The Paragon Advisor

When's the Best Time to Ask for a Referral?

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Do you ask a new prospect for referrals on the first appointment? Do you wait until the second appointment? Do you wait a year into the relationship?

The answer is, "It depends." There are at least two things to consider in determining when to ask for referrals. First, value must be provided to the prospect/client and value must be recognized by the prospect/client. Second, you must consider the personality of the referral-giving candidate.

Not too long ago I had an insurance agent set up an appointment with me. As we were about to hang up, he mentioned that he built his practice from referrals and that at the end of our first meeting he'll be asking me for referrals, "So perhaps you could be thinking of some folks between now and our appointment." Was I ready for this aggressive approach? No! This is "old style" referral gathering, and it creates more bad will than good referrals. Oh, I might give him a referral or two, but not very good ones.

Value Must be Given and Value Must be Recognized

Sometimes it's easy to know this has occurred, because your prospects or clients will tell you. They'll say things like "this has been a very helpful meeting" or "I'm glad I finally started working with you on this." "Should have done this 20 years ago." That's it! Value recognized. Now it's time to ask for referrals - but not before.

After someone says, "This has been great, I'm sure glad I'm finally doing this with you." All you have to say is, "That's great. I'm glad you're pleased and I'm glad you're seeing the value of the work we're doing. I was wondering if we could brainstorm for a few minutes to see if we can identify who else we can bring this valuable process to. Can we try this for a minute?" (Notice I made this a WE process and not a ME process). Now you go about the business of brainstorming (collaborating) of who you can serve together (more on this brainstorming concept in future columns).

Can you provide referral-giving value on the first appointment with a prospect? Absolutely! In fact, I hope you do that on a regular basis. Don't be there just to sell. Be there to educate, ask good questions, and find out what their needs, values, and concerns are. You'll earn their trust as you learn their story. Then it will be time to tell your story, and move on toward the sale.

Not Sure if Value Has Been Recognized Yet?

One habit I strongly encourage you embrace is that of asking value-seeking questions. In fact, I strongly suggest that near the end of your first appointment (with about 10-20 minutes left to go)

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you ask your prospect, "Bob, of all the things we talked about today, what do you find most important." Or you could say, "We've been through a process over the last two meetings. What's been the most valuable part of that process?" In most cases, it will yield a conversation that demonstrates to both of you that value has been given and recognized.

On occasion you'll hear something like "I'm not sure what the value is yet." Wouldn't you rather know this before the end of the appointment, so you can address it right away?

Open Versus Guarded

This is one measure of personality/ communication style we need to consider when asking for referrals. Open people are much more willing to let you into their lives than guarded folks. They are, therefore, more likely to let you into the lives of others more quickly than guarded folks. So, you can (and should) ask open people sooner into the relationship. Guarded people can be great sources of referrals, but they just need a little more time to trust you. Plus, they like to be in more control of the process than the open types.

Ask value-seeking questions. If value has been delivered and recognized, and you feel the referral candidate likes you and trusts you - it's time to ask for referrals. The worst thing they can say is "no." (I'll teach you how to turn that around in future columns.)

Bottom line, when your prospect or client lets you know that value has been received, it's time to ask for permission to engage in the referral process – not just to help YOU, but to see who you can help together – a WE process instead of a ME process.

Ask the Referral Coach

"I have a very well-connected client, who has passed my name out to a few people, but under no circumstances will they give me names of referrals to contact?"--Sarah Adkins, Agent, Lansing, MI

Here you have the classic "control freak." They want to be in total control of when they talk about their financial situation and when they talk about you. Four things you should do: 1) Respect their desire to remain in total control. 2) Continue to stay in touch with them in genuine ways – serve the heck out of them and keep building trust. Do things for them that they know you don't get compensated for. 3) Every time they give you a referral, truly celebrate the referral (even if the prospect does not become a client). Send the referring client a small gift of appreciation (not just a thank you note, but a very small gift). 4) Whenever one of their referral prospects becomes a client, make sure your new client thanks the referring client. Help make the referring client feel like a hero.

Bill Cates, author of "Get More Referrals Now!" and "Don't Keep Me a Secret!" is offering you a free copy of his report "7 Deadly Referral Mistakes" as well as a subscription to his free referral newsletter with 30,000+ subscribers. (What do they know that you don't?) Go to www.ReferralMinute.com. To contact Bill, send him an email: Info@ReferralCoach.com.