

Intrinsic Value of a Referral: Benefits of the Corporate Renewal Professional

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Intrinsic Value of a Referral: Benefits of the Corporate Renewal Professional to the Referral Source

By John M. Collard

Why will a potential referral source refer business? What motivates them--or causes their concern? We are in a personal services business where referrals and relationships are an important ingredient. Referrals are made because the referring party wants to help a client, wants to do something for the recipient of the referral, or wants to build a relationship where they will see reciprocity. Their concern is risk to their reputations as the client will look back at them if it does not work out. A concern that can be overcome by quality work and an ethical approach.

Referrals occur every day among professionals in the business world. Because the corporate renewal industry includes many constituencies who help troubled companies the process is more obscure. Each constituent group is motivated differently and has divergent concerns.

There is real value to be derived from the referral process. There are specific benefits to the referrer and to their clients when the process produces results. The gap becomes one of educating our referral sources about the value that we practitioners can provide.

For an equity investor or board member who wants to save the company, maximize return (minimize loss) on investment, and build for the future, we bring the sum of our dynamic corporate experience, knowledge and comfort with risk. For a banker who wants the outcome of change to save their investment and often an exit from the risk, we bring objectivity, alternative financing sources and focused approach. For an attorney and confidant to the owners who wants to help the client situation, we bring management to the process, competence, resources, and confidence. For our satisfied clients, we bring pride in saying "he or she did it for me."

The most obvious reason that prompts most referral sources is that we bring a unique set of skills required to revitalize troubled companies. Skills developed through years of experience at multiple disciplines. We can bring a focused approach to the transformation. The benefit is often that we manage the process of change within the company. A process that often faces resistance.

We also bring credibility to the process. To be referred you must demonstrate competence at this sort of

work. This is where your reputation is paramount to demonstrate an ability to achieve results and an ethical approach. This credibility is important when a practitioner is working with stakeholders because it gives weight to the approach and encourages believability. Our own CTP program works to bolster credibility and provide a benchmark for competence.

Third party credibility can come from just being an outsider. An objective assessment of the situation is required. An unbiased look can determine if the company is turnable, how, and in what time frame.

Leadership requirements differ when in a troubled situation. We bring a familiarity with these types of situations that is valuable to the revitalizing. There is no substitute for having been in crisis situations before and having the ability to bring this experience into a new assignment.

People work with whom they know, trust and respect--they must feel comfortable. Relationship building is important to the success of a practice. While we practitioners are expanding our network our potential referral sources are also expanding theirs. Being visible helps, but getting to know professionals and letting them get to know you and your accomplishments is crucial.

Relationships among firms are based on confidence in the professionals. Because this is a building process we should rely on the recommendations of those we respect and trust. There should be a synergy of experience in referring other turnaround firms so that skills do not overlap. Reciprocity is important. You need to refer business to others if you expect to obtain business from them. Although this is not always a one for one exchange, the willingness to work with referral sources is the idea.

In many cases there is concern on the part of the referring party that they will lose control of the account and not have access to influence or deliver services. While a real concern, there are ways to achieve results that are in the best interests of the client and nurture a relationship. Trust and reputation are key.

We look to others for help when we need resources. When a practitioner firm is at capacity and lacks resources to take on another client engagement they will look to others to augment their staff or pass business along to a colleague. Geography can play a role in offering economical services to a client. It can be less costly to use local resources and avoid burdening the client with high travel costs. A key reason to refer business or bring in a colleague is for their specialization in an industry, a process, or particular situation.

Our industry is emerging and the referral process is an important part of this course. There is value in the way that practitioners can affect change. Continuing to deliver value to referral sources and clients will fuel the process. Please feel free to contact me with your thoughts and ideas at 410-263-9100.

The Value Model: [Why Refer? => And the Client/Referrer Benefit]
Unique Skill-Set => Manage Change Process, Provide Focused Approach
Credibility => Objective Assessment, Competence, Reputation
Situation Familiarity => Been There Before, Experience With Crisis
Working Relationship => Confidence, Synergy, Future Referrals
Resource => Geographic Location, Specialization, Capacity

About the Author

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Reference:

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