

Five Ways to Cultivate Professional Referral Relationships

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I recently polled advisors and asked, “What has been the most effective form of marketing for you?” As I expected, the most popular answer in my admittedly unscientific research was “Center of Influence Referrals”. That’s also what I hear directly from my clients.

Others who have spent a lot more money researching this question found the same answer - professional referrals are an effective way to grow assets. Schwab Institutional recently published a white paper titled *Best-Managed Firms: The Business of Serving Clients*, which showed that the best-managed firms garner the majority of new assets from professional referrals, as depicted in the table below. In the study, assets gathered from professional referrals resulted in 7.5% asset growth. Even firms not categorized as “best-in-class” still had 4.2% asset growth from professional referrals.

Clearly, developing relationships with professionals considered to be centers of influence (COI) must be central in any marketing plan.

Average Annual Asset Growth (Excluding Market Performance)

Asset growth by source:	Best Managed Firms	Other Firms
Existing clients	3.1%	0.8%
Client referrals	7.3%	5.9%
<i>Professional referrals</i>	7.5%	4.2%
All other sources	2.7%	1.5%
Total	20.6%	10.8%

Source: BEST-MANAGED FIRMS: THE BUSINESS OF SERVING CLIENTS, Productivity in a high-touch business, Schwab Institutional, page 41, 2009.

Once you have identified the COI relationships that you would like to cultivate, do you have a plan in place to ensure you are nurturing those relationships? If you are only interested in having a couple of professional referral relationships, this may not be necessary. However, if you are looking to make professional referrals a key strategy for your business, you will want to develop dozens of relationships. COI relationships can sometimes take years to develop. To efficiently nurture these relationships you will



need an action plan to touch your COIs throughout the year, just as you would your clients.

Here are five marketing ideas to touch your COIs throughout the year and build lasting relationships.

1. Host a Networking Event

Most CPAs, attorneys, bankers and insurance agents are looking to network with other professionals to build their own referral relationships. You can create a networking event and invite the COIs you are trying to nurture. Have these people invite other professionals they know and soon you will have an intimate 25 person networking event.

Make sure your event adds value to the attendees by inviting a diverse group of quality professionals. This will ensure everyone who attends meets someone who can be of value to their business. In my experience, the best networking events are happy hours held immediately after work, where you provide appetizers and one drink ticket. You can negotiate with restaurants for mid-week deals. In this economy, restaurants might even provide complimentary appetizers if you are purchasing beverages. If your budget is an issue, consider partnering with a COI with whom you already have a great relationship to split the cost. Make the event a quarterly occurrence, which will enable you to touch your COIs four times a year and will lead to the introduction of new professionals who you can then start cultivating.

2. Develop & Distribute Useful Tools

Provide your COIs with tools that they will reference and use throughout the year. For example, if you subscribe to Horsemouth.com you can purchase two-sided 8.5" x 11" reference cards with Key Financial Data for 2009. The card is a quick reference for tax, social security, long term care, HSA, and IRA information. It also provides a blank area for you to include your contact information. These are the kinds of tools you can purchase or develop on your own, and then share with your COIs. A tool like this will constantly remind them of your firm and provides one more touch.

3. Take COIs out to Lunch

It's important to have one-on-one interactions with your COIs to further develop these relationships. While inviting them to events and sending them financial tools may be an efficient way for you to touch your COIs, it doesn't take the place of good old fashioned face-to-face interaction. Taking time to host a COI to lunch will go a long way in the development of the relationship. Use your CRM to remind you to schedule lunches with all of your COIs quarterly or semi-annually depending on your preference. This will ensure no one falls through the cracks.



4. Send Greeting Cards

Send greeting cards throughout the year to your COIs to keep your name top-of-mind. The holidays are always a great time to send cards, but also consider a birthday or other special event card. It will show your COIs that you pay attention to details and take great care with your relationships. They will make the obvious connection that this is how clients they refer to you would be treated as well. You can use a service like SendOutCards.com that will remind you of events and send the cards for you using your personal handwriting font.

5. Send Newsletters

Chances are you are already sending a newsletter to your clients. Why not include your COIs on the distribution list? It doesn't require any extra work and it is one more opportunity to keep your name in front of those professionals. Plus, it gives them an understanding of your investment and planning philosophy.

If you implement these five suggestions, you will touch your COIs 12 times in a year, not including any additional phone calls or emails you may exchange in between marketing activities. To see what an action plan would look like, I have included a sample calendar below.

COI Cultivation Calendar		
Month 1	Month 2	Month 3
Send Newsletter Mail Financial Tool	Quarterly Networking Event	Schedule Lunch
Month 4	Month 5	Month 6
Send Newsletter	Quarterly Networking Event	Greeting Card
Month 7	Month 8	Month 9
Send Newsletter	Quarterly Networking Event	Schedule Lunch
Month 10	Month 11	Month 12
Send Newsletter	Quarterly Networking Event	Greeting Card

Integrating a professional referral program into your marketing plan requires relatively little effort and opens up a new channel for clients. The keys to success are using your CRM system to ensure no one falls through the cracks and creating an action plan to regularly reach your COIs. Properly nurturing your COI relationships will successfully



create another source of clients, to supplement referrals and your other marketing efforts.

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