

REFERRALS

The Professional Way

**10 Strategies for Networking
with High Net-Worth Clients
&
Centers of Influence**

**By
Frank Maselli**

Referrals: The Professional Way

10 Strategies for Networking with High-Net-Worth Clients & Centers of Influence

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Other books by Frank Maselli

Seminars: The Emotional Dynamic (3rd Edition)

This book is dedicated with love to my wonderful wife Rebecca and my two amazing daughters Gerilyn and Rachel.

To you...the professional financial advisors who work so hard for your clients every day.

To the courageous men and women of our armed forces and their amazing families. They are fighting for our way of life and I am humbled by their selfless sacrifice.

Preface

The entire Financial Services Industry is in the midst of a cataclysmic upheaval and many advisors today are concerned about their future in this profession and about the skills needed to succeed.

As the storm of change rages around us it's difficult to look past the clouds and predict a bright future...but I believe that's what's in store for our industry. It will be a cleaner, simpler and more client-focused model that is infinitely better for the people we serve...and for us as well. We are being re-born as one of the greatest helper professions of the 21st century...and I couldn't be more excited!

The old sales mentality is dead and the skills, attitudes, processes and metrics we once used to achieve and measure success must be replaced by new ones. This book is a small start along that path and I am very glad you are reading it. I hope it makes a positive difference in your practice and your life.

I could never have written this book without the tremendous support and patience of my wife Rebecca. She encouraged me all the way and kept me focused whenever I started to wander off course. There is no way to tally up the immense cost of the weekends and evenings spent at the keyboard. But somehow my account always balances with her.

Kara McCormack is my editor and I am indebted to her for adding a professional touch to this effort. Her extraordinary skill and hard work carried this book over the goal line. What a great partner!

Thanks always to my friend and mentor Bob Donato who taught me as a branch manager to always respect and fight for my advisors.

Finally, to three top inspirations in my professional life...Nick Murray, Dan Sullivan and Harry Beckwith! The ideas that emerge from these great minds are symphonies of logic, humor, insight and wisdom. Whichever course you chart through this crazy business...you couldn't choose better guides.

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Part 1

The Set-Up

Chapter 1

Time for a Change!

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.”

— Alvin Toffler —

Anyone who tells you that getting referrals from top clients is as easy as simply asking for them either doesn't really have any top clients or is using way too many recreational pharmaceuticals.

This book will teach you a new philosophy and a set of simple strategies for generating referrals that actually taps into the most advanced thinking about high-net-worth clients. We are going to equip you with skills that will enable you to open up the world of connections surrounding your very best clients and centers of influence, like accountants, attorneys and business managers. Whether you're a raw rookie or a seasoned professional, you can use these strategies to create a referral-based practice starting immediately.

For the sake of simplicity in reading this book, whenever you see the phrase “HNW client,” just assume that it also means CPAs, estate attorneys, business managers, and all other potential centers of influence who might have clients that would benefit from your expertise. These professionals are special people with whom we can build mutually rewarding referral relationships. They have most of the same fears and concerns about referrals as high-net-worth clients, so the same basic rules apply to all groups with only a few slight variations, which I will detail for you.

The ideas in this book are powerful, but simple and easy to use. They do not require an advanced knowledge of psychology to apply. Yes, we will be talking about the mind of the client and about their attitudes toward us and the referral process, but these are mostly common-sense observations that anyone who works with people can see for themselves.

Most important, you are going to learn techniques that are based on real-world client and advisor behavior...not on wishful thinking about how people *should* react. These ideas have been “field tested” for many years. They come from my personal use as well as from two decades of direct study of top advisors in action. So they work and they *will* work for you if you use them.

Referral frustration?

If you’ve ever been frustrated because you know you need to get more referrals and you know your clients are happy with you and you *deserve* referrals but you don’t feel armed with the right words or techniques...hope has arrived. By the end of this book, you will be ready to build the kind of business you have always wanted...a thriving, growing financial practice that reaches out proactively and helps great people succeed.

I ask only one thing: take your time, start at the beginning and let the lessons unfold at their natural pace. Some of you will want to skim around the chapters and pick out ideas at random, and that can work, but it’s less effective than getting the full picture first. Everything ties together here.

Referrals are a process, not a snapshot magic conversation. It has taken our industry a long time to get the referral concept as messed up as it is today. You have probably learned a career’s worth of bad techniques and there is quite a bit of “de-programming” required to clear your head. A few hours and a little patience will get you going in the right direction for the rest of your life, and it will be well worth the effort.

As Dan Sullivan, founder of The Strategic Coach, is fond of saying, “*No progress can be made until the truth is told.*” The overarching truth in our industry that we’ve been fighting for decades to hide is...

Referrals are not easy

Referrals are very tricky things that touch on a wide variety of human emo-

tions and psychological issues. The old techniques you've been taught (and are *still* being taught) do not work with today's more sophisticated clients... and using them may be hurting you in ways you cannot imagine.

These backward and ineffective approaches are mostly based on the way someone thinks clients *should* behave in theory...not in the reality of the HNW client in our industry today. That can be seen in popular phrases that many advisors use or *try* to use every day. Brilliant tactics like:

"So...who else do you know who might be interested in this idea?"

"I need your help to grow my business, Bob."

"I get paid two ways."

"If you were me, Bob, how would you penetrate the physician community?"

"May I have your permission to brainstorm a bit?"

"If you like what we do...don't keep us a secret!"

"I expect all my clients to give me referrals."

Or that great piece of Zen claptrap: *"Ask by not asking."* What the hell is that? Folks, if you use these techniques with HNW clients, I can almost guarantee you they are thinking "Loser" with a capital L, or worse...SALESMAN!

Not the techniques...you!

The fascinating and scary thing is that some of you may be using these techniques and actually having some success at getting referrals.

Ironically, you're not getting the referrals because of these techniques, but in spite of them. The techniques are terrible! They always were and they always will be terrible! It's YOU that's good. You have an abundance of natural charm, charisma or personal style that engenders trust in the mind of your clients. You're so good in fact that you've somehow managed to transcend a bad technique. How much more successful could you be if you took all that "trust-ability" and paired it up with a more powerful and intelligent referral process? Your results would be incredible!

Ten or twenty years ago in our industry, a good rap was all you needed.

That sharply honed “salesman patter” was the ticket to a successful business. But clients have changed. They have become jaded by a decade of bombardment by the media about how we cannot be trusted. Our industry has done a pretty good job of undermining its own credibility at times even without the media’s help. Given this new reality, I say it’s time to end that slick approach to referrals.

No longer will you come off like the pushy, used-car salesman twisting the arm of a good client for a few names. Referrals will be a natural and comfortable part of your everyday conversations.

Those of you who read my book, *Seminars: The Emotional Dynamic*, may recall how we redefined the presentation process by looking at seminars from the audience’s perspective. We dissected the Nine Critical Emotions that made a super-effective presentation. I want to do the same thing with referrals.

We’re going to break down the referral process and rebuild it with a more detailed and psychologically informed understanding of what makes top clients and prospects tick. I believe that only by doing that can you take your business where it needs to go.

We need referral help

We seem to have a very big disconnect in this industry when it comes to referrals. According to Horsemouth.com (the great information website for financial professionals), referrals are by far the hottest topic on the site. More than 80% of respondents to their survey said that the inability to ask for referrals was the number one gap in their business.

And the gap isn’t a new phenomenon. I recall seeing an industry survey many years ago that said more than 90% of financial advisors claim referrals are critical to their success, yet 75% said they **never** ask for referrals. Both of those studies confirm my own experiences and observations of advisor behavior over the past two decades and I think I figured out why this disconnect exists.

Referrals take trust...and trust must be earned!

In your heart you *know* this. As a sensitive, intelligent human being you understand the concept of trust proved over time in a relationship. Yet many

of the old referral techniques ignore this reality and force us to push our hard-won client relationships faster and further than we know or *feel* they're ready to go.

What's worse is that all those clever phrases and sales tricks we've been taught actually create *anti-trust* and so most of us have decided not to use them. We're too smart for the old ways, but we've had nothing to replace them with...until now. To master the process of referrals we must first understand a little about trust.

Three levels of trust

Trust, like love or fear, is a highly complex human emotion. So why should we assume that all trust is the same and that all relationships experience trust at the same pace? It's not a uniform, one-dimensional thing, but a thickly layered and lumpy emotional concept, like a big piece of lasagna.

The three main layers of trust in our world are:

Level one: "I trust you with some of my money."

This is where a prospect makes the decision to open an account and begin a relationship with you. Everyone knows it's rare that a top client gives you all their money on day one. They may be testing you out with a portion of their total portfolio or trying an idea or two that you've recommended. Referrals do not take place on level one.

On level one, much of the prospect's decision to work with you is sort of a leap of faith in a way. They may like you on a superficial level. They may like your idea...even though they don't fully comprehend it. They also base much of this initial decision on the quality of your firm. So companies spend big bucks on branding messages, products and processes — all of which are supposed to enhance your credibility with the client.

If you're independent, you're not really able to take advantage of company trust and branding. So you rely more on the prospect's inherent mistrust of Wall Street. You sell the concept of independence and customized thinking... which is its own type of trust and brand.

Level two: "I trust you with my wealth!"

This is where the client begins to open up and relies more completely on

your advice. No longer do they say things like, “*Send me something on that idea will you?*” or “*Let me think about that!*” They do what you tell them because they finally figured out that you know what you’re doing and have their best interests at heart.

On level two, they are buying more into you. They are having experiences with you and these collectively increase or decrease trust over time. Some clients stay forever at level two. You can have a great, long-term relationship right here. You might think that referrals should happen at this point but they don’t. Referrals take more than a very happy client. There is actually another level with HNW clients...a higher plateau that you rarely get to visit.

Level three: “I trust you with my friends, family, colleagues and critical relationships!”

At this level, a client says to himself, “*I know you, believe in you, have confidence in your ideas, but beyond that — I like and respect you personally and professionally. You take good care of me and have proved reliable. Your style is appealing and you fit in as a critical part of my world. I am now willing to introduce you to others in that world — my friends and important personal relationships.*”

This is the HNW Referral Zone. At level three, the firm and the product are far less important than you. Referrals, in fact, are all about you. HNW clients don’t generally refer someone because of the company. They almost never refer someone because of a product unless it’s a unique niche idea which we will discuss later. Instead they refer to a specific person...in this case you, to whom they have bonded at this critical third level.

That’s too much time!

You may be wondering, “*How long will it take to get to the level three trust referral stage with a good client? I don’t have years to wait for all this trust to build up. I want to get started today!*”

The good news is that the process of developing referral-generating trust can be accelerated and catalyzed through the application of intelligent, psychologically informed principles that we will discuss. You can actually start building a referrals-based practice today — even on day one with a totally new client!

You will also learn how to relax and enjoy the referral conversation. Life is too short and this business is too stressful to force yourself to do things you hate or that cause you pain when you do them. In fact, pain is a pretty good indicator that you're doing something wrong. Referrals can actually be fun and they can position you from strength...not weakness. They don't need to be the back and forth battle of wills we have seen for years:

– Advisor

So who else do you know who might be interested in this idea?

– Client

Gee, I really can't think of anyone.

– Advisor

Well then...do you mind if we brainstorm a bit? How about your doctor, your lawyer, your business partner?

– Client

No...I'm pretty sure they already have advisors and brokers.

– Advisor

Well, most of my best clients have several financial advisors. After all, no one has a monopoly on good ideas.

– Client

You know...I really don't like to get involved in my friends' finances.

– Advisor

Well I get paid two ways.

Haven't we had enough of this surreal sales crap? You simply cannot wrestle with HNW, successful, intelligent clients. Well, you *can* but why would you *want* to? Is this the way *you* would like to be approached by an advisor in your world? Of course not.

You will learn several key ideas based on simple human understanding. They are part science and part art and together they will allow you to build a massive business without ever resorting to clever conversational combat.

The battle is over!

It's not your fault

The entire referral process in our industry is badly damaged if not crippled beyond repair. At a time when millions of investors are in desperate need of quality advice — many struggling to retire or reach the most fundamental financial goals — we sit unwilling or unable to reach out and ask for referrals to help them. Surely that's a sign of a bad process. It could also mean ineffective advisors, but I don't think so.

If you assume that most advisors want to help people (which I do) and if you also assume that given a way to reach out to *more* people most advisors would use it (which I also do)...then you must conclude that it's the techniques themselves that are at fault and not some massive systemic failure of advisor psyche. In simplest terms...we truly care and we're definitely not lazy...so something else must be holding us back.

When I came into this business, people told me, "*Clients are eager to refer you. All you have to do is ask them for names!*" I heard this everywhere... from managers, top producers, consultants and those ubiquitous mass-market, self-help sales gurus like Joe Girard, Brian Tracy, Tony Robbins, Tom Hopkins, and others.

After working under that philosophy and failing miserably, I thought it was my fault. I was semi-convinced that I just didn't have the courage to be successful. I wasn't bold enough or dynamic enough to be a top salesman...at least not as good as the so-called "role models."

I tried hard to do what they told me, but the words and the techniques bothered me. I'm not sure why. I never had any formal training in psychology or advanced sales skills when I entered the business. There was just something in my head that told me "*this is wrong*" whenever I tried the things I was taught.

Yet I saw these supposedly great advisors who seemed to have this cold-blooded, business-building streak and I envied them. It seemed that they would let nothing stand in the way of their success. They pushed harder, asked for more, and reaped the early rewards of that boldness. "*Why can't I be like them?*" I wondered. But I couldn't do it and it ate away at me until I

found that many of my colleagues felt the same way.

In fact, as I dug deeper I started to notice that very few of my colleagues were *using* these techniques at all. It was some kind of sham! It turned out that several of those “Superstars On Parade” had some other hidden secret of success, like an inherited book, a couple of huge institutional accounts, or a girlfriend who worked at the local bank and was funneling them lists of clients with maturing CDs.

To make it more confusing, the really great advisors who *did* have exceptional client skills were actually very client-sensitive and professional about referrals. They weren’t using the aggressive, old-school techniques either.

That’s when it dawned on me that the real path to success might be different from what I had been told. It could be observed by studying and watching great advisors but they were generally *not* the people doing the sales training. In fact, top practitioners rarely talked about how they did things. They were rather quiet about their skills and techniques partly out of a desire to preserve their success but mostly because they knew that everyone must find their own path.

Lessons learned on your own are more valuable and permanent than lessons passed on by others. Success must be earned! Great advice given before the recipient is ready to receive it is often wasted. It is only through years of careful observation of many of these top pros backed up with actual trial and error that I arrived at my own approach.

That said, the lessons in this book may not help you at all unless you actually try the ideas for yourself and customize them to fit your style. You cannot learn without doing! Some things you may use verbatim, but most will need your personal touch. Your experience will be different, perhaps even better, than mine. And then you’ll write your own book and the circle will be complete.

Only for 10%

The concepts in this book are mainly directed at the top 10% of your client base. They will work for anyone, but for most of your clients, this may be overkill. Many of your clients will probably give you referrals no matter *what* technique you use. They like you and are happy with your service...so

go ahead and ask them in any way you want and you will probably get some names.

The problem is that you don't really *want* referrals from everyone. Referrals are not intended as a mass marketing strategy. They are the ultimate rifle shot target marketing approach. And besides, you simply cannot help everyone. Most people don't need the sophistication or intensity of advice and service you deliver.

The clients you really want referrals from are a select group of successful, high-net-worth, influential people who can truly benefit from your skill and can put you in touch with VERY big money. If you look hard, you may have only ten or fifteen of them in your book. So it's a small group we're dealing with here.

You know who these folks are. They are the ones who could change your entire world with a few well-placed phone calls. I've seen it happen and it's amazing! These are the movers and shakers — the people who could gain you access to \$50, \$100, \$500 million in net new assets if they really opened up their world to you in a meaningful way and hand-carried you around to meet friends and colleagues.

It's often easy to build great relationships with these folks because they are wonderful people, but it's also very difficult to ask them for referrals. The irony is that you're reluctant to ask them for referrals precisely *because* you like having them as great clients and you don't want to screw that up.

You may have thought, "*Hey I'm lucky to have you and if I push you for referrals you may think that I'm not as grateful as I should be.*" I'm telling you it's a convoluted emotional world inside these heads of ours.

For these folks, the act of referring involves a complex set of social and professional interactions that carry tons of risk for them. It often forces them to take an interest and involve themselves in your world or in the world of a friend or colleague to a far greater extent than they ever want to or have time to do.

Getting them to open up takes skill, subtlety, intelligence, sensitivity and awareness on your part — the exact opposite of everything you've been taught about referrals...until now.

No perfect approach

There is no one perfect strategy or magic referral phrase that works all the time and with every client. I wish there were...that would make everything so easy. Searching in vain for that “silver bullet” has been part of our industry’s problem for decades.

Referrals are a set of career-long processes that unfold at a pace determined by your ability and the quality of the relationships you have with your clients. Those relationships, in turn, are driven by many variables, only a handful of which are under your control.

You need to professionalize your various referral approaches to match different clients and different scenarios and to accelerate that “life-long” part down to a more manageable time-frame that will help you grow your business.

Really...how bad are the old ways?

Pretty horrible actually — so bad, in fact, that they risk your relationships with your best clients. They are conversationally awkward and uncomfortable both for the client and for you. They place you in a very bad or weak position with the exact person to whom you need to appear strong and confident.

Bad timing

Bad timing is part of the problem. Many advisors are still being taught to ask for referrals at the very start of the relationship — long before they have had a chance to build rapport or earn trust in any way.

You *can* bring up the subject of referrals on day one...we’re going to learn how. But to aggressively ask for referrals at the moment you “close” the business is a psychologically misaligned strategy that should never be used with your top ten clients.

Picture this: The client has just agreed to your portfolio proposal. They’ve signed the new account form and are sliding the check across the desk in your direction. And now you’re supposed to say:

“So tell me Bob, who else do you know who might be interested in this kind of program?”

The emotional dissonance that you've just created here is staggering. First, the act of signing the check or agreeing to do business creates a significant moment of buyer's remorse. There's always a few seconds of internal uncertainty that comes with every financial decision no matter how confident people seem on the outside.

So now you've been taught to take that moment of remorse and make it even *more* uncomfortable by asking for names of friends and colleagues. All this does is increase the uncertainty. The client finds themselves thinking... *"Oh my god what did I just do? Who is this guy? Why is he asking me about my friends? Does he really care about me or was that whole thing an act just to get my money? Here we go...another typical salesman. I made a mistake and I want my check back!"*

Push too hard too soon for referrals with a HNW client and that emotional misstep could cost you a lifetime of connections that might have permanently improved the landscape of your world.

Looking weak

When the client looks into your eyes, they want to see a reflection of themselves. They want to feel important, strong, intelligent, successful and in command. If the way in which you ask for referrals makes you look weak, hesitant or desperate, they will begin to question their decision to work with you. Go too far and they may even begin to resent you for making them feel bad about themselves.

Many popular referral techniques send precisely the wrong subliminal messages about the health and strength of your business. They make you look like a hollow-cheeked waif in a Charles Dickens novel struggling to survive.

"Please sir...I need some more names!"

Hey, we all struggle at some point in our careers...that's no big secret. But transmitting a feeling of deprivation and need would be the exact wrong way to gain the trust of a top client.

Superman

There are some people who can make these old techniques work. They came to Earth with powers and abilities far beyond those of mortal man.

People blessed with extraordinary personalities who can rip out your spleen with a rusty butter knife and make you feel like you were strolling on a beach in Anguilla with Nicole Kidman.

I actually met an advisor with that kind of personality at a conference a few years ago. He was teaching a class on referrals and all his techniques were these old-school, clumsy, oppressive and psychologically uninformed ones that I'm telling you not to do. It was so bad I started to get physically sick.

But I forced myself to listen harder mostly out of sociological curiosity. Slowly, surprisingly, something began to change. This guy was actually pretty funny, engaging, self-effacing and entertaining. In fact, by the end of his talk I found myself really liking him despite his absurd techniques. I could actually see where a client might become enthralled and want to give him referrals. It was amazing. He just had the kind of personal charm and sense of humor that made all his stupid techniques work...for him. Yet as fascinating as it was to watch...I wondered what kind of superstar he could really become with some advanced skills.

I'm not Superman. I need some referral skills that actually help, not hurt. But if the old ways are still working well for you then simply take a few new ideas from this book that make sense and augment your current approach. My guess is that you will see improved results.

Who should be reading this book?

I think the concepts in this book would be helpful to a very wide audience of professionals, but the examples and the terminology are geared toward the financial advisor, stockbroker, financial planner, investment consultant, wealth manager, registered rep, insurance agent, wholesaler, and manager.

However, you may know people who work with wealthy clients like attorneys, accountants, business managers, luxury car dealers, bespoke clothing salespeople, business coaches, pharmaceutical reps, and advertising executives. Feel free to tell them about the book. They would probably appreciate it and maybe even send you a few referrals. At least the ideas in the book would demonstrate to them how seriously and professionally you *take* referrals...so you're elevating your stature in their minds. How many of you realized that's a great idea? If you did...congratulations! You just passed the first test.

Lots of ideas

I know that many of you have probably attended some kind of referral training in the recent past. Maybe your firm hired some “guru” to come in and change your world. I’ve heard stories about what others are teaching out there and I totally respect their opinions.

My goal is not to conflict with any of the other referral “experts.” In fact, many of our ideas may be complementary. This book is not intended to be a collection of best practice ideas on referrals. Based on what I’ve seen, that’s often like the blind leading the blind.

The ideas in this book come entirely from my own experiences and observations. So if something you read in here agrees with another idea you’ve heard from another expert, then that idea may have extra validity because it means the two of us came up with it independently.

All of that is a long-winded way of saying that no one person or firm has the corner on the best referral approach. Learn from everyone and apply all of this knowledge to your world. Take what fits your personal style and discard the rest. It’s a buffet of ideas and you get to pick whatever works for you. In any true science, a theory must be tested and proved with repeatable results to be valid. You are urged to do so.

