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## Building a Referral-Driven Culture

[By Ken Jones, CPA, Managing Director of The Lyndon Group, LLC]

One referral from a satisfied client is worth more than 100 cold calls, according to a tried-and-true marketing maxim. Wouldn't it be great if you could turn your organization into a vortex of referrals, hot leads, and cross-marketing? What if you did not have to rely on marketing techniques such as direct-mail campaigns and cold calls to attract quality clients and employees?

You *can* build that powerhouse organization if you effectively utilize your most important secret weapon: your staff. After all, they are the ones in front of the client, making a terrific impression by exceeding expectations on their projects. However, building a referral-driven culture depends first on hiring the right people.

### Hiring the Right People

Keep three important things in mind when building your staff. First, hire people who know what kind of work and environment they want. If you are a traditional CPA firm, hire professionals who enjoy traditional CPA activities such as conducting audits and preparing tax schedules; they will recognize their work as a vital component of business strategy and find it rewarding.

If, on the other hand, you are developing a management consulting firm, hire professionals who *want* to be consultants. That may sound elementary, but a number of people consider consulting a transitory state; they may be between jobs or just trying to determine if they like being consultants. In my experience, professionals with this view usually are not the best hires.

Successful consulting firms should be composed of professionals who like everything about being consultants. They should enjoy solving problems for a diverse clientele, and they should relish the chance

to give outstanding client service. They should want to be the best and should be willing to work hard to achieve their goals. People with this mindset are naturally excited about growing the business because it allows them to continue to do the kind of work they love.

Second, differentiate yourself with extraordinary client service. Whatever business model you have, hire employees and associates who will do a better job in a shorter time than clients expect. A commitment to client service will allow you to successfully compete with a firm of any size.

Third, retain the best people you can with the greatest expertise and the most cutting-edge knowledge. The quality of your people and your reputation can help you to seal a deal when you get inside a prospective client's door to make a presentation. What you offer clearly will be the *crème de la crème*.

Of course, CPAs, MBAs, and IT professionals with good credentials are highly sought after. Competition is keen from corporations as well as Big Four accounting firms and consultancies for their services. You may ask, "How can I recruit and retain the high-caliber IT professionals, CPAs, and MBAs I am looking for—people who are truly at the tops of their professions?"

### A Culture of Referral Development

Money is not everything, but you can demonstrate your respect for the qualifications of your top-tier professionals with a very competitive compensation level. However, that is just the beginning. When you add a continuous stream of options through which your staff can increase their compensation, you are building a referral-driven culture.

Get everyone on your team excited about growing the business by creating an incentive-driven environment. Develop a commission schedule that amounts to a profit-participation program and allows employees and associates to generate income in addition to their salaries.

If someone brings in a hot lead, how will he or she be rewarded? If they suggest a new project to an existing client as their current project draws to a close, what does it mean for them? If they discover an outstanding consultant to add to your prospect book, do they receive a commission?

Explain during the recruiting process that your organization offers great opportunities for recruits to make additional money through referrals, recruitment, leads, and cross-marketing. Make it clear from day one that pursuing these opportunities is part of everyone's job.



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**Exploit Unique Talents**

Some people are good at networking, while others would rather have their fingernails pulled out than attend a networking event. Instead, they may have a great gift for recruiting. Create a range of options that allows colleagues to use their unique personal talents to augment their income and grow the business. Here's how it can work: If someone who is networking in the community brings in a good lead and you get the business, that person receives a commission on the referral. The lead generator "owns" the referral and is compensated for it, regardless of who in the firm ultimately lands the business.

Perhaps your organization is constantly trying to identify great talent by keeping a book of experienced practitioners from across the country that you can call in when the need arises. Consider utilizing your staff members instead of an outside search firm. If a staff member finds someone, he or she will receive a commission on every hour that recruit works. If he or she places several people, his or her income will have increased significantly.

**Networking Generates Referrals**

For those of us who like to network, the opportunities seem limitless. You can network in every situation in which you find yourself, from a children's soccer game to a sushi bar to a professional meeting.

Remember that good networking does not rely on the hard sell. Ask questions, be interested in other people, and listen effectively. Arrive early for meetings, check the name tags on display of people who will attend, and make mental notes about who you want to meet. I frequently jot down key reminders or pertinent facts on the backs of business cards I am given.

It's important to stay in touch with people at all of the companies at which you have been employed. I receive quite a few referrals from the Big Four accounting firm where I once worked as a junior accountant, since many of my colleagues there are now partners.

Consider membership in professional and civic organizations, both locally and nationally, but be selective. When you join one, it is important to become involved in a project, on a committee, or at the board level. Your colleagues will see you in action and grow to respect the contributions that you make and the leadership you exhibit. And don't just consider organizations composed of accountants; groups with complementary, noncompetitive service providers are ideal.

I participate in a local chapter of a national organization that is a referral dream. Everyone on the board is a service provider and a heavy hitter. They represent banks, accounting firms, legal offices, and various financial strategists. We meet about six times a year to plan an annual conference to which we invite clients and prospects who are presidents of mid-market companies. The board interaction is great because these are all complementary, noncompetitive businesses, and the event itself is phenomenal.

The day-long, invitation-only conference features an incredible lineup of speakers, panels, and breakout groups. The attendees love it because they can network with a select group of their peers while benefiting from the \$1,000 worth of billable time per session that is devoted to discussing their issues at no cost. I receive calls for months after the event from presidents who discovered us there and picked up our literature.

**Noncompetitive Strategy**

When defining your business strategy, be sure to include noncompetitive components

that will complement the work of other service providers. No two businesses are alike, so differentiation can become the foundation of a win-win strategy. For example, if your CPA firm is called in to do an audit, but the client does not have time to prepare the needed schedules, you can pass the referral to someone in your carefully maintained contacts book. He or she, in turn, may be able to refer business to you in the future.

A law firm may be working with a corporate client on intellectual capital or patents, but the client is having trouble keeping up with the documentation requirements. It can mean a referral for you, and the legal firm can receive equally good referrals from you.

While working with their corporate clients, other service providers may hear about situations such as the departure of a CFO or a controller taking maternity leave. You may be the referral that provides interim staffing and also helps with job searches through your always-current, widespread network.

**Leveraging Staff for Cross-Marketing**

Expansion should be a natural outcome of your business strategy, based on good client service. Work together proactively to cross-market your firm's services. In the trenches of a challenging assignment, it is sometimes difficult to also stay on the lookout for new opportunities. Toward the end of an engagement, it is important to conduct an internal debriefing.

Ask your team, "What have you seen along the way that we can do to help the client? Are there any issues you see in the future where we can be of service?" You can then summarize these potential needs for the client at an exit meeting.

People will share a great deal of information once you have developed rapport within a client organization. Once they see that you



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deliver excellent service, they will come to you with issues that they have observed throughout the company. Always ask, "What would you like to see improved?"

If your high-caliber team has provided its unparalleled client service and a deliverable that exceeds expectations, you will frequently be invited to stay on and tackle a problem in

another area. Your organization's referral-driven culture will have evolved into a perpetual-growth machine and a rewarding, exciting environment in which to work.

**About the Author**

In 2000, Ken Jones founded [The Lyndon Group, LLC](#), a project-focused accounting

and financial management consulting firm serving clients throughout North America and Europe. Prior to that, Jones enjoyed a rewarding career spanning many facets of the financial world, from public accounting to serving as a CFO in private industry to owning a manufacturing company. He can be contacted at 949-494-7722.

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