

The Step-by-Step System to Building Your Small Business

**Helping small business owners around the world build
successful, profitable and rewarding businesses**

Module 4 Create Your Marketing System

Lesson 4H More Referrals

**Solutions and
Direction for tomorrow's possibilities**

Susan Brockmeier

www.CenterForTransformation.net

314-644-5223

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Introduction

Hello,

Wouldn't it be nice to have a referral-based business? Not just an occasional referral, but a steady stream of inquiries from qualified prospects who are already "sold" on you and your service before they have even spoken with you? It is possible; but it takes time, work and patience. It is possible to create fans who rave about your service and build a referral-based business.

In addition to the strategies covered here, you should also study "Lesson 4C: Strategic Alliances," which shows you exactly how to form structured win-win-win relationships with people who consistently send you multiple clients.

In this lesson, you will:

- Learn how to get more referrals from your clients and your network.
- Read and hear sample scripts that make it easy to ask for referrals.
- Learn the secrets for creating fans who consistently send you clients.
- Learn how to conclude the client relationship in a way that significantly increases referrals in the future.
- Understand how to develop the necessary infrastructure and actions that will keep your referral engine alive.
- Learn why you MUST acknowledge people who send you referrals and how to best thank them.

Spending the time and energy to learn how to increase your referrals or perhaps even building a true referral-based business is a very good use of your time, especially if you're really in this for the long haul! This lesson provides a solid foundation—all you have to do is follow the guidelines and take consistent action!

All the best,

Susan Brockmeier
Owner
Center for Transformation
St. Louis, MO
314-644-5223

Definition

Quite simply, a referral is someone who inquires about your product or service based on the recommendation of a third person. Having a referral-based business is the result of a majority of your clients coming from referrals. Your referral-based business will still require some marketing attention and maintenance. However, it requires far less time and energy than other forms of marketing.

Benefits

Below are some of the benefits of creating a referral-based business. Reminding yourself why you want a referral-based business will help you take the necessary action and demonstrate the discipline to achieve it.

People Call You

One of the best things about building a referral-based business is that people call you! These callers are motivated to contact you because of what someone else, not you, has told them about your service.

Increased “Readiness” Factor

When a referral contacts you about your service, there is a high likelihood that person is “half-way sold” before they even speak with you. The person who is doing the referring usually paves the way, informing the prospect about your value and the benefits of your service. This is so much more desirable than meeting people at a networking event who have little to no knowledge of your service and then trying to “convince” them to learn more about it.

Minimizes Your Effort

I have found that business owners who focus on building a referral-based business average one referral from each of their clients. So if you have 10 clients, you can expect to get 10 referrals. If you average a modest 50% conversion rate in your Complimentary Consultations, you will get one new client for every two current clients you have! So imagine that! For every two clients you secure, it is like you are really getting three!

When you build a healthy referral engine, you become like a farmer. You still need to tend to the seeds you have planted, but there isn’t as much work and effort involved. This frees up time, so you can focus on providing better service to your clients, increasing your skills (which leads to more referrals) and enjoying a great life!

It's Fun!

When you really focus on building a referral-based business, the “marketing” you do for that strategy is all about:

1. Providing great service and value to your clients.
2. Educating, informing and providing value to your network.

How to Generate More Referrals

Possible Referral Sources

Referrals can come from a variety of sources, including:

- Your current clients
- Your past clients
- People who have had a Comp Consult with you
- Your network (addressed in Lesson 4E)
- Your strategic alliances (addressed in Lesson 4C)

When to Ask a Current Client for Referrals

Your clients are a great source of referrals. In order to generate more referrals from your clients you need to do the following things:

At the Beginning of the Relationship

At the very beginning of your relationship, explain to a new client that much of your business comes from referrals. Let them know up front that if they are pleased with the results they achieve from your service, you *expect* that they will refer other people to you. A great time to do this is during the first client meeting or when you are reviewing your policies and procedures. If you send clients a welcome package, include a section or paragraph on your referral policy.

When sharing your referral policy with a new client, your professional posture will significantly impact how your request is received. Explain your policy in a straightforward, confident and matter-of-fact way! For example:

“Many of my clients come to me by referral, and I am focused on building a referral-only business. I’m anticipating great things for you, John. When that starts happening and you are really excited about our work together, all I ask is that you share a little about your experience with three people you know who might benefit from working with me. Does that work for you?”

Once you lay the foundation during the initial meeting, you can then determine when to make a specific referral request. Some business owners are not comfortable asking for referrals during the course of the relationship. Because that is a personal decision, determine what feels right to you.

When Your Client Expresses Great Satisfaction

Have you been in the situation when a client starts singing your praises? Perhaps after a big win? This is a perfect time to say,

“I’m so happy you are receiving so much value from our work together. One of the best ways you can thank me is by passing my name along to anyone you know who might want to enjoy these same kinds of results. I would be happy to offer a Complimentary 45-minute Consultation for anyone you refer.”

By the way, at this time, when your client is feeling elated with your service, is a great time to ask for a testimonial! Similar to above you can say something like:

“I’m thrilled that you are receiving so much value from our work together. If you don’t mind, I’d really appreciate a written testimonial that describes the results you have experienced with the support of my business. I’m working on some new marketing materials, and I’d love to include comments from some of my clients.”

Upon Completion of Your Work

While often not as powerful as at the time of a “big win,” the conclusion of the business relationship can be an excellent time to ask for referrals. This is especially true for people who are hesitant to ask for referrals during the course of the business engagement.

Similar to above, you want to simply ask if they know anyone who might be interested in learning more about your business offering. If you aren’t already, you should also use the conclusion of the business relationship to get feedback from your client. (See the sample “Client Wrap-Up Letter/Email” in the Appendix for ideas.)

Periodically After Completing Your Initial Work

After the initial business relationships end, you will still be on your clients’ minds (especially if you have an ezine that your clients and former clients are subscribed to). It is a good idea to periodically contact former clients to check in via phone or email. Use your judgment regarding your contact frequency, but 2-3 times a year tends to work well. When you do this, it is appropriate to remind them that you have a referral-based business and that you appreciate referrals.

Other Strategies for Increasing Referrals

Request a Letter of Introduction

After a big win or at the end of the initial business relationship, ask your client if he/she would send a letter of introduction on your behalf to people they know who might benefit from your service. This is an excellent way to generate numerous, high-quality referrals! (See the sample “Letter of Introduction” in the Appendix.)

Up-Front Compensation Offer

Create a generous incentive for your clients to refer new clients to you, and let them know about it up front! For example, you could say,

“Referrals are a very important part of my business, and I know the word of my clients is extremely valuable. Therefore, I offer xyz whenever one of my clients recommends me to someone who then becomes a client.”

Your offer might be a free service, a discount on your service, a donation to their favorite charity or whatever feels appropriate to you.

The benefit of letting people know up front is that for many people, money talks. Some people will send you referrals just because they are excited to let other people know about your service. For others, this type of added incentive will play a big role in determining how actively they promote your business.

Note: For some people, money is great, but a “compensation plan” does not need to always be money. Also, be aware that in some professions, it is illegal to accept a referral fee or even nonmonetary compensation.

Creating Fans Adds Value

One of the secrets to creating a referral-based business is creating “raving fans.” These are clients who go out of their way to talk about a product or service they have experienced! Enthusiastic fans are created when they are so impressed about their experience with a product, service or company that they can’t stop talking about it. They are so excited; they want to tell everyone they know about the great new restaurant they went to last week or the amazing diet they are on.

As a business owner, the secret to creating raving fans is providing exceptional service. Unless you are pretty darn good at what you do and have a lot of happy, paying clients, it’s hard to create raving fans!

Here are some of the many ways you can add value for your clients:

- Send cards (encouragement, holiday, thinking of you, congratulations).
- Acknowledge birthdays (cards and appropriate/meaningful gifts—these do not need to be expensive!).
- Check in between scheduled sessions via phone or email to let your clients know you are thinking of them.

- Send articles that would be of interest to your client.
- Do some research or provide a resource to a client.

Here's just one example of how a coach added value to a client, which resulted in a raving fan, which resulted in great referrals (worth \$8,000).

“One of my clients was grieving the death of her father. She kept talking about joining a grief support group but never took any action. After a call when she was really feeling the pain of losing her father, I thought of a way to add value. I spent a total of 15 minutes researching grief support groups in her area and sending her a supportive email with details about the different groups.

“The result? By making it easy for my client to take action, she joined a nurturing support group and very successfully moved through her grief—at which point she became a Raving Fan because in her mind, she might never have gone to a support group if it hadn't been for her coach. Whenever someone would ask how she was doing regarding the passing of her father, she would end up talking about me and the “critical role” I played.

“Focusing on adding value created a raving fan, who then sent me 4 clients, accounting for a combined value of more than \$8,000 in business.”

Maintaining a Strong Referral Engine

Maintaining a strong referral engine requires care and attention. Similar to tending a garden, you need to maintain and nurture your relationships in order to ensure that referrals keep coming! Following are some key strategies for this.

Stay in Touch and Provide Value

Once you develop a relationship with someone who refers you clients, you want to make sure you stay in contact. As any good sales person knows, it is a lot easier to leverage and maintain an existing relationship than it is to build new one.

The best way to do this is through periodic phone calls. I recommend using ACT or some other contact management system that automatically reminds you when to make “checking in” phone calls.

The key is to stay in touch, so potential referral sources keep you in mind. You DON'T want to ask for referrals on these calls. Rather, use them as a friendly check-in.

Focus on them and what is going on in their life. Of course you can share about yourself and your business. However, the goal is to reconnect, not to sell!

Utilize Your Ezine

Make sure your potential referral sources subscribe to your ezine. This way, they will be able to stay abreast of your business. If they are not currently subscribed, ask permission the next time you contact them!

Acknowledge Your Referral Sources

Any time you receive a referral, you should acknowledge the person who provided it. Not all of the referrals you receive will become clients; however, you must thank the person regardless of whether the person they referred hires you or not. I recommend you send a handwritten note any time you receive a referral.

If the person who is referred becomes a client, you may want to send something in addition to a handwritten note. This is, of course, your decision; but you will likely discover that you get better results (i.e., more referrals in the future!) by sending a small gift.

For example, you might send a gift certificate when a referral results in a new client. Great places for gift certificates are Amazon.com, American Express or someplace meaningful/relevant to the person. And remember, often the size of the thank you isn't as important as what you communicate, both in words and through your thoughtfulness.

Handwritten notes and thoughtful gifts make a very strong positive impression. If you are serious about building a referral-based business you need to do these things. Create your "Referral Thank You System" because having a system makes it easier and you are more likely to follow through in a timely fashion!

Assignment Create Your Strategy for More Referrals

WHY I want to create a referral-based business:

Things I currently do to generate referrals and provide great service to my clients:

Ideas for generating more referrals:

The next steps I will to take to grow my referral engine:

What I can do THIS WEEK to generate some referrals:

Summary

Choosing to build your referral engine is one of your main marketing strategies.

Remember the lesson on the Marketing Train and the idea of only focusing on 1-3 “Engine Marketing Strategies” at a time? Deciding that you are going to really focus on building a referral-based business as one of your three Marketing Train Engine Strategies can be an excellent choice!

Don’t forget, you need to choose your marketing strategies based on what you like, what you are good at and what you will actually do!

Remember, if you choose referrals as a marketing strategy, do it RIGHT. By right, I mean tap into your professional posture. Create your proactive referral system, as outlined in this lesson. The more proactive, systematic and thoughtful you are in your approach, the better results you will have!

Appendix

Sample Client Wrap-Up Email

Dear (Client Name),

I have so enjoyed working with you during the past year. Congratulations on all of your accomplishments—internal and external! I’ve attached a document that outlines some of your many wins. Please take some time to acknowledge yourself and celebrate your success. You deserve it!

If you are so inclined, I would greatly appreciate a written testimonial that I can use in my marketing materials (website, etc.). Anything you feel like providing would be great. If you’re open to it, here are some tips on what to include:

- Quantify the benefits of (your service), and describe a specific result achieved such as “I found my dream job, I lost 15 pounds, I’m now following a savings plan, I went on a date with my wife for the first time in 5 years, I’m so much less stressed I can actually fall asleep at night, etc.” (Note: These are just ideas to help you customize this! Don’t use all of these—Use results that are congruent with your *Who* and *What*.)
- Speaks to the reader in the form of a referral or endorsement such as, “I’d recommend (professional’s name) for anyone who (WHAT professional does).”

If you do provide a testimonial, please let me know whether I may use your name, company and email/web address or if you would prefer I maintain your confidentiality.

Many of my clients come to me by way of referral. If you have enjoyed working with me and if my service has generated the results you’ve wanted, I’d appreciate your forwarding my name to anyone you know who might also benefit from my services. Although I work with a wide variety of people, my specialty is working with (insert your *Who* and *What* here). I will be happy to offer a complimentary 45-minute consultation for anyone you refer.

Please let me know how things progress. In particular, I look forward to an update on (something about the client). Also, if something comes up and you want to schedule a one-time consultation, I’ll be happy to do that for you. Or if you just want to check in, say hi, or bounce an idea off me for 5-10 minutes, I’d love to hear from you, anytime.

I have no doubt that if you “work your plan” and keep those supportive structures and systems in place, you will continue to experience success, fulfillment and joy.

All the best,
(Your Name)

Sample Client Accomplishments Document

At the conclusion of your business relationship (or perhaps at the end of the year), create a document for your client about their accomplishments!

Include “internal process” achievements such as new shifts in thinking, distinctions, ways of being, etc., and “external feats” or the specific goals and outcomes they have achieved as appropriate to your service.

Your clients will appreciate this and enjoy the satisfaction of seeing their accomplishments spelled out. In addition, it helps the client realize the power of your service!

The sample below is an actual list of accomplishments. The client’s identity is withheld to maintain confidentiality.

(Client Name)—Accomplishments

Wow! What a year! Here is a brief summary of some of the numerous areas of growth and accomplishments you have enjoyed this year. Clearly, there are many, many more. As such, I encourage you to add to this list and acknowledge yourself for the successes you’ve achieved and the high degree of personal growth you’ve experienced. The level of commitment, self-awareness and focus that you have brought to your life is fantastic!

Internal Process

- Commitment to living your life fully based on your true values, goals and desires.
- Explored long-term goals and dreams and gained clarity on how work at (company name), writing and personal time all fit together.
- Overcame fear of networking and reaching out to people during informational interview process.
- Realized you had more contacts than you thought and learned that taking action opens doors you didn’t even know where there.
- Identified numerous “Keys to Success,” including importance of developing specific habits and regimes that provide the necessary structure to support achievement.
- Learned that you really are a “morning person” and the key to regular exercise was having a paradigm shift regarding the time of day.
- Embraced and implemented concepts from *First Things First*, including “Sharpening the Saw,” “The 4 Quadrant System” and focusing on the “Big Rocks.”
- Realized the importance of being a priority in your own life and getting yourself “on the radar.”
- Developed an understanding of introvert personality traits and the importance of solitude and recharging in order to fully engage in extrovert activities.
- Learned how to manage your boss’s expectations.

- Realized the benefits of not focusing on trying to please everyone and look good and that it is okay (and necessary) to say no to certain things.
- Created the “marathon vs. sprint” distinction, enabling better management of your numerous work tasks.

External Feats

- Invested significant time and energy exploring full-time writing.
- Performed in-depth career research, including numerous informational interviews.
- Purchased *Writer’s Handbook* and gained clarity on direction of novel.
- Significant writing and editing of travel journals; submitted to publisher and created a plan for completion.
- Developed and maintained weekly jogging and weight training routine.
- Joined Weight Watchers, followed program, lost 40 pounds, reached ideal weight, received “key” and developed long-term maintenance plan!
- Evaluated opportunity to move to India, and decided it wasn’t in alignment with what you and your wife really want for your life.
- Engaged in fiscal fitness, created budget and set long-term financial goals.
- Wrote personal mission statement.
- Began keeping track of time at (company name).
- Implemented time management tools from *First Things First*, resulting in focus on the truly important items, more delegation and better focus.
- Changed the way you handled email so that it does not consume your day.
- Developed and implemented a fulfilling hands-on style of coaching and managing your staff.
- Fed your soul through regular connections with friends and family.

CONGRATULATIONS!

Sample Letter of Introduction

Below is a sample letter that you could give to a client and have them send to their network on your behalf.

Dear (Name),

As you may know, for the past several years, I have been trying to figure out what I really wanted to be when I grew up! I am happy to say that I have finally found an answer to that question. I have recently landed my dream job as a freelance writer for *Architectural Digest*. And while I certainly put in the time and energy to make this happen, it never would have come to fruition without the tremendous support and guidance I received from my life coach, Joe Smith.

I am writing you to share a little about my work with Joe and to recommend his service to you or anyone you know who may also be struggling to figure out what they want to do with their life!

A year ago, I met Joe through an acquaintance and, after having a complimentary introductory coaching session with him, I realized I could benefit from having a life coach. During the course of our coaching sessions, Joe helped me understand that although I had been preparing for a career in architecture, my true passion is writing. Through his insightful questions, powerful exercises and unwavering support, I was able to let go of living my life the way I thought I “should” and instead, start living my life the way I really want.

The process wasn’t always easy, but it was certainly powerful. And making this investment in myself and life is one of the best things I have ever done.

Joe has been coaching for several years and is truly gifted. I highly recommend his services to anyone who is still trying to figure out what they really want to do. He offers a complimentary 45-minute coaching consultation for anyone who wants to learn more about the benefits of working with a life coach.

I encourage you to contact Joe and schedule a consult. Even if you do not retain him as your coach, I am certain you will get value from speaking with him, even if it is for just the free session. Feel free to contact Joe via email or phone at:

Joe Smith

Email: joe@coachjoe.com

Telephone: 415-555-4399

Website: www.coachjoe.com

I wish you all the best. And if you have not yet found your true calling, I urge you to contact Joe!

Sincerely,

(Client Name)