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# **Automatic Referrals for Financial Advisors**

## **Leveraging a Client Advisory Board in a Referral Marketing Program**

Stephen Wershing, CFP  
**The Client Driven Practice**  
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[www.theclientdrivenpractice.com](http://www.theclientdrivenpractice.com)

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## *Introduction*

Most financial advisors report that referrals are their most important source of new clients. Yet, amazingly, relatively few have a formal referral marketing program.

### **Asking for Referrals Doesn't Work**

Of the firms that actively solicit referrals, most of them do it in a way that is both ineffective and actually compromises the client relationships they have. The new report [Anatomy of a Referral](#) by Julie Littlechild proves that all the hackneyed, obsolete referral training programs of the past are as ineffective as they are uncomfortable for the advisor and for the client. It also shows how and when referrals actually happen, and points toward a strategy that can work to attract consistent referrals – even without asking directly for them!

### **A Referral Marketing Program that Works**

Referral marketing works best when an advisor uncovers what the best target prospects and clients want most, and works hard to provide it. The most powerful component in the program is the client advisory board.

An advisory board is a collection of some of an advisory firm's best clients, brought together to advise the advisor on the strategic direction of the practice. It is the most effective way of stimulating high level and rich conversations about how to leverage the greatest value the advisor offers to clients. When the recommendations of the advisory board are communicated and then implemented in an advisor's practice, the quantity and quality of referrals can increase dramatically.

This report will briefly review why this is true, and give you some basic tips on how to leverage a client advisory board as the foundation of a powerful referral marketing program. Embrace these concepts, and start attracting referrals more than you ever could before.

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## *How Referrals Happen*

### **When friends ask clients, not when the advisor asks**

It is not true what you been told – you don't get more referrals because you ask for more. In my work, I know that people refer not because they are asked to, but because they want to. [John Jantsch](#), in his book [The Referral Engine](#), goes a little further – people refer because they need to. We refer, he says, as a form of survival, to connect with other people, to build social currency.

A study by [Julie Littlechild](#) of [Advisor Impact](#) now reveals statistics to support this understanding. Littlechild found that 57% of clients who referred did so because a friend described a financial challenge, and 48% did so because a friend asked for one. How many provided their most recent referral because their advisor asked for one? 2%.

### **The problem with asking**

Asking for referrals is about the worst way to try getting them. Too frequently, it sets up a scenario that actually compromises the client relationship. What's worse, unlike cold calling, which may be the crudest and least imaginative way to try to get new clients, it doesn't work. At least cold calling, done consistently and frequently enough, will bring in clients, and sometimes good ones. Referrals provided in response to your request for them will not generally give you the best ones. There is simply no clear straight-line between asking clients for referrals the way we have been traditionally trained to do it and the best referrals you actually receive.

Here are some of the problems created by constantly asking your clients for referrals:

- It places demands on clients. Your relationships with clients are not like your relationships with friends. In a friendship, you do each other favors because you like each other and are important to each other. While most advisors count friends among their clients, the fundamental relationship is for you to provide service to clients and for them to compensate you for it. (We will get to the whole compensation thing in just a minute.) Asking your clients to serve you gets the relationship backwards.
- It violates client expectations. When a client retains an advisor, they are looking to receive services, and in return they are willing to pay. Everyone understands that relationship. When you begin asking for more than simply pay, you run a significant risk of surprising your client with an expectation from the relationship they had not counted on. Surprises like that are generally not positive experiences for the client.
- It converts referrals into transactions. Many training programs recommend framing the referral request as an exchange. "If we do this, we would like you to do that." That establishes a weak basis for a referral. Ideally, clients refer to us because they are thrilled with the experience and want to share that with people they care about. Reducing it to an economic transaction cheapens it. Giving us a referral can be a very positive experience for our clients. But, like any other

activity we enjoy doing, doing it as a business transaction takes most of the fun out of it.

- It distorts the message you want to communicate. Many programs recommend introducing the idea of referrals with phrases like "it is part of how I get paid" or "if you help me find new clients, I can spend less time marketing and more time providing service to you." Most of these approaches can confuse the client. I'm not paying you enough? So you're spending all your time marketing and not taking care of me? There is tremendous opportunity to confuse the client about how you run your business.
- The biggest problem of all – it puts the focus on you. In your relationship, the focus should be on the client. In a well-designed referral system, the focus remains on the client. The client provides referrals because they derive benefits from introducing their friends and acquaintances, not because it is an obligation. Once the activity changes to providing you benefits, you have just short-circuited much of the motivation for providing them to you.

Too many of the ways we have been taught to attract referrals send the wrong messages. Too many create stress for the client. Too many create the scenario that makes the client uncomfortable with referring people to us.

Most referral programs reflect a hunter mentality. We must go out and stalk and capture the referral. How do you suppose the prey feels in this relationship?

The new research indicates that you can attract referrals, and you don't have to demand them. You have probably seen examples of this in your own experience. Do you know anyone who gets referrals and never asks? [Some advisory practices](#) actually have a policy of not asking. Under the hunter mentality, this would be impossible.

I prefer to think of referrals more like a farmer rather than a hunter. Under the farmer model, you prepare the soil, plant the seeds, and nurture the field. A crop will grow.

I keep hearing in referral training programs how important it is not to release the process to clients. If you want dependable, consistent referrals, you need to be in control. The farmer does not approach it this way. Could you imagine a farmer being obsessed with the progress of every seed? He knows that if he plants enough seeds in fertile soil and carefully tends to the field he will get a good crop. Not every seed will germinate. Not every plant will thrive. But he will get ample yield.

Littlechild's study separates clients into different categories based on how strong a client's feelings are toward their advisor. The top category is "engaged." Clients become engaged when they have a wide and deep relationship with their advisor, have their expectations for the relationship met or exceeded, and feel they have a meaningful influence on how the advisor provides service. How to engage clients is an important question because virtually all referrals received by an advisor come from this group.

Therefore, the most productive route to referrals is to make sure your clients are engaged and that you have created in the client the environment in which a referral has a high probability of occurring. Then, when they are asked for a referral, there is the highest likelihood that it will materialize.

Am I actually advocating never asking for referrals? Not really, although many businesses get consistent referrals without directly asking. If you ask, do it the right way. [Dan Richards](#) and [John Jantsch](#) have both written about creating referral systems focused on the asking for [referrals](#) in a way that benefits the clients. The [right way](#) means starting by asking the clients for their opinions instead of [referrals](#).

Ask how you can get better. Ask what they want most from you and your interactions with them, and update your processes to consistently deliver it. Ask what your clients believe is your greatest value to them, and what particular skills or value they recognize you for.

Put the spotlight on the [clients](#), get them [involved](#) in improving your practice. Only then can you credibly ask if they know other people who need what you provide. And at that point, your clients will refer their friends and acquaintances because it is a benefit to them, not a service to you.

The best, most powerful way of putting the spotlight on clients and getting them involved in your practice is the client advisory board. Before we get to the details of utilizing advisory boards, however, let's describe the environment in which it will operate.

## *Setting the Stage for Referrals*

Here are three points that will create a fertile field for referrals. Prepare this field and nurture your client relationships, and referrals will grow.

### **Be known for something**

Make sure you understand what your clients believe you are good at doing, and what kinds of clients or financial issues you specialize in. You have heard this [concept](#) under many labels: a niche, target market, unique value proposition, [strategic differentiator](#), competitive advantage. One [key](#) that frequently gets missed is to make sure that your clients understand what this specialty is. The biggest flaw I see in advisor marketing is the recommendation that you come up with this differentiator on your own. Much better to have the clients teach you why you are different.

To be successful you need to be different. Stand out from the crowd, have some specialty, or niche. This [idea](#) is not new. It has been [discussed](#) plenty of times. And not just in our business. In defining the difference is one of the most difficult challenges for a financial advisor. I have worked with hundreds of advisors, and still most cannot articulate what makes them unique.

I empathize – it's hard! The fact is most of what all of us do for clients involves essentially the same disciplines, regardless of the client. So defining what sets us apart generally eludes us. And then we wonder why it is so hard to get referrals! Well, if you don't know, your clients certainly don't know – and will rarely think to bring you up in conversation when the right prospect or moment arises. So, how do you find a niche?

Having a niche or specialty doesn't necessarily mean having a lot of specialized expertise or especially advanced skills. It can mean simply collecting the specific services wanted by a particular client. To take an example from outside of our industry, consider the [Trunk Club](#), discussed in the book [The Referral Engine](#) by [John Jantsch](#). The Trunk Club is a clothing buying service for successful men who have little time and no interest in going to the mall to shop for their clothes. The client meets with the stylist (whether in person or remotely), describes the clothing they need and the styles they like. An assortment of clothing is shipped to the client. The client keeps what they like, and returns the rest. Is there any inventory the Trunk Club offers that can't be found in other clothing stores? No. Is there anything about the service that any other haberdasher could not provide? It's the same. The difference is how they have put the services together to cater to a client with a particular preference. And to that type of client, the Trunk Club is ideal.

You can find examples in our business as well. Consider [Gary Watsky](#), an advisor who practices in Austin Texas. He specializes in retirement planning for Texas and California educators. Of course, he knows some specialized information peculiar to those populations: how the state retirement systems work, the ins and outs of 403(B) plans. Does he do anything fundamentally different than any other advisor who offers retirement planning? Not really. But if I am a teacher in the state of Texas I want to get serious about saving for retirement, it will be obvious that Watsky has something specific to offer me.

And what target market should you focus on? How about specializing in your own best clients.

We talk about targeting the right clients and soliciting feedback. The concept logically flows from one to the next. For an existing practice looking to better understand who to target, the reality is that you do these in the reverse order. Littlechild's study found that a majority of engaged clients who refer had been asked for feedback, and 72% believe that the feedback they provided made a real difference. Questions during client meetings, surveys, and [advisory boards](#) are all critical elements in a system of client feedback. Go to the clients you want most to replicate. Find out what they most value from among your service offerings perhaps find out what they would most like to see added to your portfolio of services. Then organize your practice around those services and those clients.

Build your offering around your best clients. Learn how to describe that package to people. Better yet, have your best clients tell *you* how to describe it. Once you are in a position to say "people like you hire me to do [what you most want in advisor]", you will be different than any other advisor. Different enough that more and better qualified referrals will be far easier to attract. Jantsch writes that in a modern referral generating system, the orientation has changed from finding to being found. How do you accomplish this?

Be something that sets you apart. You must be different from other advisors so that when a client hears a friend or acquaintance express a need or desire, they will be able to match it to that special thing you stand for.

Involve your clients in helping you understand what is unique about you that they value, and how to describe it. As they teach you how to describe the unique value you bring to clients, they will be teaching themselves. And when they find a friend or acquaintance who needs that particular value, the referrals will come.

## **Provide excellent service**

This may seem obvious, but many advisors do not focus on this, and even more advisors fail to go out to their clients to ask whether the service is perceived to be excellent (or even what the clients consider "excellent"). As Peter Montoya recently [said](#), "If you aren't receiving client referrals, frankly, your service stinks."

Engage your clients. As noted in the study, engaged clients provide all the referrals. So, make sure you are doing everything it will take to engage as many of your clients as possible. These include determining what clients expect from your relationship and exceeding it, having deep conversations with clients especially regarding their goals and not just their portfolios, and keeping clients focused and on task in making progress on their financial plans.

"Engaged clients have a deep relationship with their advisor" writes Littlechild. That relationship grows out of keeping clients focused and on track toward their goals, providing leadership, and soliciting client feedback on the kind of experience they want. So, it is enormously important to discuss a broad range of clients concerns during meetings taking a long view.

## **Solicit and Utilize Feedback**

And once you have discovered your unique value and the clients on which to focus, and we are having the right conversations with them, we are back to asking the right questions. An objective process of obtaining systematic feedback, including [surveys](#) and [client advisory boards](#), is a critical component of your client service plan. So, now that you can see where client advisory boards fit in the overall scheme of a client centered referral marketing program, let us examine how to get the most value out of one.

## *The role of a client advisory board in a referral marketing program*

Consistent referrals arise directly from having the right conversations with clients, and asking the right questions.

The message? If you want engaged clients who consistently refer qualified friends and associates, make sure you have an ongoing program of soliciting feedback, including [surveys](#) and [advisory boards](#), and improve your system and client expectations based on what you learn from that feedback.

Where surveys can collect a broad spectrum of information across a large group of people, the advisory board is a forum where a smaller group of select clients can discuss more deeply and in real time a narrower agenda of issues.

### **Identify your highest value**

This is perhaps your greatest opportunity to discover your real target market. You can decide whatever you want about what you want to bring to clients and how you want to bring it. It is the clients that will decide the greatest value you bring to the table. They are the ones who know what is most important to them. And by engaging in a facilitated conversation about what the clients value most about their relationship with you, you will learn how to define your target market.

### **Define the ideal referral prospects**

Once the discussion of your greatest and unique value is underway, you can solicit your advisory boards help in defining your ideal prospect. Now, once you understand your value to finding who would benefit most from it may be fairly straightforward. But, there are benefits to involving your clients in the conversation. Asking your advisory board to coach you in identifying who to target accomplishes two things.

### **Teach the advisor language to use to describe value and attract clients**

First, it describes those ideal prospects in the clients terms rather than yours. One of the great failings of advisor marketing is the overreliance on a small number of clichés to describe what we do and what valuable about it. Hearing it from people who experience it from you and who are not in our business will give you fresh language that can help give your marketing a way to distinguish you from other advisors.

Second, the conversation teaches the clients and the advisory board who they should be thinking of to refer to you. Having the ideal prospect clear in their minds sets the stage to be ready to make a referral when the opportunity arises. You can take that language and use it in individual client meetings as well. "I have been working with our advisory board to clarify the kinds of clients we should be focusing on, and I wanted to share the results of that discussion with you." It is a great way to let the client know you are looking for referrals, without actually asking for them.

## Referrals directly from board members

In our experience, advisers attract many referrals directly from advisory board members. Any client who gets involved in an extensive conversation about how to provide the best service and who to provide it to is naturally going to spend a lot of time thinking about their own friends and acquaintances who would benefit from working with that advisor. Things that advisory board members learned during these conversations can also provide new reasons to refer people to the advisor.

One memorable experience from one of our advisory boards involved the client who was amazed to hear the experiences of his fellow board members. At the end of the first meeting in which he participated, he pulled out a piece of paper and began writing out 15 names, which he handed to the advisor with the request that he contact all of them about doing business. "You have been a client of ours for years," responded the advisor, "and have not referred anyone to us before. What just happened?"

"I always assumed I got so much service from you because I was demanding. It never occurred to me that you would provide that kind of service to all of your clients. Listening to everyone else here today, I can see that you do."

It is critically important, however, that direct referrals from board members are neither an expectation nor a goal of assembling the board. Bringing some of your best clients together with the explicit purpose of having them give you names of people to call is one direct way to having the client advisory board strategy backfire.

Utilized effectively, a client advisory board is a means of involving your best clients in the strategic direction of your practice. The referrals will come. Some will come directly from board members. It is important that you let it happen, and don't force it. Trust the process. You will realize the rewards.

## *How to leverage a client advisory board to maximum benefit*

Client advisory boards are powerful business development tools. The successful advisory board leads to an increased share of wallet, more referrals, and more clients. Realizing the most benefit from your advisory board, however, depends upon following certain principles.

### **Objectives**

One key success ingredient is defining appropriate objectives for your board. When it comes to organizing your new advisory board, the meeting must be focused entirely on the clients needs.

The primary and most obvious way of building value for board members is to take their guidance in improving their experience with your firm. How many client meetings per year is best? What would you like discussed in meetings that we are not discussing now? How is your experience with our staff members?

One good idea we frequently recommend is to engage the advisory board in discussing the results of a client survey. Any survey results that surprised you make for great material into which the advisory board can do a deep dive. "This answer was not what we were expecting. As representatives of our best clients, what do you believe was meant by these responses? How can we improve our performance in this area?"

Eventually, the board will come around to guiding you in building your business. I discussed earlier involving the board in defining your practices ideal target prospects. They can provide feedback on adding new services, expanding geographically, adding staff, and other operational issues. Some of your board members may be independent business people like you. It makes sense that you would tap into their expertise to help you solve business issues as well as getting feedback on your level of service.

Some advisors delegate conceiving and planning client social events to their advisory board. One advisor we have worked with for many years has a board whose members set as one of the expectations of new members that they act as ambassadors for the firm, agreeing to provide references for any prospective clients. But he has been running his board for seven years. The board must be given time to receive value before we can have expectations for referrals. Asking "who can you introduce to us?" too early in the life of a board can be fatal to the process.

### **Composition of the Board**

A critical factor of success – having the right people in the room. So, who?

Most of the candidates for your board will be among your best clients. "Best" does not mean all of your biggest clients, but most will be among your biggest. The ones you want more of. There is a difference between biggest and best. Every practice has a group of

clients whose relationships they consider the most rewarding, who they most like to work with. Every practice has a couple big clients that are not among the advisors favorites to work with. Overly demanding clients, with philosophical differences over investment management, who demand special or different treatment. I worked with one firm whose core investment strategy involves portfolios of mutual funds. One of the firm's biggest clients, and income oriented retiree, demanded a portfolio composed primarily of individual bonds. While the firm appreciated this client, and they had a mutually beneficial relationship, his experience with the firm was fundamentally different than most of the other clients experiences. He would make a poor choice for the firm's advisory board.

Just like planning a shopping mall, the first thing you will want to identify is the "anchor" tenants. Clients who, because of the size of the relationship, their influence in the community, their influence in the target demographic, their dedication to the firm as expressed by the amount of referrals offered, or because of the quality of the input they are likely to contribute to board meetings, would be vital to the success of the advisory board. People who would be the answer to the question "if we were to assemble our most valuable clients, these would be the people we would have to have in the room."

Beyond the anchors, you want to fill the roster with other people from among your best clients so that the finished board would number from 12 to 16, with the expectation that any board meeting would be attended by 9 to 12 participants.

One of our secrets is to include one curmudgeon. Not a complainer, but not afraid to speak his mind.

Your clients like you, they enjoy their relationship with you, you're buying them a nice dinner – they don't want to hurt your feelings. The problem is that unless someone says something critical, the conversation will not be particularly valuable. A curmudgeon is important to break the ice.

We want to get that person to say something, preferably early in the meeting, that challenges how you do something. "One thing I really wish you would change..." "This advisor who keeps calling me offers this really great service..."

The key is in how you respond, actually how *the facilitator* responds. What is it about this service you would change? What is it that's most attractive about what that other advisor is offering? If this advisor were to offer something like that, how would you wanted to look? Once everyone sees your interest in hearing these kinds of comments, they know they can provide them to. The curmudgeon, and you, have given them permission to voice their concerns, and that is when the conversation gets interesting. It's called a client advisory board but can you have more than clients?

You can include prospects and centers of influence. Nonclients can add a valuable perspective. Your clients understand and like what you offer. Do you have trouble attracting new clients? Maybe your marketing does not accurately reflect the experience you provide. An outsider can provide insight a client may not be able to. Clients can tell you why they chose you. Nonclients can tell you why they have not chosen you, at least not yet. Nonclients can tell you about what it would take to attract them as clients.

There are shortcomings. They cannot provide you feedback on service experience. If that is part of the discussion, they would feel left out. Mike Coffman quote.

Nonclients can also be useful for entering a new market or new service offering. If you want to provide a service to a group that is not currently represented in your client base, it can be an ideal way of evaluating whether and how to do it. "What would attract you? If we wanted to tailor practice to people like you, what would it need to look like?" Cab HQ experience bringing paycheck into new markets.

While there are special considerations, nonclients on your advisory board, or an advisory board entirely of nonclients, can provide unique and valuable feedback.

## Driving the Strategic Plan

In my observation one primary factor in the success of a client advisory board, and the degree of impact it has on the advisors practice, is whether the financial advisor utilizes the board [strategically](#).

There are many [issues](#) and questions you can ask an advisory board to discuss. On one level there is getting [feedback](#). How do you like our new reports? Is there the right level of detail in our financial plans? Do our portfolio reviews cover issues in enough depth? Do we respond to calls and questions quickly enough? This kind of information is useful, and can help you make some adjustments to improve your practice.

On another level, you can engage a client advisory board in determining how to address an issue that you believe clients may be concerned about. Specifically, they can be critical in designing a communication strategy for a major event like the retirement of a partner, a proposed merger, or changing broker-dealers. Getting guidance from some of your best clients on how to address these kinds of issues can mean the difference between success and failure of the transition.

The most valuable kind of engagement with your client advisory board is in determining the strategic direction of your practice. What kind of client should we serve? Are we providing the right mix of services, or should we add or discontinue some? What should we do with clients who no longer fit our target market? Questions like these can alter the fundamentals of your business plan. That is why they hold the potential to be the most valuable kinds of discussions you can be having with your best clients.

They are also some of the scariest questions an advisor can put before an advisory board. What if the clients want the practice to go in a different direction than I wanted to go? What if the clients recommend that we discontinue one of the services I consider to be most important or most valuable? What if the board urges me to pursue a strategy I don't believe will work? What makes those issues so scary is what makes them so valuable. Is it more important to you to implement what you think is best, or to run your business according to what your best clients want most?

## Professional Facilitation

I won't spend much time discussing the benefits of hiring a professional to perform a service or expertise is required – you all know clients can pick mutual funds, and you also know the reasons why they still need to hire you for those kinds of decisions.

Apart from the expertise issue, there are a number of ways the facilitator contributes to the dynamic of the advisory board just by being a person from outside your practice. Here are some of the ways the group process is enhanced:

- Understand how to frame discussion questions to stimulate the best participation. There are many ways to ask a question, and the outcomes can be radically different. For example: "What do you think of our financial plans?" As opposed to: "What part of our financial plans you find most useful? What part of our financial plans caused you change something?" Or, "Which of our services do you find most valuable?" As opposed to: "We want to focus on the services most valuable to you. Can you describe an experience you had with us that caused you to change the way you feel about money?" Framing the discussion the right way can produce much more extensive and richer information.
- Create a dynamic that is impossible if you chair your own meeting – An independent facilitator can get away with asking some questions the advisor cannot. Consider the question "What do you think would be the best way of delivering a service like that?" From a facilitator, this is gathering information. From the advisor, feels to many clients like a sales pitch.
- Serve as a sounding board or target for criticism clients would not be comfortable saying directly to you. Criticism and expressions of concern uncover the value in the process. But, people don't want to criticize you, especially when you're buying them a nice dinner. A facilitator can introduce a topic and open discussion about services and get to "I really don't like..." Jackpot. We have uncovered an issue that will positively change the client experience. Once the client sees you involved in the conversation, and sees you are willing to discuss things that may concern them, they know they have permission to bring up any other issues they may wish you would fix. It requires that you be sitting at the table and the clients see you as part of the group. And it requires that someone different be standing at the front of the room facilitating.
- Avoiding responses that shut down conversations. There is a natural human response to defend against criticism, however minor. But the right response is worth several times your investment in hosting the advisory board. For example, if a client says "this other advisor provides these services way better than you." We have seen many advisors respond with a version of "let's review why we provide this service this way, and if you think we should change it we can discuss it." Although subtle, the message here is "you are wrong, we know how to do this" and stifles the conversation. However, an experienced facilitator knows to respond more like "what do you like most about how that other advisor does it?" Pursuing that conversation gives you vastly more useful information.
- Enable you to be a participant at the meeting and be involved in the discussion of changes clients would like to see in your practice – that cannot take place if you are facilitating yourself. To get real feedback, the meeting must be run by someone from outside the company.

A client advisory board is critical in connecting with your best clients and engaging them in guiding your strategic plan. Run the meeting yourself, however, and attempt to be both a facilitator and participant, and most of those benefits will never be realized.

## *Utilizing feedback*

### **Communicating Results**

Here is one critical rule of soliciting feedback: you must do something with it.

Remember, 72% of engaged clients reported a four or five on the question "how much did your feedback make a difference in the service your advisor provides?" Asking increases client satisfaction and loyalty. Acting on it pushes clients toward that engaged status. Not acting on it pushes them away from being an engaged.

In making use of client feedback, the first step is to communicate what you have discovered. If you have surveyed your clients, you probably can't and shouldn't actually publish the survey results. (At the very least, it could be a compliance issue). You can, however, discuss the messages that came through, and newsletters, on your website, and in client meetings. New

Only a small handful of your best clients will have the opportunity to participate in your advisory board, but you can broadcast the summary of what was discussed to your entire client base. You can describe the kinds of things that came up in conversation that your board members recommended you make changes to. You can let clients know what you will be reviewing with an eye toward making improvements.

Once you actually change something in your practice, you will want to have a communications plan to announce those changes. Letting your clients know that you made changes to your practice based on client feedback completes the loop, reinforces how important the clients are to you, and demonstrates that you take their wants and needs seriously.

### **Adjusting Practice Processes**

In addition to communicating the feedback you have received and what you might do with it, actually doing it is equally crucial. Let me offer an example of the implications of not following through.

I had worked with a financial planning firm that was proud of how thorough and detailed its financial planning process was. They found out through surveys and their advisory board that clients could not understand or appreciate the dense tables of numbers that populated their financial plans. They appreciated the firm's expertise and commitment to the planning process, but had difficulty relating to the output. The client advisory board recommended replacing much of the output printed in the financial plans with a few simple graphs.

Planners at the firm resisted. They were proud of the extensive plans that they wrote for clients. The firm did not make any substantial changes to its financial plans. Once enthusiastic advisory board members gradually stopped coming to meetings. Some of the firm's most engaged clients declined further participation. There was no meaningful change in the number of referrals the firm received. Eventually, the firm declined to

renew our contract to run the advisory board. In the end, they held an advisory board because they thought it was the thing to do, not because they were open to change.

## *Conclusion*

A successful referral marketing program results in clients thinking of you and mentioning your name when their friends, acquaintances, and business associates express some financial challenge or ask to be referred to a financial advisor. This can happen when that advisor becomes associated in the clients mind with solving particular problems, solving problems for particular people, or representing a particular approach to providing financial advice. While it is important to always be asking for feedback when meeting with clients, and systematically collecting it via client survey, the client advisory board is the most powerful tool in the financial marketer's toolbox.

Identifying the best people to invite to participate on your board, understanding how to formulate objectives, retaining professional facilitation, truly being open-minded to client feedback, and acting on the boards recommendations, will help make your practice a referral magnet.

## *About The CLIENT DRIVEN PRACTICE*

**The CLIENT DRIVEN PRACTICE** coaches financial advisors to be more effective and successful by developing more client-connected and client-driven businesses. We teach advisors how to engage clients strategically, focusing the practice on what target clients value most, resulting in elevated productivity, higher profitability, and dramatically increased referrals. We consult financial practitioners on many practice management issues, including strategic differentiation, client advisory boards, and implementing technology.

Stephen Wershing, CFP, the firm's President, entered the investment and financial planning industry in 1987. His most recent executive positions include President of Ensemble Financial Services from 2002 – 2010, and Chief Operating Officer of Wall Street Financial Group from 1998 – 2002.

Steve has been quoted in many trade and popular publications, including Financial Planning, Investment Advisor, Financial Advisor, Investment News and USA Today. He has presented to industry groups including the National Broker-Dealer Conference of the Financial Planning Association and the Investment Advisor Magazine Wealth Advisor Summit.

Find out more at [www.theclientdrivenpractice.com](http://www.theclientdrivenpractice.com)