Make Referral Sources A Key Part of Your 2014 Sales Strategy

Nov 19 Posted by Susan Saltonstall Duncan in Sales and selling

While most of our blog posts address issues that affect firms and the broader profession, we thought it might be useful at this time of year to offer several posts on individual business development strategies. Our last post was 'Tis the Season: Network Like a Pro! We hope our November and December posts help you and your colleagues with these personal efforts.

Do you know where your new business comes from? An analysis of how new business is generated will reveal that most law firms generate 80% of their new business from referrals. Seventy-percent usually comes from existing or recent clients, the other ten percent from non-client referral sources. Referrals are sent to individuals for the most part and are based on:

- Your relationship with the referral source.
- Your past successes for them and their confidence in you/your expertise.
- Your ability to make them look good with their clients and contacts.

The best sources for lawyers will depend upon your area of practice but may include the following people:

- Other lawyers and law firms who have conflicts or who don't offer the area of expertise a client needs
- Accountants
- Architects, interior designers
- Bankers
- Consultants, e.g., environmental, public or government relations, benefits, human resource, health care
- Economists
- Engineers, surveyors
- Expert witnesses
- Financial advisers
- Firm alumni/ae
- Government officials, politicians, local industrial development authorities, federal, state and local agencies
- Insurance brokers and advisers
- International trade consultants, advisers or agencies
- Investment advisers
- Investment brokers and underwriters
- Management consultants
- Physicians and other health care providers
- Professors
- Real estate agents, brokers, landlords

- Relocation companies
- Social and family contacts
- Trade association executives
- Venture capitalists and private equity firms

Firms, practice or industry groups within a firm should devise well-thought out and formal referral source strategies. At the moment, firms leave much of this to chance and/or to individual lawyers who have strong networks. This means they may be missing out on ways to more effectively build a sales strategy with referral sources. There are several institutional steps to referral source marketing:

Track and assess your sources of business. Add a couple of mandatory questions on every new matter form that address from whom, how and why this matter came to the firm. This will enable you to analyze this and determine from whom your incoming referrals are coming. If you have not had a way to formally track this data in the past two years, it is still important to go through your top 10,20 or 50 client list and re-create the history of how the client and matters came to you or the firm. Your first focus should be on "proven" referral sources.

Track outbound referrals based on inbound referrals. Obviously, especially for non-client referrals, reciprocity is important. If you find you regularly have received referrals or even attempts at referrals from a few of the same people, it is time to direct referrals back to this source if possible. You also need to publish this tracking summary throughout the firm so that other partners can help you refer work back to proven referral sources. While many lawyers will want to have control over their own referral network and approaches, practice groups should include an assessment of the financial outcomes of referral activities to be sure the firm is strategically sending work back to its best sources.

Address any inequities in your outbound referrals. If your analysis shows that you consistently refer work to one or two other individuals or firms and you don't receive referrals back, it is time to have a conversation with these individuals about whether and how they might send you work. If the individuals are not in a position to refer to your specialty, explore whether their partners or colleagues may be in a better position to do so and if they'd be willing to make that introduction. Obviously, if you are making referrals to someone because you know that your client or contact will receive the best advice or service, that may be enough of a reason to continue a one-way outbound referral approach, but you should at least find out whether the person receiving the benefit of your referrals can reciprocate.

Make sure your clients are thrilled with your work. Clients must be extremely satisfied with your work and service in order to refer others to you. Be sure you solicit feedback on a regular basis and make any improvements they suggest. Only after you have a truly satisfied and loyal client can you ask them for referrals. Beware, there are a number of reasons even satisfied clients may not refer new clients to you including:

- They don't think of it.
- They don't know who you want to know.
- They worry that sharing you means they won't get enough of your time or attention.
- You don't ask.

Expand your network of new, non-client referral sources. Ask clients where they go to network and ask to accompany them to events, conferences and meetings of their peers. This will make it more likely you will meet others like them and they will introduce you and endorse you at the same time. Also pursue relationships with fellow panelists and fellow board and committee members. Remember, always focus first on helping the other person grow his/her business and find success.

Be clear about what you are seeking and what you do. When meeting new referral sources, be sure to articulate your ideal target: type of business, title or role of decision maker and the industry or market. Also communicate the type of work you do in terms of benefits and solutions. Finally, be clear about what you are asking the referral source to do, e.g., make an introduction, schedule a lunch with the three of you, attend events and be introduced, etc.

Build a few strong business partnerships. Once you have analyzed your best proven referral sources, meet with a couple of them to devise a more formal strategy for introducing your respective clients to each other, perhaps co-hosting roundtables, webinars and co-authoring articles.

Remember to say thank you! At the very least, follow-up on a referral source's efforts to send you a lead with a phone call or hand-written note (yes, I know it's old-fashioned but it works.) Keep your source apprised of the status of the referral and look for ways to reciprocate. If you actually land new work from the source, consider sending them a gift of some sort check with ethics rules first.)

Stay in touch. As with all relationship marketing, you need to stay on the radar of your referral sources and constantly be looking for ways to help them. Use LinkedIn and other social media effectively to stay connected and join groups your referral sources belong to.

Never take referral sources for granted and don't leave this crucial sales tool to chance. Identify your best sources and develop a plan to make them an invaluable part of your personal sales force.

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