

The Science And Art Of Generating Referrals

Does your business depend on referrals? People love to spread the word about a good product or a job well done, but they may not think of it right away. While your business is still in customers' minds and their good graces, go ahead...ask if they know anyone who could use what you're selling.

Once Trust Is Established...

In many companies, referrals from existing customers are the greatest source of new business. Yet, sales people don't always use this method of generating leads effectively. Understanding the referral process and establishing a technique to ask for referrals will produce qualified leads and by extension, increased business.

Why Are Referrals Effective?

Once a sale is made and a relationship is established, customers understand what you offer and how your product or service has provided solutions for their specific needs. They are familiar with your product and they believe it will work.

Most customers are likely to know other people with needs similar to their own. If the customer is a business, they know their competitors, their customers and their vendors. If the customer is an individual, their friends, business associates, family members or neighbors may need your product or service. In other words, these customers can be a great source of pre-qualified prospects for your company.

There is also a sense of trust once a customer-relationship is established. This trust is valuable and must be carefully nurtured. It can be leveraged by recognizing that most people want to help others, especially those whom they trust. Usually, your customers want to help you as well as others who they know and care about. Properly handled, this trust can turn them into advocates for your business.

Asking For The Referral

Immediately after the sale and while the customer feels good about selecting you and your product or service is the ideal time to ask for referrals. At that point, customers often view you not as a salesperson, but as a resource who just provided a valuable service. You solved a problem for them.

Asking for referrals does not mean begging for a list. It means educating your customer about what you are looking for in potential customers and sales opportunities. Be sure to explain that you are seeking contacts with issues similar to the ones you have just helped your customer solve.

Avoid asking too direct, blunt or limiting questions. Don't ask, "Who else do you know who might want my product?" A better way to phrase the question is, "Is there someone else you know who could benefit by using my product?" Most people are reluctant to provide names if they think you are going to pounce on those referrals with a sales pitch. But they are receptive to providing a referral if they believe you will become a valuable resource for those friends and acquaintances.

There is usually a great deal of networking within an industry, even among competitors. As a result of an existing customer relationship, you are positioned to better understand the issues facing all those in the same business as your customer. Use this insider role when requesting future referrals. Consider this question, "What business functions or conferences could I attend to learn more about your business and find others who are facing the same issues we just solved for you?"

After The Sale And Referral

Stay in touch with the customer. Your relationships with customers are some of your most valuable assets. They may need additional products or services you offer. There may be others within the company who need your products or services. Plus, you want your existing customers to buy more of what they have already purchased.

If your customer has provided a referral, be sure to follow through. Contact the referral and keep your original customer informed. Sending a thank you note is the polite thing to do and further strengthens your relationship with the customer.

Finally, reciprocate. If you know people who may need the products or services of your customers, let those people know you've found a source for them. That way you create referrals for your customers. You both benefit, and you engender loyalty.