THE PT SERVICES GROUP®

NEW PROSPECTS. NEW BUSINESS. SINCE 1992.

6 Reasons Why Centers of Influence Won't Help Your Business Grow

And how to build an effective centers of influence strategy

Centers of influence are often touted as powerful drivers of sales opportunities. The thinking goes that if you engage someone who also serves your target audience—but who is not a competitor—you can unlock a new source of referrals. For advisors, these centers of influence might be CPAs or attorneys, for example.

In the ideal version of this dynamic, you send the CPA referrals. She sends you referrals. And both of your businesses grow.

In your own career, you have probably shared dozens of cups of coffee with potential centers of influence. You talk briefly about each other's businesses, goals, and ideal prospects. You informally compare your book of business and see clear opportunities for referrals from both ends of the relationship. You restrain your excitement at the potential of connecting with even a fraction of your new partner's audience.

And then you both leave the meeting, and nothing happens.

For as much as our industry touts the incredible potential of working with centers of influence, they rarely perform let alone meet the high expectations we have set for them.

Here's why:

1. Finding and connecting with a worthwhile centers of influence is difficult
2. Neither party wants to be the first to refer business, which can create a standoff
3. The relationship lacks structure and expectations are unclear
4. The plan for collaborating and sharing business is shortsighted and underdeveloped
5. You don't know enough about each other to truly trust them to serve one of your clients
6. Centers of influence returns are not explosive, overnight game-changers but rather the result of gradual, diligent work, so advisors give up too early

The potential that centers of influence have for growing your business is real, and on rare occasions, we see them realized. For the majority of advisors, however, the 6 reasons I just described prevent them from truly tapping into that potential.

The Blueprint for a Centers of Influence Program

As an experienced advisor, you know the path to a sale by heart. You have run the gauntlet hundreds of times and encountered a wide array of curve balls and sucker punches along the way. This experience with the sales process helps you to push relationships with prospects forward, and it equips you with the sales IQ you need to quickly react to prospect challenges and to solve problems as they develop. And then you have the expertise to follow the sale with execution, delivering on the promises you made during the sale.

Working with a center of influence is a different kind of sale and a different kind of relationship. Some of the lessons you have learned in your work with prospects or clients will apply, but the path itself is different and the opportunity takes longer to mature.

1. At the outset, recognize that for a center of influence to work well it cannot be a passive source of new business. It will take active management, nurturing, and development to bear worthwhile fruit. Think of a center of influence as a marketing partner and use that to inform how you develop the relationship.

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2. Someone in the partnership has to take the reins and drive the relationship. Given your goals and that you are likely to be the individual initiating the relationship, we recommend that advisors take this role. Otherwise, neither party is likely to step up and the opportunity will fizzle out for all of the same reasons that usually hinder the potential of a center of influence.

3. Set expectations and use upfront agreements with potential centers of influence. From the very beginning of the first meeting, layout what your goals are for each discussion and what your broader goals and expectations are for a partnership. Early on, your meetings will be focused on determining whether you are a good fit, and once that has been decided, later meetings should focus on how you implement the recommendations covered in the following blueprint points.

4. Build incentives into your partnership and make them formal if necessary. Revenue sharing and referral fees are straightforward in theory but mapping out and putting in writing what has to happen in order to justify them can protect the relationship later.

5. Decide how you will tackle growth opportunities collaboratively. Will you meet with prospects together? Will you co-host client appreciation events and seminars? Will you promote each other to your respective email lists? For the center of influence opportunity to benefit either party, you need to define and execute on co-marketing activities to grow your comfort with each other and to get in front of each other's clients in organic ways.

6. Grow the partnership slowly. The fact that your hypothetical CPA partner serves 1,000 clients is exciting, but it should not also become the expectation. Just as you would not hand over the keys of your kingdom to a new partner, you should not expect center of influence to do the same. Instead, have an agreement to aim for something more practical like 4 to 6 new clients (depending on the type) a year to start, and communicate that to your new partner (that also means you delivering the same return to him or her).

7. Build a process for consistently meeting with new centers of influence to steadily grow this portion of your pipeline. You can find these opportunities much in the same way you find new prospects: Making cold calls, attending events, asking your clients if they know anyone who meets the profile. The more efficient option, however, is to use an appointment setting service (like ours) to line up these meetings and make these connections for you. That way you can focus on executing the blueprint and skip over the tedious and time-consuming nature of finding the opportunities in the first place.

If you ignore this advice and approach centers of influence the way you always have, you will continue to see the same disappointing results. If you follow this blueprint, you will build a source of new business that, overtime, can transform the trajectory of your business.

The Blueprint in Action

The blueprint that we describe here is one that we have seen deliver new growth time and time again in the field for advisors, and it is a process that we use for our business as well.

Recently, we partnered with Bottom Line Solutions, a growth consultancy group that helps benefits advisors build better businesses. Bottom Line Solutions publishes books. They host events. And they diligently drive thought leadership through a wide range of other activities. In terms of fit, we could see a large overlap in our potential audiences, so a partnership of some sort could clearly be mutually beneficial.

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Before we dove into grandiose plans of referrals and collaborations, I got on a plane and met with the founders in person. We talked about everything from our businesses to our clients to our families to our favorite sports teams. For that first meeting, we were getting a sense of the landscape, of what might be possible, and of what it might be like to work together.

Then we shared ideas and continued discussions over the phone and via email. They invited us to their events. And then we agreed to launch a co-branded pilot program of what we thought might be the best synergy of our services, targeting their clients and our own.

And in the six months or so that we have been working on this partnership, both parties have seen new business from it. Neither of us are renting new office buildings to accommodate an explosive torrent of new demand, but the growth is consistent and organic. The relationship is still new, but because we moved deliberately to build a durable and well-planned foundation, the long-term outlook is positive.

Had we fallen into the same old pitfalls that have likely crippled your own center of influence efforts, we would not have gotten much farther than the first cup of coffee.

You can see the same results in your own business with your own centers of influence programs, if you take the right approach.

About the Author

John Pojeta is Vice President of Business Development at the PT Services Group (www.theptservicesgroup.com), where he initiates and manages strategic, corporate-level relationships. Previously, he owned and operated an Ameriprise Financial Services franchise for 16 years. For more information, email him at john@theptservicesgroup.com.

About The PT Services Group

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