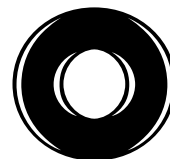


Nine step referral program

Macquarie Life



MACQUARIE

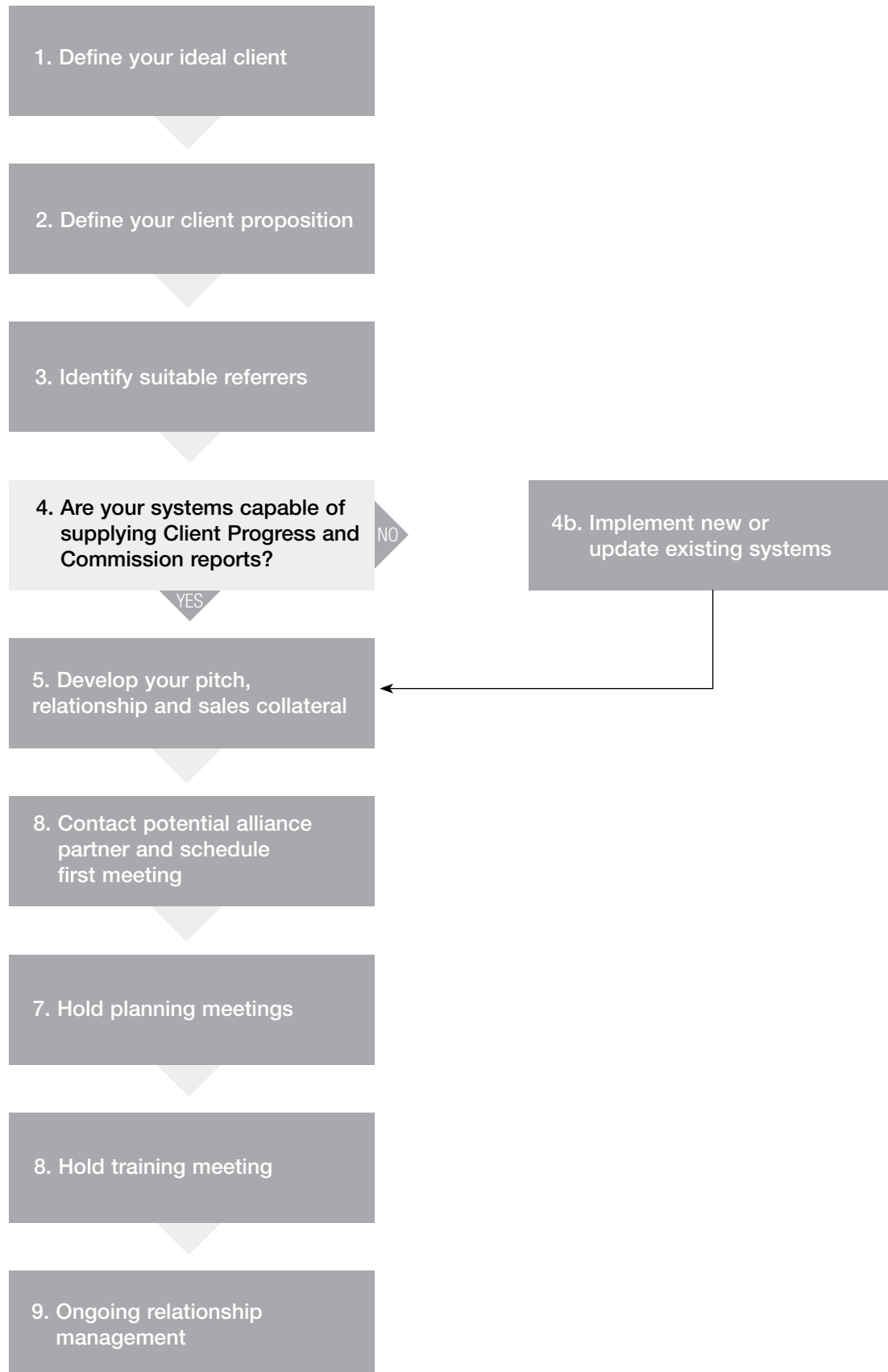
BDM: _____

ADVISER: _____

DEALER: _____

DATE: _____

Introduction



Step 1 – Define your ideal client

WHO are you looking for?

Tip: Your client base is your practice's key asset. You also have to deal with clients on an ongoing basis. Be deliberate about who YOU want to work with. Selecting a niche creates a point of differentiation.

Some ideas to assist you...

Risk clients

1. Young families (with children <18 years old)
2. Small business owners
3. Individuals with significant debt
4. Substandard lives
5. People living within a certain geographical area
6. People above or below a certain age
7. People in certain industries or occupations such as the medical profession or financial services executives

Wealth clients

1. People earning above a certain income
2. People with a minimum net asset value

My ideal client has the following characteristics...

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Step 2 – Create your Client Value Proposition (CVP)

WHAT are you going to give your ideal client and WHY should they do business with you?

Tip: Here's a 3 step approach to assist you to develop your CVP

1. Determine what your ideal client would value
2. Determine what qualities your business has and what services it can provide that would be perceived as being of value
3. Draft these in client benefit language

Some ideas to assist you...

1. What does your ideal client value?
 - Old, experienced adviser / young, aggressive planner
 - Low cost / high cost premium offering
 - Suburban based / city based
 - Formal corporate culture / relaxed informal culture
 - Holistic advice / specialist advice
2. What can you offer that you believe your clients want? This step may prompt you to make some changes to your practice to more closely align what you can offer to what your market wants. This may include further study to specialise (for example in Business Insurance solutions) or enhancing your client service function.
3. Your CVP is neither a slogan nor an exercise in stating the obvious. "Honesty, integrity and good service" is what clients expect, not value. Your CVP should communicate how what you do benefits your clients.

Your CVP should shout –

- This is what I stand for
- This is my promise to you
- This is why you should be a client

My Client Value Proposition...

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Step 3 – Identify suitable referrers

Create a list of alliance partners to contact

Tips:

- Use existing relationships to identify and contact potential alliance partners.
 - Write down your top ten ideal clients
 - Determine who provides them with financial services (their accountant, their GI broker, their mortgage broker, their financial planner, their solicitor etc.)
 - Ask your client if they would be prepared to facilitate an introduction
 - If you do not get sufficient potential contacts, repeat this exercise with your business associates, (your accountant, your GI broker etc.)

You want to have a list of potential alliance partners to whom you can be introduced by someone who knows and trusts you.

- Remember to consider these issues when identifying suitable partners:
 - **Size:** Your capacity to manage referrals should determine how big or small your potential partners should be. Don't expect to be kept busy if you approach a one-person accounting practice and you have five planners in your practice. And vice versa!
 - **Culture:** You should feel at ease with the culture of your alliance partner. If you take a balanced, measured approach to your work, don't hook up with workaholics!
 - **Location:** If you don't like travelling, don't enter into an alliance with a partner located an uncomfortable distance away from your practice or who has offices interstate.

Potential Alliance Partners

Introducer	Potential Alliance Partner	Contact Person	Position	Contact Number

Step 4 – Ensure your systems can supply Client Progress and Commission reports

Keeping your alliance partner in the loop!

Tip: There are two key reports you will need to produce on a regular basis to support your alliance relationships:

- A Client Progress report: this report will show your alliance partner what progress their clients are making
- A Commission report: this report will show your alliance partner what commission is due to them

You will therefore need to have or create a system to capture the information required in each report. This system can be as simple as using a white board to track client progress and commission earned, or with an excel spreadsheet, or using the referral functions contained in your planning software. You may even decide to go all the way and get software customised for this purpose, such as Olicc.

These reports should be used at your regular meetings with each alliance partner. You may decide to email the reports between these meetings – especially the Client Progress report – to make sure your alliance partner has current information. You could also use Olicc Alliance Exchange or modify your own internet site to allow alliance partners to log in and access these reports directly.

Example of a Client Progress report

Client	First Contact	Fact Find	SOA Presented	Application Submitted	Underwriting Completed	Policy Issued	Total Comm. (Excl GST)	Your Comm. (Excl GST)

Note: You should be careful not to provide client details which may be governed by your Privacy Policy. This report should not reveal personal information such as the type of cover taken out, sums insured etc. If your referral partner requires these details, they should provide you with a document signed by the client authorising you to release this information.

Step 5 – Develop your PITCH, RELATIONSHIP and SALES collateral

Create your marketing and training material before you meet with a potential alliance partner

Pitch Collateral	Collateral to support your pitch to potential alliance partners. This will allow you to communicate why they should do business with you – it's your personal marketing material.
Relationship Collateral	Collateral to make the relationship work. This should ensure that expectations are aligned.
Sales Collateral	Collateral to support your alliance partner to sell YOU to THEIR client.

Examples of PITCH collateral...

- Background to your practice
- Your Client Value Proposition
- Staff details – what they do plus their qualifications and experience
- Any awards and achievements your practice has received
- Client testimonials (include a claim's experience if possible)
- Your “client experience” (the process a client follows)
- Your products and services
- Any points of difference your practice offers

Examples of RELATIONSHIP collateral...

- Pro forma reports (Client Progress and Commission)
- Agreement framework (highlighting deliverables and responsibilities that should be considered between you and each potential alliance partner)

Examples of SALES collateral...

Part 1 – Collateral to help your alliance partner to sell YOU to their client

- Template to identify suitable clients
- Training material to assist alliance partner to understand your “client experience” (the various steps of your planning process and what takes place in each step)
- Training material to assist alliance partner with what to say to potential clients

Part 2 – Kit for potential clients (material for alliance partners to give to potential clients)

- Your business card
- Your Client Value Proposition
- Background to your business
- Your “client experience”
- Marketing material (for example statistics of trauma / injuries supplied by a life office) – should create some urgency / discomfort

Format of a Framework Agreement

Please note: This is a suggested framework for an agreement. It identifies some issues which should be considered when forming a working relationship with an alliance partner. It is not intended to be a complete list and may omit issues that are material to a particular relationship. Please refer to your solicitor should you require any further guidance.

Please note: This framework supports a working relationship. It does not provide guidance on privacy of information issues, warranties by either party, indemnity, GST etc. Should either party require issues other than the working relationship be addressed, a solicitor should be appointed.

1. Document the parties to the agreement [“the Referrer” and “the Adviser”]

2. Deliverables – the Adviser

Conduct training necessary for the alliance to function [Fully describe training to be delivered]

Supply Client Identification documents and Client Kits

Contact each referral within 48 hours of receipt

Provide the Referrer with [weekly] Client Progress reports [Describe in what format and details to be communicated]

Provide the Referrer with [monthly] Client Progress reports [Describe in what format and details to be communicated]

Attend all scheduled monthly meetings [Describe frequency, location and basic agenda]

3. Deliverables – the Referrer

Facilitate training [Fully describe training to be received including which staff will attend, proposed venue, times available]

Proposed use of Client Identification documents [Describe how they will be incorporated into existing procedures, what information they will contain, how they will be communicated to the advisor]

Indicate target referral numbers [Will staff each receive a target, or is a global number for the business proposed?]

Attend all scheduled monthly meetings [Describe frequency, location and basic agenda]

4. Commission

Describe commission sharing arrangement [% share of upfront & % share of trail]

Describe arrangement for lapsed policies where repayment of commission takes place

5. Succession

Describe how commission will be affected where parties change [where the Advisor sells register or where Referrer sells the business / client base]

6. Termination

Describe how the relationship would terminate if the parties no longer wished to work together or if a party was in default [commission arrangements, notice period, communication with client]

Creating a Client Identification document

Tips:

- Make it easy for your alliance partner to identify suitable clients to refer. Long questionnaires are out. So to are questions like “if you were to pass away...”, “if you are injured for a long time...”. Most alliance partners will be uncomfortable asking intrusive questions. Therefore create a document that’s easy for them to complete and makes use of information that can easily be obtained.
- Formulate questions relevant to your alliance partner. A mortgage broker will not know if a client has claimed an income protection premium in their tax return. They will know whether a client has increased their debt or merely refinanced existing debt.
- Your training on what your alliance partner should say to a client should be linked to the questions in the Client Identification document. For example, take the question “Has your client deducted an income protection premium in the tax return?”. If the answer is “No”, you may want to provide your alliance partner with a script along the following lines: “You do not have income replacement protection. I think it is very important for you to put this in place. Our practice has a risk consultant / advisor who assists our clients. I will ensure that he / she contacts you as soon as possible. Here’s their business card and some background information on them”.

Here are some examples for you to consider...

For an Accountant:

- Has your client deducted an income protection premium in their tax return? [Opportunity to write IP business]
- Has your client deducted interest in excess of \$5,000 in their tax return? [Indicates gearing and debt]
- Does your client claim insurance premium deductions through their super? [Opportunity to write risk in super fund]
- Does your client’s business pay a premium for a key person policy? [Opportunity to explore client’s business insurance needs]

For a Mortgage Broker:

- Has your client obtained new finance, or merely rolling over existing debt?
- Has your client signed surety or provided personal assets as collateral?
- Is mortgage debt in excess of \$XXX? [Filters clients]

For a GI Broker:

- Is the asset being insured financed? [Indicates that debt is present]
- Are annual premiums in excess of \$XXX? [Filters clients]

Bottom line: The questions asked should assist an alliance partner in referring your ideal client to you. So consider WHO you’re looking for when creating your Client Identification document.

Step 7 – Hold planning meetings

A meeting without an agenda is a ship without a rudder – don't expect to get to where you want to go!

Tips:

- Always create an agenda to ensure you cover the issues you want to.
- Take note of your potential alliance partner's office, staff etiquette and general "vibe". Are the first impressions favourable? Are you comfortable developing a relationship at this point?
- At the start of the meeting confirm that you have prepared an agenda to ensure that you communicate effectively.
- If the meeting does not proceed the way you would have liked, determine why and include this when preparing for the next.

Items to consider including in your agenda and discussing at the first meeting...

- **The need for wealth protection in Australia.** [This to establish the relevance of your service. Remember to include current statistics when discussing this point].
- **Client management.** [You need to describe your process and how you create solutions for each client. Enquire what services the potential alliance partner already offers their clients – are there overlapping services that need to be addressed?].
- **Benefits to alliance partner's clients.** [How the alliance will benefit the alliance partner's clients].
- **Benefits to the alliance partner.** [How the alliance will benefit the alliance partner. Show them how you can create equity in their business].
- **Clients sought.** [Describe the qualities and characteristics of the clients you are looking for. Does the potential alliance partner service the same type of client?].
- **Deliverables and responsibilities.** [Obtain an early indication as to how many referrals you could expect each month. Describe how you will follow up each referral and what feedback the potential alliance partner can expect. Articulate where you will provide updates to them so that they are kept in the loop – most referrers hate losing control. Discuss your business' culture. Enquire about your potential alliance partner's culture and client values. Discuss commission sharing.].
- **Fears, frustration and desires.** [Identify any concerns the potential alliance partner may have. Have they worked with financial advisors before? What was their experience?]
- **Next step.** [Determine whether the potential alliance partner is ready to proceed. Do they need to consult with other colleagues? What do they still need to do before moving ahead?].
- **Next meeting.** [Schedule next meeting. Arrange to meet at your offices to enable the potential alliance partner to get a feeling for your environment. Either give out an agreement framework, or confirm that you will email an agreement framework to work through at the next meeting. Ask potential alliance partner to include any issues they would like to discuss that are not included in the agreement framework].

My first meeting agenda...

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Tips for subsequent planning meetings

- Use the framework agreement as the agenda. Handle objections and achieve consensus.
- Make sure one of the early planning meetings is in your office – this is to allow the referral partner to assess and gain comfort in your professionalism and approach.
- After shaking hands it's crucial that you schedule a training session to get the alliance up and running. At this point all you have is intent. The skills to make things work still need to be developed.

Step 8 – Training

Tips:

- Don't only train the senior personnel at your alliance partner. ALL staff who have any contact with a client should be trained.
- Tie yourself into a process. For example, ask for your Client Identification document to be automatically completed after a tax return is completed (in the case of an alliance with an accountant), or after the cover comes into force (in the case of an alliance with a GI broker), or after the finance is approved (in the case of a mortgage broker). You want to train your alliance partner to include you in their internal processes.
- Explain how your Client Identification document works and how it should be completed. People don't complete forms they aren't confident in completing.
- Don't assume that your alliance partner understands what you do or why you do it. So explain the need for your services and how you provide solutions. Real experiences or scenarios are very powerful – use them. Explain the various steps your client goes through and the reason for each step.
- Train alliance staff on what to say. In most cases they may not feel comfy selling or discussing services other than their own. You should communicate that they need only position you and recommend your services. Give them short, simple scripts and let them practice on each other. This can be fun and is very effective.
- Arrive with an agenda! "This is what I want to achieve today..."

You will have developed all the training material needed when putting your SALES collateral together.

My training agenda...

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Step 9 – Ongoing relationship management

No relationship is so good that it does not require ongoing care

Tips:

- Remember the Law of Recency (the Law of In-Your-Face!). Most alliance partners will be busy running their businesses. It's up to you to make your presence felt. Here are some ideas on how to achieve this:
 - Send your alliance partner articles that would interest them
 - Arrange regular training with their staff (not always on alliance issues but on other useful material such as current legislative changes that would affect their clients, new product developments and so on)
 - Perform in-house seminars for their clients
 - Invite them to present at your seminars and functions
 - Market their practice to your clients, colleagues and associates
 - Contribute to their regular client newsletter
- Remember the Law of Reciprocation. Don't wait for your alliance partner to come up with the goods before giving them value. Refer clients, invite them to functions, hand out movie, sports tickets etc. This creates "credits" for you. Your alliance partner will want to reciprocate.
- Ensure that you meet regularly with your alliance partners. Have an agenda! Go through the Client Progress and Commission reports. Discuss who is referring and who is not. Identify any issues to address. Motivate them. Continue to remind them how you are adding value to their business and providing a crucial service to their clients.
- Give your alliance partners reasons to refer clients to you, to talk about you. Tell them about positive client experiences (be careful to adhere to privacy requirements).

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