



Developing an Effective Referral Prospecting System

Hello everybody and thank you for coming to our September Lunch & Learn. The objective for this Lunch & Learn is two-fold.

- One, share the two core attitudes you must develop and use to double or triple the number of referrals you receive.
- Two, answer any questions you may have about referrals and how to get more of them from your clients.

Before we began are there any questions? If not let me begin by asking one. How many of you receive, either a lead or a referral, on a daily basis? Believe it or not there are people in business doing just that. I personally know of three people who never spend a dime on advertising and are swamped with work. The reasons for their success are all somewhat different yet very much the same. First they are in a very specialized or artistic business. Second, they have developed a business model that only requires they serve a few loyal clients. Third, they offer excellent products, service or both. Now I would venture to guess that most of us are not in an artistic or very specialized field. Also, I don't believe any of us would survive on servicing just a handful of clients. So for us to even have a chance at receiving any referrals we must offer excellent products, service or both. Now, if everyone including your competition is offering excellent products and providing great service, how will you get the referral and not the competition. Well here are two core attitudes you must develop and use. The first is developing a referral prospecting system and the second is building client loyalty.

Developing a Referral Prospecting System

First let's talk about developing a referral prospecting system. There are three main parts to developing a referral prospecting system. They are:

1. Looking for opportunities to ask for the referral. If you're a sole proprietor then this falls squarely on your shoulders. If your part of a company then everybody in your organization must adopt this mindset.
2. Committing funds and time to developing a system that will create referrals.
3. Putting your business in a position to give referrals as often as possible.

Now let's go over the first one again; Looking for opportunities to ask for the referral. For most of us including myself, the best time to ask for the referral is usually right after the sale. The problem is we can easily let that opportunity slip away. You have to develop a habit of asking for referrals from every customer, every single time. After all, how hard is it to get your clients attention long enough to say, "I've done my best to provide you with the best possible product and service. If you've been happy with the results so far, I would very much appreciate a referral. Could you give me the names of one or two friends or business associates you think could benefit from what I have to offer?"

Seems easy and sometimes it is, but in reality we know the opportunity to talk about referrals does not just happen. Therefore, you must examine your sales process or how your business interacts with your clients and determine at what point is the best time to ask for a referral and then make it a policy of doing so every single time. If you have employees, you need to adopt a policy that rewards those employees who do turn in referrals from clients. Now can anybody give me examples of other opportunities to ask for referrals?

The second part to developing a referral prospecting system is committing funds and time to a system for generating referrals. The key word here is system. A regular, special method or plan of procedure. You want to develop some type of system and adhere to it.. Now on the table in front of you is a system that Specialty Gift Professionals use. Basically, everytime one of their clients make a sale, Specialty Gift Professionals will send that client a gift along with a letter asking for a referral. But there are many others out there. Can anybody think of a few. Calling your clients, using a bird dog, mailing your clients free offer when you bring a referral, paying cash.

Small Business Sales Force
PO Box 189055
Sacramento, CA 95818
916-912-3880



Now if you decide that you do want to be a little more aggressive and commit funds, great. The question is how much? Well if you do things yourself, then you can spend time calling, writing emails, letters or sending small gifts. Depending on how many clients you serve, will determine the time and money spent. Just take a look at your business and determine how much time you want to invest and how much you want to spend. Or you can simply hire somebody to do the work for you. Now before you go out and hire somebody to do the work, you need to figure out how much to pay. Here is a very simple formula that should work for any business. Take your average sale and determine what your net profit percentage is on that sale. Then take anywhere from 5 to 10 percent of this net profit and that will tell you how much to spend. So for example, if I sold Bob a suit for \$500 dollars and my net profit was \$75.dollars, then I can afford to spend up to 10% of 75 dollars or \$7.50 cents on him. The point I'm really trying to make here is decide on a plan of action and make the commitment, either in time, money or both.

The third part to developing a referral prospecting system is putting your business in a position to give referrals as often as possible. First, join a group and network. It can be a business group, leads group, chamber or commerce or even a social group of some sort. When you join this group, you then must make it your goal to give, not get but give, more referrals than anybody else in the group. By setting an example you will stand out in the group. Second, reward good service with referrals whenever possible. By making a habit of giving referrals to businesses that deserve it you stand out to that business and hopefully your good deeds with come back two-fold. So what are some examples of good times to give referrals. Refer your barber or hairdresser, refer your business associates or favorite restaurants.

www.theSBSF.com
Thomas@theSBSF.com

"Professional Sales & Marketing for the Small Business"

Now that covers the three components of a developing a referral prospecting system.
Any questions?

Now let's cover the other core attitude you need to double or triple the number of referrals you receive.

Building client Loyalty.

The two main components you must have to build client loyalty are:

1. Look to provide service and added value at every opportunity. Look for ways to serve your prospects as soon as you can, even if it has nothing to do with what you are selling.
2. Become a resource or problem solver for your clients.

Now when you really look at these two components, its pretty obvious they go hand in hand. If you're doing a great job of providing added value then sooner or later your clients will look to you to be a problem solver. So in regards to added value, what exactly does that mean. Here are a few real life examples.

- A realtor who sells a house and offers the use of a moving truck for free.
- A restaurant that gives you the dessert free on your birthday.
- A supermarket that honors coupons from its competitors.
- A dry cleaner that offers pick up and delivery for free.

Providing added value simply means giving the client more than what they expected for their money. And doing it at the least possible cost to your business. The more your able to impress your clients with added value, the greater your chances of building client loyalty in all your clients. Remember, for an added value to be effective, it must add value to the basic product or service offer. So if you can build client loyalty, not only will you have a client for years and years, but that client will be an advocate for your business. Sending you possibly dozens of referrals over the lifetime.

Small Business Sales Force
PO Box 189055
Sacramento, CA 95818
916-912-3880



Now as I said before the two components of building client loyalty are adding value and being a problem solver. I also said the two go hand in hand. Well let me elaborate on what I mean. Being a problem solver basically means you become the go to guy. When your clients have a problem, they call you even though the problem has nothing to do with your business.

Let me tell you a true story. When I was about 23 years old I decided to go out and buy myself a new car. Being young, ignorant and unaware of the importance of good credit, I made a fool of myself when I tried to buy a car. Four dealerships took me through the whole process just to tell me I needed more money or I just don't qualify. But the next dealership, I dealt with a sales rep who sat down and explained the car buying process with me. He then gave me several options for buying a car that I never considered. He also told me to call him if I ran into any problems. I thanked him for his help and went on my way. A month later he called to see if I had taken his advise and what were my results. I told him I bought a car from a neighbor down the street. He congratulated me and we said goodbye. His willingness to listen and help me, turned me into an advocate for him. I told my friends how cool this guy was at the dealership and when I was ready to buy a car two years later, I went to My Guy. The point of the story is his gesture has created a loyal client even though no sale took place. So anytime you can become a problem solver to your clients or potential clients, do so with eagerness and patience. Now let me try and wrap this into a nice neat package.

www.theSBSF.com
Thomas@theSBSF.com

"Professional Sales & Marketing for the Small Business"

What are the two core attitudes you need to double or triple the volume of referrals your clients give.

- Develop a referral prospecting system
- Build client loyalty.

And what are the three components for develop a referral prospecting system

- Make asking for referrals part of your business or sales process
- Committing time and funds to a system.
- Giving as many referrals as possible

Good, and how do we build client loyalty?

- Add more value than the client expects, and
- Become a problem solver to your clients and potential clients.

Excellent. Now are there any questions?