

Referral Marketing

The idea of raising awareness and creating interest in your product or service through the use of word of mouth is not a new or revolutionary marketing concept. The notion of networking and gaining access to new business through the referral of others is similarly not novel. What is, however, a relatively new thought in marketing is the process through which the path to generating referrals is executed. This new approach improves the frequency of referrals and broadens the scope of associates passing your name on to others. With this in mind, referral marketing, as it is being called, is an effective and efficient means of creating new business.

There are a number of “systems” for referral marketing being presented around the country in print, through seminars, and by consulting firms. Tudog has adopted a hybrid process that, we believe, extracts the essentials from standard marketing logic, while, like all Tudog processes, serves to accelerate the time from initiation of strategy to realization of results. The Tudog referral marketing process has 5 steps. They are:

1. Commit to Referrals as a Strategy

In order for referrals to work as a business strategy you need to commit to it, meaning that you need to make certain that, like any other strategy, you develop and have in place the infrastructure necessary to support the creation and maintenance of a referral base. Insofar as referrals are largely dependent on relationships, the elements you need to have in place include:

- a) The perception of expertise. People will refer their clients and friends to you only when they are confident that you will perform your tasks with an abundance of excellence.
- b) The development of new contacts and the method of converting new contacts into trusted relationships. This takes time, a willingness to engage people, and a good sense of humor.
- c) The ability and willingness to listen. Relationships are an outgrowth of mutual interest, particularly on a business level. You need to be able to listen and understand what the other party is seeking from the relationship and demonstrate a sincere interest in assisting them in achieving the reasons they are interested in a relationship with you.
- d) The ability to be a resource to your contacts. If you can become the “go-to” person when your associates have a problem, you will become the person they recommend others rely on as well.

With these elements in place you are almost prepared to enter the marketplace in pursuit of referral relationships. The only other two components you need are not necessary elements you can establish in your operational processes, but rather are perceptions and behaviors you need to adopt. They are:

- a) A Give and Take Mindset – you need to think about others and their needs. You need to keep others in mind as you meet people and be able to say “I just met someone you should meet” and joyfully connect the two.
- b) An Ask for it Mindset – just because you are thinking of others does not necessarily mean that others are thinking of you. You need to come right out and ask for referrals. You have to be able to describe what you do, what sort

of person you are seeking to meet, and ask your contacts who they know that meet your profile.

2. Safeguard Your Reputation

Once you have the infrastructure and mindset you need to create and support a referral system, you need to make sure you have the internal operational capacities to uphold and protect your reputation. Once again (and this cannot be said too often), the success of your referral effort will be based almost solely on how others perceive you and trust your ability to perform the tasks for which they are recommending you. To establish and maintain your perceived competence you must:

- a) Think Like Your Clients – make sure you understand what your clients seek to accomplish in hiring you. Make sure you set out not only to meet their expectation, but to exceed them. By delivering that extra bit of effort you will establish the reputation as the company that delivers the extra mile. This will give your referral network a high level of comfort.
- b) Execute – make certain you execute everything you commit to do. While sometimes there are circumstances beyond your control, the delivery of projects on time is also a very important aspect of good service.
- c) Be Honest – the truth is the only policy you can be certain will preserve your reputation. You need to make certain that you conduct yourself with the highest level of integrity.
- d) Communicate – an essential part of any good relationship is communication. By communicating we mean not only being in touch in order to ask for referrals, or to give them, but also when what you need to say is less comfortable (like being late on a project). Communication is an extension of honesty. The more readily you communicate the less it appears you have something to hide.
- e) Respond – not everything goes according to plan and none of us are perfect. While you should strive for perfection, you should not become defensive when someone points out where you fall short. When a client/customer complains don't defend yourself. Validate their perception and act immediately to correct the matter. In most instances the person complaining is pointing out the shortcoming as a demonstration of their commitment to their relationship with you. You need to acknowledge that and show your appreciation by being responsive. If the complaint is unwarranted you can always return to the matter at another time and explain your position.

3. Network

Obviously networking is an important activity if you are pursuing a referral strategy. Referrals are an outcome of relationships and relationships are initiated through networking. The challenge is to network effectively, and with the intent of developing a referral base. Some hints include:

- a) Be Selective – just as not everyone you meet shares with you the business synergies necessary to create an effective business relationship, not everyone you meet is a potential referral source. You need to use your time and efforts wisely and focus on those people who will serve as good business contacts.

- b) Have Good Timing – there is a good time to ask for referrals. This is after you have established your expertise and perhaps have even demonstrated your ability and willingness to reciprocate. If you ask too soon you might lose the possibility to leverage the relationship as the associations necessary for someone to refer you have not yet been established.
- c) Make Your Offer – sometimes referral relationships include some sort of compensation for the referring party. This can come by way of a finder's fee or come other monetary reward or in product or services. Another way to offer compensation is by granting special discounts to the clients of referring parties. This allows the referring party to deliver added value to their clients by allowing them to secure your services at a discount. Whatever your offer, when necessary, make sure you communicate the benefit to those who refer business to you.

4. Deliver a Great Experience

The referral source will only continue to send clients/customers your way if the experience was a positive one. Not only do you need to make certain that the company referred to you is completely satisfied, you need to make certain the referral source is happy too. Some ways to achieve this include:

- a) Act Immediately – referrals manifest themselves in one of two ways. Either the person being referred to you contacts you and mentions the name of the person who referred them, or the referring party calls you with a lead. In the former, make sure you immediately call the referring party and thank them. In the latter situation, make sure you contact the lead immediately. Your responsiveness is a demonstration of your appreciation and the importance with which you take both the new client/customer and the referring party.
- b) Preserve the Loop – make sure you keep the referring party in the loop. You do not need to burden them with every email exchanged between you and the client, but you should provide periodic updates to let them know how things are progressing and acknowledging their involvement. It is important to remember that referrals are not risk free. People hesitate to refer because they don't want to assume responsibility for someone else's actions. If you keep someone in the loop you ease their apprehension and allow them to feel some element of involvement and control.

5. Think Strategically

The fact that networking and developing a referral base is a human contact sport it is sometimes difficult to adhere to a strategic approach. The dynamics of human interaction can, occasionally, lead us away from strategic relationships and toward people we prefer to socialize with. Keep in mind that the purpose of networking is not only to meet nice people with shared interests, but to meet people with whom you can enter into a meaningful and mutually beneficial business relationship. Make sure you do the following:

- a) Discuss the Benefits of Referral – if the person you are with indicates a reluctance to refer business you can explore the causes and try to overcome the resistance. However, if the possibilities are zero and the person is simply not open to the idea of allowing you to prove yourself worthy, then perhaps it

should be acknowledged that a business referral relationship is beyond reach.

- b) Secure Permission – test the willingness of others to serve as referral sources by asking permission to use their name as you make your rounds in the market. By receiving permission to “drop their name” people indicate a readiness to be associated with you.
- c) Pinpoint Targets – as mentioned, you cannot expect people to think for you. You need to ask people which industries they are affiliated with and then discuss names of companies and people you wish to gain an introduction to meet. If the source is hesitant to make the introduction, you once again have an indication of the value of the contact as a referral source.

The establishment and maintenance of a referral network will serve your business well by providing your company with a stable flow of deal opportunities. The referral strategy does not come in place of other core strategies, but it should be a part of every comprehensive, integrated business strategy.

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