SPECIAL REPORT:

Referral-Based Marketing: How to Set Your Referral Program on Fire

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Introduction

It doesn’t matter whether you’re a self-employed dog-walker, an online business coach, a direct sales consultant, or a multi-million-dollar purveyor of electronic gadgets (Apple, anyone?) the number-one source of your best new leads is through referrals.

Experts say that leads received via referral cost less to convert, are more likely to purchase, and are more likely to refer you even more business! As a result, no one who is serious about growing their business can afford to overlook this lucrative source of new leads.

In this short report, I’m going to cover ten tips that will have your referral-based business skyrocketing. Even if you just implement one or two of these suggestions, you’ll experience an almost immediate increase in the number of leads heading your way.

Ready to get started? Let’s go!

Referral Fire Starter Tip #1: Ask!

It’s disappointing how many of my clients tell me they don’t regularly receive referrals from their existing customers. But when I dig a little deeper, the reason becomes clear: Most times, they’re not asking for referrals!

You might believe that if people are happy with the products and services you’re delivering to them, they’ll naturally tell others. While this is sometimes true, it’s not necessarily so. There are three main reasons people don’t refer friends and acquaintances, even when they’re thrilled with the service or product they received:

1. **Laziness.** Most of us are lazy. We don’t go out of our way to do something unless there’s something in it for us.

2. **They forget.** Out of sight, out of mind. Once they leave your presence or use your product, they forget about you – unless there’s something that brings you to top-of-mind again.

3. **No one asked them to!** It sounds crazy, but just asking someone to refer you can increase the amount of referrals you receive. All you have to do
is ask!

While asking for referrals doesn’t have to be complicated, there are some guidelines that will make your request more likely to be successful:

1. **Ask at the right time.** Right after your customer has received great service is the perfect time to ask for a referral. The experience is fresh in their minds, and they’re more likely to have a strong positive emotion.

2. **Ask when you’re having personal contact.** When your client is in front of you or on the phone with you, or when you’re wrapping up a series of personal email exchanges is a great time to ask. That personal interaction increases the chances of a positive response.

3. **Ask specifically.** “Do you know anyone else who might be interested in our services?” is a great question, but even better is, “Who do you know who might also like to benefit from our quality printing and excellent service?”

4. **Ask for the information you need.** Getting a name is useless without an email address or phone number! If your customer doesn’t have the information on hand, set a specific time to call them to follow up (call – don’t email – because emails are too easy to ignore).

Asking may seem uncomfortable at first, but practice makes perfect. Do it enough times, and it will become a natural part of your interaction with your customers – with fantastic effects.

**Referral Fire Starter Tip #2: Set Up a Successful Process**

In an article in a sales magazine, a successful veteran sales manager stated that when his team received stacks of business cards and leads from the marketing team after a multi-day trade show, the leads often sat on the salesmen’s desks, or ended up in the garbage. What a waste! Hundreds, if not thousands, of leads – left to shrivel up and die. Just imagine the unclaimed revenue…

If you don’t have a process set up to handle your incoming referrals, you might be committing the same referral crime. Here’s how to create a successful referral process:
1. **Map it out.** You ask your client for a referral, and you get one. Now what? If you get the name on a card or sheet, where does that go? If you get it via email, when and how will you choose to make contact?

2. **Look for problems.** After you’ve implemented your process according to your plan, give it a month or so and then revisit it. Are referrals being held up at a particular step? Are things going off-track? Figure out where and why, and figure out how you’re going to fix it.

3. **Refine.** Times change and people change. As a result, you need to revisit and refine your process as your business changes and your customer profile evolves. Everything might still be ok, but you may need to adjust things to accommodate how referrals are coming to you, or how you’re contacting new leads.

Processes can seem stilted and, for some people, boring. But getting it down and getting it right is a critical step to making your referrals pay off.

**Referral Fire Starter Tip #3: Reward the Referrer**

Many people will come up with a name or two if you ask them for friends or acquaintances who might be interested in your service or products. But promise them a reward of some sort, and they’ll suddenly think of long-lost aunts and former roommates who are in the market for your printing and service.

Before you sign away your hard-won profits, though, read these five tips for creating a great referral rewards program:

1. **Reward based on QUALIFIED leads.** What’s worse than having no referrals at all? Having a notebook full of unqualified leads or disconnected phones. If you’re in the car business, you don’t want referrals for people who are too young to drive. If you’re in the cosmetics business, your customer’s Uncle Joe might turn out to be a perfect lead, but chances are you’re better off with Aunt Betty. Do some initial qualification of your leads, and reward based on the number of people who actually turn out to be at least somewhat interested in your business.

   For instance, instead of giving your customer a $25 credit for each friend they refer, give them a $100 gift card (Visa, Outback, etc.) for each friend they refer who places a $200 order. They’ll probably give you fewer contacts, but the contacts they give you will be quality contacts.
And the lifetime value of a customer in our business far exceeds the $100. acquisition cost. In addition, your customers are thrilled to have an extra $100. to spend for themselves in an ethical way. (Note: some companies allow no gifts of any kind and have a Zero Tolerance policy regarding them. You can lose the customer and your contact can lose their job.)

2. **Reward related items.** If you are not comfortable offering a cash equivalent gift card be sure that you are making a suitable offer. Offering a free oil change for anyone who sends a new client to your printing business is not congruent. Make the reward fit your business model for continuity and branding; it’s just one more way to make your image stronger.

3. **Reward quickly.** Waiting a few months or even weeks can delay the action-reward cycle. When people are rewarded quickly, they are more likely to repeat the behavior so they can get rewarded again.

4. **Reward intermittently, too.** While it’s important to have a set reward schedule (for instance, $50. credit for each new customer who makes a purchase with you), it can be powerful to send “surprise” rewards as well. Once a quarter or so, send a thank-you email, coupon, or small gift as an additional thanks. These small surprises solidify your program in your customers’ minds.

5. **Reward the referred party as well as the referrer.** While it’s great to reward the person who refers new customers to you, it’s equally important to reward the new lead. Current customers will be much more likely to give you the name and contact info of their friends if there’s something in it for the referral as well. You can offer $100. Gift Card for the new customer as well as for the referrer. Then it’s a win-win-win for you, your current and your future customers.

**Referral Fire Starter Tip #4: Give Great Service**

It almost goes without saying – but I’m going to say it anyway. The number-one way to ensure quality referrals is to give great service in the first place. The happier your customers are, the more likely they’ll be to refer their friends and colleagues in your direction. Here are six tips for making sure your current customers are as pleased as possible:
1. **Provide a way for customers to contact you.** Whether it’s a phone number or an email address, have customer service contact information and make it easy to find on your website. There’s nothing more frustrating from the customer’s side of things than to have issues and not have a way to get them resolved. Bonus: Customers will feel more comfortable about purchasing from you or doing business with you if they know they can easily reach you if something goes wrong.

2. **Set expectations.** If you’re a solo-preneur and only check email between 9-10 AM, you need to let your customers know that you won’t be on call 24/7. Likewise, if you only answer your phone at certain times, letting clients know beforehand will head off any concerns about non-responsiveness. You can post your “office hours” on your website, or create an outgoing message or autoresponder that lets people know when to expect a response from you (a word of warning: In today’s world, anything more than 24 hours is considered long).

3. **Respond to issues as quickly as possible.** It’s never fun to get customer complaints, but playing ostrich and hiding your head in the sand won’t make them go away. If anything, the longer you delay, the more irate your customers will be. But answering quickly can actually head off molehills that could become mountains.

4. **Underpromise and overdeliver.** If you think it will take a day to resolve a customer’s issue, give yourself some cushion and tell them it may take up to two days – and then surprise when it actually gets done in one and save your skin if it takes an extra day. Under-promising and over-delivering is a quick path to customers’ hearts.

5. **Take the extra step.** Do whatever it takes to make the customer happy – then go one more step. Offer a reprint or credit before it’s asked for, provide exemplary service, and find ways to thrill your customers. They’ll pay back your efforts in loyalty – and referrals!

When you implement these ideas, you’ll see your customer satisfaction and natural referrals skyrocket. And when you combine great customer service with some of the other tips in this report, you’ll really experience the landslide effect that will lead only one place – to more clients and more money.
Referral Fire Starter Tip #5: Gather Customer Testimonials

One of the most powerful tools you can have at your disposal when working to gather referrals is customer testimonials. Testimonials from satisfied clients work in a few different ways to strengthen your referral program:

1. **They make the existing customer more committed to you.** If their name and/or face has appeared on your website, in a direct mailing piece, or in a company newsletter, they are going to be much more invested in your success. They’ll want you to succeed and be willing to help make sure that happens by referring friends, family members, and acquaintances to you.

2. **They hold more weight with referrals.** When a potential client or lead sees a whole page full of quotes and testimonials from existing customers, it further cements the idea that you’re someone they want to do business with.

3. **They help with “cold” leads, too.** The next best thing to a direct referral is a “cold” lead who sees page after page of satisfied, smiling customers. Why do you think so many plastic surgeons and weight-loss experts use before-and-after photos? THEY WORK!

Gathering customer testimonials can be a little bit daunting, unless you know exactly what you’re looking for, and in what format. Here are some tips:

- A text quote or better yet, a photo with a text quote is great. Know that many people are hesitant about appearing on-camera and will be much more likely to give you a written quote.

- Just because your customer is reluctant to provide a photo, they make be willing to give you an audio quote or interview instead. That often will seem more “real” than just a plain text quote.

- Tell your customers what you want them to say beforehand. Brief them on the questions you’ll be asking (if interviewing them) or the kind of quote you’re looking for (if they’re completing a survey or questionnaire). The better sense they have of what you need, the better they’ll deliver.
• Make it a habit to ask for testimonials. Once someone refers a few customers your way, follow up. Say, “You seem to really like our program – and we love you! Would you be willing to record (or write) a short testimonial we can use in our marketing materials?”

• Edit judiciously. Some people will go on and on. It’s great that they’re so excited, but the reader or viewer just wants the main points. Cut where necessary.

• Reward them for helping you out. If you’re using their image and/or words to get more business, they should be rewarded for doing so. But don’t make it a straight, “Give me a testimonial and I’ll give you a free treatment;” that could be seen as bribery. Instead, send them a small thank-you card or gift after the fact, and/or maybe put them in a drawing to win a larger item.

Testimonials are a great addition to any marketing program, and will make your current referral program even stronger.

**Referral Fire Starter Tip #6: Market Your Program Creatively**

Once you’ve got the outline for a strong referral program in place, you need to start talking it up. If no one knows about it, no one is going to get excited about it. Here are some creative ways to promote your referral program:

1. **Create a section of your website.** Even if you are a bricks-and-mortar business, websites are great places to send people for more information. Have a section of your website that you can direct people to, and list all the referral details. Make sure there’s a form right there that people can use to refer friends and family.

2. **Use the back of your business card.** The back of your business card is prime real estate. Instead of letting it go to waste, use it to advertise your referral program. You could give details or just include a link to your referral program.

3. **Create “refer-a-friend” cards.** In addition to handing out business cards, give your customers refer-a-friend cards. They could say, “Someone really likes you, and thinks you’d like us! Use this card for $100 off your next purchase.” Then have a space for the referring party
to include their name so they receive credit for the referral.

4. **Use compelling language.** Many cash-based businesses (real estate agents, mortgage brokers, etc.) will include, “I PAY FOR REFERRALS” on their marketing literature. If you don’t want to be that blunt, you could write something like, “Did you enjoy today’s service? Tell a friend and be rewarded. Learn more about our referral program at [YourPrintingSite.com/referral].”

5. **Mention the referral program in person.** When your customers are checking out or ending their transaction with you, remember to mention the program and ask for referrals.

6. **Add it on all marketing materials.** This mention can be as simple as a line that says, “Find out how you can earn free products or a $100. gift card!” Go to [YourPrintingSite.com/referral].”

7. **Create Schwag.** Inexpensive giveaways like pens, mousepads, and notepads are great places to mention your referral program’s URL. These items stay in front of them, and will keep your program top-of-mind. One note: Don’t give away junk! “Inexpensive” does not mean cheap. You’re better off investing a few more dollars in a giveaway people are going to want to use than handing out junk that ends up in the trash.

**Referral Fire Starter Tip #7: Make It Easy for Referrers**

You can have the best referral program with fantastic rewards, but if it’s difficult for customers to use or understand, they won’t use it. Everyone is overwhelmed enough as it is; the last thing they want to do is to have to wade through piles of information or red tape just to send a customer or two your way. Here are some tips for keeping your program simple and user-friendly:

1. **Keep the rewards simple.** Don’t get too complicated with different levels of rewards or different rewards for different people. Keeping it simple and streamlined will make it easy for your customers to understand, and easy for you and your employees to implement.

2. **Don’t give too many choices.** More choice is not always a good thing. In fact, surveys show that when people are given more choice, it actually increases their confusion and reduces their satisfaction with their final selection. If you must give choices for redeeming referral rewards, keep it
simple. Ask them to choose between two types of the same thing ($100 off a future service or a $100 gift card, for example, or a t-shirt in red or blue.)

3. **Have a variety of ways for people to submit their referrals.** Asking people to go online to submit their referrals will cut down on the number of referrals you receive. Instead, take referrals in person, by phone, by mail, AND on your website. You may want to even let customers text the information to you if it’s more convenient for them.

4. **Ask only for the information you really need.** Everyone hates filling out forms, and the shorter your form is, the better. If you don’t need someone’s phone number, don’t ask for it. Keep it short and sweet, and remember you can always get the rest of the information when your referral becomes a customer.

5. **Confirm when you receive a referral.** Let your customer know when you receive a referral from them. An automated reply, “Thank you for trusting us!” is perfect. You can also make a note in the computer if you have a customer management system so the next person to speak with that customer can let them know you appreciate the referral.

**Reward promptly.** The only thing worse than never receiving the reward you were promised is having to wait months for the reward you were promised. Reward your customers promptly when they’ve earned something from your referral program. Positive reinforcement will increase the likelihood of a repeat performance.

**Referral Fire Starter Tip #8: Moving It Forward**

Once you’ve got a stack of names and contact information, you’ve got money in the bank, right? Well… maybe. Before you can start spending your new dough, you’ve got to convert those leads to customers. Here’s how to make sure that happens:

1. **Check It Out.** Your first step is to contact the referral. You’d be surprised at how often the contact information is incorrect. Sometimes, your customer has supplied a fake name in the hopes of getting their reward for nothing, or has referred someone who has absolutely no interest in your product or service. A good portion of your referrals will be weeded out at this point.
2. **Explain.** Even though you’re calling a “warm” lead, chances are that the person you’re contacting didn’t know your mutual acquaintance passed on their contact information. You’ll want to explain how you got their name, and that you’ve got something special to offer them. Try something like, “Hey, Joe! Sally Smith gave me your name and number. She’s been a client of mine for over a year, and she thought you might be interested in the quality printing and excellent service we provide her. When is a good time for us to meet at your office? Tuesday at 11am or Wed. at 2pm?

3. **Set a Time to Meet.** If the referral passes the initial screen, you can set a time to chat further to explain your products or services, or to conduct an initial appointment if the referred person is interested. Remember, in most cases, the goal of the initial call is to get the prospect interested enough to want to learn more about you. Just as you can’t convert someone from a blind date to fiancée in one evening, you’re probably not going to make someone a customer for life in a single phone call. You just want to move them to the next step in the process.

4. **Do Your Thing.** Once you have the prospective customer interested, the next step is to do the thing you do best – explain your products and services to them. Emphasize how helpful you’ve been to your mutual acquaintance, and ask lots of questions. Begin establishing a relationship.

5. **Report Back.** Your customer will likely want to know how it went when you contacted their referral. Drop them a line by email or in the mail that says, “Thanks for referring Joe! We met last week. I truly appreciate your trust in me.” Then you can inform them how they can claim their referral reward. Short and to the point does the trick.

Effective communication at every stage of the process will smooth the way – communication with your new prospect, communication with your staff if they’re assisting you in converting a lead to a customer, and communication with your original client. Letting everyone know what’s going on and why may seem like overkill, but it really makes everyone feel like part of the process.

**Referral Fire Starter Tip #9: Troubleshooting.**
Even the best referral program can run into some issues along the way. Here are some common problems and how to address them:

1. **No one is using the program.** If you’re not getting any referrals, you either haven’t created a strong enough rewards program, or people don’t know about it. If you think the issue is with promotions, start mentioning your referral program at every opportunity. Add it to your regular mailing, mention it to all your customers, and consider doing a separate mailing to promote your program.

2. **The referrals you receive aren’t interested.** If you’re getting plenty of referrals but they’re not becoming customers, that means you need to increase the quality of the referrals you’re receiving. Make sure you let your customers know you’re rewarding based on qualified leads. You can also ask a qualifying question on the referral form to make sure your customers are thinking in the right direction.

3. **You’re getting too many referrals.** This shouldn’t be a problem unless the referrals you’re receiving aren’t qualified. Otherwise, most people wish they could be in your shoes – so overrun with business that you’re wondering how to turn off the flow.

4. **Your program is too expensive.** If it seems like you’re spending more money on referral rewards than they’re worth, there’s either a problem with your perception, or you’ve stacked the rewards too high. Most businesspeople know how much a new customer is worth to them in terms of business over the next year or years. Compare that amount to the amount you’re paying to your referrer. If each new customer is worth about $50 in new business over the next year, you don’t want to offer more than that as a referral bonus. If you are offering $100 credit for each new customer referred, no wonder it seems expensive – it is! However, as a printer a customer may be worth $5, 10, $25,000. over the next year so it is entirely appropriate.

**Your program is taking too long to administer.** If you’re spending hours each week administering your program, you need to simplify and automate. Create systems to help you track and reward your members, and streamline your process so it can operate quickly and easily. Cut out extra steps, get rid of things like punch cards and by-hand tracking, and make it all digital if possible. If that is too complex for you, a single index card with names and numbers of referred clients can work, too. Pick something that fits your style and remember that
simple is best.

Referral Fire Starter Tip #10: What NOT to Do.

We’ve spent some time talking about how to fix some of the things that can go wrong with your referral program; now, let’s discuss some things you’ll want to avoid at all costs. Any one of these pitfalls can sabotage your referral success:

1. **Not following up.** We talked earlier about the need to actually do something with the names and numbers you collect. If you don’t use them, it’s the same as sticking quarters in the ground and waiting for them to grow into dollar bills. You may think it’s too much work to call a dozen referrals in search of the one that says “Yes,” but each “No” takes you one step closer to the inevitable sale.

2. **Not automating your process.** Your referral process should run as smoothly – and as automated – as possible. If you’re collecting referrals electronically, there should be an automatic process for them to get forwarded on to the person who’s going to make the initial contact. Don’t let your referrals get bogged down at any point; a kink in the hose means a kink in your bank account.

3. **Not keeping it simple.** The more complex your process is, the more time and energy it will take to administer it. If you have to choose between keeping it simple or making it really cool, go with simple. Your referral program should be a money maker for you, not a resource swallower.

4. **Not telling people about it.** No one is going to go out of their way to take part in a program they don’t know about. Take every opportunity to let people know how they and their friends can benefit from your referral program.

5. **Not paying attention to changes around you.** If your customer profile is changing, or your market is changing, or the products and services your customers are demanding are changing, you need to be aware of that. Your referral program won’t rescue you from being behind the times in other areas of your business.

6. **Not valuing referrals and treating them like gold.** The highest compliment a customer can pay you is to refer a friend or family member to you. If they do and that friend has a bad experience, it reflects poorly
When someone sends an acquaintance your way, you need to go above and beyond to make sure that referral has a great experience. Not only will that make you look good, it’ll make the original customer look good, too.

Conclusion

As you can see, creating a strong referral program isn’t rocket science. In fact, the more simple your program is, the easier it is for you to administer and for your customers to understand.

But don’t be deceived by the simplicity; referrals are the lifeblood of any serious businessperson. Having customers who constantly feed quality leads your way is like having a sales force of hundreds of additional people – without having to pay them a salary or benefits!

Keep the tips and suggestions in this report on-hand to make sure your referral program is as successful as possible. And when in doubt, go for the most simple solution you can design. That approach is sure to keep your program operating smoothly and easily.