Six Words that Open the Door to Accountant Referrals

By Dan Richards
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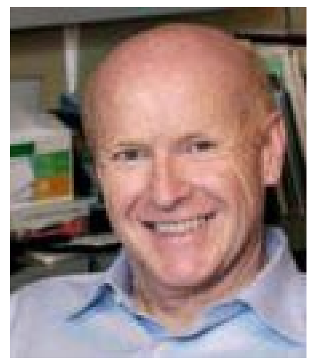

Put together a list of the things that frustrate advisors targeting high-end clients and roadblocks to referrals from accountants are sure to be close to the top. Successful advisors recognize the power of a recommendation from a HNW prospect's most trusted advisor. Many have invested lots of time and energy trying to build referral relationships with accountants, with little to show for their efforts.

My recent round table conversations with accountants have identified an approach that substantially increases the odds of success.

It all starts with looking at things from an accountant's point of view.

I've highlighted a number of obstacles to getting referrals:

1. Like everyone these days, accountants are inundated with emails, voice mails and pressing items on their "to do" lists – and referrals to financial advisors are seldom a high priority.

2. Accountants are skeptical of anyone paid on commission – and talk as we will about "fee based" compensation, many accountants see any form of compensation except hourly billing as commissions by another name.

3. Accountants have bills to pay like everyone else – and most approaches from advisors offer little prospect of meaningful additional revenue for their business. (Some of the sophisticated estate planning approaches used by high-end insurance oriented advisors are an exception).

4. And perhaps the biggest roadblock: accountants' paramount concern about the loss of client goodwill if they make a referral and the client ends up unhappy. This

was the case before the recent market woes and is an even bigger concern right now.

One accountant put it this way: “If I introduce my best client to an advisor and the client ends up making money and is happy, that happiness rubs off on me so I’m better off. If I introduce that client to an advisor where he ends up unhappy, that rubs off on me also – and could potentially cost me the client. Quite simply, the risk of losing the client isn’t worth the potential gain.”

This perceived mismatch between the upside if things go well and the downside if things go badly is very common.

To get past this, advisors need to reduce the downside risk by building their trust level and the accountant’s confidence that their client relationships won’t be in jeopardy if they make an introduction.

Your positioning can help in this regard – in research, accountants respond well to the holistic wealth, financial planning stance I’ve discussed in many of my prior articles.

That assumes, of course, that you can get in front of an accountant in the first place.

Very often, the difficulty isn’t how accountants respond once we tell our story – it’s getting an initial hearing.

Most accountants receive regular calls from advisors wanting to come in and talk about how they can help their clients – and so take a jaundiced view to cold approaches. As a result, joining the list of advisors calling and sending emails to accountants about setting up meetings to discuss how you can help their clients is a low likelihood proposition.

Consider instead opening doors with accountants by calling and saying the six magic words: “We have a client in common.” This is provided that your client is comfortable sharing the name of their accountant and giving you permission to mention their name when calling.

In some cases, you might go on to tell the accountant that your mutual client has given you signed authorization to share the details of the client’s account – and suggest a meeting to ensure that the work you’re doing is fully coordinated and that the accountant gets all the information needed at tax time on a timely basis.

You likely won’t bring up referrals initially – you’ve got to be careful that the accountant doesn’t see this meeting as a bait-and-switch tactic – but if the conversation goes well, you could suggest a further discussion to explore other ways to work together.

In other instances, you might get directly to the point with something like: "I told our joint client Joe that I was looking to establish a relationship with a couple of accountants in our community to whom I could refer clients who need help. Joe speaks very highly of you and I'm hoping to set up a time to talk on an exploratory basis about what you do and what I do. My ultimate goal is to identify a couple of accountants where there is enough mutual confidence that we feel comfortable introducing each other to clients who need help."

As an aside, one thing that reduces risk for accountants is to refer clients to two or three different advisors and let them choose based on their perceived working relationship. Rather than having the goal of being the only advisor who is recommended, consider instead setting the goal of being one or two or three – a much safer proposition for accountants to consider.

There are no quick short cuts to establishing referral relationships with accountants. By levering off existing clients that you have in common and employing the six magic words "We have a client in common," however, you can greatly increase the odds of overcoming the first hurdle and getting in the door for initial conversations.

** 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 and to reach him, go to www.strategicimperatives.ca.*

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