

Human-Centric Investing Podcast

Episode 42 – The ABCs of Asking for Referrals

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- Intro This is the Human-centric Investing Podcast with John Diehl, where we look at the world of investing through the eyes of our clients. Over to you, John.
- John Diehl: Hello, financial advisors. This is John Diehl, Senior Vice-President of the applied insights team at Hartford Funds. And welcome to Episode 42 of the Human-centric Investing Podcast.
- Joining me for today's podcast is Dave Ingram. Dave has been a top Hartford Funds Advisor Consultant for many years as one of our regional vice presidents, but in addition to that, Dave has an additional role at Hartford Funds.
- Because of his extensive experience working with financial advisors and seeing practices of all shapes and sizes, from those that are very established and very successful, all the way to those that are just kind of getting their legs under them and, kind of, learning the efficiencies of the business, Dave has really, kind of, started a real process in our company of learning how we can, kind of, pollinate, if you will, the best ideas across the industry.
- And he's helped us do that, not only in his territory but really, nationwide. If I were to characterize it, I would say Dave's not only an expert in practice management, and that includes value-add content as well, but I would say it's in practice efficiency.
- And Dave goes across the country talking to advisors as well as teams, those who, as I mentioned, are seasoned or just starting out. So, Dave, first and foremost, thanks for joining us on the podcast today.
- Dave Ingram: Hey, John. Pleasure is all mine. Glad to be here. Thanks for the intro.
- John Diehl: Well, one of the things that my team has been reporting back to me is, it seems that in the midst of this crazy shutdown pandemic COVID-19 crisis that, hopefully, we're kind of seeing the other side of at this point, nobody knows the future, but we've been really surprised at how prospecting has really been on the minds of many people.
- And I know, it seems like the more successful practices that we talk to are saying, hey, prospecting and finding new clients, expanding our client base is actually increasing as we pass through what we've been through the past couple of months.
- But, Dave, I know you have some ideas around simple strategies in terms of a part of the prospecting business, we all know is asking for referrals and it's not something that comes naturally to everyone, but, Dave, your processes are always so simple. And, so, that's really what our podcast is going to be about today, is this process of asking for referrals, especially in this day and age.
- So with that, Dave, let's get started. Dave, any initial comments on what I just said. Are you seeing that as well in practices that you're working with?
- Dave Ingram: Yes, absolutely. That's a great place to start, and what I've found in my conversations with top teams, most successful advisors that I've worked with, early into this pandemic, they stopped playing defense and they went back to playing offense.
- So what I mean by this is, certainly no one on this call needs to tell—needs me to tell them that, you know, we live and operate in extraordinary times. But I think what's worth talking about is how can we use this current and unprecedented volatility to actually get back on offense and increase referrals.

And this is a good place to start because I think anyone listening to this podcast would agree that, in the financial services space, we are, at the end of the day, a sales-oriented industry. We're trying to sell ourselves, we're trying to sell our services, and we know the world around us in which we operate in has changed dramatically. But the name of the game when it comes to sales, that hasn't changed at all.

And what I mean by this is, if you have something of real value to deliver to your clients and prospects, you want to continue to be doing everything possible to get that value in front of them.

So from that regard, when it comes to sales, nothing has changed. And if you have value that you can bring to today's marketplace as financial advisors, it has never been more needed than it is now because we know countless Americans can benefit from some much-needed investment perspective.

There are millions of people that need someone like the financial advisor to help them revisit their plan, help them stick to the plan, stay the course. They need advisors to help them get through this and get successfully to the next chapter of their life. And so, John, it's never been more practical nor more important to position (a referral) because people need your help and so, therefore, we need to let them know that we are willing and available to help.

John Diehl: So, Dave, sometimes when I speak to advisors that they haven't really made referrals a big part of their business. And sometimes I think they're hesitant to do that because, let's face it, so if we're coming from our perspective, we don't want to be an additional burden to that client.

But, Dave, I know, you think about it a little bit differently, and I guess from the—from the perspective of the client, you say that clients actually may want to make referrals. So explain to me why someone would want to make a referral in the first place.

Dave Ingram: Absolutely. I think it is key, before we talk about how the position referrals, it's important to talk about why do people refer. And many financial advisors may not realize this, but referrals is a part of, quite literally, human nature. And it's interesting because referrals go as far back as mankind.

And think about this for a moment, many researchers have concluded that the human brain is hardwired towards tribalism because the innate advantages it gave people in human evolution.

So if you think back many, many, many years ago human beings were ill-equipped to survive this earth on their own, you know, things like food and shelter were not always easy to come by, not to mention the ever-present threat of predators which could have been in the form of animals or other rival tribes.

So all of this made it very unsafe for someone to try to live on their own, therefore, this idea of belonging to a tribe, that was essential to survival. And you would have done anything humanly possible to maintain or strengthen your position within the tribe because your very life may have depended upon it.

So it is only natural to conclude that this life or death idea of tribalism left some deep-seated roots that still reside with us today. That even today, as human beings, we want to maintain or strengthen our position within our social circles, and that's why someone refers.

And when you think about this, when you make a referral, when you provide a recommendation, based on that nice restaurant you dined at or that great movie that you watched and enjoyed, generally speaking, you're making that referral at a subconscious level because you think that your family member or friend is going to have a similar positive experience to the one that you enjoyed.

And so, therefore, by recommending that restaurant or that great series that you binge watched on Netflix, making that recommendation to your friend or your neighbor, you will have maintained or strengthened your position or your relationship with that person by making the recommendation that you did.

And so, John, when we recommend or refer someone or something it's usually because of a remarkable experience. And it's fascinating, if you take the word remarkable at its literal meaning,

remarkable is something that is worthy of you making a remark about. So, but again, someone makes that recommendation or referral because the feeling or experience was so good, it was worthy of a remark.

John Diehl:

So, Dave, listening to what you're saying there reminds me of previous conversations that I've had with people like Annie Duke or Joe Coughlin at MIT, where they've talked a lot about tribalism, and sometimes we talk about it in terms of an advisor's practice, right?

We want to—because often times tribalism is looked at as negative, right? It's where prejudices come from and cliques and things like that.

But those researchers, kind of, urge me to think about the positive aspects, like a group that exercises together or a group that's trying to lose weight together or something like that. It's like that positive reinforcement.

So in this context, what they've shared with me is, the advisor, themselves, may want to put some time into thinking about the tribe that they want to create around their practice so that their clients may say, hey, we're all clients of Dave Ingram's. And with Dave's practice we know that when the market goes crazy, we don't act like the rest of people, we kind of take this perspective.

And I think, Dave, if advisors can begin to build their own culture around their practices and how they think, the other thing we could expect is that people are not going to make a referral to a person that they don't think they would be a good fit in that tribe.

And that's a—that's a great point from the advisor's standpoint. Kind of screens out people that may not meet certain criteria or viewpoints or whatever it is as we're trying to build our practice.

So I think your points regarding that, kind of, using that habitual or native tribalism to our benefit makes a lot of sense. So, given that, what are strategies that you see advisors implementing that take advantage of today's volatility and uncertainty and can turn that into a steady predictable stream of referrals, rather than just a once in a while kind of thing?

Dave Ingram:

Great question and you alluded to part of the answer, when you were setting up this question that essentially, how can we take this deep psychology that is within us and use it to leverage it to our advantages, increasing referrals.

And you think about taking that a step further. How is today's unprecedented market volatility creating such a good backdrop to increase referrals? And the short answer is, it's never been easier nor more important to be remarkable.

Again, thinking back to why people make that recommendation or referral, it's because they enjoyed a remarkable experience. Well, if I tie it back to the financial advisor, because of everything that is going on around us in the world today, I'm sure that financial advisors are making or taking calls on virtually a daily basis.

And I'm equally confident that advisors are doing a great job of increasing their client's comfort and calmness in light of the crazy world we live in today.

I mean, for many clients' financial advisors, they serve to be that light of confidence that's going to steer them through these turbulent times, and therefore, again, as financial advisors you have the opportunity to be – to be remarkable day-in and day-out in the eyes of your clients.

And so when we think about this, I'm sure many phone conversations that advisors have with clients and prospects have ended with the client offering some positive remarks, some unsolicited praise.

And that's exactly when you should be leveraging them for referrals because, at a subconscious level, when someone gives you that positive praise, they've never been more motivated to also provide you with a referral. So don't ever, don't ever let that gratitude go to waste.

With—and so when you think about that conversation ending and the client says to you, John, this call makes me feel so much better than I did 30 minutes ago, or John, I can't thank you enough for talking me through this, or I so appreciate everything you've done for myself, my spouse. That should set off a trigger in the mind of advisors to meet their compliment with compassion and to turn it back to them.

If I just take another minute or two here, I essentially created a blueprint, a simple formula I call the ABC's of asking for referrals that advisors can use. So again, if those antennas are up and that advisor gets some of that positive praise, some of those unsolicited positive remarks, then they should go through this ABC formula which A is, acknowledge the praise, it's quite simply, hey, Mr. Client, thanks so much for that feedback, you know it means the world to me for you sharing that.

The B is be compassionate, Mr. Client, I appreciate you sharing that with me. At the same time, I can only imagine how many people in our community still have questions, concerns, maybe even fear about their financial future.

And then the C is to close for referral, but not so much closing for referral in way that we're asking a favor, like, hey, can you think of one or two names you could feed me, or, don't keep me a secret, maybe grab couple of my business cards and share them with others.

Instead of positioning referrals or closing for referrals as asking a favor, let's position referrals as another level of service that we extend to select clients. So if I go through this ABC format, again, that conversation, that meetings wrapping up, I got some gratitude from my client or prospect and I say hey, I so appreciate you sharing that with me.

At the same time, I can only imagine how many people out there still have questions, concerns, even anxiety about their financial future. And I bring that up simply because, as another level of service to you, I'd be happy to lend a second set of eyes to those in your life that could benefit from using us as a sounding board.

And I'll point out to you, they do not have to become a client of ours to take advantage of this service because the bottom line is, if that person matters to you, they matter to us.

John Diehl:

Well, Dave, when I think about that, if you were to say that to me, I'd automatically start thinking about conversations that I had. Lots of times we have conversation with friends and family members and we, kind of, don't think of the financial advisor, but when you say that, I almost; A, I start reviewing past conversations I had, and B, I start thinking about people that maybe I think could benefit from you.

And, so, I think that makes all the sense in the world. I think, not that all the steps aren't important, but I think that C is really maybe the one that advisors need to be most strategic about, right, because so often, don't we fall into that pattern of just saying, hey, would you do me a favor?

If there's anybody else that I could help, I'd be happy to talk to you about them, or whatever. And it almost feels like an obligation being placed on that client versus, as you put it, an extension of service, right?

Dave Ingram:

I couldn't agree with you more, and, you know, it's also this idea of, don't make me think of everyone, make me think of someone. And, so, we want to—we want to paint that picture, like, again, if that client just provided that positive praise to you—again, this is all happening in a nanosecond at a subconscious level.

But they've also been never more motivated by providing you a referral because if they give you a name of someone in their social circle that maybe has had questions or concerns or fear about their financial future, by providing your name to them, odds are that person will enjoy a similar positive experience for the one that you created for your client.

And, therefore, by replicating that similar positive experience with the person they referred to you, they will have maintained or strengthened their position in the eyes of that person because of pointing them in the right direction. So, yes, I couldn't agree with you more that we want to paint the picture of who we can help and then really what has tied it together, is again, positioning it, leveraging it as a level of service.

And I've found it to be key with advisors that would use this, something that's really stuck out to their clients is letting them know, hey, listen, this name that you provide to me they do not have to become a client of ours to take advantage of this service. And that is something that's been key to offer to your clients.

John Diehl: So, Dave, I listen to this podcast, riding into work in the morning or on the way home at night. I'm like, all right, ABC, got it. I'm going to try it first thing tomorrow. How do you see advisors making this a consistent part of their business versus just something that I kind of remember once in a while when I trip across an obvious case, right? So what techniques or recommendations to you have for folks to make this a more consistent part of their business?

Dave Ingram: Yes, I think the first thing to headline this under is complexity is the enemy of execution. So, step one, to keep things simple. And I would lay out for you a simple strategy that advisors can immediately implement, and by doing so, it'll make them more consistent in asking for referrals and more effective in actually receiving them.

And, so, within this simple format, anything worth doing is worth tracking. Another way to say the same exact thing is, if it's not being tracked, there's a good chance it's not getting done. So if you want to apply consistency to this, you have to track it. And one of the easiest ways I've found to track it is to grab an index card or a yellow sticky note.

And an example would be this, so, as of this recording we are in week 24 of 2020 so, let's say I wanted to become more consistent in asking for referrals, well, for most advisors I've spoken with about this strategy, there is enough activity, enough momentum and enough conversations in their business a weekly basis, that theoretically, they could ask for referrals.

They could apply this ABC blueprint at least three times a week, so we set a baseline of three times a week we want to ask for referrals, so, therefore, you grab an index card, we're in week 24 right now, you write referrals and then three lines next to it. And each time you proactively ask for referral, you cross off or circle the line and by the end of the week that index card should be completed. And, then, next Monday, we start week 25, grab another index card; referrals, three lines, so on and so forth.

So what that is going to do is going to address the consistency. Then, if we want to dramatically increase the likelihood that we stay with it over time, you want to add additional layers of accountability.

And you can do so by sharing your goals with someone on your team, someone within your office, certainly connecting with you friendly neighborhood Hartford advisor consultant that they can do a great job of helping you get on track or stay on track with this.

But I can't tell you, for how many advisors I've laid this strategy out for, when we have the initial strategy, we put a follow-up phone appointment on the calendar four to six weeks out and the purpose of that call is to make sure you're either staying on track or getting back on track with an activity that we know will work. But the glue to it, the glue to it is that consistency.

And, I'll tell you, small hinges swing big doors, and kind of give you some social proof here. So I recently connected with a financial advisor that had less than two years' experience in the industry, so for most advisors maybe listening to this podcast, this particular advisor, odds are, had less experience than you may have.

But this advisor, with little experience in this industry, we went through this similar strategy, and we painted the picture and he felt, he was confident, that there was enough momentum and activity in his business that he could ask three times a week.

So we did this index card format. He was tracking it methodically each week. To his credit. He stuck to it. We put a follow-up accountability call on the calendar five weeks later, and that accountability call just occurred this last Friday. And when I was checking in to see how the results were, he was thrilled to report to me that he had already closed a \$600,000 account directly as a result of asking for referral.

The irony was, when I was speaking to him last Friday afternoon, he was waiting on a check to be delivered by the UPS guy that was going to be a quarter million dollars for another account he had already closed, and he had first movers' advantage on a seven-figure estate that he was waiting on to be settled.

Again, asking for a referral, he was put in front of someone that was a beneficiary of a seven-figure estate and he was waiting for that to settle before he could continue to proceed with the conversations on that.

So the consistency was his ally. And for anyone listening, I can't tell you if it's going to be the fourth time you ask or the fourteenth time you ask that you will get what you're looking for, I can just promise you, if you do it consistently, you will get the inevitable results you desire.

John Diehl:

Well, Dave, as I think about the world we've been living in the past two or three months, one of the things that I've heard from your colleagues, other advisor consultants, as well as from my folks on the applied intakes team, is that often times advisors are reaching out clients now doing virtual one-on-one meetings or sometimes virtual client events, right, where we're presenting some of our value-add content from MIT or from other value-add contributors.

And we'll kind of leave those meetings saying, hey, something I said kind of struck a chord with you. Contact the advisor, request our white paper or our worksheet, whatever it is, and often times, the advisors are reporting that those clients are calling in to thank them for putting on such an event, right, and for keeping them up to speed.

And it'd be the perfect opportunity, right? What I'm observing is, virtual world may actually multiply those opportunities and give the advisor more geographic reach when it comes to these referrals. Are you experiencing that as well?

Dave Ingram:

Yes, without question. It's a great way to leverage your time, your technology and to be in many places at one time. And, ultimately, what it does, it just creates more opportunities. Kind of – kind of going back to what we were saying, it creates more opportunities for you to be remarkable in the eyes of your clients and prospects.

And, so, if we tie all this back to this simple strategy. Here is what I've found to be extraordinary, John, whether it's a virtual world or when we get back to that physical world, sitting across from folks, this particular strategy that we're talking about, being more aware when you get that positive praise, creating that trigger to go through the ABC's, positioning referrals as a service, tracking and monitoring.

And then having that layer of accountability to report back to, every advisor that I have walked through with this, I've said to them, OK, if you were consistent, let's say the baseline was to ask three times a week, if you were consistent in doing this, and we reconvened a year from now, that means you would have asked approximately 150 times for referrals.

And, by the way, because you're doing it consistently, week-in and week-out, that also means you're getting better at it, because in our chosen profession, there's no such thing as rejection there's only feedback. So the more often you do this, the more feedback you're getting.

Based on that feedback we can tweak it, we can refine our message, but over the course of the year, if you would have asked 150 times and a year later, odds are, you're about 50 times better, I have yet to have an advisor not tell me that they couldn't get seven figures in new assets in that one strategy by itself.

So if you think about this, everything we've laid out, the groundwork here, for this weekly strategy, that is 100 percent within your control, this same strategy could garner you seven figures or more in new assets over the course of the year, and it would not require you to work a minute longer or an ounce harder.

It would just require a heightened sense of focus. It has to become a priority because we always have time for our priorities. And to make this a priority, again, if you apply a tracking system and a layer of an accountability, those two dual forces will powerfully increase the likelihood that you're successful in

asking for and receiving bigger and better referrals.

John Diehl: Well, Dave, its great information, and it's a great strategy, very simple, implementable. I want to thank you, Dave, for joining us on the podcast today. I look forward to every time we have you on to bringing those actionable ideas that people can implement in their practice right away. So thanks very much again for joining us.

Dave Ingram: Likewise, John. Always a pleasure to be on here. Always love trying to help out the financial advisor community, and I appreciate you welcoming me on the podcast today and taking some time to share some of my thoughts on how to make referral prospecting the new lever, the new strategy for you to grow your business.

John Diehl: Folks, that's David Ingram. David's a Regional Vice President Advisor Consultant for us at Hartford Funds. As always, on behalf of Hartford Funds, thanks for joining us for the podcast today, and we look forward to being with you again on the next episode of the Human-centric Investing Podcast.

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