



The referral process is an invaluable yet underused source of new sales, says TONY GEDGE

A good referral from a satisfied customer is something to be eagerly sought after. Indeed, it can turn out to be a buried treasure! What actually is a referral? Dr Ivan Misner, the founder of BNI (Business Network International), defines it as follows: "A referral is not a guaranteed sale, but it is an opportunity for somebody to present his business where that presentation will be looked forward to with anticipation."

Recent research from a cross-section of sectors suggests

that 50 per cent of customers will give referrals if asked in the correct manner. Out of this, up to 30 per cent of referrals turn into business. This means that if you have 300 customers and 150 give you a referral, 50 of these may well turn into business. If each customer was worth £5,000 a year, you could easily be making an extra £250,000 of sales during this time period. Imagine if you had used this strategy over the past four years!

Normally, when you source a lead, it's cold. When you

Word of mouth

gain a referral, however, it's warm and, as Ivan says: "Your presentation will be looked forward to with anticipation." There are many benefits to creating a referral-centred business. Referrals help you build your customer base rapidly at a fraction of the cost of many other techniques. In fact, the only thing it will cost you is the courage to ask.

In the know

Once you gain high quality referrals from your customers, what's the next step? Research as much background information on your new prospect as you

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Asking for help

How can you ask for a referral? Remember that most people, particularly those you already have a business relationship with, are usually only too pleased to offer advice when it is requested.

Begin your request with something like: "I was wondering if you could give me some advice. Perhaps you could help me?" Then you could continue by saying: "I'm trying to expand my business and would appreciate your advice on who else I might contact..."

You may find that your customer has a problem thinking of any names. Don't worry – keep the meeting a relaxed affair and they may materialise before you leave, or your client might call you later with details of someone he has just thought of.

can. This allows you to go into the introductory meeting with more confidence and build rapport faster, or even decide not to pursue the referral if it doesn't fit your profile of the ideal customer.

Here are some more benefits of receiving referrals:

- They are the most profitable and cost-effective way of gaining new clients
- The most loyal clients often come from referrals
- Clients obtained from referrals will refer yet other customers to you, because they understand you grow your business this way. Remember the adage: 'Birds of a feather flock together'
- They are not price-conscious, or they would have found you from *Yellow Pages* while looking for the cheapest deal. This often means they will pay more for good value and service
- They rarely try to negotiate price and buy more often.

So, there are many reasons why you need to ►►

► concentrate on growing your business through referrals. How, then, can you get more referrals? There may be many reasons why you might not be getting an abundance of excellent referrals. Fear is the biggest obstacle I have come across. You may fear rejection or you don't want to jeopardise your relationship, in case they say *no*. It may be that you don't want to sound desperate or just don't know how to ask properly. Many of the referral challenges are associated with what could be called the 'British reserve'. "I would rather starve than

First contact

Your customer may well be prepared to contact the referral on your behalf with information about you and your company. Whether this is done or not, always mention your source's name straightaway when calling the referral.

- Use your detailed knowledge of the referral's company to introduce ways you could be of help
- Contact the referral as soon as you can. This will show your customer that you value his suggestion
- If you discern that it's not a good time for the referral to talk, ask – before he complains – when it would be convenient to meet him

ask for referrals," is a common attitude. Such limiting self-beliefs are robbing many sales professionals of the gold they deserve from the investment they have made in their business relationships.

If you can see yourself in this description, try to change your attitude and mindset. You may be thinking that clients providing you with new leads are doing you a favour. Let's change this old belief right now and put the British reserve mentality to rest once and for all. If you are good at what you do and consistently serve your clients beyond their expectations – and you surely are – they will naturally want to help you achieve your business objectives.

Helping your customer

Don't forget that your customers have an obligation to serve their own clients in the best way they possibly can. If these other companies also have a need for your products and services, don't you think they should be put in touch with a great company like yours, rather than receiving less than satisfactory goods from some other organisation? In fact you are doing your own customers a favour but make sure they have a genuine purpose for giving you referrals. If you have a strong business

relationship, they will recognise how you give the best advice and help to everyone, because you are just great at doing what you do.

People naturally want to help others, but you need courage and confidence to ask for help in building your business through referrals. Clients will naturally want to help you if you give them outstanding value and service. One of the easiest ways to gain referrals is to help your customers realise that, if you are spending less time out selling, you can serve them with more energy and help them achieve their goals. One of my favourite quotes is: "You can get anything you want out of life, if you help enough other people get what they want in life, if you get very, very good at doing it, and if you give unconditionally and consistently." All three *ifs* are essential. Leave one of them out and you're missing an essential ingredient in the formula.

So, we've looked at the many benefits of receiving referrals and how this can help you grow your business more effectively. We've also considered some of the barriers and internal challenges that may stop you from asking for referrals, and examined the reasons why clients just love to give you referrals. Even so, if your clients don't know you want referrals, are they ever going to give them to you? I doubt it very much. In order to gain more referrals, you have to educate your clients. At the end of every meeting, at the end of your e-mails or even on the

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back of envelopes, why not try planting a referral seed? I usually use something like this: 'P.S. Don't keep me a secret,' or 'P.S. We grow by recommendation – please don't keep us a secret.' This referral seed will eventually grow into new, 'perfect' clients.

Giving thanks

Your customer is now aware you appreciate referrals. By the way, don't forget to thank the person who gave you the referral. Try sending a hand-written 'thank you' card or a gift. I often buy blank cards and write: *Thank You* on the front with a gold pen. Inside, I write: *Dear John, thanks a million for referring me to Brian. As you know,*

Practice makes permanent

Role-playing – learning how to ask for referrals and dealing with referral objections – is a key part of referral success. You are likely to retain 80 per cent of new knowledge if you have the experience of actually doing it. ‘Practice makes perfect’, so the saying goes, but this will not happen unless you make a conscious effort to ensure that asking for referrals becomes a permanent part of your sales tool kit. Hold yourself accountable to make sure you don’t bottle out when asking a customer for referrals.

most of my business comes from referrals and you can rest assured I will give Brian 100 per cent. Thanks again, Tony.

Why do I take the trouble to do this? Firstly, because I genuinely appreciate it when a customer helps me out. It gives me a great deal of satisfaction and I want to let him know this. Also, because some people are reluctant to give out people’s names for fear you may ruin their relationship, adding a little note like this reassures them

that you will do your best to protect their relationship. A thank you card acts as the previously-mentioned referral seed. How? If that card is on someone’s desk, people will ask what it is for. That person will then say something like: “Oh it’s from Tony Gedge.” They will then usually ask what he does. This is positive ‘word of mouth’ at its best and can often lead to more business within that organisation.

Attracting high-quality referrals is clearly a cost-effective sales strategy. Make sure that requesting referrals becomes an everyday part of your sales routine... as with everything else new, it gets easier with practice. So much business can come from referrals. Try it yourself and maximise this great sales opportunity! ■

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