



# How To Attract More Referrals To Your Accounting Firm

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## How to attract more referrals to your accounting firm

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### How to Attract More Referrals To Your Accounting Firm

By Nic Clark

As an accountant there's a great chance that your most lucrative source of new clients is referrals or word-of-mouth. It works far better than advertising, direct mail, flyers, radio ... anything.

As you know, referrals cost virtually nothing to attract because there's no need to invest significant amounts of money on advertising. What's more, because these people are often referred from your best clients, they're usually great to do business with as well.

There is a challenge with referrals, though. When businesses go on a client acquisition drive they have control (to a certain extent) over their marketing. They know that if they spend money on advertising they'll get some sort of result. Under normal circumstances referrals are sporadic. They come in here and there so it's quite difficult to rely on them to play a major role in achieving your sales targets.

Notice we said 'under normal circumstances'. That's because there IS a way to grow your firm dramatically through the power of referral. It's simply a matter of employing the right system.

You see, some businesses have been so successful at generating referrals they have scrapped ALL their other marketing efforts and now only accept new customers and clients by way of referral.

At first thought this may appear to be a little risky but think about it this way: if someone hears that they can only do business with you by being referred, becoming one of your clients becomes a status issue for them.

You have heard the term 'people want what they can't have' so the more difficult you make it to become a client, the more they want to become one.

Here's a great example of that ...

Have you heard about the dentist who only sees new patients who've been referred to him from his existing patients? His name is Paddi Lund.

Paddi's philosophy is that he is in business to have fun and he only wants patients who are a joy to deal with, so it stands to reason that friends of his existing patients are also highly likely to be a joy to work with. Golf clubs, men's clubs and turf clubs all work in a similar fashion.

Having a 'By Referral Only' business means that he only attracts the kind of patients that he enjoys helping.

Having a finely tuned referral system in place is one of the keys to Paddi's success.

### What's Possible?

There's a very good chance that referrals are already a lucrative source of income for your firm, yet you'll find that the untapped potential for your firm is probably enormous. Here's an example of that ...

Let's say that you have 100 business clients who are worth around \$8,000 in fees to you each year. That's \$800,000 ...

Imagine that you also have 20 clients who each provide you with \$15,000 in fees each year. That's another \$300,000.

If each of those clients referred one person who was of similar value to you, your revenue doubles.

Even if only 33% of those clients referred one client per year to you, your business has increased by 33% for very little outlay.

So – how do you attract more referrals?

Let's take a look ...

### 5 Keys to Attracting More Referrals

#### 1. Become more 'attractive' to your clients.

Before anybody is comfortable recommending you to their peers they need to have had an incredible experience doing business with you. That means your customer service and/or the results you deliver must be outstanding.

In this 'whitepaper' we will show you how to set up your own referral program and introduce it to clients, but before you start asking for referrals, it's critical that you create an environment where clients want to refer you.

Creating that environment is about going way beyond the call of duty to deliver a service that literally makes clients go 'WOW' when they experience it.

It isn't about offering good service or delivering on time or producing a product that does everything that you say it will do. It's about offering MORE than expected.

That means look at:

- The way in which you answer the phone
- The appearance of your premises
- The 'can do' attitude of your team
- The professionalism of your service
- The quality of your service
- Your turnaround times

#### 2. Give clients an incentive for referring their colleagues and peers

Think of an inviting introductory offer you can make to potential clients ... something that your existing clients would be delighted to share with their colleagues.



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Maybe you have some tickets to an upcoming seminar that you can give away. Or maybe it's a voucher for a complimentary '10 Step Business Health Check' consultation (worth \$200). Or maybe it's a complimentary 'whitepaper' featuring 10 strategies to grow their business.

As well as having an attractive offer for potential clients, it's also important to offer an incentive or a thank you gesture to clients for referring their colleagues and friends.

You can do this in one of many ways:

1. Offer referral dollars that can be accumulated and redeemed against future invoices.
2. Bottle of wine, movie tickets, gift basket or other gestures of thanks.
3. With alliance partners, offer a % commission or spotter's fee.
4. Simply ask clients how they'd like to be rewarded.

### 3. Actively Ask For Referrals

Most accountants DON'T ask for referrals and it often doesn't occur to your clients to refer their colleagues or peers either. With that, many an opportunity is being missed.

So – imagine then what happens when you start asking your clients for referrals.

That's right – your sales will increase dramatically.

The best time to ask for referrals is just after a new client comes on board. This is the time when they are most excited about your firm and all it has to offer.

Later on in this 'white paper' we'll introduce you to other ways you can attract referrals.

### 4. Develop a system for encouraging referrals

Asking for referrals is great but having a systemised way of making sure those referrals happen will improve your sales even further.

You can tap into a great opportunity for your firm by generating referrals systematically from almost every client ... every time they deal with you!

To do this, develop an automated system for asking for referrals in different ways, using different methods, at different stages in the sales process. Also, develop a way of recording those referrals and rewarding your clients for referring others.

Doing this ensures you maximise referral opportunities. It also gives clients more of an incentive to refer people.

Here's how referral incentives work ...

First – you provide clients with a reward or gift for every paying customer they refer your way. This may take the

form of a tangible gift or it could be 'referral dollars' they can use towards future purchases.

Second – offer a 'welcome' deal for the referred person. It's important that the person being referred is offered something special just for being the friend of your client. This helps your client look like a 'hero' in the eyes of their friend.

Remember that in point #1 we discussed how important it is to ensure that you create an environment where people actively want to refer their friends. Well, here are some tips to do that:

1. Finish all client projects ASAP and within deadlines.
2. Thank clients for doing business with you by sending a 'thank you' letter or package. This shows that they're important to you and that you genuinely are ensuring they experience outstanding results.
3. Give clients a follow-up telephone call to touch base with them, see how they're liking the product, answer any questions they have and generally gauge feedback.
4. Next – send a letter telling clients how you value the relationship that is developing and how you would like more clients who are great to work with like they are. Then – introduce your referral program, how they can refer people and the incentives they'll earn.
5. Ensure you have a way of tracking referrals so you know who the source of every referral is. As part of that process always ask new customers who referred them and record the details on your contact management software.
6. Send the referrer a letter thanking them for referring their friend and mentioning what they receive for that referral.
7. Send a welcome letter to the referred client thanking them for enquiring about your services. Send it together with an information package that gives valuable advice and also outlines how you can help them.

### 5. Set the Expectation Up-Front

Firstly, let your clients know that you would like them to refer others to you. The best way to do that is to simply ask them. Set the expectation up-front, when you first meet them.

Simply say that once they are happy with the service that you offer, you ask that they refer at least one client of similar calibre your way. Your clients will always be happy to do that.

We've found that one of the best ways to do that is to position it with your clients upfront, either verbally or in a written agreement like a Team Commitment statement. In fact, if you have a team commitment statement that spells



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out what you are prepared to do for your clients and the commitment that you expect them to make to you, you can mention referrals there.

For instance ...

“We want you to be happy with our service, so we ask that you let us know how we’re doing (either good or bad) so we can see how well we’re meeting your expectations. We also ask that, after 3 months, if you are delighted with our service, we ask that you refer at least 2 friends, family or acquaintances who you believe may also benefit from our service.”

### 4 More Ways to Attract More Referrals

#### 1. Arrange for a high profile/client to endorse you to their clients or associates

Spend time scanning your list and flag the people who are ‘key influencers’ or ‘spheres of influence’ in the industry. More specifically, target people who have clients or associates that fit the profile of your ideal client.

For instance, you will already have relationships with solicitors, insurance agents, financial planners and mortgage brokers to name but a few. And you probably already enjoy some referrals from these professionals. Having said that, you’ll find that with the right approach there is potential for you to experience a dramatic increase in referrals.

To begin with, ask these people to write to their clients promoting a special offer from you. The letter would be on their letterhead, signed by them.

Here are some important factors to ensure the success of this endorsed mailing:

- Approach the firm, explain how it would work and show them how both of your businesses win using this approach.
- Develop a special introductory offer.
- Draft the letter yourself and ask them to adapt and send it. That way you ensure the letter says what you want it to say. Having said that, it’s obviously important that the message is heartfelt and is something that the other party is comfortable sending.
- Offer to pay for printing and postage.

#### 2. Piggyback your mailing pieces

Talk to one of your clients or associates and ask them to send out a promotional piece from you, with their regularly customer mailings. In other words, your promotional piece piggy backs their newsletter mail-out or their monthly invoice run or some other mailing they’re doing.

For example, when an associate’s (or a client’s) business sends out monthly invoices or a letter, they enclose a newsletter, flyer, special offer, letter, or some sort of

endorsement. This reduces postage costs and you get to tap into the power of endorsement simply by being in the mail-out.

#### 3. Put together an invitation-only event

Another way of making your own clients feel special and at the same time creating an environment that encourages the maximum number of referrals possible, is to run an ‘invitation only’ event.

This is an event that is open to clients and their colleagues, clients or friends only. Each client may bring a select number of their clients or friends. It’s important to limit the number so as to have an air of exclusivity about it.

10x Franchisees regularly run events entitled ‘The Edge’ where they invite their clients and extend special referral invitations to the friends and colleagues of their clients. These events are massively successful - from 80 to 300 people attend each event.

This is a great opportunity to showcase your business in a casual, non-threatening environment ... an environment where you are seen in a very positive light surrounded by clients who are already big fans of what you do.

The added benefit is that, at these events, your clients will often act as salespeople for your firm, recommending to their friends that have come along, that they should buy.

#### 4. Offer a ‘spotters fee’

This is more of a commercial relationship where you identify businesses or people who are regularly in touch with people who are your ideal target market. Approach these people and offer them a fee for referring qualified leads your way.

For instance, if you were a mortgage broker you might offer a spotter’s fee to real estate agents who refer potential clients your way.

### The Essential Marketing Pieces For Your Referral System

#### 1. The Incentive

Decide on a referral incentive for existing customers and a ‘welcome’ offer for new referred clients.

#### 2. The Referral Card

This is something that clients can hand out to their colleagues. This card features:

- Details of a special introductory offer
- Your company contact details including website, email and phone
- Space for you to include your name
- Instructions on how new referred people can take advantage of the referral offer



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### 3. The Recording System

Ensure that your CRM package or contact management software has the ability to record referral details. And, of course, ensure that your team are trained on how to find out and record the source of each sale.

For instance, when someone calls, record their details in your database and record the details of the person who referred them. Always ask, “By the way, how did you hear about us?”

### 4. The Letters and Marketing Devices

Create a series of letters that encourage referrals, thank people for referring others, and welcome on board referred clients. Specifically:

#### a. Thanks for becoming a client

This letter sends a warm welcome to a new client, thanks them for doing business with you and asks them to refer their colleagues and friends. Included are some referral cards that they can hand out to their colleagues.

#### b. Letter to referred people

When a client mentions that one of his/her colleagues might be interested in your services, send them a letter or email or give them a call. Calling is the best option but if you can't get through on the phone send a letter or email that mentions your original client and the fact that he/she mentioned that they (the person you're writing to) might be looking for a new accountant. Next, mention a special introductory offer – a free ticket to an event, a complimentary ‘Business Health Check’ consultation or something else.

#### c. ‘Thank you for your referral’ letter

This letter/email thanks your existing client for their referral. Included with the letter is a thank you gift.

### In Summary

You know that referrals are already a good source of new clients for your firm. With the right system in place you can double, treble or quadruple your referrals in a relatively short period of time.

- Ensure your people are delivering amazing customer service in all areas of your business. Once you are doing that, the referrals will start to flow thicker and faster.
- Develop a formal system for asking for referrals throughout the year.
- Create referral incentives that encourage clients to refer their colleagues, peers and clients.
- Develop an introductory offer so that the clients' colleagues and peers also get a great offer.
- Identify other associates who have a similar client base to yours, and endorse each other to your client bases.
- Here at 10x we provide franchisees with a comprehensive system and training to attract large numbers of referrals from clients. To find out more all you need to do is request a complimentary Discovery Consultation. To do that, just telephone our office on 1300 658 221 for Australia or 0800 570 572 for New Zealand.