



413 s. main st., racine, wi 53403

262.635.9345

[www.ProduceAmazingResults.com](http://www.ProduceAmazingResults.com)

## **BUILDING YOUR BUSINESS BY BUILDING YOUR REFERRALS**

Referrals are word of mouth leads generated from satisfied customers and known contacts. In a recession-minded economy, people are still spending money. The key is that they are CHOOSY about who they are giving it to. In most cases, rather than waiting for leads to come to you, you need to reach out and grab them. Recession-minded consumers are not proactively spending money, they REACTIVELY spend money. How many of you are creating reactions?

If you get a warm endorsement or lead from a third party, you get automatic credibility, your prospect is more receptive, price is less of an issue and your prospect is quicker and easier to close. Referrals produce a bigger payoff, take no budget and require less work than "conventional" marketing... so why do most businesses throw so much money at conventional advertising and do such a mediocre job securing referrals?

The answer is simple: ***Lack of Knowledge and Lack of Experience.***

Though we all know how important word of mouth is for our businesses, fewer than 5% of us have an effective referral program. Most companies try and provide the best customer service they can, some will discount their prices like mad to be "competitive," advertise locally and then sit back passively and wait for the customers and clients to come in. Most businesses receive less than 10% of the referrals they should be getting, no matter how good their service is.

The problem with word of mouth strategy of most businesses is that ***they don't have one!*** There is no plan in place to maximize referrals, so they are very spontaneous and unpredictable and there is no control over how often your customers talk about you and your company, products and services.

But why is that? ***Why aren't your favorite customers/friends/business associates giving you referrals?***

Like you, they are all very busy people, their thoughts about you and the benefits you provide them are clouded by their own challenges, distractions and lifestyle. So it is up to you to remind them of the value you give them and what you could give to the network of people they know. When companies start using a proactive professional referral marketing system, they easily increase their referral leads by at least 300%. Many business owners, effective in this area, get 75% of their business from referrals. Can you imagine what would happen if you could INCREASE YOUR BUSINESS BY 65%... just by asking your customers for referrals.

Obtaining the maximum referrals for your business is based on the combination of four main elements i.e.

1. A strategic Customer Care Program
2. A Customer Database Management System
3. A very proactive Referral Strategy/Structure
4. A Customer Reward Program

1. A strategic customer care program is a structured plan where you and your staff develop and operate a simple system to maximize the service, care and relationship with your customers. Customer care programs are easy to set-up, are much cheaper than continuously having to promote your business for new customers and sales. Customer service program will generate a flow of constant flow of predictable referrals automatically, while you get on with your business. A well developed strategic customer care program will greatly increase your referrals, customer satisfaction, loyalty, up-sells, profit margin and greatly reduce your marketing costs.

Any customer care program should include an official customer guarantee or promise for service, a customer care procedure map, a customer reward/ loyalty program and an official complaints procedure. You should be ASKING FOR REFERRALS at each step of each of these processes.

2. You MUST keep a good data management system for all your prospects and customers to manage all your sales, follow-ups, customer details, customer relationship management etc. It need not be expensive and you can use anything from a manual book system, or a spreadsheet to a professional customer care program such as ACT or Gold Mine. There are also many good low cost CRM systems available on the Internet.

A CRM system is a "must have" application to record, analysis and inform you about your customers and an essential marketing tool, which will help you sell more to your current customer base

3. A proactive Referral Strategy/System – A NETWORKING GROUP IS NOT A SYSTEM. Your system is what you use INSIDE OF THE NETWORKING GROUP TO REWARD REFERRALS. If you want even more referrals on top of the ones you'll get from a strategic customer care program, you must have a customer referral strategy and program. What is the pipeline for referrals in your business? How are you tapping into your current customers' networks?

An example of a very powerful referral marketing system is what is called testimonial or endorsement mailing, where you ask your best clients to send testimonial letters to their own contact network, praising you and your company and encouraging their contacts to contact you. If done properly, an "Endorsement Mailing" should result in a 20% to 50% response from warm prospects, with at least a 75% closure rate. Compare that with a typical "cold" direct mail campaign that results in a 1% - 2% response--a very high cost and a much lower closure rate.

Other referral marketing systems can include: PR, advertising, joint ventures, telesales, internet, hospitality, competitions, surveys and many more, but the best include some form of third party involvement or endorsement.

4. A Referral Reward or Customer Appreciation Program where you award any person (including your staff) who brings you referrals, this is an essential policy to win maximum number of referred customers.

Rewards can be from simple "Thank You Letter" (sometimes that is all that is needed) to cash commissions, gifts, vouchers, loyalty cards, hospitality, etc. You will at least double your referrals if you openly promote a referral reward program as part of your Referral Policy