



How To Build A Referral Based Business

10 Proven Strategies to Generate Referrals:

Why are we interested in referrals anyway? Two primary reasons:

1. A referral from a trusted business associate/friend, etc., significantly lowers the barriers for you to make a sale. Your referrer has typically pre-screened the referral (i.e. determined they have a need) and perhaps even pre-sold for you with a testimonial. In so doing your referrer has laid a foundation of trust in you that makes it easier for you to complete a sale.
2. Referral prospects have very low acquisition cost.

10 Proven Strategies to Generate Referrals:

1. Start with the Prerequisites:

- i. Deliver consistently extraordinary service! Simply great service won't cut it if you want customers to consistently refer friends and associates to you.
 - ii. Maintain an up to date customer data base; including all basic contact info.: Name, Address, Telephone, E-mail, etc., at a minimum + a record of transactions, (i.e. what customers purchased, when and for how much\$.)
 - iii. Decide who your Ideal Customers are. The last thing you want to get are referrals that don't turn into business or, worse create more headaches than they do sales.

How? Ask Pareto ... Who are the 20% of my current customers that provide 80% of my business? These are the customers you would like more of – what are their characteristics, demographics, et..
 - iv. What is your offer (Incentive)? Give people a good reason to make referrals. If you don't give people a WIIFM (What's In It For Me?) your strategy will eventually fizzle.
2. **Be bold and Just Ask:** Make it a habit to personally ask each time you service a client: Who else do you know that would benefit from my product/service? Would you mind referring me to them? May I call them and reference your name?

Don't forget to follow-up with a thank you to your customer for the contact and a 'BIG THANK YOU' if the referral turns into a new customer. All your customers will



gain satisfaction from knowing they helped you, so let them know if the referral is successful.

3. **Referral Cards:** Never miss an opportunity to ask for a referral. Include a referral card with each order you ship or invoice you send and/or attach a prominent sticker or label with your company name and phone number to each product item you ship/deliver.
4. **Referral Pricing:** Offer customers a 'Referral Price' at the point/time of sale if they will provide contact details for 2 (or 3, 4 or 5) people they think might be seriously interested in buying your product or service.
5. **Customer Reward Program:** Enroll your customers in a referral program that 'pays' them a credit toward more of your product or service for every referral they provide you that turns into a new customer. The program might include a booklet of coupons that they can pull from to pass along to friends, neighbors, etc., that might have a significant 'total \$ value' to the customer if all the coupons are given and acted on.
6. **Customer Gift Program:** Offer your customers the opportunity to give a gift of your product or service to their associates, family and friends from you. Have your customer supply you with the list of people you are to contact and you send the gift from your office on their behalf; or, you can give them a gift voucher for them to pass on to their friends as a gift, and then, have each prospect come into your store to redeem it.
7. **Thank You Cards:** Mail or E-mail your customers a thank you card with a coupon (with their name on it) that they can pass to friends and associates with a special offer for the friend and a reward for the customer if the friend takes advantage of the offer. Do this quarterly.

Don't forget to mail/e-mail your customers a thank you with an offer for them occasionally! (Did you know it can be 6 – 10 times more expensive to find a new customer than to get an old customer to buy again?)

8. **Host an Event:** Host a seminar or workshop for past customers and have them bring a friend. The event should provide some useful information and/or entertainment/social value to both the customer and friend. Teach them something new about using your product or service or introduce them to the latest products or services.

As an added incentive look for an opportunity to introduce an expert speaker or respected local notary. Use the opportunity to introduce your company to their



friends. If the incentive is enticing enough make bringing a friend a condition of entry. (Don't forget to follow-up with all of your attendees after the event – even your customers may be prospects for additional product or service.)

9. **Have a Preferred Customer Sale:** Invite your preferred customers (remember Mr. Pereto's 20%) to a 'Preferred Customer Sale' (otherwise closed to the general public) and have them bring a friend (or 2 or 3 or...) Everyone likes the thought that they may be a part of an exclusive 'club' or have exclusive access to benefits that others may not. Flatter your preferred customers with an exclusive sale and give them the opportunity to 'show off' a little to their friends by bringing them. As above if the sale is enticing enough make bringing a friend a condition of entry. Print complimentary tickets for your customers to give to friends.
10. **Conduct a Customer Survey:** Conduct this simple one question customer survey. Ask the question: On a scale of 1 to 10 how likely would you be to recommend (insert Me/Us or Co Name here) to friends, neighbors or associates?

Conduct the survey via e-mail to make it simple to respond. Then follow up immediately with those customers that respond with a 9 or 10, with a reward program as above.

(P.S. What else might the responses to this survey tell you about your product or service and how might you use that information?)

Don't forget the single most important element in all successful Referral Strategies?

We need to be proactive and ask, in one form or another: Who do you know