Attract Referrals
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A. Introduction

- Discover the essential elements of any referral system.
- Find out when and how to ask for referrals.
- See examples of referral offers that work.
- And see examples of referral letters, scripts and referral cards that get results

B. Attract referrals explained

Imagine having a business where you don’t spend a cent on advertising to attract new customers. A business where every new customer that comes through your door comes by way of referral from your existing customers. It would be fantastic wouldn’t it? A dream come true for most business owners!

Business owners often spend a small fortune on advertising to attract new customers, yet the most lucrative source of sales (on a profit per sale basis is referrals or word-of-mouth. Referral sales cost virtually nothing to attract because there’s no need to spend big money on advertising. What’s more, because they’re referred from your best clients, they’re usually a joy to deal with as well.

The biggest challenge that business owners have with referrals is that there usually aren’t enough of them. Inside this Study Guide, you’ll be shown how to tap the power of referrals so you dramatically increase your referral sales easily.

Believe it or not, some businesses have been so successful at generating referrals they only accept new customers and clients by way of referral.

At first thought this may sound a little frightening but think about it in this way... if someone hears that they can only do business with you by being referred, becoming one of your clients becomes a status thing for them.

You’ve heard the term people want what they can’t have so the more difficult you make it to become a client (without annoying them, of course) the more they want to become one.

Have you heard about the dentist who only sees new patients who’ve been referred to him from his existing patients? His name is Paddi Lund.

Paddi’s philosophy is that he is in business to have fun and he only wants patients who are a joy to deal with, so it stands to reason that friends of his existing patients are also highly likely to be a joy to work with.

Golf clubs, men’s clubs and turf clubs all work in a similar fashion.

Having a “By Referral Only” business means he only attracts the kind of patients that he enjoys helping. Having a finely tuned referral system in place is one of the keys to Paddi’s Success.
What’s possible?

Referrals are already a lucrative source of income for most businesses yet the further potential is enormous. Here’s an example of that:

Let’s say that you have 100 customers who are worth around $5000 in fees to you each year. That’s $500,000.

Imagine that you also have 20 customers who each provide you with $10,000 in fees each year. That’s another $200,000.

If each of those customers referred one person who was of similar value to you, your revenue doubles.

Even if only 33% of those customers referred one customer per year to you, your business has increased by 33% for very little outlay.

When you’re promoting your business, think about how much it costs you to acquire a new customer when compared to acquiring a new customer through referral. Your acquisition costs are lower AND invariably they’re a better quality customer.

Before you start asking for referrals, it’s important to spend some time thinking about your customers and your friends’ situations that might mean they have a need for your product or services. Here’s an example featuring a financial planner:

- semi-retired people who recognize that their children should be starting to prepare for their future now;
- brothers, sisters or friends who are of a similar age and hear about the great results the customer is getting using your services;
- parents who are reaching retirement and don’t know where to turn;
- colleagues who are in the same financial position as the customer is and may have similar needs;
- clients who have colleagues who are in a similar position;
- retirement clients who have colleagues or friends also reaching retirement;
- business owner clients who can recommend that their staff members seek your advice;
- franchisees who can recommend you to other franchisees;
- business owners who deal business-to-business and can promote your services to their customers as a way of adding value;
- any other industry contacts you may have;
- business owners who are members of networking groups or associations.
C. How to attract more referrals

5 Keys to attracting more referrals

1. Become more “attractive” to your customers.

Before anyone wants to sing your praises to their friends they need to have an incredible experience when doing business with you. That means your customer service and/or the results you deliver must be outstanding.

In this guide we will show you how to set up your own referral program and introduce it to customers but before you start asking for referrals, it’s critical that you create an environment where customers want to refer you.

Creating that environment is about going way beyond the call of duty to deliver a service that literally makes customers go “WOW” when they experience it.

It’s not just about offering good service, delivering on time or producing a product that does everything that you say it will do.

It’s about offering MORE than expected.

That means looking at:

- The way in which you answer the phone
- The appearance of your premises
- The “can do” attitude of your team
- The professionalism of your service
- The quality of your product
- Your turn around times

2. Give customers an incentive for referring their friends

Think of an exciting introductory offer that you can make to potential clients...something that your customers would be thrilled to share with their friends.

Maybe you have some tickets to a seminar that you can give away. Or maybe it’s a voucher for a free meal at your restaurant or a free week’s membership at your gym.

When you think of what you can gift, come up with something that has a high-perceived value but a low hard cost.

Maybe you can bundle some e-books together or reports, which might each have a perceived value of $50 to $100 but the hard cost is $10 or less.
3. Actively ask for referrals

Most business owners and salespeople DON’T ask for referrals and it doesn’t occur to your customers to refer their friends. With that, many an opportunity is being missed.

The simple act of asking for referrals will dramatically increase your results.

The best time to ask for referrals is just after you’ve made a sale. This is the time when customers are most excited about your company.

4. Develop a system for encouraging referrals

Asking for referrals is one thing but having a systemized way of making sure those referrals happen will improve your sales even further.

You can tap into a great opportunity for your business by generating referrals systematically from almost every customer ... every time they deal with you!

To do this, develop an automated system for asking for referrals in different ways, using different methods, at different stages in the sales process. Also, develop a way of recording those referrals and rewarding your customers for referring others.

Doing this ensures you maximize referral opportunities. It also gives customers more of an incentive to refer people.

Here’s how referral incentives work:

**First** – you provide customers a reward or gift for every paying customer they refer your way. This may take the form of a tangible gift or it could be “referral dollars” they can use towards future purchases.

**Second** – offer a “welcome” deal for the referred person.

It’s important that the person being referred is offered something special just for being the friend of your customer. This helps your customer look like a “hero” in the eyes of their friend.

Remember that in point #1 we discussed how important it is to ensure that you create an environment where people actively want to refer their friends? Well, here are some tips to do that:

- Finish all client projects ASAP and within deadlines.
- Thank customers for doing business with you by sending a “thank you” letter or package. This shows that they’re important to you and that you genuinely are ensuring they experience outstanding results.
- Give customers a post-sale telephone call to touch base with them, see how they’re liking the product, answer any questions they have and generally gauge feedback.
• Next – send a letter telling customers how you value the relationship that is developing and how you would like more customers who are great to work with, like they are. Then – introduce your referral program, how they can refer people and the incentives they’ll earn.

• Ensure you have a way of tracking referrals so you know who the source of every referral is. As part of that process always ask new “referred” customers who referred them and record the details on your contact management software.

• Send the referrer a letter thanking them for referring their friend and mentioning what they receive for that referral.

• Send a welcome letter to the referred customer thanking them for inquiring about your services together with an information package that gives valuable advice and also outlines how you can help them.

5. **Set the expectation up-front**

Firstly, let your customers know that you would like them to refer others to you. The best way to do that is to simply ask them. Set the expectation up-front, when you first meet them.

Simply say that once they are happy with the service that you offer, you ask that they refer at least one customer of similar caliber your way. Your customers will always be happy to do that.

We’ve found that one of the best ways to do that is to position it with your customers up-front, either verbally or in a written agreement like a Team Commitment statement. In fact, if you have a team commitment statement that spells out what you are prepared to do for your customers and the commitment that you expect them to make to you, you can mention referrals there.

For instance...

“We want you to be happy with our service, so we ask that you let us know how we’re doing (either good or bad) so we know how well we’re meeting your expectations. We also ask that, after 3 months, if you are delighted with our service, that you refer at least 2 friends, family or acquaintances who you believe may also benefit from our service.”
4 more ways to attract more referrals

1. Arrange for a high profile/customer to endorse you to their clients or associates

Spend time scanning your customer list and flag the people who are “key influencers” or “spheres of influence” in the industry. More specifically, target people who have clients or associates that fit the profile of your ideal customer.

For instance, if you are a beautician, talk to a client who is a hairdresser. If you are an accountant, speak with a solicitor client. If you are a motor mechanic, speak with a car detailer client.

Ask these people to write to their customers promoting a special offer from you. The letter would be on their letterhead, signed by them. It’s important that they write to their customers and NOT you.

The reason for that is that they have the relationship with their customers so those customers are much more likely to respect their opinion and take their advice. If you were to write to them directly, they don’t know you so the impact will be minimal.

Here are some other important factors to ensure the success of this endorsed mailing:

- Approach the organization, explain how it would work and show them how both of your businesses win using this approach.
- Develop a special introductory offer.
- Draft the letter yourself and ask them to adapt and send it. This way you ensure the letter says what you want it to say. Having said that, it’s obviously important that the message is heartfelt and is something that the other party is comfortable sending.
- Offer to pay for printing and postage.

2. Piggyback your mailing pieces

Talk to one of your clients or associates and ask them to send out a promotional piece from you, with their regularly customer mailings. In other words, your promotional piece piggy backs their newsletter mail-out or their monthly invoice run or some other mailing they’re doing.

For example, when an associate’s (or a client’s) business sends out monthly invoices or a letter, they enclose a newsletter, flyer, special offer, letter, or some sort of endorsement.

This reduces postage costs and you get to tap into the power of endorsement simply by being in the mail-out.
3. Put together an invitation-only event

Another way of making your own clients feel special and at the same time creating an environment that encourages the maximum number of referrals possible is to run an “invitation only” event.

This is an event that is open to clients and their friends only. Each client may bring a select number of their clients or friends. It’s important to limit the number so as to have an air of exclusivity about it.

Here are some examples:

- A retailer might have a “Closed Door” sale.
- A training company might have a “Client Only” seminar.
- A retailer or service provider might have a demonstration day sponsored by a supplier.
- A company could hold a pre-launch of a new product for clients and friends only.
- A real estate agent could sponsor a “BBQ with friends” barbecue for his home seller clients.
- A builder could sponsor a house warming party at the home he just built for a client.

This is a great opportunity to showcase your business in a casual, non-threatening environment … and environment where you are seen in a very positive light surrounded by customers who are already big fans of what you do.

The added benefit is that, at these events, your customers will often act as salespeople for your organization, recommending to their friends that have come along, that they should buy.

4. Offer ‘spotters fee’

This is more of a commercial relationship where you identify businesses or people who are regularly in touch with people who are your ideal target market. Approach these people and offer them a fee for referring qualified leads your way.

For instance, if you were a mortgage broker you might offer a spotter’s fee to real estate agents who refer potential clients your way.
The essential marketing pieces for your referral system

1. **The incentive**
   Decide on a referral incentive for existing customers and a “welcome” offer for new referred customers.

2. **The referral card**
   This is some sort of flyer or card that customers can hand out to their friends. This card features:
   - Details of the “friends of [your company]” incentive (introductory offer to new customer who has been referred by a friend)
   - Your company contact details including website, email and phone
   - Space for you to include your name

3. **Thanks for becoming a client – “ask for referrals” letter**
   Hi [name]
   Just a quick note to say another “thank you”. I hope your [product/service] is performing really well for you [include some specific details about the product/service benefits].
   It has been around a week since we [insert details], so I thought I’d just double check with you to see if there are any questions you have regarding [details].
   If so, please don’t hesitate to call our office on [number].
   Here are some special “Friends of [company]” referral cards I mentioned to you on the phone. Simply pass them out to your friends and if they’re in need of [product/service], get them to call us. Then, when they purchase from us, you get [insert referral offer].
   Plus, all referrals we receive this month go into the draw for [insert prize]. Hope you have a great weekend.
   Kind regards, [Your Name]
   [Your Company Name]
4. **Referral script**

(mention at the time of presentation)

**Referral Script**

YOU: Hi [name], it’s [name] here from [company]. How are you?

CUSTOMER: Good thanks.

YOU: I just thought I’d give you a quick call to see how you are settling in with the new [product/service] and to see if you have any questions.

So how does your [insert details as it refers to product] feel, [name]?

CUSTOMER: Wonderful. It’s heaven.

YOU: It is, isn’t it. That’s great to hear. And how did you find our [product/service] people?

CUSTOMER: (Comment)

YOU: Do you have any questions on [product/service]?

CUSTOMER: (Comment)

YOU: Answer customer’s comment if required then say ...

[Name], one of the things we find is that when friends [see/experience] your [product/service] in action, they’ll probably start asking questions about where you got your [product/service] and where they can get one and so forth.

If they do ask those questions, we’d love it if you recommended us.

In fact, that’s where most of our business comes from ... by way of referrals. So to reward our customers for referring their friends, we have decided to put together a special referral offer. What that means is every time you refer a friend you receive [insert referral incentive] and your friend also receives [special friends of company welcome gift].

Can I ask, have any of your family members or friends shown an interest in [product/service], [name]? Do you think they might be interested in finding out more about our referral deal?

CUSTOMER: Yes.

YOU: What we do is just send your friend a quick note to let them know about our [product/service] and also give them a “Friends of [company]” Privilege Card. This card, thanks to you, entitles them to [insert bonus] if they purchase a [product/service] from us in the next 6 months.

The card has your details on it so when they present the card we know who to give the referral gift to.

We can offer these privileges to 4 of your friends, [NAME]. Which of your friends are most likely to need [product/service] soon, [Name]?

Get name, phone and address details and thank the customer. Then send out referral cards to the customer.
5. Script to approach referred people

YOU: I’m [Name] from [name of company]. We just [performed service] for [name of friend] and we told them of a special “Friends of [company]” deal that we are making available to their select friends. [Name], they figured that this might be something that would interest you as well. It’s an opportunity to [insert referral offer].

[Name], are you thinking of [investing in service/purchasing product] soon?

THEM: (Response)

YOU: That’s excellent. And because you are friends of [customer name], if you [invest in product/service] through us you also get [referral offer]. [Name], would it be okay if I pop around (no obligation of course) to give you an idea of the [product/service options] that are available to you … [mention 3 or 4]. That way you can get more of an idea of the different options that are out there. I’m out your way on [date] and [date]. Which of those days suit you best?

6. Letter to referred people

Hi [Name]. My name is [your name] with [name of business]. I was out at your friend [name]’s place recently [insert what service you were performing] and he/she mentioned your name. I mentioned that I have a special offer going for friends of our customers, and he mentioned that you might benefit from [insert benefit that product delivers].

Here’s how it works …

Because you’re a friend of [name’s] you get [insert referral gift] FREE when you [purchase product/invest in service] through [name of company]. That works out to be $xxxx value.

And [name], even if you aren’t in the market for [product/service] right now you can still save. This offer is valid for xxx months.

All you need to do is keep this referral card handy (maybe on your fridge), and when you’re ready just give me a call.

Kind regards,

[Name]

P.S. You’ll see I have included one extra card here for you. That’s just in case your parents, one of your neighbors or friends is also thinking about [product/service]. They save money and you get our special referral gift.
7. “Thank you for your referral” letter

Hi [customer name]

Thanks so much! Your friend [referred person name] just purchased [name of product] through us, thanks to your recommendation.

We really appreciate the faith you’ve shown in us. Again, thank you.

As our gesture of our gratitude, we’d like to give you [insert referral gift]. It’s our way of saying thanks for the support.

Kind regards,

[Name]

P.S. I’ve also attached some [name of company] referral cards. If anyone else you know needs [product], just send them our way and you’ll receive a further [insert referral incentive] for every one of your friends who invests in our [product].
D. Key points summarized

- Ensure your people are delivering amazing customer service in all areas of your business. Once you are doing that, the referrals will start to flow thicker and faster.
- Develop a formal system for asking for referrals throughout the year.
- Create referral incentives that encourage customers to refer their friends.
- Develop an introductory offer so that the customer’s friends also get a great deal.
- Identify other associates who have similar client base to yours, and endorse each other to your client bases.

E. Action plan

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<th>What</th>
<th>Why</th>
<th>Who</th>
<th>When</th>
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<tbody>
<tr>
<td>Review this guide and discuss ways these ideas can apply to your business.</td>
<td>Identify the opportunities and also encourage team to be involved.</td>
<td>You and your team</td>
<td></td>
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<tr>
<td>List the different opportunities for asking for referrals e.g., Time of sale, newsletter, one week follow-up etc. then write a list of the marketing pieces required.</td>
<td>Maximize the sales opportunities by tapping into all the possibilities.</td>
<td>You and your team</td>
<td></td>
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<tr>
<td>Develop the relevant marketing pieces.</td>
<td>Maximize results.</td>
<td>You and your team</td>
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<tr>
<td>Go through client base and identify organizations and people who could potentially be endorsers of your company, in some way.</td>
<td>Identify ways to maximize number of referrals you generate.</td>
<td>You and your team</td>
<td></td>
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<tr>
<td>Approach potential endorsers and brainstorm ideas to create a win-win.</td>
<td>Establish methods to leverage your referral generating activities.</td>
<td>You and key team members</td>
<td></td>
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<tr>
<td>Ask your Coach for assistance.</td>
<td>Ensure you’re tapping into all the opportunities available to you.</td>
<td>You and your Coach</td>
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