

REFERRALS



Why is it that clients make referrals? Clients will make a referral when the benefits they wanted were provided and their expectations were met or exceeded. They were well served, so they become willing to tell others about you. In short, they will do their part to keep their ongoing relationship with you strong.

Clients will not refer however, if you don't ask them to, don't fulfill their expectations (or the expectations of the last person they referred), don't thank them, or don't stay in contact with them. Remember that maximizing referrals should be the very foundation of your marketing program. The first reason is because a referred client comes to you at minimum cost. Often, this cost is simply the expense of maintaining some form of communication whether it is through a newsletter, an occasional note, a personal letter, or a few phone calls. Here are four additional reasons why you should want to

maximize referrals:

1. The referred client will usually have more confidence in you
2. Referred clients are usually pre-sold on you.
3. Less "selling" is required.
4. Their expectations are reasonable, and there is a better chance that the firm will be able to provide value as seen through their eyes.

You want as many unpaid sales reps as possible in the community. In addition, when a client does make a referral, it is likely he or she will make a second or third referral.

You must always aim to have a marketing program that manages this relationship with clients who will be referring others to you.

Planning For Referrals

Referrals will not occur automatically. If you don't ask for them, they may never happen at all. In order to get as many referrals as desired, you'll need to initiate, and systematically implement strategies which specifically target new referrals. The following 10-step action guide will give you a head start in this all-important marketing activity.

STEP ONE: Identify and list your sources of referrals.

STEP TWO: Quantify and qualify the referrals which have been made. Ask yourself, "How many were there and how did the referrals made contribute to the health of my business? Were the referrals particularly profitable? Were they in a key industry or a market which the firm wants to specialize in?"

STEP THREE: Once you have the desired information from step two, ask yourself some more questions.

1. How many of the best clients are already making referrals?
2. Why are these clients making referrals?
3. Why are other clients not making referrals?
4. Do you thank referral sources for the new business that they send you? How often do you let them know how much you appreciate the fact they do refer?
5. Do you ask clients for referrals? And, how do you ask?
6. How many referral sources do you have in your high priority target markets?

You are now ready to develop a plan.

STEP FOUR: Write the names of your best referral sources (whether they are clients or non-clients) on cards. Or, you

might choose to organize the plan on a computerized contact management program such as "ACT," "Telemagic," or "Goldmine." In any event, identify the referred, as well as the referral sources.

STEP FIVE: Write down what they can do for you. This might be something as simple as referring more friends and acquaintances to the firm or introducing you to key contacts in a market targeted by the firm. Whatever it is you want from them, write it down.

STEP SIX: Next, write down all the things that you could possibly do for them. Be a little more creative than "take them to lunch." You might be able to send them helpful, relevant information, on some problem they face or which is common in their business. This might mean cutting out a few articles that you see. It might mean sharing your thoughts with them as to how they might improve their business. You might be able to introduce them to people who they want to know. Or, you can just call them once in a while to let them know you care about them and appreciate their referrals.

Write down whatever you can do for them to maintain or improve the relationship. Remember, the simpler these things are, the more timely they are, and the less expensive they are,

the better the chances are that you will actually do them, and the referral source won't continue to be ignored.

STEP SEVEN: Write down other information that may be of assistance to you in enhancing this relationship.

STEP EIGHT: Rate the referral sources. Who are the superstars? Who are the better than average? Who is the average? And, who isn't referring at all but should be?

STEP NINE: Determine what it is that you will do, how often, and when. Plug this into your system. Write it out and be as specific as you can.

STEP TEN: Implement your plan! Set aside a specific period of time every week to implement your plan. Your goal here is to create and improve relationships for more referrals and practice growth. A special note: Make sure you know who your "mega-referrers" are. If all else fails, at least make sure that your relationships with these people are solid. Also, make sure to periodically review your file, deleting useless information, adding new information, and always adding new contacts. There is simply no substitute for not organizing such a system and setting aside the time to properly manage relationships. If you sit there and say, "That sounds great, but I don't have the time to do that," what are your other options?

What are you going to do? If you do nothing, think of all the business that will be lost because "you couldn't find the time."

How much of your current business is referred now? What do you currently do to actively encourage those referrals? If your answer is "not much," just imagine how many more referrals you could generate by communicating with referrers and non-client influentials. What if you could increase referrals 10%, 20% or more? Doesn't it make good sense to focus on increasing referrals as one of the foundations of your marketing program? Don't allow your company's marketing program to consist solely of external programs.

All those TV commercials, direct mail, advertising, brochures, etc., require a lot more time and money than what it takes to care for your current clients. Spend a little time and a little bit of money on not letting business which is already in your hands slip right through your fingers!

Spend a little time and a little bit of money on not letting business which is already in your hands slip right through your fingers!

We've talked about the importance of referrals in a service business, but why is it that service businesses fail to maximize the referrals that they're able to generate? The first reason is that they don't identify and communicate with what I call their "rejects." By "reject," I mean a person who contacts your business by phone and then comes into the office for a meeting but, for whatever reason, does not become a client. It may be because they can't afford you, you don't want to handle their matter, or your business is simply too busy. It doesn't matter what the reason is. But, if you reject their work because you can't service them at that time, it doesn't

necessarily mean that a reject cannot still have a positive experience with your firm.

If someone approaches your office and is treated professionally, you communicate with them effectively, you tell them what it is you do, and you explain in a rational manner why you're not the best person to help them at that time, that person can leave your office with a positive impression of your business. If you throw them on your client list and you communicate with them consistently that reject is just as likely to make a referral to your business as somebody you have busted your hump for for years. In order to maximize referrals, identify and communicate with rejects.

Another way service businesses limit the referrals that come in to them is by not telling clients about all of the services they provide. I hear service business owners say again and again, "I'm so busy! I'm so busy! I can't spend the time to talk to the clients about all the other services that I do."

However, the people who have the most successful and the most profitable service businesses always take thirty to forty five seconds to communicate to all new clients or prospects all of the services that they provide. You have to educate clients

and prospects as to what you do and reinforce the idea that

The people who have the most successful and the most profitable service businesses always take thirty to forty five seconds to communicate to all new clients or prospects all of the services that they provide. You have to educate clients and prospects as to what you do and reinforce the idea that new business and referrals are welcome.

new business and referrals are welcome.

Here is an example. I did an in-house presentation to a fairly large business in upstate New York a while ago. I had the opportunity to sit down with their top business producer. This gentleman was someone who generates consistently, by himself, a million dollars plus in new business every single year. I said to him, "What is it that you do that makes you so successful?" He said, "It's very simple. For twenty years, whenever I meet someone, if they come into the office or I talk to them on the phone, I've made it a business practice to take just a few moments to tell them about all of the things that I, or my business, can do for them. I let them know that if they ever have a need, or if they know anybody that has a need, that they can come to talk to me. I have been doing that for twenty years and it works!" Simpler is best. Take the time to talk to and to educate new clients and prospects.

Here is an example of a business that didn't take the time to educate its new clients. I had a client who was a lawyer. He told me that he had a client who he had serviced very well on a workman's compensation claim. The person had been hurt at work and he negotiated a very good settlement for this client. On the day that client came in to receive the settlement check he presented himself to the lawyers office and told them that he was thrilled with the results. He bubbled over with happiness and told this particular firm that if he ever had

another problem, or if he knew of anybody who had a problem, he would send them the business. The lawyers were obviously very satisfied with that client as well.

Well, (true story) the client left that lawyer's office building and immediately got hit by a car crossing the street. About six months later the lawyer was in the local grocery store and bumped into the client, who obviously had been hurt. He approached him to find out what had happened and was dumbfounded after learning that this person was hurt very seriously and had gone to another lawyer. In fact, the person who had hit him had an enormous insurance policy that was going to pay for all of the client's pain and suffering. He said to him, "Hey, you were very happy with me. You said that you were going to come back to me and make referrals to me. Why didn't you come to me when you got hurt?" He said, "I would have come to you, but you're a workers compensation attorney and I got hit by an automobile."

That story may sound stupid, and it's an outrageous example, but it's a true story. I think it illustrates what can happen when you get so wrapped up in doing a great job for the client that you don't spend just a little bit of time to communicate all the other things that you do. When you don't do that, you are going to lose business. If you are file oriented and not people oriented you are going to lose the opportunity to get new business. You fail to recognize the long-term value of the

client and that's why you feel that you really can't spend just a little bit of time discussing your business with clients and prospects. You have to be able to see the future potential revenue that a client can generate for you by coming back to you or by making referrals to you.

You lose out on referrals because you fail to communicate consistently with clients. Remember that statistics show that approximately 68% of the clients you have drifting away from you, do so because you don't communicate with them. You have to communicate with clients consistently if you want to maximize referrals, and you lose the opportunity to generate more referrals at certain important points. When prospects first present themselves to your office, it's a great opportunity to tell them all of the services that you can provide and educate them on what you do. Inform them that they're welcome to come back for other matters and send their friends, family, and co-workers to you if the need arises. Upon conclusion of a matter, you have a great opportunity to spend thirty seconds with clients to re-educate them and reinforce everything you told them before they initially hired you.

When someone makes a referral to your office, do you say thank you to that person for the referral? Absolutely! All too often, service businesses lose out on a lot of referrals merely because they don't thank the people who are sending referrals

to them. Think about it. If you're happy with a company and you send them a referral and don't get a thank you, what do you tend to think? Maybe that firm doesn't need the business, or worse yet, maybe they didn't appreciate the referral. It makes you feel that it's not as important to make a referral to that company in the future. Statistically, people who make a referral to your business are very likely to send referrals to you again. This is the cheapest form of new business that you are ever going to generate, and you want to do everything possible to stimulate referrals, and be sure to thank people who have made referrals to you.

Many service providers want to say thank you, and to do so, they write up and send out a customized letter. That might be the best way to say thank you to someone who has referred business to you, but it may not be the most practical way to say thank you. The bottom line is that you have to say thank you to people who make referrals. If you find that you can't do it in a personalized manner you have to do it in some other way.

A few years ago, I handled the situation (and I've seen many firms handle the situation this way) by having small pre-printed cards that say something like, "Thank you for making a referral to my business. Your confidence in my abilities is very appreciated." You're able to keep them in your desk draw and pull one out whenever the need arises. You should

write something on it to the effect of, "Dear Jane/Joe, Thanks for thinking of me." It may not be the most personalized or customized thank you ever sent, but at least the client is getting a thank you, which is tremendously important.

This relates back to recognizing the long-term value of a client. All too often, service businesses fall into a trap of minimizing what it is they should do. Sometimes, they tend to do just enough so that the client isn't dissatisfied, just enough so that they don't get sued, rather than thinking about all of the little things they can do in order to maximize the service experience of the client and move them beyond satisfaction to enthusiasm about their business. You don't want people to think that you were O.K. or all right, you want to create service elements which move them to a high level of enthusiasm about your company. Little things, like saying thank you and sending cards, are some of the things you can do to keep people very enthusiastic.

I think it has a lot more to do with your attitude than anything else. If you have an attitude of doing the most that you can to make people happy, then you are going to be much more willing and able to do all of those little things which make people enthusiastic about the value of your services.