

5 Tips to Getting More Referrals

By Larry Bodine, Esq. of Glen Ellyn, (Chicago) IL. He is a business developer with 19 years experience who helps law firms attract and keep more clients. He can be reached at 630.942.0977 and LBodine@LawMarketing.com. For more information visit www.LarryBodine.com.

We already knew that referrals are crucial to a law firm's business development success. Now comes a survey that specified exactly *how important* referrals are: referred work typically accounts for 26% of a US law firm's income.



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The researchers in "Lawyer to Lawyer Referrals: A Global Perspective" just published (July 2010) by LexisNexis Martindale-Hubbell, expected that the value of referral work would typically account for only 5-10% of a firm's income.

Here's the astonishing part: 27% of law firms *don't track referrals*. This is like not tracking where a quarter of the money in your wallet comes from.

For US firms the most significant types of work to be referred between firms are:

- Litigation
- Employment
- General Corporate
- Property (real estate)
- Intellectual Property

"When firms were asked why they refer work to specific referral partners, it is evident that quality and reputation were perceived to be of critical importance to all respondents. At a more granular level, it is worth noting that 93% of U.S. respondents tended to also regard the reputation of an individual lawyer as either important or very important - more so than non U.S. respondents, at 78%," the report states.

Other key findings included:

- In total, less than a quarter (24%) of all respondents thought that reciprocity of

referrals was an important referral consideration. By a relatively small margin, Western European respondents were most keen on reciprocity.

- When selecting a referral partner, U.S. respondents placed the least importance on existing mutual or exclusive relationships, closely followed by those from Western European firms. Overall, respondents in Eastern Europe, followed by Asia, place the highest importance on the existence of mutual or exclusive relationships.
- With the exception of U.S. respondents, all other world regions regarded international experience as the prime consideration when assessing whether or not to refer work to a particular firm. Here, the U.S. appears to be unusual, possibly because most U.S. referrals are essentially made domestically.

Following are important business development lessons to be learned from this study:

1. Proactively build a referral network. I have visited scores of law firms, and most of them get referrals on a random basis – whatever comes in over the phone. Instead, smart law firms should intentionally seek out referral sources and cultivate relationships with them.

2. Keep track of incoming referrals. The whole purpose of a referral arrangement is to create a mutually-beneficial relationship. If the other party isn't doing their share, I recommend that you visit the referral source and have a talk with them. If the conversation doesn't start producing referrals, stop sending files to them.

3. The best way to get a referral is to give a referral. When you get a file that poses a conflict for you or is a service you firm doesn't provide – you have the coin of the realm: a referral to give out. You should strategically choose which other lawyer gets the file and build in an express arrangement to refer matters back and forth. See point No. 2 above: if you don't give referrals, don't expect to get any.

4. Build a reputation as an expert in your field. This will attract referrals. To reach expert status, a lawyer must intentionally give CLEs, be active in trade associations of clients, give speeches, write articles for websites and blogs, and become well-known in the business community.

5. Don't limit your referral sources to lawyers. An accountant, financial advisor or

banker can be an excellent referral source, which is why it's important for a lawyer to be known in the business community. The best referral sources are any person who works with money; they will discover a potential client's legal problem first, and then will look for a lawyer.

For more on this topic, call:

Larry Bodine, Esq.

Business Development Advisor

Tel: 630.942.0977

E-mail: Lbodine@LawMarketing.com

Web: <http://www.LarryBodine.com>

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