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Financial Professionals®

# MDRT Minute

## Growing Your Business Through Referrals

If I asked you how many of your clients are advocates — meaning they talk about you to their friends — you would tell me 87 percent. Our research shows only 15 percent hit that standard. Even after reading this, 85 percent of you will go back to doing the same things again and never use these techniques. This is a shame because 50 percent of your clients will give you referrals if you ask, and 38 percent of the referred leads will meet with you. You will gain 35 percent more money, and your closing ratio will increase 25 percent beyond any cold lead.

Following are five steps to gaining referrals.

### **1. Always let the client know why you want the referral.**

Use these words — they are chosen very carefully: “I love working with you. I am trying to build my practice through my best clients. Who do you know who could benefit from the type of relationship you and I have?” Never ask who needs you or who could use your help. Your clients don’t know that much about the financial situation of their friends, but they do know who could benefit from working with you.

### **2. Find out something about the referred lead’s personal life.**

If you know where the referral went to college, the names of his kids and wife, or even that he played college football, make sure to mention this during conversation. When you know these types of details about a prospect, they will not reject you. Instead, they will treat you like a friend of a friend.

### **3. Expect to gain 250 referrals from every client.**

I belong to a tennis club. I know at least 400 of the 600 members in this club. Most of them are affluent enough to pay \$300 a month and a \$1,000 initiation fee. If I were your client, all you would have to do is ask me for the directory and to circle those who could benefit from a relationship with you. (The directory includes several professional players with multiple millions of dollars in winnings. I asked some of them if they had ever been contacted by a financial services referral. All of them said no.)

### **4. Stop asking for referrals.**

Call clients every three months with a “Catch Up, Update, Referral” call script. Update them on their coverage or investments. Update them on the economy. Update them on what is likely to happen in the next three months and bridge to ask for a referral. The bridge works like this: First, tell your clients what you have done for them since the relationship started. Then ask them if they are happy with what you have done. Once you remind them of what you have done, you will develop reciprocity. They will then give you more referrals.

### **5. Host client events every month.**

Host an event and ask clients to bring guests and the names of friends they wanted you to meet. The cost of this approach will be \$50 per appointment versus \$600 if you do public seminars.

Be part of the 15 percent who take this advice. You have nothing to lose—and a lot of clients to gain.

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