HOW DOES THE REFERRAL RELATIONSHIP WORK?

BY SUE-ELLA PRODONOVICH

Referrals are the lifeblood of most services practices. But it's not always easy to negotiate your way around the etiquette of referrals so that you keep both referrer and client happy and keep the work flowing your way. So if you've been struggling to make sense of the referral relationship, here's my guide to doing it right.

1. UNDERSTANDING THE IMPORTANCE OF REFERRALS

For almost all professionals, referrals will account for the lion's share of their client base. It's that simple. If you don't believe me, or if you don't feel as though this applies to you, do this. Write down every single client you've worked for in the last 12 months, no matter how small or large or how long they've been with you. Now figure out where they originally came from, even if they came to you a decade ago. When you do, apply the "but for" test, as in "but for x recommending us or x moving into the client's business, would they really have come on-board?"

You may find that when you do this, even those clients you thought came from other sources - a talk you gave, an article you wrote - may also have had an element of referral to them.

Most clients will have a number of touch points with a professional before they give them work.

Chances are there was a referral there in the way most - if not all - of your clients found you.

2. NOW CONNECT THE DOTS

Analysing your referrers this way lets you identify trends, patterns and changes in your networks. You'll probably notice that some of the "out of the blue" wins weren't such "blue birds" after all.

This ultimately makes business development easier because you can see what works and potentially replicate it and cultivate new referrers.

So, when you've done this and you've looked, you'll see the people who've really been responsible for growing your business by connecting you with quality leads. Without them you probably wouldn't have a viable practice at all. So guess what? These are the people you should be grateful for, the ones who you should be thanking, and the ones who you should be nurturing.

They're also the ones to whom you should be applying these rules of referral.

3. TELL THEM HOW IT'S GOING

Now that you know who your referrers are, think about when the last time was that you thanked them.

If it was a while ago get out that notepad and pen and send them a quick thank you note right now. When you've done that, call them and arrange a time to drop in on them for a coffee or a drink.

This isn't a time to ask for more work - quite the opposite. This is your chance to let them know how your relationship with the person they've referred is going, what you're doing for them right now and what you've done in the past. Tell them how satisfied, or unsatisfied the person was or is, and what's in the pipeline. Ask them for their opinion if and where you can.

4. KEEP IT UP

Keeping a referrer in the loop isn't a one off thing, it's ongoing. So call your referrer regularly. At the start of the new client relationship you should even be cc'ing the referrer into your emails. (OK, not when you're giving advice but at least for those initial exchanges and introductions.)

How long must you keep this up? Well, that depends on point 5 below.

5. FOLLOW THE PLATINUM RULE

The platinum rule of referrals is that you treat the referrer the way they want to be treated. That means you keep them in the loop and keep up the communication for as long as they want you to do so.

In other words, it's their call, not yours.

That said, to make it easy, I always think it's best to agree these things up front. At the start of any new relationship call the referrer and ask them when they want to hear from you - is it every new matter you take on or just when a milestone event happens? Do they want you to call monthly or just when something happens?

This gives them the chance to make thing easier for you by setting parameters that govern the relationship so that you know where you stand and what's expected of you.

6. THERE IS NO EXPIRY DATE

And that means (yep, you guessed it) there is no expiry date on a referral. Instead, the rules of referring continue until the referrer tells you to stop. That's because a relationship with a referrer is just that: a relationship, not a transaction.

After all, the people referrers refer often become referrers too. (Wow, that was a tongue twister.)

But even if they don't, referrers can help you build your social capital and grow your networks. This can be vital when you consider just how hard it is to open the door, let alone to get a foot in it at certain clients - investment banks, big law or accounting firms, etc. Here the networks you build and the social capital you have usually count for almost everything.

7. BUT IF YOU MUST HAVE AN EXPIRY DATE

OK, so if you're not 100% convinced and you're the kind of person who absolutely must put a timeframe on everything, here's the way to do it. Make sure that when you're setting the ground rules at 5 above you also set a date at which communications as a matter of course will cease.

If you're the one agitating for an end date, tell them why you want one and what the benefits will be to them (keep yourself out of it).

WANT MORE?

And there you have it. The ground rules for referrals. Follow these and I promise you'll have a healthier and more appreciative network of referrers. And that should lead to a healthier practice too.

So, if you need help analysing or growing your own network of referrers get in touch.

FURTHER READING

How to Repay a Referrer When you can't Refer Back

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