Sending the Right Signal to Build Referrals

PRACTICE MANAGEMENT

Obtaining referrals has always been a critical part of building business. But it also can present challenges to financial professionals. Our Second Opinion Service (SOS) program provides a strategy to help overcome obstacles and maximize the number of referrals.

WHY SOS?

Three little letters can help facilitate the process of generating more referrals while helping financial professionals strengthen relationships with important clients. The SOS program is effective because it employs a model that your clients are already familiar with — obtaining second opinions regarding healthcare decisions.

But rather than seeking healthcare advice, our SOS program allows you to offer friends and colleagues of your clients a complimentary second opinion about the health of their portfolios. The SOS program gets a boost in awareness by tapping the universally recognized request for help. However, instead of a cry of distress, SOS in this context can help unlock new business potential.

There are two distinct benefits to the SOS program. First, it helps instill confidence by demonstrating to your clients that you have the financial best interests of their friends and associates at heart. Second, it provides the means to gain referrals without actually asking for them directly. In this way, SOS serves as a buffer.

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HOW THE PROGRAM WORKS

Start by identifying your key clients. If you are like most financial professionals, you already know who they are because you are probably deriving 60% to 90% of your business from them. During the course of a meeting, simply ask your client whether they know of anyone who would benefit from the SOS program. Explain that it provides second opinions on key aspects of the portfolios of their friends and colleagues. The review could involve an evaluation of equity holdings, a bond portfolio, real estate investments or even insurance coverage. Just make sure that you play to your strengths and stress that this is a service you provide to valued clients. SOS is an agenda item that should be part of every meeting with key clients.

What can clients tell referrals to expect from SOS consultations? To begin with, they will receive frank and objective advice about their portfolios. Participants in SOS sessions will have the opportunity to ask questions — and no question is off limits. Also, they will be able to determine if investment strategies in place today will help meet future goals. But most of all, they will be reassured knowing that you have done your research and explored various investment options with them.

Making SOS Work for You

There are any number of ways to customize SOS to make it work for you and your clients. But you may need to be creative. For example, one financial professional who had a strong personal relationship with a client proposed that she host a retirement party for friends and business associates, fully aware that they would likely be referral candidates. Following the party, the hostess sent out "thank you" notes to all attendees. Included in each note was a certificate signed by the hostess that entitled the bearer to two complimentary one-hour SOS sessions with the financial professional who, in fact, had helped sponsor the event. The party was so successful that the financial professional received enough referral business to more than offset the cost.

PUTTING SOS INTO ACTION

One effective tactic in deploying the SOS program is to create certificates. Each certificate is printed with the client's name, and it entitles a specified number of one-hour SOS consultations to certificate holders. Clients are more likely to distribute these certificates because their friends and associates won't receive unsolicited phone calls or other forms of outreach. In fact, you can respond only when contacted first.

Many methods can be employed to stimulate interest in the SOS program:

- Brochures can be printed.
- Countertop displays can announce that the SOS program is available at your office.
- Have employees wear buttons that read: "Ask Me About Our SOS Program."
- Incorporate SOS information into your company website.

These are important tactics that point toward a critical element of SOS, and that is establishing a center of influence. Your center of influence comprises key clients who can send you referrals, and once identified, you can tap into this network in creative ways. (See Making SOS Work for You.)

Although there are many ways to structure and execute an effective SOS program, certain fundamentals remain constant for it to be successful. Like virtually every other marketing program, SOS demands a written plan with concrete goals and objectives. Putting words to paper removes vagueness and makes the SOS program more likely to succeed.

For example:

- List the clients you will seek referrals from.
- Review your history with these clients.
- Identify referrals received in the past year and note where they came from.
- Determine how you will treat referrals with an emphasis on your strengths.
- Set goals for the number of referrals you would like to receive.
- Evaluate those goals monthly or quarterly.

Finally, for SOS to be effective, you need to establish an appreciation plan for clients who give you referrals. It may be as simple as an annual gift that reflects a particular interest, such as a free tennis racquet restringing, tickets to a sold-out concert or flowers on a birthday. Remember to first check the client's annual gift limits stated in your firm's procedures. Everyone likes to be appreciated, and small touches like these can result in big returns by increasing the number of referrals.

IN BRIEF

SOS helps build trust with your clients by demonstrating that a client's financial health is your first priority. Offering second opinions provides a value-added service to clients, and represents an excellent way to gain referrals. SOS serves as a buffer between you and your clients, allowing you to gain referrals while avoiding potential discomfort from actually asking for them. But to be successful, an SOS program must be concrete with clearly defined goals and objectives. It cannot simply be well intentioned or aspirational. When executed properly, SOS will greatly enhance your ability to gain referrals.

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