

Introducing . . . **BTS Practice Management Series**
for Financial Advisors

New - Updated Edition
Best Practices
for Gaining Referrals



A BTS resource for investment advisors, planners and representatives

This newly updated BTS guide will supply you with relevant ideas and methods for obtaining more referrals. It covers a wide range of approaches so you'll likely find many that fit your needs.

Prospects who are referred - especially by those who are the most familiar with your services - are generally better-qualified and easier to move into client status. They're also more likely to remain clients over the long haul.

You can use these approaches on a stand-alone basis or incorporate them into a comprehensive referral program.

Either way, the important thing is to start putting these suggestions to work, so you can start reaping the rewards of a re-energized referral initiative.

Referrals - Tops for New Business

In today's business world, your clients and others understand that you are a professional who prospers on networking.

Potential clients feel more comfortable when people they know and trust recommend your services to them.

If a client or professional friend gives your services a thumbs up, that trust is immediately transferred to you, even if the referral has never heard of you.

That's why, if you are well regarded by your clients and others in your sphere, they're usually more than willing to refer people who might benefit from your services.

Quick Start

One of the easiest ways to get started is to simply go over your client list and highlight those likely to have qualified connections. That is -- people they know who have investable assets.

Once you have a list of likely contacts handy, you'll find your referral program will fall into place much faster and with less effort.

Don't overlook past clients and heirs of deceased clients. Past clients are familiar with your services and may be inclined to help you if they've moved on for reasons other than displeasure with your services.

It's a good idea to update and maintain your referral list the same way you manage your active clients and prospects.

Much of your referral list building work may be assigned to your secretary or office assistants.

Professional Liaisons

It's reported that the lion's share of financial advisers say other professionals -- not clients -- are their best sources of new accounts.

Advisors who take a deliberate approach to seeking outside referrals are seeing more business walk through their doors.

Large wealth management firms also cultivate referrals from their professional networks. CPA's, estate planning attorneys, and other professional sources provide non-client referrals reports one source.

Working outside sources is especially productive if your firm has a reasonable degree of name recognition in your community or target market(s).

Networking

The closer your relationship with individuals in your target groups, the more productive your referral effort will be.

That's why virtually all referral lists need to be built one name at a time, based on how familiar the contact is with you, your services and your organization.

Other list building sources include:

1. **Business contacts** - owners, top-level executives, managers
2. **Community networks** - boards, commissions, charities
3. **Leadership/volunteering** - working with influential people
4. **Clubs** - contacts inside various organizations
5. **Social media** - contacts developed via friends and friends of friends

Obtaining referrals from non-clients is usually more efficient with a multi faceted approach.

This is because securing referrals from outside groups usually yields less, hence takes larger lists and repeat efforts. The media discussed below will enable you to reach large groups of prospects:

Referral Marketing Ideas

Events

One of the most effective tools for referrals is "event marketing".

Advisors have long used client events such as golf tournaments, dinners, show tickets, sports outings, etc., to build client loyalty.

However, to build referrals it's more beneficial to invite clients and their friends to events relevant to investing.

This approach provides a means to showcase your qualifications and professionalism, first hand.

Consider the following event marketing ideas:

Retirement Planning Seminars

Retirement planning sessions provide clients, their invitees and others with basic ways to structure investment portfolios to fund retirement. Make sure it's a seminar and not a lecture. Invite questions in a give-and-take format.

Investment Roundtables

Consider a client roundtable that utilizes presenters available from national broker/dealer or investment firms. These seminars can cover specific investment topics in discussion-oriented question and answer sessions with small groups of clients.

Open Houses

Perhaps surprisingly, more advisors are holding upscale open houses for their clients, friends and invited guests. Upscale is the key word. Mailed invitations are formal, wedding style invitation mailings, to an open-house held in the late afternoon or early evening.

Self-Improvement Programs

If you want to draw in large numbers of clients and friends, host events that inform and resonate on a personal and emotional level.

Many motivational speakers are available who promote healthy living, alternative medicine, self-improvement, self-confidence, reducing stress and anxiety, attaining happiness, etc.

While these presentations do not relate directly to investing, you can display your investing services with a table or exhibit of your materials. As MC, you can note that you are available to answer money management questions during the break or after the event.

Emailing

Referral emails to clients and networks can be an effective way to generate leads provided they're sent to the right list selections, bolstered by an effective offer, subject line and supporting copy.

According to coretrace.com, 31% of all email addresses change each year. This compares to about 14% of consumer and 6% of business postal addresses.

Webinars

Holding a webinar from time to time leverages your ability to present simultaneously to clients and prospects. It also eliminates the time and travel associated with live events. A low-key promo for referrals can be worked into the webinar.

If you have great PowerPoint presentations or visual material to show, a webinar is the way to go. There are many Webinar hosting services available at reasonable cost.

Website Referrals

Getting referrals from your website depends on embedded key words and phrases in the text.

Review your website's content and think about what search terms or keywords prospects might use to find it. This is called search optimization.

Once you have created a list of possible keywords, you need to narrow them down to 3 to 5 main words.

Then embed your key words in each copy block on your home page. Search engine optimization attempts to set keywords in the right places for search engine success.

It's important to point out that keywords joined together form key phrases. Three to five word phrases are typical. However, in searching, some people use much longer phrases or sentences to sift out the information they want.

If you are selling your investment products and services locally or regionally, then it's important that one of your keywords should be your location (city, state, region).

Newsletter Referral Technique

Consider using your client newsletter as a referral tool. Email (or mail) a sample of your newsletter to your referral list with a note asking if they have friends who might benefit from seeing it.

The advantage of this approach is that it enables your referral source to do a friend a favor rather than asking for a referral.

Any recommendation automatically becomes a referral prospect with a great follow-up lead-in. *"A mutual friend, John Doe, suggested that you might enjoy receiving our investment newsletter..."*

Social Utilities

Many CRM and sales management programs enable you to link into social networking pages to add names to your referral list. This is a handy feature if you want to set up a social network list in minimum time.

Otherwise, you can group your contacts for messaging on Facebook and LinkedIn using their on site list management utilities

These two websites are the most likely to be productive, although you may want to try others such as Twitter.

Blogging

An effective blog contains information that people look for. An interesting blog can help build your reputation and credibility nationally.

However, your blog's content has to be genuinely helpful, offered in an altruistic way. Obvious promotional campaigns via blogging won't get much attention, if any.

Ideally, your material should be good enough for the reader to come away and say... "This guy has good investment (income) ideas; maybe I should give him a call about my (problem)."

You can establish a blog site using one of the many hosting services available such as HostPapa, ix Webhosting, FatCow, myhosting, 247-host, etc. Some cost only \$4-5. per month.

Social Media Business Pages

A paid LinkedIn profile is a must have. A paid page enables you to offer a large amount of information on your credentials as an investment advisor.

In fact, many people will search LinkedIn first, even before they visit your website.

In the case of Twitter messaging, you can follow-up on people based on the keywords they've used in their recent Tweets. You can show users the right message, at the right moment, in the right context.

The Financial Advice Network (for \$375 annually) will set up a master profile page for your firm that optimizes your search engine presence. It's an easy way to establish your firm's image and branding on LinkedIn and across all of the most prominent social media.

Social Media Compliance

A large factor today is the rapid growth of social networking and the "endless chain" of contacts and referral opportunities provided through LinkedIn, Facebook and other sites.

However, advisors who use the social and business media need to be aware of their regulators rules and regulations governing the use of social media within the context of their operation.

In addition, make certain any communications you send to clients and others have been reviewed and approved by your compliance departments.

Referral Practices

This section is designed to provide suggested referral techniques that have proven to get results in the past.

Approaching Clients

Choosing a way to approach your clients depends on your comfort level with even asking for a referral.

Referral seminar leaders advocate using the telephone as the preferred way to get referrals. However, calling may catch your clients off guard and place them in an awkward situation, even though they are willing to help.

If you're uncomfortable with asking for a referral, choose a less personal vehicle such as email, a social utility, or a mailed letter.

However, it's essential to your success that you commit to seeking referrals regularly. Like any marketing program, one shot, disorganized referral efforts are seldom productive.

Ask for Introductions

Rather than asking your clients or others for a referral, it's more effective to ask for an introduction.

An introduction is something that's comparatively easy to do. It does not involve making a lot of judgments about who should or should not be recommended to you and for what reasons.

This approach also shifts any burden on your client over to you. Asking for an introduction gives you the opportunity to identify individuals your client knows who may be a good prospect for your services.

The Involvement Technique

The objective of the involvement technique is to interact with a client or other potential referrer in the process of ordinary conversation.

This technique begins by asking an open-ended question in the context of a broader discussion. It usually starts within the context of a problem or situation the client faces or possibly one the advisor sets forth.

In this way, the client becomes "involved" in thinking about the issue being discussed. It then becomes natural for the advisor to use a "prompt" or question to steer the conversation into securing a possible intro leading to a referral.

Discussion Prompts

Once your client and you are involved in considering a problem and possible solutions, a prompt and follow-up question can lead to a qualified referral.

For example, let's say the situation being discussed concerns the need to get higher yields from fixed income allocations. The advisor might say... "Yes. I'm sure there are many folks out there who are looking for more retirement income. If I knew who they were, I could certainly try to help them! You probably know some yourself."

At this point, the client may be disposed to volunteer the names of people he knows who are facing the same problem.

Pre-Approach Messages

Consider sending a pre-approach message, via social media, email or mailing to your target audience prior to asking for a referral.

A pre-approach message is especially effective if you are gathering your referrals by telephone since it allows the recipient to consider people they might refer in advance.

You can make the follow-up calls yourself, or you may elect to delegate all or part of the calling to a capable secretary or assistant..

Sample Pre-Approach Message – Clients

Dear Mr. Client:

You're invited to share your suggestions with us!

From time to time, we like to be in touch with our clients to see if they have friends, business associates or relatives who might benefit from information about our investment services.

Some of our best clients have come on board this way.

That's why I'm checking in with you to see if you have anyone you might like to suggest now or perhaps later on.

I'll give you a call in a few days in order to give you time to consider this request.

In the meantime, if you would like to give me a call beforehand, it would be great to hear from you.

Sincerely,

[Name and title]

Sample Pre-Approach Message – Friends

[Dear Mr. / Mrs. / Ms. Friend]

As you might recall, we provide investment advisory services to business owners, professional people, retirees, etc. [in location].

We've been privileged to serve many clients in [locality].

Some of our best clients have come on board thanks to suggestions from people such as yourself, and I'd like to see if you know of anyone you think may benefit from information about our services.

I would like to take the liberty of calling you in a few days to follow up on any suggestions you might share with us.

In the meantime, please call me with any suggestions you might have.

We would be extremely pleased to hear from you.

Sincerely,

[Name and title]

Telephone Call Lead-Ins

When calling a client or friend for a referral it's suggested that you lead off with some good news concerning their account or some closely related topic that is newsy and positive.

You can also call to secure input or opinions on issues you know to be of importance to the person you are calling.

Getting a referral shouldn't be the focus of the call, but rather an afterthought.

It helps to have several items of good news to report, or other positive things to say.

In this way, your client's interest in speaking with you is enhanced greatly and you're likely to gain his or her full attention.

After the good news discussion, it is easy to switch gears into securing a referral.

Telephone Script Lead-Ins

These lead in lines are suggested for use after the conversation is under way and moved passed the good news, etc.

#1 "Mr. Client, while I have you on the phone, I wanted to ask if you have any friends or relatives who might like to know about my [our] investment programs..."

#2 “By the way, I wanted to mention to you, Mrs. Client, that we get most of our new clients by referral... that is people like yourself who have business friends or others they think might be interested in the kind of investment programs we provide....”

A similar lead in lines can be used for non-clients as well.

Sample Email, Social Media Message - Posting

Use this conceptual copy for your referral email, and social media messages.

Clients

Subject line: Request for your ideas from [your name]

Dear [client’s name]:

From time to time, we ask our clients if they have associates, friends or relatives who might also benefit from knowing about our investment services.

Some of our best clients have come on board this way. That’s why I’m asking if you have any individuals to suggest at this time.

Your suggestions would be most appreciated.

Just jot down their name, telephone number [or email address] and send it along in your reply.

Also, may we use your name as a reference when we make contact? If so, please indicate that we have your permission to do so.

Thanks very much for your help.

[Name and title]

Friends and Others

Subject line: Request for your ideas from [your name]

We've been privileged to serve many investment clients in [locality].

In connection with this, would you mind sharing your ideas on an important matter?

Some of our best clients have come on board thanks to suggestions from people such as yourself, and I'd like to ask if you know of anyone who might benefit from information about our services

Your suggestions would be most appreciated.

Just jot down their name and telephone number [or email address] and send it in your reply.

In addition, may we use your name as a reference when we make contact? If so, please indicate that it's okay to do so.

Thanks very much for your help.

[Name and title]

Sample Referral Mailing to Clients

The two letters shown below are mailed in a regular #10 business envelope with a smaller reply envelope (#9 Business Reply Envelope) to facilitate return of the letter containing the referral information.

[Date]

Mr. John Client
123 Sample Street
Sampleville, XX 00000-0000

Dear Mr. Client:

Today, I'm writing to you for two important reasons.

Before anything else, I'd like to thank you for your trust and confidence in our investment services. It is a privilege to assist you and [spouse] to achieve your investment goals.

We hope that you have been pleased with our investment services and will continue with us as a client for many years to come.

Because we are actively growing our client base in [location], we would like to ask your opinion on an important matter.

Many of our best clients have come on board thanks to suggestions made by our existing clients. When this happens, we are especially thankful because we believe it means our clients think highly enough of our capabilities to refer us to a friend, colleague or perhaps a family member.

Therefore, we would be most appreciative if you could take a moment to suggest people you feel might benefit from knowing about our services.

Just fill in their name and telephone number below and return this entire letter in the enclosed envelope. Your help is very much appreciated.

Sincerely yours,

[signature]

Name _____ Telephone _____

[] Check here if we can mention your name in our follow-up.

Name _____ Telephone _____

[] Check here if we can mention your name in our follow-up.

Sample Referral Mailing to Colleagues, Friends

[Date]

Mr. John Friend
123 Sample Street
Sampleville, XX 00000-0000

Dear Mr. Friend:

We've been privileged to serve many clients in [locality] with our investment services.

In connection with this, would you mind sharing your suggestions on an important matter?

Some of our best clients have come on board thanks to suggestions from well-respected people such as you. Therefore, would you take a moment or two to refer us to a friend, colleague or perhaps a family member you think might benefit from our services?

Your response would be most appreciated and you could be doing those you suggest a real favor.

Just jot down their name and telephone number in the spaces below and return this entire letter in the enclosed envelope.

Also, if you don't mind, we would like to mention you as a mutual friend when we contact your referral(s), with your permission, of course.

Thanks very much for your help.

Sincerely yours,

[signature]

Name _____ Telephone _____

[] Check here if we can mention your name in our follow-up.

Name _____ Telephone _____

[] Check here if we can mention your name in our follow-up.

Generally, you can contact clients and others concerning referrals as frequently as every three-four months without experiencing pushback.

Boost Response with a Follow-Up Call

You can boost response by calling recipients of your email, message or direct mail with a follow-up call.

In fact, telephoning is usually more effective than the original message since you can elaborate and probe for possible referral opportunities.

Follow-up calls are more productive after direct mail than the electronic media since a letter from you is more likely to be opened, read and recalled.

Referral “Thank You” Options

When a client or friend takes the time to provide you with a referral, regardless of the result, it’s important that it be acknowledged.

The preferred media for this is a personal letter. Your thank you mailing may be accompanied by a small gift, hence the preferred method of delivery is the USPS.

Gift cards to a local eatery or other retail establishment are an excellent choice since it relieves you of the problem of selecting a specific gift.

Just make sure that any “thank you” gift complies with applicable state and federal regulations and your internal policies. Also make sure to remember to avoid gifts that may be considered direct or indirect compensation for the referral, as this may trigger certain state and federal solicitor rules and/or investment adviser representative registration requirements.

Sample Thank You Letter / Message for Referral

Just a note to say “MANY THANKS” for your recent suggestion of [fill in name(s)] to us.

It’s very gratifying to have clients like yourself take the time to help us in this way.

This type of assistance from our clients is most appreciated. We sincerely hope we will continue to be worthy of your trust and confidence for many years to come.

Enclosed you will find a [name of compliance permissible gift] as an expression of our appreciation of your efforts.

Once again, thank you for your confidence in [name of firm].

[Name and title]

Follow-Up Quickly

Referrals, once received, should be followed-up as quickly as possible.

This is because the person making the referral may alert the person referred that he/she may expect a contact from you or your office.

That's why it is important to take advantage of any air of expectancy and demonstrate that you run or are part of a highly responsive, efficient firm.

We welcome your inquiries about BTS Fixed Income and Equity Portfolios and investment products

For information on BTS Portfolios, Programs and Funds, please call BTS at **800.343.3040**.



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