



The Referral Rules

A few guidelines for professionally handling referrals

By James Crosby

Referrals are the lifeblood of law practices – they are the “coin of the realm” for most attorneys. There are attorneys with large loyal clients providing cases year after year. But, for most attorneys, it’s not 20 cases from one client, it’s 20 cases from 20 different referral sources. Yet, despite the significance of referrals as a source of business, attorneys often mishandle referrals and torch referral sources. So, as a public service to the “referral-source-torchers” out there, I offer “The Referral Rules!”

1. Provide Something Valuable In Return For The Referral

Referrals are great to receive. They will make your day, and sometimes can make your year. But, they are not a gift! They are one side of a business deal. Something of value should be – in fact, must be – given in return. Usually, that will be cross-referrals. Or, often, a referral fee. But, I think an additional, and more basic, quid pro quo is the reputational value a successful referral can bring to the referring attorney’s practice. When one performs well on a referred case, that good performance enhances, in the eyes of the client and other attorneys, the referring attorney’s stature and practice. That can be quite valuable. The value provided for a referral must also be real and not just a promise. All of us have had the experience of referring a case to an attorney and hearing absolutely nothing in response, or referring a few cases to an attorney over a period of time and receiving nothing in return. Referrals are valuable not only to the receiving attorney but also to the referring attorney. Referring out cases with no return on those referrals can reach a point where it is just bad business – a squandering of valuable business assets. When discussing referrals with a referral source, be clear about what you can give in return. If your practices are such that you will not be able to cross-refer cases, so say, and discuss other ways you can provide value to the referring attorneys practice. Referrals are not gifts. They are deals with risks and benefits flowing to both sides. Treat them as such.

2. Do Stellar Work On The Referral

This seems obvious – a given. But, it is important to note that referrals present as much risk as they do opportunity. The old adage is: “Get a good result, your client will tell ten people – screw up and get a bad result, your client will tell 100 people.” The same can be said for attorneys. You screw up a referral and the client complains back to the referring attorney, you will likely get no more work from that attorney. You will also get no work from her partner, her firm or her 250 attorney friends. Do good work.

3. Keep the Referring Attorney Apprised

This is a matter of professional courtesy, and good business. The referring attorney wants to know the matter is being handled. The referral can be just as important to his practice as it is to yours. Privilege and other tactical considerations may preclude in-depth updates. But, an occasional call or email generally advising of progress in the referred case is a must.

4. How About “Thank You?”

This seems a no-brainer too. But, how many times have you referred a matter and it seemingly disappears into the ether? No response, no call, no nothing. Show some appreciation for the referral. Pick up the phone and say thanks; send him a handwritten note; buy a lunch; send a bottle of wine; do something to show appreciation. These kinds of small gestures are increasingly rare in our fast-paced business. And, the rarer they become, the more effective they can be to solidify a potentially lucrative referral relationship.

5. Don’t Dump Your Problem Cases Or Non-Paying Clients Through Referrals

We all have cases that go bad, and clients that don’t pay as promptly as we might like, or at all. And there may be remedies – such as withdrawal – available to address such cases. Or, there may not be. But, it should not be a solution to dump them on somebody else through referrals. At the very least, when you do so, tell the attorney what is coming if they take the case. Fair warning upon referral of a troubled case or problem client is another must.

6. Don’t Steal The Client

I have saved for last what I think is the most important of The Referral Rules – don’t steal the referred client. Many times, the referred client is a client of the referring attorney for other matters. The client is being referred because of a conflict or because the referring attorney does not handle the referred type of work – for example, an estate planner sending a long-time client to a business litigator, or a securities lawyer sending a client to an employment lawyer. But, the client remains a client of the referring attorney on other matters. Once the referral is made and the client gets under your roof, it can be tempting for you or somebody else in your office to make a run at the client for other work. Don’t do it! There is nothing worse than sending your litigation client to a business lawyer on some transactional matter only to find in your e-mail a month later a substitution of attorney in the ongoing litigation signed by your previously-happy client in favor of the business lawyer’s litigation partner. And then you learn the business lawyer’s litigation partner bad-mouthed your otherwise fine work and good strategy on the case for a month leading to the substitution. I think implicit in any referral is the promise the receiving attorney will hand the happy, well-represented, client back to the referring attorney at the end of the matter. While it may be tempting to nab the client for other work, in most all circumstances, the referral relationship is worth much more in the long run. And, you will be able to look the referring attorney in the eye and buy him a drink at the next Bar function, instead of avoiding him and leaving early.

Those are “The Referral Rules” as I see them. Referrals are valuable. And, healthy, professional, mutually-beneficial, referral relationships are something special – something to seek out, foster and grow. Handled well, they can sustain and grow a practice. Handled poorly, they can do much harm. Word travels fast, good and bad. Follow these simple rules. You will build successful referral relationships and avoid the damage of soiled ones. 🍷

James Crosby (jcsoby@hcsq.com) is a partner with Henderson, Caverly, Pum & Charney.