

4 Myths that Keep Attorneys from Building a Referral Based Practice

By Stephen Fairley

The Holy Grail of business development for law firms is referrals. Every attorney seeks to have a referral based practice. However, many attorneys seem to spend their entire professional career trying to create the perfect practice with little results to show for it.

At The Rainmaker Institute we have helped over 6,000 attorneys uncover the myths and discover the secrets to building a referral-based practice. This is the first in a series of articles on referrals and I would like to focus on some commonly held myths about building a referral based practice for attorneys.

MYTH 1. Clients are the best source of referrals. Over the last few years I've spoken at more than a dozen of the largest state and local bar associations and without fail, I get more resistance to this myth than perhaps any other. Here's the truth behind the myth: for many lawyers clients are simply the most *obvious* source of referrals, not the *best* source.

The number of variables you must take into account when seeking more referrals from your current and former clients are large. Here are just a couple of them:

- **Is your law firm primarily a B2C or B2B firm (Business to Consumer or Business to Business)?** For many B2C attorneys, such as family law, personal injury, and criminal defense, referrals from former clients are generally random events. Either they know someone going through a divorce or they don't. Many of our B2B clients, such as general business law, corporate litigation, and commercial real estate, have been able to develop semi-structured client referral programs because their clients often interact with other executives & companies who need similar services.
- **Have you made clients aware of all the different services you offer?** I'm convinced one of the biggest reasons why attorneys don't receive more referrals is because they don't take the time to inform & remind their clients of the various services they offer. Most clients immediately put their attorney in a box and believe the only service the lawyer offers is the one they used. I was speaking today with an attorney who practices business law. He was upset at a client because he helped the client set up an LLC three months ago, but at a recent meeting told the attorney they gave the name of a competing law firm to a friend who needed help with a multi-million dollar business transaction. The client was shocked when the attorney explained that was his specialty. The client responded by saying, "I'm sorry about that, but you really need to do a better job informing me of what you do and what kind of cases you want because I don't know." How much business have you lost because your clients simply aren't aware of the various services your firm can provide for them and their associates?
- **Can clients accurately explain who your ideal target market is?** Your ideal target market is the person or company who is most likely to hire you initially, repeatedly and at the highest profit margin. With so many attorneys struggling to define their ideal client it's no wonder if your clients don't even know who they should refer to you. Here's a small challenge for you, ask 3 of your clients this week who they believe your ideal client is and listen how accurately they respond. If you're struggling to define who your ideal client is we invite you to email us and request our free special report "The Target Market Inventory." Email us at: TMI@RainmakerRetreat.com
- **Do you regularly and consistently stay connected with clients in a way that adds value?** Every law firm needs a client education plan that not only positions your law firm, explains different services you offer and keeps your current clients informed as to

what's going on in your firm, but also acts as a resource and guide to them. Electronic newsletters, called e-zines, are probably the most cost effective form of staying in touch. If you don't have a monthly newsletter that goes out I strongly encourage you to start one. ConstantContact.com is a great place to start.

While it is a myth for most attorneys that their best source of referrals come from clients, there are specific tools you can use to significantly increase the number of referrals you obtain from current and former clients. In an upcoming article we will detail 6 of these tools and show you how to put them into action for your law firm.

MYTH 2. Most referrals come from other attorneys. In his comprehensive book, *Flying Solo*, author K. William Gordon states around 25% of an established attorneys practice comes through referrals from other legal professionals, so logically about 75% of your clients will come from other sources (this may vary greatly by practice area). Here are a couple tips if you're looking to other attorneys for new clients:

- Identify the specific practice areas that target a similar client, but with a different service.
- Create a list of 3-5 attorneys you know in these practice areas and interview them.
- Ask them the criteria they use in making referrals and what they would like in return.
- Set up a tracking system as part of your client intake file and then review on a quarterly basis where those leads came from.
- Reward your referral sources with a card, bottle of wine, tickets to a game, etc.

MYTH 3. Online legal directories produce a lot of referrals. There is some indication that white collar professionals are starting to use online legal directories more to find a local attorney. This allows them to find dozens or hundreds of lawyers and quickly screen them out based on self-selected criteria. They may even view attorneys who are listed on some of these "top attorney" websites as more qualified than attorneys who are not.

Generally speaking, local and state bar directories are more effective at boosting your online credibility due to their direct connection to your state/local bar, so I would recommend being listed there, but most non-bar-affiliated online directories have become the equivalent of online yellow pages and do not offer any more benefits than advertising in a telephone book.

Be skeptical of paying too much for a listing on any online directory. Anything more than a couple hundred dollars a year is probably too much and could be better spent buying Google Adwords to directly promote your personal website. As with all marketing, try to measure your return on investment by listing a separate phone number for those prospects to call or by setting up a separate landing page that can only be accessed on that directory.

MYTH 4. Networking is a great way to get more referrals. There are two types of networking: formal and informal. Formal networking is attending a chamber of commerce event, participating at a trade show, or joining a leads group (like Business Networking International). Informal networking is meeting with friends, colleagues, or potential referral sources over lunch or after work.

Over the years of helping thousands of attorneys grow their business, we have found that networking works exceptionally well for a select group of attorneys—and not at all for most attorneys. There are a couple reasons why networking is generally not an effective business development tool:

- Attorneys often attend the wrong kind of group—one filled with their peers not their prospects. Unless your prospects are attorneys, such as with professional liability, focus on attending groups filled with your prospects.
- Many attorneys don't know how to network properly and so it becomes a game to see how many business cards they can pass out in two hours. We have all had a business

card thrust into our face followed by the words “Call me if you meet anyone who needs...”

- There is no plan for following up in a timely manner. You have about 48 hours to follow up with a “hot lead” or they will likely forget about you. I once met an attorney who told me she was a member of 22 networking groups. It’s no wonder she was struggling to build her practice!

In Bob Berg’s fantastic book, *Endless Referrals*, he makes the case that formal networking events are best used for connecting with potential referral sources, not meet qualified prospects. He believes the number one networking question is “How would I know if the person I’m speaking with would be a great referral for you?” This helps the other person to view you as a giver, not just a taker.

CONCLUSION

Well, there are the four major myths of referrals for attorneys. How many have you fallen prey to? Let me leave you with three tips to remember when working towards your goal of a referral based law practice:

- Don’t rely on random referrals. You cannot build a financially successful law firm with random referrals. You need people you can count on who consistently send you highly qualified leads. Your practice is too valuable to be left in the hands of fate.
- Identify your primary sources of current and potential referrals. Be sure you know who is currently sending you referrals and thank them and then look for the best possible sources for new referrals and cultivate those relationships.
- Create a system for connecting with current and potential referral sources on a consistent basis. You can either wait half your career to build enough relationships with referral sources to fill your practice *or* you can intentionally take specific steps to create powerful win-win relationships with dozens of referral sources. In the next article I’ll share with you the exact steps we used to help a client go from only 3-5 referral sources to more than 30 new referrals sources in less than 90 days. Interested? Stay tuned for more.