

Building Your Consulting Business Through Referrals

By Harvey Bergholz, Jeslen Corporation

Introduction

For the independent consultant, or the small group, the magic growth elixir is the referral. You try growing through solicitations, and I'll rely on referrals, and I'll be on the golf course a'fore ya'. The client referral is the most valuable of all business generators for four reasons:

1. The act of referring you to others is validation of your value
2. At the point you walk in for the first meeting with a potential client, the relationship is half-formed and the engagement is half-sold
3. Referrals are your highest ROI marketing strategy: there is no cost attached to this marketing strategy
4. Referrals generate the highest-quality clients and engagements

January of 2020 will be 50 years of consulting for me; 46 of those as an independent with my own firm. Assisting more than 130 different companies, we have never spent a dollar nor a minute in marketing or soliciting business. It has all come through three sources: referrals, repeat business, and client personnel moving to other organizations and calling us again (repeat after me: "turnover is your friend").

In this article, I'll review the four points above and then focus on techniques that have worked for us in generating referrals.

Validation of Value

Self-confidence is paramount in this business – in which you are "terminated" with every engagement's conclusion. For newer members to this strange world of independent consulting, insecurity runs high, but clients can smell insecurity from the reception area where you're chewing on your cuticles in anticipation.

You need confidence, and few things build it faster or higher than hearing, "I gave your name to Sandy Mohr at Exetrix. We were talking, and Sandy has some similar issues. I described how you've really helped us, and Sandy will probably call you next week. No guarantees, but"

Referrals are high value because of their impact on your psyche. The confidence-building factor alone makes them worth pursuing. Self-confidence improves performance, which, in turn, generates more referrals. Start that virtuous cycle as soon as you can.

The Sale is Half-Sold

Have you referred someone to a professional? A dentist, a carpenter, a doctor? You likely did not stop with a name and phone number. You "sold" the referral to your friend. It's natural. We want our friends to know our own decision to employ that person was a good one, and they, too, should have confidence in him/her.

Your client will do the same for you. When you meet the prospective client, that person has been pre-sold. They are predisposed to want you. In sports, this situation is described as, "it's yours to lose."

High ROI Marketing

Simple: referral do not cost money. Business generated through referrals is therefore your highest ROI business. Beyond all the other good reasons to build referral-generating skills is this one: it's a financially superior business strategy.

High Quality Clients and Engagements

Reverse the roles for a moment: when have you sought a referral? The circumstances were probably serious: we don't seek referrals for hangnails; we do for surgery. Similarly in business. Engagements that come through referrals are likely to be high-value, serious, and high-margin work. In my practice, clients typically consider referrals for engagements like managing a downsizing, creating a new strategic plan, integrating an acquisition, or accomplishing the divestiture of a business unit.

Like the engagements that come the referral route, the clients themselves tend to be high-quality managements that recognize the value of a good referral, as opposed to an online search, or a bestselling author with the latest fad. They ask people whose opinions they trust. The result over the long-term: the most interesting, enjoyable, and rewarding clients come through referrals.

"Great," you say, "so how do I get these referrals going?" Well, start with a couple of basic building blocks ...

What Is Your Marketing Message?

You should have one. What will you suggest clients answer to a potential clients who ask, "... and what particular strengths does this consultant bring to the table?"

It's up to you to "equip," or "train" your clients to deliver the "marketing message" for you. Your clients can function as your agent, or PR aide, but only if they know, believe, and can deliver the right marketing message on your behalf.

What does a focused marketing message sound like?

- "Chris is an unusual consultant in that she was right out front through the implementation stage of the project."
- "Pat's talent is the combination of his objectivity and insight. He flat out sees things other don't – the subtleties and connections among strategic choices, for example, which we would have missed."
- "I've never met anyone with meeting design and facilitation skills that can match Kim's. It's a really distinctive, and rare, skill set that helped us get from "A" to "Z" efficiently and with no torn relationships."
- "Tony brought a wealth of cross-industry experience that was really enlightening. Most of us have grown up in this one industry."
- "Jan is a no-nonsense, pragmatic problem solver. When others are stumbling, Jan just drives the project forward to a positive conclusion. Jan hasn't ever missed a deadline or gone over the agreed budget."

Which are you? Or is there a better description of you? If you don't know, chances are your clients don't either. That makes their "task" far tougher responding to colleagues who ask, "and what's this consultant's claim-to-fame?"

In marketing terms, these are "positioning messages." They can be easily compressed and conveyed: Jan is a pragmatist who gets things done; Tony brings wide, cross-industry experience; Kim is an expert meeting designer and facilitator, etc. These are differentiators, and satisfied clients find it easy to relay such messages.

Note that just one of the examples cites a specific technical disciplines (Kim). Those are easy: if you have a distinctive technical competency (writing code, sales training, organization design), you'll get mentioned whenever that specific need arises – assuming your talent measures up. Those are the easy referrals, but they're limited, and they'll pigeon-hole you over time, limiting your breadth and depth over the years.

My observation of independent consultant failures is the cause is usually not related to the technical skill/knowledge set the client employs; it is around issues like: building relationships, pragmatic problem solving, meeting deadlines and budgets, project management skills, establishing trust, bringing wide experience to the engagement, lack of objectivity and insights, and discomfort with the grittiness of implementation phases.

For this reason, referrals along those “softer” dimensions are more powerful.

Ask For The Order

If you've done good work, fear not: ask for the order! You must at least let your clients know you do want referrals when the opportunities arise (“If you enjoyed the show, please tell your friends”). Now, how to put that without sounding like you're in need (because “in need” means you're “in trouble” and clients shy from that).

How about these ...

- “You know, I'm working toward building a real specialty in Strategic Planning. As your colleagues from other companies recite their needs and woes in this area, you might offer them my contact information. They and I would both appreciate it.”
- “I'm happy you're satisfied with this engagement; it was enjoyable for me. Should you encounter colleagues considering outside assistance, can I count on a referral and endorsement from you?”
- “Carol, should you know of others who could benefit from my kind of services and talents, I'm sure they and I both would be happy to have you arrange an introduction.”
- “Mike, referral are important to me. The best consulting work comes via that route, just as you did. Maybe you can do a similar favor for someone else? If you think of someone who could benefit from my kind of work, I'd appreciate the referral.”

If our work is good, you have nothing to fear and everything to gain. Make it easy for your clients to understand what you're looking for. Be direct and confident. Be clear about the “why”: it's not because you're needy and desperate.

“Is there anything I could do that would make it easier for you to refer us to others?” You may be surprised at the responses ... “Well, actually, what other kinds of projects are you involved in? What else have you handled successfully?” Often, the current client actually turns into the next one.

Many newer consultants are so busy working their current engagement, they've neglected both the subtle and direct marketing of their full array of assets. Executing the referral strategy toward the end of an engagement gives you the ideal opportunity to do that. Never pass it by.