

# REFERRALS



Unleash A Never Ending  
Flood Of New Customers

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## Introduction

Whether it's a corner shop in Smallville, or a Multi-National Corporation spanning the entire globe, every business needs new customers.

For a whole host of reasons, even the most popular company will lose a percentage of its customer base each year. Some of their clients move out of the area, others simply don't need the service any longer. Some die.

So in order to survive all the troubles the global economy throws at us, a business needs to have in place a reliable, predictable system for getting new customers through their doors...

**...and that's where most businesses fail miserably!**

See, for the average business, their marketing strategy seems to be:

1. Open their doors and hope.
2. Pay for a bigger listing in the Yellow Pages
3. Go back to Point 1, do not pass Go, do not collect \$200

**As you can imagine, there's a few flaws in THAT system!**

Over the course of this report, I'm going to take a look at how a business can unleash the mighty power of referrals to create a solid, dependable stream of hot, fresh, eager new customers just queuing up to do business with us...

...And then...

I'm going to suggest that you put it on virtual autopilot so that it runs smoothly and efficiently without you or your staff having to:

- Beg your existing clients for names that you can 'hard sell' to.
- Spend a fortune on wasted, untargeted advertising.
- Waste valuable time, effort and resources just trying to sort the strong leads from the tire kickers.

Now I must tell you first, I'm just a humble businessman like yourself. I'm not a lawyer and I wouldn't dream of trying to advise you on the legal aspects of YOUR business. So please see this report as simply food for thought and of course, seek proper legal counsel if you require it.

That said, I'm sure that you're as eager as I am to get started! So let's dive straight in...

## What IS A Referral?

Ask most people what they think a referral is and they'll all say similar things:

- Word of mouth advertising
- A suggestion from a friend
- It's a third party recommendation from an existing client who sh...

...Whoa! Just hold on a minute tiger, let's not go all 'CorporateSpeak' now!

In a nutshell, a referral is:

**“An endorsement by a trusted source”**

A referral certainly isn't a list of names, 'bullied' out of customers. And it is most definitely not something that can be begged for.

**Warning! Slushy moment coming up...**

Like LOVE, a referral only counts if it is given freely!

That's right. A referral only has any value at all if it is given without pressure. Force a referral out of someone and it will come back to bite you so hard it'll leave teeth marks.

Your once happy customer will feel used and angry and instead of telling their friends how satisfied they were with your product or service, they'll scream as loud as they can...to anyone who'll listen...about how pushy you were!

So not only do you miss out on the referral, you also lose a once happy client!

**Let me explain why they get so uppity simply because you applied a little 'pressure'...**

As we've already decided, a referral is an endorsement by a trusted source. So in order to refer you, the person has to put their credibility and reputation on the line.

They are effectively saying “I trust this business enough to recommend them to my closest friends and family.”

That's a big commitment for anyone. It must be earned. It certainly must be deserved. And a commitment as big as that deserves your respect.

## Referrals Vs Word Of Mouth

Many businesses assume that Referrals and Word of Mouth (WOM) advertising are one and the same.

**They are not.**

Yes, WOM is a referral, but not all referrals are word of mouth recommendations.

### **So what's the difference?**

Well, a WOM recommendation is something that businesses hope for. As we've already seen, if you try to push someone into recommending you, they'll push back.

It can't be predicted or relied on. And that makes it difficult for us as business-people to earn a thriving living from it!

### **Enter Referrals!**

Referrals are different. You can build a system for referrals that takes away the element of chance, making it a solid, dependable and repeatable source of new business.

See, I told you they were powerful!

### **So where do most businesses get it wrong?**

Well, for starters, they assume that offering great customer service will guarantee them a referral. It won't. In today's ultra competitive world, customers expect great service.

However, if your customer experience is lousy, I can assure you that you definitely won't get a referral. So it's kinda back to front really.

Many businesses also think that if they simply ask their customer at the right time, their client will rush out and sing their praises from the rooftops. So they start to beg for referrals when they think the customer is happy with the service.

But the biggest difference between a word of mouth recommendation and a referral is that the business assumes that the customer will actually remember enough details to be able to do their selling for them via word of mouth.

Just how wrong could they be!

## Making Yourself Referable

In order to set up a successful autopilot referral system, first you need to ensure that you are worth referring.

### **Ouch! That was a little insensitive, right?**

We've discussed at length how much risk there is taken by the referrer. They are putting their credibility on the line. So you need to make it as easy for them as possible by exceeding their friends highest expectations. Then you are worthy of their referral. It doesn't mean you'll get it. Just that you are worth the risk. Yet some people get it Soooo wrong!

### **Let me tell you a short story.**

My wife is Chinese. So we like to head over to Manchester Chinatown as often as possible. It means that she can chat to others in her mother tongue which helps her to feel a little less homesick. She has now become the 'go-to girl' when it comes to Chinese restaurants.

People value her opinion when they want a specific restaurant for a particular occasion. In fact, I recently worked out that she is directly responsible for 48 new customers to one restaurant over the last 18 months. That makes her a Super Referrer!

Just last weekend we spent a relaxing Sunday lunchtime in a restaurant, watching the world go by. This particular lunchtime I grabbed a plate and headed over to my favourite dish. But unfortunately, the food was cold. So I chose something else instead.

As we sat eating lunch, we overheard several other customers complain about the cold food. So my wife discretely approached a couple of staff who were stood chatting at one corner. In Chinese she explained that people were complaining about the cold food.

To my wifes disbelief, the waitresses turned to her, said that it wasn't their problem and carried on chatting! What chance is there of any more recommendations? Not a hope!

Imagine if my wife took a friend there for lunch and they were then faced with cold, unappetising food. What would that do to my wifes reputation? It's simply not worth the risk. And how much will that easily solved, minor problem cost that restaurant in lost referrals?

Don't make the same mistake. If you're not already offering supreme service (as measured by your customers), then you need to raise your game before you even think about trying to get referrals. Make yourself referable...and do it NOW!

## Your Website

In order to have an effective autopilot referral system, your website needs to be up to the job. This means the traditional 'Brochure' style website that simply shouts "What We Do" just doesn't cut it. Ditch it!

I must confess, it never ceases to amaze me how attached people get to their website. If a warm, cuddly employee performed so poorly, they would be sacked! Yet companies often limp along quite happily with a weak, underperforming brochure website for years.

**If it isn't making you money, it's costing you money! Your website needs...**

### **Its own domain name**

This shouldn't even need explaining these days with high spec web space and domain names for little more than loose change.

### **Performance Power**

The days when flat, lifeless HTML ruled are long gone. In order to transform your website into a referral pumping powerhouse, you need tools...and that means a scripting language such as PHP. Lucky for us, this comes as standard with most paid for web space.

### **Simplicity**

If your staff can't update your website then it will simply stagnate. Again, thanks to scripting languages such as PHP, it is easy to install, maintain and update a modern website using free tools and very little technical knowledge.

### **To Be Found!**

If nobody can find your website, then does it really exist? Make it easy for your clients to find and refer you by promoting your website both online and offline.

#### **Quick tip: Google is your enemy!**

Why do I say that? Because it is too easy to get hooked up on just the one method of promotion. Whether you are an Organic Search Engine expert, or like the ease of paid search using Google Adwords, putting all your eggs in one basket will only end in tears!

Yes, it's great to get a number one listing for a popular search term, but when Google updates its algorithm (and I guarantee it will) what will you do when you lose that source of traffic? Remember, diversify and thrive.

But once you set up a referral marketing system, you can stop worrying about every twist, turn and occasional tantrum of that petulant spider, Googlebot.

## Give Them The Tools!

Remember way back when we discussed the difference between a referral and a word of mouth recommendation?

We saw that even the most enthusiastic would-be referrer could simply forget. In fact, they do a lot of forgetting.

They forget to tell their friends about our excellent products, services or customer care.

They forget the finer details of our service that would surely make the sale for us if only they could remember it. You know, the fact that we offer the same products in over 25 different size or colour combinations...or that we are open at weekends when all our competitors are closed.

But most frustrating of all, they forget who we are and how to get in touch!

It's not that they want to forget, it's just that there's so many other things battling for their time and attention. And before you know it, poof! We're gone. Disappeared from their conscious mind before they even had a chance to say how wonderful we were!

### Sound familiar?

My mother recently enjoyed a short break to Prague, capital of the Czech Republic. It's a truly beautiful place and she was particularly enthusiastic about the quaint hotel she stayed at.

As we've previously travelled extensively through Europe and the USA together, she didn't want me to miss this beautiful, charming and friendly small hotel.

I asked her for the address of the hotel. I can then file it away in my 'places not to miss' folder for future use. But she couldn't remember!

"Never mind!" she said, "I've got their leaflet...err...somewhere...err...I think!"

Well, what she *really* meant was that she once had their leaflet, but threw it away with the rest of the rubbish she collected along the way.

So it was a great hotel offering great service at a reasonable price. Will I ever manage to visit? I doubt it!

The lesson here is that if you want your customers to remember the finer details such as your address, or maybe your name, you need to give them the right tools for the job and stop leaving your referral success to chance!

## Reward Your Referrers

Now that you appreciate just how much a referral is worth to your business... and just how much it has cost the referrer in terms of credibility and trust, it makes sense to acknowledge them when they take the time and trouble to refer you to others.

It can be something simple yet meaningful like a handwritten thank you letter. Or it could be a full-on reward scheme that donates a percentage of the sale to the referrer.

This is very easily automated online but takes a little more effort to do offline. Either way, it pays to keep your referrers enthusiasm going!

An even more important thing to consider is how you treat your Super Referrers. Think back to my restaurant example earlier. A very minor problem could have been solved quickly and with a minimum of fuss. But it wasn't.

### **However, all is not lost.**

See, imagine for a moment if the restaurant sent out a couple of free lunch vouchers to our gallant Super Referrer. With it, they could include a short note that said something along the lines of..

We would like to thank you for bringing the situation to our attention. We appreciate your custom, but more important, we appreciate your honest opinion as a friend. We would love you to accept lunch on us, and give us a chance to prove that we listened to your advice and acted upon it.

Once again, thank you  
Andy Li,  
Manager

Then when they come in for lunch, treat them like royalty!

The total monetary cost of a gesture like this would be little more than the wholesale cost of the food plus a postage stamp.

### **However...**

The value of the gesture would be enormous to the restaurant and the Super Referrer. If they had truly addressed the problem, do you think our Super Referrer would resume referrals? Heck yes!

With a little professionalism and a small slice of humble pie, a potential problem can be turned into a chance to reinvigorate a once successful relationship.

## Conclusions

Throughout this short report, I've never mentioned any of the traditional methods of finding and winning new customers such as:

- Price cutting
- Cold calling
- Random telemarketing
- Untargeted direct mail (junk mail)
- 'Brand' marketing (branding or image marketing)
- Sending spam emails

### Why?

Because when you have a Referral System up and running, you don't need any of them. No more slashing prices just to compete. No more crushing rejection as another irate listener slams down the phone.

Yes, I know that I've also offended virtually every Ad Agency Creative Director on the planet by implying that Brand Marketing isn't an effective use of your Marketing budget. And to be fair, Branding works very, very well...for the Ad Agency!

So it's time that you junked your worn-out, ineffective and expensive 'traditional' methods and fired up your lean, mean referral machine.

Remember, drop me a line at <http://www.mark-heywood.com/contactus/> and get the ball rolling on YOUR referral marketing system.

The longer you wait, the more you miss out on all those juicy referrals...Do it NOW!

Warmly,

Mark Heywood