



The Elite Adviser

INSTITUTIONAL STRENGTH INTELLIGENCE

The pursuit of excellence demands groundbreaking practices, acute insight and expert skills. Backed up by decades of rigorous study and practical application, the industry leaders at CEG Australia deliver precisely the tools and strategies you need to reach the elite level.

Make Referrals Pay

There's no doubt that client referrals are one of the most effective strategies you can use to pull in qualified prospects to your firm. Assuming that you are focusing on serving one defined niche community, your current clients are the best possible source of additional quality clients.

However, many advisers consistently make the same mistakes over and over again when it comes to referrals. Here are the top three:

Mistake 1: Failing to Ask

Most satisfied clients are more than willing to provide you with referrals. Since you have provided them with a quality service experience, they are happy to share with you the names of friends and colleagues who could also benefit from your service.

However, most advisers simply assume that their happy clients will provide them with referrals as a matter of course. In fact, this rarely happens. To garner referrals on any regular basis, you need to ask for them in a systematic manner. This means that you should routinely ask for referrals as part of each of your client meetings.

Mistake 2: Failing to Follow Through

Don't go through the effort of asking for and obtaining referrals and then let prospects slip away by not following up. If these were referrals from top clients for pre-qualified prospects, your loss would be great indeed.

Consider this: Assume that a top client refers you to a coworker with complex financial challenges and that your professional fees for advising the client in year 1 was \$10,000. Assuming an average profit margin of 50 percent, you would earn an additional \$5,000 of net income every year. Not only that, but with a conservative valuation multiple of five times the increased net income, you would have created \$50,000 in new equity in your business—all by following up with one qualified referral and turning that prospect into a client.

Mistake 3: Failing to Remain Focused on the Most Profitable Clients

Do not blindly pursue every referral that comes your way. Stay focused on the most profitable clients for whom you can add the most value to achieve significant success. It's a judgment call. If the occasional prospect does have a large amount of money, but if you do not have the skill set to meet his or her particular needs, you may be better off in the long run to pass. For the most part, the more you distract yourself from your core competencies, the less successful you're going to be.