



The Clever Dog Company Method

How to use Referrals in your business

Referrals are essential for small business growth and if you don't have a systematic referral programme you are missing out on one of the simplest, lowest cost ways to generate your highest quality customers.

So what is a referral campaign and how can you make it rain referrals in your business?

The ultimate way to increase your revenue using what you've already got. By now you should have built up a list of clients who you've worked with, so it's a good time to start utilising them to gain new customers.

Why are referrals so powerful?

The reason referrals are so powerful is because they come from a credible third party that's experienced first-hand the benefits of doing business with you.

Referrals are also valuable because most of the time, they're completely free. In effect you're getting the benefits of the most compelling advertisements you could ever write - for free.

In a service business (as opposed to selling products) then this is particularly important. Recent research has shown that in the UK over 45% of service business are chosen by customers based on the recommendations of others.

What's even more exciting about the power of referrals is that customers that give referrals are likely to become much more loyal to you and your business. Once they have recommended you, made a positive statement about you to their friends or colleagues, psychologically they will become much more loyal to you and your business.

What is referral campaign?

First of all you should know that word of mouth advertising and referrals are NOT the same.

Word of mouth advertising happens when one of your customers mentions your business in a casual conversation. It's not intentional or planned (and shouldn't be relied upon). Your business needs word of mouth advertising, but don't confuse that with developing a methodical system for getting referrals.

A referral system is a methodical process that you have put in place to capture qualified prospects through your association with other people. A 'system' by its definition is a process that produces predictable results. A system can be turned on and off.



How do you turn the referral tap on?

To get more referrals, you need to ask for them. It's quite simple.

Most business owners know that they have to ask for referrals to get them, but it's the fear of asking that impedes them from moving forward.

If you truly believe your service is helping dog owners and their dogs, if you ask them to give you a referral then they will.

Your customers want to give you referrals.

It makes them feel good about themselves that they've found a great small business that they had a really good experience with and they want to share their little secret with their friends. They will be seen as someone 'in the know' and when their friend receives a great service from you as well, your referral customer will feel as though they did their friend a favour.

When you ask for a referral and you've treated that person well, you're actually doing them a favour, not the other way around.

How to ask for a referral

Has someone ever asked you for a referral? If so you may have possibly heard this before:

"...by the way, do you know anyone who could benefit from my services?"

You then start to think about it and eventually admit "not off the top of my head, but I'll think about it."

This is how 90% of all referral questions are asked and how 90% of these businesses don't generate referrals. Rarely will you ever get a positive response.

It's all in the delivery, "know anyone who..." questions are too broad for people to think about.

People need a frame of reference to help them narrow down the playing field of potential referral candidates. For instance, imagine that you're talking to one of your best customers who is really pleased with your services.

This is an example of how you should ask for a referral, "First name, you're a member of the local dog walking group...Do you join them on a regular basis?" "Is there anyone in your association that you believe would benefit from [*insert your specialism here*]? Maybe one or two people you've known in in the group for a while?"



Asking these kinds of questions narrows down the frame of reference on which to think about. It allowed for them to think about the potential referrals in mind.

Your request will stay in the person's mind long after you've asked because they visualised your services with much greater intensity.

There are two types of Referral Programmes:

- Your current customers
- Other influential people

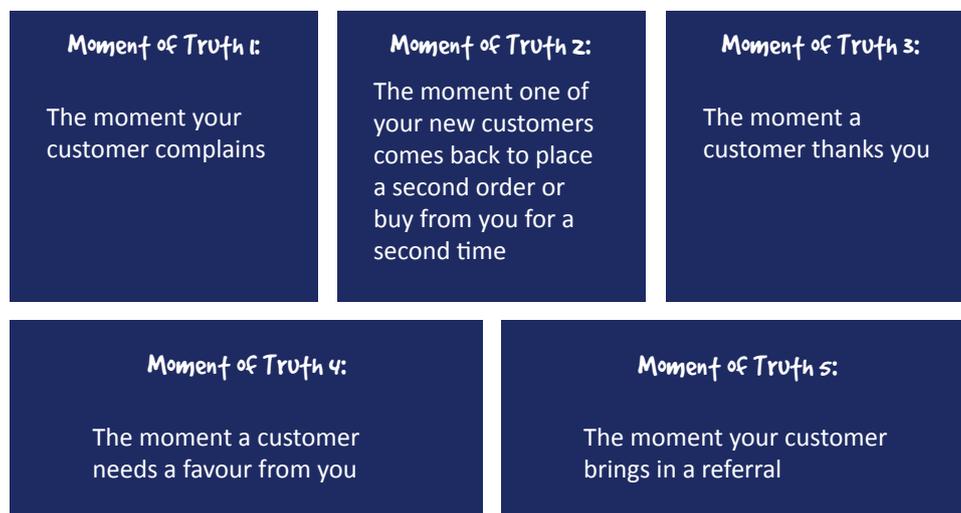
You should have an active referral system for both these types of people.

Your customers are perhaps your most enthusiastic referrers because they've experienced what you have to offer, but you may in fact get more referrals from other influential people who have never experienced your service.

current customer Referral Programme

Receiving referrals from customers starts with giving great customer service.

Without going into too much detail about the ins and outs of this, there are several "Moments of Truth" that provide you with opportunities to create a loyal customer for life. Watch out for these moments of truth and if you go the extra mile at the right time, then you have a lifetime customer – and ongoing source of referrals:



One of the simplest ways to harvest referrals from your customers is to write a simple letter asking them for their help.

(Asking for help is an important psychological trigger to use. As human beings we are hardwired to help others. Asking for help can be a very, very effective way of generating large numbers of referrals)



Influence Referral Programme

Whilst your best referrers will typically be your customers, there are many other people that ought to include in your referral prospecting system.

These individuals are people who know and mingle with many other influential people in and around your area. Getting yourself properly plugged in with an effective “centre of influence” can multiply your marketing efforts tenfold, and will have a profound multiplying effect on your business.

Just identifying two or three of these people can have a big impact and is definitely worth the effort.

The best placed influence referrers in your industry could be, highly respected experts in your industry, e.g. vets, rescue centre staff and other canine professionals.

Spend a few minutes thinking about how you can be the first person standing in line in the minds of these centre of influence referrers.

Here a few ideas:

- Be their number one referrer
- Make sure that you also have a referral mind-set

Before you get, you must give, which means in order to get lots of referrals from these people, you must be giving them referrals yourself.

- Put each of them on your newsletter list
- Give them helpful information that they can use to make their sales go up, or solve a problem for them
- Create and nurture great relationships with them, find out what interests they have and invest a little bit of time, effort and money to treat them like a star can pay back handsomely.

There are two types of Referral Programmes:

Giving referral fees should be your last ditch strategy.

Money has never bred loyalty!

Friendship, trust and a positive relationship are what drive loyalty to you and your business.

If you give referral fees you'll undoubtedly run into a situation in which the referrer claims he or she gave you a referral and you disagree. Or one of your competitors starts giving bigger referral fees and you feel the need to continually match them, causing a referral fee war (we've seen it happen!). Another embarrassing situation is when your customer finds out that a referral fee has changed hands, which breaks the trust and confidence in the relationship.

Getting both types of referral programmes set up requires some proper thought and consistent execution, but it's worth it! Plan just 30 minutes to an hour each week to really implement this in your business practices to make it one of your best (and most profitable) habits.

