



Thought Leadership in Action for Life Insurance

4 Tips to Simplify Asking for Referrals



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Whether you're a new or experienced financial professional,* you may find a steady stream of qualified leads can be valuable for your business. Referral marketing can be a reliable way to develop those leads.

According to The Nielsen Company, recommendations from friends and family are the most trusted form of advertising. Overall, 83% of people trust referrals, compared to just 66% who trust consumer reviews and 70% who trust branded websites.¹

There's no doubt that referral marketing works, but how do you encourage people to recommend you when the opportunity arises? Here are four tips, geared for both customer and colleague referrals.

1. Ask at the Right Time

There's a lot of debate out there about how and when to ask customers for referrals. After you've sold them a product? Upped or changed their coverage? Conducted a successful policy review meeting?

Eric Wilson, former national account director for Kaplan Professional, thinks that any of those times are good—and the sooner, the better. "The best time to ask for referrals is always now," said Wilson in a recent Kaplan article. He believes that waiting until an endpoint is risky because, at any time, something could go wrong with the customer experience.²

That's important for financial professionals to remember. You're on the front lines with the customer, so it can be best to ask for a referral whenever you notice that the customer is obviously happy with something you've done.

* In order to sell life insurance products, a financial professional must be a properly licensed and appointed life insurance producer.

1 Source: Nielsen "Global Trust in Advertising: Winning Strategies for an Evolving Media Landscape" *Neilson.com*. September 2015. <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/global-trust-in-advertising-report-sept-2015-1.pdf>

2 Source: Kaplan Financial Education "Referral Marketing 101: How and When to Ask for Referrals" *Kaplanfinancial.com*. February 5, 2019 <https://www.kaplanfinancial.com/resources/client-acquisition/referral-marketing-101-how-and-when-to-ask-for-referrals>

“Referrals are an efficient and effective way to get new business, but people don’t always think to give a referral unless you ask.”

ThinkAdvisor, a publication for financial and insurance professionals, says that the best time to ask for referrals is when you’ve delivered value and the customer has recognized it.³ You don’t have to wait for someone to sign on a dotted line before you ask for a referral—you should wait until they’ve benefited from your services.

Maybe that’s when you’ve helped a customer to save on coverage or found just the right policy to meet their needs. Maybe it’s after a claim has been processed. You’ll know when the time is right.

It’s also useful to remember that asking for a referral isn’t something you need to do only once. When the same customer has another positive experience, it’s fine to ask again.

2. Leverage Your Professional Relationships

Customer referrals are valuable, but other professionals can be even more lucrative sources of business. Financial advisors, Certified Public Accountants (CPAs), business or estate planning attorneys, employee benefit firms, property and casualty agents, and bankers are often in the right position to recommend insurance products for their customers. Those professionals typically develop strong bonds of trust with their customers.

According to Forbes, accountant recommendations provide many financial professionals with their most valuable customers.⁴ Accountants are go-to advisors for many people with significant assets. If they mention your name, it carries a lot of weight.

If you already have connections in the accounting world, check in with them one-on-one. Invite them for coffee and talk about what you do. If you have a particular niche, like a specific service or demographic that you focus on, mention it. Think of what qualities your mutual customers have in common, and make sure they know how you could help.

For example, if you want to focus on building your business owner client base, you may want to target business planning attorneys who work primarily with businesses and business owners. Do you have experience connecting people with life insurance policies so that the coverage helps protect their business? If so, ask to be a go-to recommendation.

If you need more connections—and who doesn’t—start getting out there. Join online professional networks and local associations of business professionals.

Focus primarily on building local connections, since these professionals have local customers.

3 Source: Bill Cates “When’s the Best Time to Ask for a Referral?” *ThinkAdvisor.com*. March 30, 2012 <https://www.thinkadvisor.com/2012/03/30/whens-the-best-time-to-ask-for-a-referral/#:~:text=Ask%20value%2Dseeking%20questions.,that%20around%20in%20future%20columns.>

4 Source: Russ Alan Prince “Why Financial Advisors and Insurance Agents Need to Forge Partnerships with Accountants” *Forbes.com*. June 8, 2015 <https://www.forbes.com/sites/russalanprince/2015/06/08/why-financial-advisors-and-insurance-agents-need-to-forge-partnerships-with-accountants/?sh=44424b0970ab>

3. Make the Referral Mutual

Don't just ask—offer, too. When you're asking for an accountant to recommend your services, make sure they know that you can recommend theirs. There are probably many moments in your client conversations when you realize that someone could use an accountant. If you have a name to suggest, and that person is likely to recommend you too, there's an incentive on both sides for those recommendations to happen.

That goes for other types of professional referrals as well. Talk to the financial advisors you know about what kinds of policies you sell and what services each advisor offers. Find those meeting spots in the middle when a customer might look like a match.

4. Be Specific About What You Offer

When you're asking for referrals, it's important to be specific about the value you provide. That's true whether you're asking a colleague or a customer.

Customers will usually associate you first with the services and products that you provide to them. Make sure they know what other services you can provide, especially if you have particular expertise that sets you apart from others in your area.

The same goes for professional recommendations. With professional partners, though, it's most important to connect your services to the services that they provide. If their client needs life insurance, when should they think of you first? What would set you apart from others in their network?

Key Takeaways

Referrals can be an efficient and effective way to get new business, but people don't always think to give a referral unless you ask.

With customers, the best time is when they're aware of the value you provide. Keep adding value for every customer and don't be afraid to remind people that you take referrals.

With colleagues, it's all about networking and making sure they know where you shine. Look for opportunities to cultivate the business relationships you have and build new ones, especially when you serve a similar client base.



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