualities:

1. They will be responsible, independent, family orientated, or business people.
2. They will have the ability to make decisions based upon facts.
3. They will have the ability to achieve excellent economic growth and financial security.

What is he actually doing by stipulating those three qualities? He is qualifying the recipients. Cloning them. He is also complimenting them because clearly his existing clients already fit those criteria. He is also complimenting the people who are being referred to him because they wouldn't have been referred to him if they didn't fit the criteria.

Referral Advocacy

As I mentioned before, I think there are a number of advisors out there who, for whatever reason, feel very uncomfortable about asking for referrals. In fact, the same dealer group I mentioned earlier that conducted a survey, asked how many of them asked for referrals. Only 15 percent of all of the advisors within this dealer group ask for referrals, and only 6 percent receive referrals.

Of the advisors who were asking, some of them were having success. However a large portion probably were not, and perhaps that has to do with the process or the way in which they go about asking for them.

There is an advisor practice in Sydney, Australia whom I work with that positions the referral process in the very first meeting. He does it in a very nonthreatening, very subtle, and professional way.

What he does is outlines the process:

> First we are going to do a fact find, then I am going to produce some recommendations, produce a statement of advice and, with your permission, come back, execute, and implement the strategies.
>
> If, at the end of that process, you are happy with the way our organization has taken care of you, would you be willing to be an advocate for our business and refer other people just like yourself like all of our other clients do?

What is he doing by using those words and positioning? Any ideas? He is pre-positioning that all of his other clients give referrals. He is also positioning that all of his other clients are actually advocates, and he is positioning that the client will have a good experience based on the fact that all of his other clients are advocates.

It also gives him an opportunity to come back at the end of the process and check in. Did you have a good experience with our organization? Did you find value in the process? If the answer is *yes*, we all know what is going to be happening and that is that the client will refer other people just like themselves.

There has been some research done by Vue Consulting, a company in Brisbane, Australia, that I will talk more about a little later on. They have done some research around referrals and what they found was that many clients would be more than happy to refer other people if only they were asked. Most advisors never ask the question.

They would more than happy to refer but don't put them on the spot, so don't expect them to come up with names immediately. Ask the question, give them time to think over whom they could refer, and then come back at a later time and check in.

This process lends itself very well to that research. Position up front, let them go through the process, let them think about whom they can refer, and then come back and check in at the end of the process.

The Client Ladder of Loyalty

I was in a conversation with a very good friend of mine, and a person who I believe is a leading thinker in our industry. We got to talking about this client ladder of loyalty, and it made me very nervous. The reason I got very nervous was that we started to talk through all of the rungs on this client ladder of loyalty.

I guess this is also another way of segmenting your client base. What I am going to talk about now is actually generic and universal to absolutely every single one of us, regardless of what industry or job we are in.

I want to start by asking a couple of questions and get you to think about them. Just think about the answers to these questions.

First of all, how many clients in your database would you consider to be reactionary clients? These are the people who ultimately purchased a product based on price. How many reactionary clients would you have? What percentage?

How many repeat clients would you have in your database? How many people have actually come back to you more than once? What percentage would be repeat clients?

What about clients who actively refer you business? What percentage of your database would be made up of clients who actually refer you business?

Then I would like you to overlay that with this client ladder of loyalty. This is where I begin to get a little nervous. The first rung on that ladder of loyalty is what is called a "terrorist." These are the people out there telling 9, 10, or 11 other people that you are no good at what you do. They are out there destroying your personal credibility, your personal brand, and the brand of the organization you work for. How many terrorists have you got in your database?

I am currently a terrorist for a little removalist company back home. A Man in Demand is their name. I moved house a number of months ago, and I called A Man in Demand to help move my furniture. During the move, they dropped my fridge down the showpiece floorboards and have refused to pay for the damage, let alone apologize. So I am telling every person who is prepared to listen why they should not do business with A Man in Demand. I have done a lot of these presentations, and here I am at MDRT in Anaheim, and I am still talking about A Man in Demand.

This is how easy it is for someone to ruin your reputation. How many terrorists have you got in your database? What about angry clients? People who are just annoyed? What about disappointed clients? Perhaps they are just disappointed that the strategy you recommended has not given them any benefits as yet?

What about strangers? How many strangers have you got in your database? People you haven't made contact with? Perhaps you have bought a book of business and you haven't gotten around to making contact with them yet. How many strangers have you got in your database? Acquaintances? These are the people that you don't have a great relationship with.

Most of your contacts are reactionary. Then you step up to have true clients. How many true clients have you got? These are the people that you have a great, proactive relationship with. They are profitable; they are pleasant and generally nice people to work with. How many true clients have you got?

And then we really step it up.

How many advocates do you have in your database? People who actively refer you business?

They love what you do and what you have done for them, and they are more than willing to refer you other people. How many true advocates do you have?

What about ambassadors? How many ambassadors do you have? These are the people who are out there working for you, but they are not on your payroll. How many ambassadors do you have?

I think that you can really only start to identify where your clients fit into this client ladder of loyalty through surveying them. Find out where they fit because until you can understand where they fit, you can't progress them up that ladder.

Centers of Influence

I mentioned before the work done by Vue Consulting. I was very fortunate to be at a conference last year, and I attended a session run by Vue. Again, I have to say, I came out of the session quite shocked and surprised, and many of the advisors that were in the session with me also came out quite shocked.

What Vue consulting actually did was talk through some research findings that they had. They went out and surveyed about 120 centers of influence and asked what was important to them when forming a relationship with a financial advisor.

They asked them to rank in order of priority what was the most important to what was the least important when dealing with a financial advisor from an advice practice. The number one thing in terms of importance to these centers of influence was the advisor's ability to cross-sell the services of the COI.

If the accountant refers a client to me as the advisor, the most important thing for me to do is to uncover additional opportunities for the accountant to work on with the client.

It's my responsibility to uncover in the fact find a whole bunch of other services that the accountant can assist the client with. That is the number one thing that came out of the research.

The second most important thing was general cross-referrals. They want you to refer people back to them. I think the diagnostic questionnaire that we discussed earlier lends itself very well to this strategy.

The third most important thing to them was collaboration beyond referrals—contributing to their newsletters, adding articles to their website, running seminars and education sessions for them.

Last on the list were insurance commissions. Many of the advisors I have been working with over the years have been wondering why the accountants have not really been receptive to aligning themselves to a financial advice practice.

Now that I understand about this research, I know why that is the case because many of the advisors go and pitch their services around a cut of the commission and how much money can be made.

That is not saying that this applies to everyone because money will be important to some people—mortgage brokers for example. In general, insurance commissions and taking a cut of the money are the least important to them when working with a financial advice practice.

I came out of that session and put together a strategy pack that advisors can use to work with centers of influence including case studies and a range of tools to assist with the referral process. I think one of the other things that happens is that the referral source can get confused about where the lines of responsibility start and stop.

I have put together a case study that clearly articulates what the accountant will be responsible for, what the

advisor will be responsible for, and what the lawyer will be responsible for.

I work with advisors to help them change their pitch and their service proposition. Many of these referral sources don't want to be seen selling anything. They find it very difficult to position insurance with their clients, so I have been working with some advisors to deliver some questions that can be easily woven into general conversation to make it a little bit easier.

Do You Have an Independent Source of Income?

Do you have an independent source of income that your dependents would receive in the event you were no longer around or could no longer work, and could you comfortably extinguish your debts?

What percentage of your loan payments could be met by your dependents if you were not around? What level of your mortgage would you want to be extinguished in the event you could no longer meet your payments? In addition to the diagnostic questionnaire, these are very good questions and very good questions to hand over to the referral source to help them position the referral.

Let's talk about process. We know that centers of influence are very focused on process, and many advisors don't have a process to discuss what the client is actually going to go through once the referral is handed over.

This is really about making it easy, and this is just a referral template.

I'd like to talk about a referral risk declaration. This is something you would hand over to your center of influence. The client signs in the event he wants to seek financial advice, and he signs if he chooses not to seek financial advice.

This is the declaration that the accountant shows the widow when she shows up on the doorstep wondering why she was never told about the importance of seeking financial advice. This is a very good strategy.

The last template I would like to mention is a template around referral reporting. An advisor practice that I work with has made a very successful business off the back of his centers of influence, and part of the reason he is very successful is that he has a very robust process.

The referral report has three tabs: "new leads," "business submitted," and "dead leads." He sends this report at 3:00 p.m. every Friday—even if no referrals have been received because what does that tell the referral source? No referrals have been received. He also co-brands the report—their logo, his logo, and he puts their corporate colors on the spreadsheet. How professional can we look?

Professional Breakfast Series. Every month the advisor office runs a professional breakfast series where they invite all of their referral sources—accountants, lawyers, general insurance brokers, leasing consultants.

Over the course of the hour or two, two referral sources have the opportunity to stand up and discuss their business and how their business can benefit the other members. This is a very good strategy because we know that one of the most important things to a referral source is cross-referrals.

This is a great way for the referral source to build its brand, and what it has done for Bright Wealth is that it has helped them build their brand by helping their referral sources get business out of the breakfasts.

Word-of-mouth Strategies. This would have to be one of the best ideas I have heard. I was in an ideas exchange session last year as a guest at MDRT and I heard this strategy. Someone got up and asked how many people work in the retiree market or who have clients that are retiring. A number of people put up their hand.

He said if people have been working their entire life and have been able to hand out a business card and now, all of a sudden, they aren't working anymore, would your clients rather write their details on the back of a post-it note or hand over a business card? Most people said hand over a business card if they were at the shops and ran into someone they know. Why don't you make them up a business card with their contact details on the card, but also include your business details?

What a great idea. They are going to hand out that card to every person they can find and a center of influence really doesn't need to be an accountant, mortgage broker, or general insurance broker. All of our existing clients are centers of influence for our business.

A lady that I work with took this idea and made some cards up for a retiring advisor. The cards cost about $16 for around 250 through Vistaprint. The advisor gave out all 250 cards in two days and said it was the best retirement present he had received. If you want people to be talking positively about you and your business, this is a very good strategy.

The last strategy I have to discuss is the piggy bank. This particular advisor had uncovered through the fact find that his client's child had just started school. The advisor went back around the house the next day and handed the mom the piggy bank with a $10 note inside and said, "This is for little Sara to start off her financial future."

What a lovely gesture but also a great strategy for people to start talking about you. Who is she going to think of every

time she looks at the piggy bank? This advisor. How many people is she going to go and tell about what this advisor has done? A lot of people. This is a very good strategy and one we know absolutely works.

Ladies and gentlemen, let me finish. I have talked to you about the abundance of opportunity that exists within your own community—the sporting clubs, the local schools, the opportunity about building your brand within your local community.

When it comes to Generations X and Y, I talked through some strategies around the family tree, the beneficiary briefing meeting, the biggest threat to retirees are the children.

There is an abundance of opportunity that relatively remains, at this point, untapped.

I hope you can take away at least one or two ideas that you can easily implement within your own business and they make a difference to you and your business.