

A Marketing Guide for RIAs: Part 8 – Implement a Client Referral Strategy

By Kristen Luke
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This is part eight of a ten part series on marketing an RIA. Read [A Marketing Guide for RIAs](#) for a full overview. To view the installments in this series, select “RIA Marketing Guide” in the left margin.

A client referral strategy is an essential part of any marketing plan because it is an effective and inexpensive way to acquire new clients. Some advisors are comfortable directly asking clients for referrals, while others or not. If you fall into the second camp, here are four steps you can follow to generate referrals without having to directly ask.

Step 1: Create a follow-up system

Your clients are more likely to refer people to you if they have confidence in your referral process. Therefore, it is critical to have a defined process that is consistently executed for each prospect. There is no standard process that you must follow, but you should have one process for following up with the referring client and one for following up with the prospect. Identify how you are going to follow up with each party by checking the appropriate boxes below.

Following up with the referring client:

- Send a thank you note to the client for each referral
- Send a thank you gift to the client when the prospect becomes a client
- Acknowledge the client for referring at the annual client appreciation event
- Update client on status of the prospect

Following up with prospects:

- Send introduction letter or email
- Make introduction call using a standard script
- Send a welcome kit with information about the firm
- Have a backup plan if a referral that is not a good fit (e.g. refer to another advisor)



Step 2: Communicate your desire for referrals

Whether or not you are comfortable asking for referrals, you should communicate to your clients that you appreciate introductions. This can be addressed verbally at an event or in writing through your client communication. Below is an example of statement you could include in your marketing communication:

Relationships with valued clients such as you are the reason we're in business and we always welcome the opportunity to speak with people who could benefit from our expertise. If you have someone you believe could benefit from our services, please contact us at 987.654.3210.

Identify how you are going to broadcast your message to your clients that you are accepting referrals through the following channels by checking the appropriate boxes below:

- Newsletter
- Email Newsletter
- Marketing Emails
- Quarterly Reports
- Client Educational Events
- Client Appreciation Events
- Client Survey
- Email Signature

Step 3: Identify potential referral sources

Communicating your desire for referrals to your clients will plant the seed for future referrals and help you identify any low-hanging fruit. To more effectively generate referrals, you will need to create a strategy for those clients who are most likely to refer to you and know the types of people who fit your ideal client profile. Choose the ways you plan on identifying qualified referral sources by checking the boxes below.

- Discover hobbies, community involvement and associations in your initial consultation meetings
- Utilize LinkedIn to research your clients' network of contacts
- Ask about the likelihood of referring in your annual client survey

Step 4: Create Opportunities for Clients to Introduce Referrals

Some clients aren't comfortable discussing money with their friends, family members and colleagues. For this reason, you will want to create opportunities where your clients can



comfortably introduce their contacts to your firm. Select the ways you plan to provide opportunities to meet your clients' network of contacts.

- Host monthly or quarterly client education events and encourage clients to invite guests
- Host fun client appreciation events and encourage clients to invite guests
- Invite one client to a hospitality event such as a baseball game and encourage him or her to invite two guests.
- Sponsor an association or charity event that your client is involved with
- Host a retirement, anniversary or birthday party for your client

Whether you are just starting your firm or have been in business for 20 years, implementing a client referral strategy is a standard part of a successful marketing strategy. The cost of client acquisition from a referral is far less than by direct marketing campaigns and the quality of the prospect is likely to be higher.

Kristen Luke is the Principal of Wealth Management Marketing, a firm dedicated to providing marketing strategies and support for Registered Investment Advisory firms. Kristen works with individual advisors and firms to develop effective marketing plans and provides the back office support required to implement the strategies. For more information, visit www.wealthmanagementmarketing.net.

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