

93

Referral Systems

By: Jay Abraham

93 Referral Systems

Jay Abraham

© 2005 The Abraham Group, Inc. - All Rights Reserved

This report may not be modified, re-sold, licensed, assigned, offered
as a bonus or auctioned without the prior written consent of The
Abraham Group, Inc.

To Contact The Abraham Group, Inc:

The Abraham Group, Inc.
27520 Hawthorne Blvd., Suite 263
Rolling Hills Estates, California 90274
Phone: 1(310)265-1840
Fax: 1(310)541-3192
<http://www.Abraham.com>

93 Referral Systems

Theory: Increasing Your Lead or Inquiry Generation through Referral Systems

Turn Your Best Customers Into Voluntary Sales Representatives

Have you ever wished you could clone your best customers or clients— potentially doubling or tripling or quadrupling the number of people just like them who come through your door? The truth is, *you can!* I'm not talking about scientific cloning. (In spite of what's going on with Scottish sheep these days, creating genetic duplicates of your best customers is still probably a few years off...) Rather, the "cloning" I'm talking about is simple, ethical, and doesn't require millions in research grants to accomplish. **In fact, it costs next to nothing!**

So, what's the easiest, most effective, least expensive way to get many more customers like the ones you value most? *Get them to do it for you!* All you have to do is systematically ask your present customers to recommend your business or practice to people just like themselves.

Don't Settle for Passive Referrals

Chances are, your best customers or clients are already referring friends, family, and business associates to you from time to time. And these people are probably very similar to your best customers—similar interests, similar desires, similar buying habits. Your customers refer people to you because they value the benefit you bring to their lives or businesses—and they want the people they care about to benefit as well.

For most businesses I've seen, however, that's the extent of it. They settle for the small amount of business these passive referrals bring in – without ever actively soliciting referrals from their customers.

Think about the amount of business you currently get through passive referrals. Now imagine five or ten or 20 times that amount. That's the leverage potential of a formal, "active" referral system. And the best part is, a customer referral program will bring you *immediate* results. Your customers and profits will begin to grow as soon as you put the system in place!

And because they're similar to your best customers or clients, a referral-generated customer will normally spend more money and buy more often. They're almost always the most profitable, loyal, and likeable portion of your customer base. Best of all, referrals are self-perpetuating—referrals beget referrals.

And Don't Be Bashful!

Some business owners hesitate to ask for referrals because they feel it is somehow "inappropriate." They fear that customers will see it as overstepping their bounds—getting too personal.

Don't make this mistake!

93 Referral Systems

There's no reason to be embarrassed or timid or unduly sensitive about asking your customers or clients to direct other customers to your door. In fact, it's not only appropriate and ethical, it's your *benevolent obligation*. Let me explain...

You've got to remember that the vast majority of your customers or clients or patients really do have a bonded relationship with you. They trust you. They trust your company. They trust the product or service they acquire from you. They have grown dependent on realizing a high level of results, satisfaction, protection, prestige, enjoyment, experience, well-being, or whatever else your product or service provides them with.

And you owe it to everybody that your customers know to at least arrange the opportunity for those people to make your acquaintance, to experience your business philosophy, to get your best perspective on their need, their opportunity, their problem—and how your product or service can help fill it.

Every satisfied customer, patient, or client you have is in a position to know, live with, live next to, hang out with, do business with, buy from, sell to, or otherwise associate with an abundance of people or enterprises that are prime target prospects for your business. But you cannot expect your customers, on their own volition, to be responsible for or even aware of the opportunity they have to bring their friends, neighbors, coworkers, employees, employers, church members, club associates, and colleagues into your business for you. You've got to program them—and program them benevolently, not self-servingly.

Revere the Benefits You Give

Remember: You cannot have an effective referral system until you first and foremost revere—not your product or service or company—but the impact, the implication, the improvement, the protection, the transactional value and benefit your product or service has on somebody's life or business. You've got to be very keenly connected to what occurs in their life or business when they have your product or service functioning, operating, protecting, working in their lives.

When you start with that operating philosophy, it's easy to make the constant generation of referrals an essential responsibility, obligation, and commitment you have to have to the families, friends, and associates of every one of your customers or clients.

And to help your customers or patients see the connection, you've got to have formalized referral systems in place. These systems have to be so automatic, so continual, so authoritative, so revered that they work continuously and automatically for both sides.

Referrals in Four Easy Steps

So how do you structure a strategic referral system for your business? The options are limited only by your imagination. However, most effective referral systems have certain key elements in common. For example, the first thing you need to do is set the stage. Do a little "romancing." Here's a simple four-step process you should follow—one you can use regardless of whether your referral request is being done in person, over the telephone, or via letter:

1. Tell your best customers or clients that you enjoy doing business with them more than any other customer you work with, and that you realize they probably associate with other people like themselves who mirror their values and qualities.

93 Referral Systems

2. Tell them that since they obviously know the exact people you prefer working with, you'd like to extend to them the opportunity of referring their valued and trusted associates to you. Tell them you would prefer their referrals to any other source of customers or clients.

3. Then help the customer or client see a clear picture of who in their lives could benefit most effectively, and naturally, from your services or products. Tell them what kind of person or business it might be, where they are, what they are probably doing—and why they'd benefit by doing business with you. Show them what that person or entity would be doing or buying right now—so that the picture is vivid.

4. Then extend a totally risk-free, totally obligation-free sales offer. Willingly offer to confer with, review, advise, or at least talk or meet with anyone important to that customer—as a service to that customer. In other words, offer to consult their referral without expectation of purchase, so your customer sees you as a valuable expert with whom they can put their friends or colleagues in touch.

If you follow this procedure every day to every customer or client you talk to, sell to, write to, or visit for five days straight—and you also get your key team members to try it out, too, for five working days—you can't help but get dozens or even hundreds of new customers. I have seen businesses literally triple in six months or less when the owners followed a customer-referral process.

Offer a Special Incentive

If you want to make your referral program even more powerful, tie a service or merchandise incentive to your request for referrals. There are many creative and compelling ways to thank people for referring customers, and to thank them for the business they have transacted with you in the past.

If you're in retailing, for example, you might promise a major discount on a customer's next order if the customer refers a friend or relative. If you're a CPA, you might offer to do a mid-year tax review at no cost, in exchange for one or more new-client leads. You might even consider holding a referral-generating contest, in which a substantial prize is awarded to the customer or client who brings in the most referrals.

You also should consider making a special bonus or reduced rate available to the people your customers refer. For example, a dentist might offer a \$25 discount on an initial exam for new patients referred by an existing patient. Why do this? Because your clients or customers are more likely to approach people if they can provide them with some sort of "inside deal" only available through their referral.

Make Referral Sales by Forming a Club

Another approach to generating referrals is to organize a preferred customers "club." Think of your best customers as a select group of people with similar interests (in other words, as a club). Doing that will help you form closer relationships with them and, at the same time, help you set up an effective system for generating customer referrals.

Here's an example to show you exactly what I mean:

93 Referral Systems

Mary owns a small retail shop in the Midwest. She sells sewing goods—things like fabric, patterns, needles, and thread. To expand her business, Mary lets a few of her customers who have a passionate interest in dressmaking use a back room in her shop every other Tuesday night for meetings. Mary calls the group the "Tuesday Dressmakers' Club."

In addition to providing a place for the club to meet and some light refreshments, Mary attends most sessions and gives informal talks on dressmaking techniques. She also brings in an occasional guest speaker.

Notice what happens as a result of Mary's efforts:

- Word of the dressmakers' club spreads, and more people express a desire to join it, including some who have not been customers of Mary's small sewing-goods shop in the past.
- Members of the dressmakers' group themselves start to invite other people to join the club—people who have a keen interest in dressmaking. A referral system is in motion!
- Attendance at the club's dressmaking sessions increases. As it does, purchases of dressmaking supplies from Mary's shop also increase. Bottom line: Mary's sales and profits rise. In time, Mary can even afford a much larger inventory, and a larger store.

Clubs Can Work for Any Business

Sponsoring a customer club is something that almost any business or practice owner can do. It's a natural for any hobby-type business, but it can work well in other lines, too. Clubs made up of car owners are a good example.

Professionals also can use a club theme as a way of attracting new clients or patients. It would be no stretch for a doctor of sports medicine to organize a Saturday Morning Jogger's Club!

CPAs might not be able to use a traditional club angle, but they could achieve some of the same effect by sponsoring "information nights" on subjects such as how to comply with new tax rules. The invitation to a valued CPA client could say, "I'd like you to attend—and bring a friend along! There's no charge, we'll provide refreshments, and we'll get you both home early!" Each friend accompanying a client would, of course, be a potential new client.

The club concept also fits naturally into niche businesses.

A bookstore that specializes in selling mystery books might sponsor a "Sleuth's Circle Club." Members who brought new customers into the club could be rewarded with discounts, or with a gift of new mystery novels personally inscribed by the authors.

Customer clubs generate customer interest, and that interest can be infectious. It spreads. Notice, too, that once you have formed a club, you don't have to do all the word-spreading unassisted. Your enthusiastic club members will do it for you. Clubs can help you grow your customer base through referrals and also increase the average size of purchases by your best current customers.

93 Referral Systems

Try More Than One System

As you're considering the many approaches you could take to generate referrals, keep this in mind: There's no law that says you should have only one system. Why be content with just one when you know that different people are moved to action by different stimuli? Don't be afraid to try a number of methods, because each one will excite people differently.

You could have one system that is introduced and explained at or right before the point of purchase. You might have another where you call or write to customers at certain intervals every year. You might have different referral propositions or incentives depending on the season (such as Christmas) or the type of customers you are targeting.

Here's another tip: As you develop your referral system or systems, think about anybody who's ever asked *you* for a referral. Think about who you've responded to and how you responded. What was the incentive that drove you to action? Is there any reason you can't directly or indirectly modify that approach, that system, that process, that incentive to your business? Absolutely no reason!

Start Right Now!

Okay, here's what I want you to do: Turn to this month's *Business Breakthroughs Applied* supplement. You'll find a number of examples of referral systems that my clients are currently using with great success—systems that *you* could easily adapt and adopt for your business or practice. You'll also find a step-by-step plan for getting referrals and space to jot down at least ten of your best customers or clients.

Over the next week or two, I want you to write or call five, ten, or 20 of your best customers, clients, or patients and tell them how much you appreciate the business they do with you. And tell those highly valued people that you're trying to find more nice customers just like them, and you want their help in recruiting the new customers!

Remember to revere the customer and revere the benefits of your product or service. And explain to the customer why generating a continuum of referrals is integral to your ability to keep doing business the way you have—it enables you to invest more time and money into the appropriate staffing, products, services, and other business aspects that ultimately benefit the customer.

Give it a try. I guarantee you'll get more customers before the month is over. Conceivably a *lot more* customers. And since it doesn't cost a thing in terms of advertising or commissions to generate substantial ongoing referral business, I hope you will jump at this chance to put one of my best, instant, no-cost leverage tools immediately to work.

And don't forget: A referred customer or client will buy a higher quality and quantity of product or service on average than customers acquired through general advertising or marketing. They will buy more often. They will buy more products and services to add on to the initial purchase. They will refer more people and they will buy for a longer period of time. Referral-generated customers or clients are the best category of business you can develop!

So don't delay. It's time to mobilize the latent, untapped gold mine of referrals that are just sitting idle, waiting to be unleashed upon your business. Don't let the opportunities in referrals pass you by. Believe me, they are golden! And, as always, I'd love it if you'd drop me a

93 Referral Systems

line and tell me about your new referral system—and the newfound profits it brought to your business.

April 1997 Supplement

Summary from Guerrilla Marketing

The nineteenth Guerrilla marketing weapon is the referral program, again, based on the reality that your greatest source of new customers are old customers and all you've got to do is ask. All of your customers have friends. They could recommend your business to friends. They have relatives. They may attend a school. They may be connected with a business. They may be a member of a club. That means there are many people to whom they can recommend your business and if you have a referral program, it means you are contacting these people once or twice a year asking them for the names of people who might benefit from getting on your mailing list. And because you take such good care of your customers, they're going to be very happy to give you the names of people who might benefit from getting on your mailing list. Guerrillas know to ask for three names, maybe five names, never more than that. It's hard to come up with a lot of names. It's easy to come up with three names or five names. When Guerrillas ask for these names in their referral program, they include a post-paid envelope. This is the time for you to furnish the stamp, but you'll find out that this drastically reduces the cost of you doing business because getting referral customers is a way of growing geometrically, the way that Jay Abraham knows is the healthiest way any business could grow in the 21st century.

From Guerrilla

How My Clients Have Profited Through Referrals

A client of mine makes exclusive, expensive golf clubs—clubs that are tailor-made for his customers. His clients fit a certain profile. They are affluent, avid golfers who want to improve their golf games, and his clubs seem to help them do that.

My client reasoned that his customers, who loved him and his custom-made golf clubs, would know other people like themselves. Although a lot of his business came from word-of-mouth advertising, he'd never put a formal referral system in place.

At first, he tried his referral program on a small basis, so he could test and refine his pitch. Here's what he ended up saying:

"Joe, you've been coming to me to make your clubs for several years now. I know you've been getting positive results—you've taken a few strokes off your game, and you like the look and feel of the clubs, right? I have to tell you that I'm getting a little frustrated in my business. I have plenty of customers, but my favorite customers are people like you who truly appreciate my work. That's where I get the real satisfaction in my business.

93 Referral Systems

Then he went on and said, "I've decided to reduce my client base to people who enjoy my work—those people, like you, who appreciate my clubs. I've decided to limit my business to only a select few customers, and since you've been such a good customer, I don't want you or the people you respect and care about to miss out.

"Here's my proposition: I'll provide your friends free use of a set of my clubs for a month at no risk. If they like them, maybe they'll buy a custom-made set of their own. If they don't like them, if they don't shave a couple of strokes off their game, all they have to do is return the clubs, no questions asked. For every friend you refer to me, I'll add a new club to your set, just because you've been such a loyal customer. There's no trick or hidden agenda, Joe. I get the satisfaction of dealing with customers who respect and enjoy my craftsmanship—people just like you. And, if your friends happen to enjoy the clubs and order a set, they'll be grateful to you for sending them my way."

How did it work? It was a hole-in-one! My client soon had more business than he could shake a golf club at!

Here are some other examples of real-life success with referral systems. See if you can't adapt one of these to your own business or practice:

- A client of mine is an expensive consultant in the Far East. He goes to new clients and offers them two compensation choices: The first is a large consulting fee. The second is a respectable discount on that fee in return for two referrals. Ninety percent of his clients accept the lesser-priced referral deal. (By the way, my client expects his satisfied clients to not merely provide names, but to actually call or visit the intended referral and get them to contact my client. It works!)

- Another client of mine holds regular customer briefings at a prestigious hotel every month and invites every one of his customers to bring along one qualified guest. Fifty percent of the customers attending do bring a guest, and half of the guests become my client's customers. Why so many? Because they wouldn't want to come to the briefing unless they had a strong interest in my client's area of business.

- A photo studio I've worked with asks for referrals each time it completes a "photo shoot" for a customer. As an incentive, the studio operator offers the customer free 8x10 glossies of the photos that have just been made. (His actual cost on the bonus pictures is \$4. Each new customer's average purchase with him is around \$100.) When he gets referral names, his tele-marketers call those prospects and offer them an introductory photo session at a reduced price. Since he started using this referral technique, my friend has become the largest volume photo studio in his area.

- Another client of mine sells training materials. He put together a \$5,000 package that he sells to customers for just \$2,000, and he throws in free attendance at two \$600 training programs—as long as people buying this package agree to persuade two of their business friends to attend at least one live \$600 training program a year. If they don't get at least two people to come in any 12-month period, my client actually "short-rates" them—in other words, he'll bill them for the \$3,000 savings and the free training sessions. This approach has sparked many people to really work hard getting him referrals. Over 60% of his business now comes from referrals—up from only 10% a year ago.

93 Referral Systems

• A client of mine in tax preparation tells each of his clients that if they will send him two referrals, he'll give them 50% off on their tax-preparation work. He supplies them with an introductory letter explaining his credentials. Over half of his new business is produced by extending his valuable service to relatives, neighbors, and friends of his present clients.

Exercise

Now that you've gotten into the referral mindset, use the spaces below to write down the names of your ten best customers or clients – prime targets for your referral efforts. Then work through the five-step plan at the bottom of the page. And don't forget to drop me a note once you've begun to reap the rewards of your new referral system!

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Five Step Plan for Getting Referrals

1. Contact your best customer or clients and ask them to recommend you to their friends.
Have you done this? Yes___ No___
2. Offer incentives, such as product discounts to those customers who send you referral business.
Have you done this? Yes___ No___
3. Ask other business owners or professionals to recommend you to their customers or clients.
Have you done this? Yes___ No___
4. Offer special price breaks or share-profit deals to businesses that send you referral business.
Have you done this? Yes___ No___
5. Use the holidays as a time to offer your customers special incentives for giving you referrals.
Have you done this? Yes___ No___

93 Referral Systems

Never Turn A Customer Away, Profitably "Refer"

It was on a call-in radio show one time talking about my marketing concepts. I stated that if you spend money to get a prospect who's interested in your product but your product doesn't quite fill the bill, the dumbest thing in the world to do is say, "OK, sorry we couldn't help you" and forget about that prospect.

The smartest thing you could do is say, "Look, Mr./Ms. Prospect, I understand you're a sincere buyer and I understand that I just don't have the right product for you. But I've made arrangements with a company that has what you're looking for. Although they normally charge \$2,000, I've arranged for them to sell it to you for \$1,800. Normally it comes with a 90-day warranty, but I can get them to give it to you with a six-month warranty. Everyone has to pay for it in three installments, but I've worked it out so you can pay for it in six installments."

This concept was so unorthodox that it blew people away. A guy called in to the show who sold for one of the major photocopier companies. He had never heard of selling your competition's products. I did an illustration for him.

"Look, let's say your company does a mailing to a thousand local businesses and the mailing costs a dollar apiece. They get back a 3% response or 30 people. Since the mailing cost you a \$1,000, each one of those people cost you \$30 to identify. How many will you close?" He said, "If we're lucky, 10%."

"OK, you sell three. That means you're throwing away \$810 on the other 27 people whom you couldn't close. You're adding that \$810 to the cost of selling the three customers you did close. Or, more accurately, you're losing \$810 in profit from the sales to those three customers.

"Now, what if you could get half of those 27 people you didn't sell to buy somebody else's machine and on each sale you made \$1,000? Half of 27 is 13 new customers, so that's \$13,000! That's probably more than YOU made on the three sales of your product."

It's so obvious when you put a pencil to it, but no one sees it! They all say, "Well, that's ridiculous. I don't want to sell my competitors' products!" I say to them, "Look, if you want to give up 90% of the profit available to you and know that the prospect is going to buy from your competitor anyhow, that's your prerogative. But I'm suggesting that you make a deal with your competitors so you can share in the business that they would get anyway. What's so bad about that?"

A Referral May Not Be Worth As Much As A Sale, But It's Something

Or you could send this qualified prospect to your competitor. Naturally, a referral is not worth as much as a sale, but it is worth something. You could make a deal with your competitors whereby they give you so much money per lead against so much per sale.

What if you're the beneficiary company? Well, let's say you sell a very inexpensive photocopier and you know that many people can't afford the expensive copier like Xerox. Yet Xerox brings in 1,000 prospects for every 10 they sell and they just basically abandon the other 990. You should go to Xerox and say, "Look, you're spending \$10,000 on the 990 people you don't convert. You're just wasting your money. How would you like to get back not just the \$

93 Referral Systems

10,000 you waste on them, but a \$10,000 profit on top of that so you could quadruple your advertising allowance? I'll make you a deal that's irresistible."

And then you propose to them two things: First, you'd like to get them to sell your photocopier when they can't sell their own. But if they won't do that you want them to give you the leads they're finished with. In return, you give them a share of the profit from every sale you make. It's so logical, but no one does it.

The same thing applies in spades to car dealers. I once addressed car dealers and said, "You spend \$10,000 a month in advertising to bring customers onto your lot. You sell to 5% of them. You know that of the 95% you don't sell, 20% to 50% are serious buyers and they're going to buy from someone else."

"Why let them leave your lot without a car? If you can't sell them one of your cars, why not say, "OK, I understand you want to buy a Toyota and I sell Mazdas. I think you're foolish, but if you're going to buy a Toyota anyhow, I can get you a good deal on a Toyota because I have very good relations with the Toyota dealer. I can make a deal with you right now and you won't even have to go anywhere else. Just tell me what you want and I'll give you the best price. If you buy it from me, you'll save at least \$1,000."

I then asked these car dealers, "How many more sales do you think you would make if you had a program like this? Quite a few, right? So why not make them? Conversely, you could also go to other dealerships and try to get them to sell your cars. You say, "Look, if you know someone's not going to buy, why let them off the lot when you could still make \$500? You can actually reclaim your lost marketing expense! All you have to do is sell my car as a backup when you can't sell yours. I do it and it works great!"

From Money Making Secrets

Marketing Technique #24: Get Your Customers to Give You Referrals.

Most people do it wrong. They beg for customers. One of the great ways of getting referral business that I've developed is to write a letter to your current customers, explaining that it's a privilege for someone to be your customer.

Here is a sample letter that should help get you started on referral business:

Dear Mr. Business Owner

I'm writing as a service to alert you to the fact that my consulting practice is getting extremely full, and I'll only be able to accept maybe a dozen or so more businesses.

But before I accept new people from the outside, I want to alert you, because if you would like to refer any of your associates or friends to me, I'll give you first priority. I ask only that you don't dally.

Give me a call and register their names so I'll know how many spaces I should reserve for you. I appreciate your business.

93 Referral Systems

Sincerely,
Jason W. Leonard

Or, go to companies and offer them a service where you will send a letter to all their employees saying:

“As a service, we've bought every one of you an hour and a half with John Schmidlapper. It's paid for; he's not going to charge you. He's going to overview your taxes and financial situation, etc. If, after he's done, you'd like to avail yourself of him, we've arranged a preferential rate with him. There's no obligation. It's just a service we thought you could benefit from.”

Another twist: If you're a lawyer, have your accountant send a letter to his/her clients endorsing you. Here's an excellent example that could work for you:

“It's rare for me to ever write to you in the first place, much less write to you about someone in another business. But I'm writing to tell you about my attorney, John Schmidlapper, and tell you about all the things he's done for me. (Then give a litany of all the ways he's saved or made you money.)

Because I appreciate the patronage you've given our firm for so many years, I was thinking about sending you a letter or a gift box, but I decided the most noble thing I could do for you is buy you an hour of my attorney's time. So I've arranged to do that, and there's no charge or obligation to ever use him again. It's not going to cost you anything, but you've got an hour with him to talk about any subject you want, whether it's over viewing your business, financial planning, contract negotiation, or whatever. I can't recommend him enough. Here's his number. Just tell him that you're the person I've bought the hour of time for.”

Referral Systems Are The Key to Optimization and Exponential Growth

Why do you want referrals?

You want referrals because this is the least expensive, has the least risk, and has the highest leverage and highest potential payoff of any of the different ways to acquire new customers. An additional benefit is that the customer who comes from referrals is much less likely to "price shop" or to have "buyer's remorse."

A side benefit is that the person who provides you with a referral will not suffer "buyer's remorse" either. The law of consistency is such that if they recommend you to a someone else, they have committed themselves also.

Why do you want a referral system?

You want a referral system so that you consistently get referrals no matter what else is going on because it is a formalized, sequential process.

93 Referral Systems

Why do you want multiple systems?

Because this the best way to attract new customers, if you want to optimize any business, then you will have at least 4 to 5 different referral systems. Plus, after reviewing the templates and the referral systems examples that follow, you will see how easy, simple and effective it is to set up multiple referral systems.

Ready, Fire, Aim!

The best approach to optimizing any business is to determine 4 or 5 new referral systems you will test immediately. (If you were a hunter, we would say "Fire!") Then as you determine what works best, you adjust what you are doing to optimize the referral systems. (If you were a hunter, we would then say "Aim!")

Initial Information You Should Know Or Plan To Get To Optimize Your Referral Systems

The initial information you would ideally want to know before you go to the referral system template is discussed below. (If you don't know this information, you will want to get it to be able to optimize your referral systems.)

1. Who are your ideal prospects? The ideal prospects are the customers you would like to have hundreds more of.
2. What is the benefit (or benefits) your ideal prospect wants-and needs?
3. What does your competitor(s) provide? What things does he do better than you and worse than you?
4. What do you provide? What things are better and worse than your competitor(s)?

93 Referral Systems

5. What is the ideal prospect's biggest problem that is not being met? How could you help him solve it?

6. What are your goals? More money, more free time, more control, to be able to sell your business in 5 years, to be able to have the business run itself, etc.

Referral System Template

1. What are the demographics of your ideal prospects?

- Income
- Financial worth
- Age
- Gender
- Ethnic group
- Neighborhood
- Geographic region
- Type business
- Marital status
- Religion
- Hobbies
- Political views
- Membership in associations or groups
- Type automobile
- Subscriptions to magazines, cable or newspapers
- Educational background
- Type investments (home owner, savings account, stocks, bonds, etc.)
- Physical Health
- Mental Health
- Health interests (alternate health, vitamins, vegetarian, etc.)
- Smoker or non-smoker
- Alcohol use, social drinker, etc.
- Drug use
- Vacations
- Buying preferences (retail - upscale or discount, direct mail magazines, phone, etc.)
- Position
- Other

93 Referral Systems

2. Who can refer these prospects to you?

For each of the following groups include both existing and former. For example, you would consider existing and former vendors, customers, employees, competitors, etc. Or you could consider combinations such as former employees of competitors.

- Vendor
- Customers
- Employees
- Competitors
- Relatives
- Prospects
- Prospects who did not convert
- Neighbors and friends
- Church members
- Association members (Fraternal, social, industry, charity, or interest based.)
- Other businesses and professionals who your prospects trust in your area.
- Other businesses and professionals who your prospects trust outside your area.
- Leaders or celebrities who your prospects admire, respect and/or trust (Such as Tony Robbins, Fran Tarkington, Vie Conant, Denis Waitley, Tom Phillips, Michael Jordan, etc.)
- Magazines editors, writers for publications.
- Special interest groups (Cigars, travel, music, whale watching, etc.)
- Who do the prospects do business with before, during and after the prospect does business with you. In other words, who has the customers you want
- Governmental regulatory agencies

3. Set the stage for getting referrals

- First make sure you have a good or valuable product or service. If not, improve it.
- Reverse what you do.
- Position yourself as different from your competitors,
- Show interest in them by asking them about themselves,
- Tell them why your product or service is of better value. Educate them. If they are a customer, tell them what buying from you means to them both in the present and in the future, Explain that they owe it to their friends, relatives and associates to refer them to you if they care, really care about them. Explain that even if that the referral does not buy, you will provide a valuable service for them by letting them know what they should look for, what they should avoid what they should expect, what they might overlook, and anything else which could negatively or positively affect the referral,
- Explain that you will be a professional and the referral will thank the person who referred them to you.
- Give them reasons why they should give you referrals. Explain that you get much or most of your business by referral. Because you do get referrals, you are able to invest your money and your time in providing a better product or service,

93 Referral Systems

- If they are a customer, explain that the product or service you are giving is based on them giving you referrals and that is a condition of doing business with you.
- Offer to give them an incentive for the referral. (Note: In the case of some professionals who cannot ethically take pay for referrals, you can do things to help them grow their business, donate money to their favorite charities, etc. In some cases you will need to make sure that any compensation is not based on a per-referrals, per lead, per buyers or additional profit basis.)
- Offer to give their customers a product or service for free or at a discount and tell them that this is something that the person referring you to them has bought them.
- Offer to give the referral a special incentive. These special incentives could be bonuses, money back guarantees, additional service, a discount, or anything else that has perceived value to the referral.
- Tell them the person who you are asking for the referral from that they are the kind of person who you want to do business with so you want to have referrals just like them.
- Have them call or directly contact the referral.
- Do something for the person who you want to get referrals from in advance of asking for the referral. This will induce the law of reciprocity. This could be a birthday card, buying them lunch, giving them a referral, giving them a report or book, a complement, or anything else which has perceived value.
- Keep in frequent contact with the people who have provided referrals in the past. Acknowledge the people who have provided referrals who become customers. This can be something simple like having their name on a big board in a health club, a simple thank you note, flowers, etc. or something major like having a sky writer write out a thank you or buying cable time to say thank you. Get back with the person who provided referrals to you and let them know what happened.
- Ask for referrals when they are most receptive. This could be when they have just bought your product or service. This could be when you have done something great for them such as gotten them a large refund, a good sale, gotten them off the hook for a large liability, paid off a claim, fulfilled your promised service or obligation, etc. This could be when something special has happened in their lives such as a marriage, the birth of a child, a promotion, a special honor, being elected to a special office, retirement, a transfer, etc.
- Send them articles, books, and information about their special interests. This could be about golf, working out, health break throughs, sports, their profession, their hobbies or whatever special interests they have.
- Don't be bashful, ask for those referrals.
- Ask them, "How I can grow my business?"
- Thank them for referrals.

4. Help them locate the referrals for you. Ask them "Who do you know who ____? (and fill in the blanks for as many different groups of people and scenarios as possible to jog their memory)

Group 1. People They Normally Interface With

- Vendors (and former).
- Customers (and former).
- Employees (and former).

93 Referral Systems

- Competitors (and former).
- Relatives.
- Prospects.
- Prospects who did not convert.
- Neighbors.
- Church members.
- Association members (Fraternal, social, industry, charity, or interest based.)
- Other businesses and professionals who your prospects trust in your area.
- Other businesses and professionals who your prospects trust outside your area.
- Leaders or celebrities who your prospects admire, respect and/or trust (Such as Tony Robbins, Fran Tarkington, Vie Conant, Denis Waitley, Tom Phillips, Michael Jordan, etc.)
- Magazines editors, writers for publications.
- Special interest groups (Cigars, travel, music, whale watching, etc.)
- Friends.
- Go through their Rolodex or personal telephone listing directory and get them to tell you about each person.
- Listing of businesses they expect to use.

Group 2. People They Think About Because Of An Event

- Someone who comes in your office.
- Someone you meet in professional circles.
- Someone who has retired (or is planning to).
- Someone who has gotten married, (or is planning to).
- Someone who has had a child (or is planning to).
- Someone who has gotten divorced (or is planning to).
- Someone who has bought something (Such as a house, a car, a pet, a boat, a home entertainment center, a computer, a business, a building, an investment, etc.).
- Someone who has sold something (Such as a house, a car, a boat, a home entertainment center, a computer, a business, a building, an investment, etc.).
- Someone who wants to buy or sell something,
- Someone who has just moved.
- Someone who has just remodeled their house (or is planning to),
- Someone whose children have grown up and moved out or are planning to.
- Someone who has had a death in the family,
- Others you can suggest to them based on your knowledge of their activities.

93 Referral Systems

EXERCISE

Pick a candidate company of your choice and then pick 2 or 3 referral systems from the above list. Describe how you would apply each referral system to your candidate company.

For each referral system, answer the following:

Industry -

Company -

Company USP -

Referral system example used -

Describe specifically how you would adopt the referral system to this particular company -

Why do you believe it would work effectively?

How will you know if it did?

How specifically will you measure the results?

93 Referral Systems

"What Do All These Referral Systems Have In Common?"

- All begin with a highly valued product and/or they have rendered their customers a great service.
- Almost all of them ask for referrals up front as part of the 'deal.'
- The best ones ask for referrals at the moment of peak customer satisfaction or interest.
- Good referral systems build on strengths and advantages.
- The best referral systems further educate the customer to the value and benefits they are receiving.
- Almost all of them give meaningful value in return for a referral.
- The best ones say "thank you" for the referral in a way that creates an almost "perpetual motion" machine.
- All of them actually follow up on the referrals they get.
- The best ones are long term persistent at follow up once they get a referred name.
- The quality of the referrals is much higher than any other form of lead generation and converts at an average of 20-30%.
- The best referral systems are synergistic with other companies, geographically and industrially, and with other "in house" programs.
- They are direct and specific in the key action they are asking the customer to perform.
- The referrals they ask for and get are targeted to their specific market because there is a bias in the way they ask for a referral.

The Exponential Effect of Referrals on a Business

No referral system example -

Every week you place an ad and get 100 calls. From the 100 calls you make 20 appointments. From the 20 appointments, you close 5 sales.

In a month, if your ad still pulls and your scripts consistently get you appointments and sales, you will have run 4 ads, answered 400 calls, kept 80 appointments and have 20 sales to show for your effort.

93 Referral Systems

| | Ads | Calls | Appointments | Sales |
|--------|-------|-----------|-----------------|----------|
| Week 1 | 1 | 100 | 20 | 5 |
| Week 2 | 1 | 100 | 20 | 5 |
| Week 3 | 1 | 100 | 20 | 5 |
| Week 4 | 1 | 100 | 20 | 5 |
| | 4 ads | 400 calls | 80 appointments | 20 sales |

Referral System Example -

Now lets assume you ask for and get two referrals for each sale and each 10 referrals result in 3 sales (30% close ratio), a higher number than appointments (25%) because of the quality of the referrals.

| | Ads | Calls | Appointments | Sales |
|--------|-------|-----------|--------------------|----------------------------|
| Week1 | 1 | 100 | 20 | 5 ad sales 0 referral |
| Week 2 | 1 | 100 | 20 10 | 5 ad sales 3 referral |
| WeekS | 1 | 100 | 20 16* | 5 ad sales 4.8 referral |
| Week 4 | 1 | 100 | 20 19.6 | 5 ad sales 6 referral |
| | 4 ads | 400 calls | 105.6 appointments | 33.8 Sales |

**Note: You will ask for and get referrals from referred customers too!*

As you can see, the number of referral sales is growing exponentially and in just 4 weeks the number of sales from referrals is more than the number of sales from ads. This is true in many businesses, like real estate for example, referrals are commonly 80% of sales. Good real estate agents depend on getting at least 4 referral sales for every conventional sale.

From Protégé

Referral Strategies featuring Jay Abraham

JAY: One of the easiest ways to leverage your enterprise massively is through the development of a referral system, and there are perhaps 30 different ways to do it. Do you care about your customers, your clients, or your business? If you do, you owe it to them to be there. If you think you do a better job for them, you serve them, and their lives are enriched, protected or enhanced at a higher level than they could possibly be with anyone else serving them, you

93 Referral Systems

owe it to them and to everybody important to them to make sure that they know you're available to counsel, advise, collaborate with and answer any questions. You owe it to them to feel comfortable directing and bringing anybody important in their lives to you for your help.

If you fail to do that, you're allowing somebody important to them to get less than optimal outcome in their lives or their business – in their purchases or decisions. But you've got to make sure they know that, because on their own they won't do it, so it's worth your while to call and contact them, and not just out of the clear blue with your hand out.

First of all you've got to care about them on a greater plane than just the fact that they buy widgets from you. You've got to care about their lives, their family, their business, how it runs, what it's all about, their health – all kinds of things that require you to be interested. That's the first thing.

Once you do that, you're connected at such a deeper level that you'll be able to say to them, "You know, I thought about the house that I helped you buy. I was thinking back on what happened, and I remember you came to me you said you had a budget of \$400,000. I remember that the house that you first wanted to buy was an OK house, but I really prevailed it and talked you out of it. I think it was wise, because I saw that house had a lot of problems about six months later, the person that bought it.

"But then I remembered I was able, through a lot of interesting contacts and research to find a house that was originally on the market for \$550,000, but they were in trouble. And I was able to work with the realtor and the bank, and we got this for you for \$375,000. You actually saved the \$25,000 of what you would have paid that we got you \$175,000 greater house. And I remember also that we got costs covered by them, and living expenses in the deal. It saved you a lot.

"But more importantly, when I think about all the richness, and the happiness, and what it's like when I come and visit you, and how happy you are, and the kids, and I look at the value and I see that that \$550,000 house is now probably worth \$625,000. And I don't know that it will keep rising, but there's a good case that five or ten years from now we actually made you a lot.

"I think about the fact that we were able to sell your other house, and we got you \$20,000 more than you wanted, and we got you out of it three months earlier than you thought. It just brings me such joy, and I realize that that's really what I'm all about. It's not about making money. I mean, I like to make money. But it's about basically giving people so much greater value and achievement and richness in their life. And it's working with people that I really love working with the most are people just like you.

"And frankly, I spend a lot of money on advertising and sales, but you know what? It's logical to me that the people I want to reach probably are the people you hang out with. They're probably even people you work with, who live next to, you're related to, because the quality of person you are is the exact kind of quality that I want. You probably know a lot of people in your life who would be benefited by me.

"I would like to offer, if you want, to extend myself, and I'd be available for anybody you wanted if they needed someone to advise them. If they're thinking about buying a house, selling a house, if their family has grown, they're going through a divorce. It's a real traumatic or

93 Referral Systems

exciting time. The difference between making the right decision and the wrong one, as I think you know, can make a profound impact, good or bad, for the rest of your life – or certainly for a long period.

“I don’t care if they buy it from me or not, but I treasure you enough, and I know that there’s some well-meaning people out there doing what I do who aren’t intentionally doing it, but they can really do a complicated disservice to somebody’s life by allowing them to buy something that’s less than they should – or more than they should.

“I would never do that. I’m here for you, and I’m here for anybody you would want. I’m going to give you the opportunity if you want (and there’s no problem if you don’t) but I’ve only got a limited amount of time. And I thought for the next couple of months rather than advertising I’d make it first and foremost to anybody who is important to you. I’m going to tell you who it might be.

“Think about your life. Who do you know at work, in your neighborhood, in your family, professionally, working for your employer, your vendors...” Draw a picture of what the situation is like.) “Who is on the verge of getting married, had a baby, or their kids are going away to school, or they had a divorce, or somebody died, or some...” And you draw pictures of who they are.

Most people make it so hard for somebody to refer them to. Did you ever say to somebody, “Who do you know...?” And they go, “Nobody.” And is that really possible that they have no one to refer to you? What you’re saying is, “Hey, do you mind working your brain off trying to figure out how you can make me a lot of money?” Well, that’s really what you’re saying, isn’t it? I wouldn’t be very cooperative, but from the context that I just presented it’s a little more powerful, isn’t it?

I’ll tell you a quick story. Where I bank, I’m the largest customer – not because I’m that big. It’s just basically a local community and I do a lot of business through it. The bank manager’s a very nice, relatively attractive woman about my age who’s very pleasant, and we have a really nice relationship. I go to lunch with her about once a month.

About a year and a half ago we went to lunch, and she was lamenting how she was divorced, and she would like to have a significant other in her life. She doesn’t meet anybody and she’s frustrated, and she would like to have a nice relationship, someone to go to movies with, dance with, dinners... It was touchingly sad. And I said, “Well, you’re going out with the right people. Aren’t they introducing you to a lot of really quality people?” She said, “No. They all know that I’m single.”

I said, “Maybe you’re not approaching this right. Try a little experiment when you get back. Pick out 12 people in your sphere of influence – customers, clients of the bank, management people, friends...and call them up and say this. ‘I just had lunch with one of my clients who is a marketing expert. And he challenged me. He said, “Your Mr. Right is already known by at least one, and maybe multiple of your friends. They just don’t know it because you’ve made it hard for them to help you find him.”’

And he asked what my Mr. Right looked like, and I said, “Well, he’d be 35-50. He’d be in a professional or white collar type of a job – a manager or executive. He’d be nice-looking, not necessarily terribly handsome, but not repugnant. He’d be somebody who had balance in his

93 Referral Systems

life. He wouldn't be a fanatic about sports, but he'd like them. Maybe he'd like to have a glass of wine, but he wouldn't be an aggressive drinker, and he wouldn't smoke. Balanced interest in movies, sports, music, restaurants...fun, real, like to do quality things that I liked to do." ' ' "

I told her to draw a real picture, and tell these people that I told you there's probably multiple people known like that by your friends, colleagues, employees... You've just never helped them see what you're looking for, and where they would be. And tell them I gave you this suggestion:

Call and tell them what you're looking for, and describe them and where they'd be. And say, "I'm supposed to ask you this question: Who do you know in your life who is either recently divorced or recently moved in the area? Who doesn't have a girlfriend, but basically you know that he likes girls. Somebody who you know is a quality person. Think about it. Maybe a neighbor, somebody you used to work with, the ex-brother-in-law of a relative who you really liked, but they split up. Maybe he's somebody you meet in professional circles. Maybe it's somebody who comes into your office, or your customer, or your vendor." She called me up, and she had four dates by that weekend. She'd had none for weeks or months.

See, you have the same capacity in referral systems. Now let me set the stage for the next section.

In Australia, the average dentist works 60 hours and makes about \$60,000 Australian. There's this man that we met, who works 23 hours, and when I last heard about him he was making about \$400,000 Australian, and having the time of his life. How did he do it?

Well he didn't do it by doing what every other dentist did. He did it by first of all almost going so crazy with depression that he did himself in, and he realized he had to change the ways. And he analyzed what he liked and didn't like about his problems.

He liked the people he could befriend. He liked getting into people...and not just into their mouths, but really learning about them, their family – becoming a dear and valued friend. He liked the certain quality of people who treasured and revered what quality dental hygiene meant...people into cosmetic who really valued the way they looked...people who did regular frequency of checkups.

He didn't like people who came at the last minute...who were unpredictable...didn't appreciate...didn't maintain...didn't pay him. So he started to do something wild. First thing he did was he purged everybody - nicely – and gave them to some other dentist. Then he took his whole waiting room out and just gutted it out and put salons in there, which would be like booths. And he made it like a restaurant.

When they came in to see him, he would basically first sit down with a new prospective patient and he'd have a cup of tea with them. He'd talk to them as a friend. He'd learn what was going on with them and their family, and he would be not in a hurry. He would connect with them on a much deeper, holistic manner, and he would then sit down with them the first time and tell them what they should expect from dealing with him. He would set the criteria. He'd tell them what satisfaction looked like, and draw a picture.

Then he'd flip it. After he'd gone through ten things they should expect, and dimensionalized, very specifically and tangibly, put words in their mouth and visions in their mind of what satisfaction and expectations they should have.

93 Referral Systems

He then tells them what he expects from them. First thing – if they make an appointment, they keep it. Second, that it's not just a professional relationship, but it becomes a fraternal one too, because he can't just deal clinically. He wants to deal personally. He loves people, and he wants a long, dear association with them, their families, etc. Third, if they have any dissatisfaction, they respect him enough to tell him. Fourth, that if they are dissatisfied, they honor his request and they don't sustain him, because he doesn't deserve them.

Fifth, if they are satisfied with his performance on their behalf – his professional services - #1, they pay their bill in full every month. He doesn't want to carry a receivable. (And as I recall, he has no receivables.) #2, the moment they get what he promised them, they have to immediately render to him at least two referrals. And rendering doesn't mean giving him names, but making people call him. And when I last heard he had a waiting list. But he changed the whole rules of the game.

From Tactical

QUICK-FIX PRESCRIPTION #19 - Referrals

Referrals are the best possible source of revenue. The way to get referrals is to make them a condition of doing business with you.

Referrals become a condition of doing business with you only if you can **first of all believe in the high level of value you offer** your customer. Then you make it known to them that you only deal with quality people like them . . . that you have found through experience that people like them know and circulate in the sphere of friends who are also quality.

You tell them that you will only accept them as a customer and transact business with them if they agree that if/after you perform at a certain level of qualitative performance (that you pre-agree upon) they will willingly and enthusiastically call and direct their friends, their colleagues, their co-workers, their relatives, their neighbors to favor you with their business.

By making a request for referrals a condition of doing business with you based on your getting the people to respect and revere what you do and you revering yourself also enormous achievements will occur

QUICK-FIX PRESCRIPTION #2 - Stop spending a lot of money on advertising; use cost-effective alternatives

What are these alternatives?

- **Calling** your customers.
- **Visiting** your customers.
- **Writing** your customers.

93 Referral Systems

Contacting all your old customers and **getting them to recommend and refer** people to you.

Engineering endorse relationships . . . where other people who have a very strong good-will factor with their customers **introduce you and your products** (recommend and endorse you to them).

Going to all kinds of prospects who you've never really concertedly tried to work with and trying to persuade them to renew their interest . . . Making them **offers that are irresistible** and inducing them to avail themselves of your product or service on a risk-free proposition.

From 22

Many of my professional consulting clients have achieved major business gains using referrals. In some cases, the results were amazing An attorney in Wheaton, Illinois tells me that a single referral-just one-generated \$50,000 in fees for him

Do you ask your best customers, clients or patients for referrals? You can put them in the mood and flatter them by saying you'd like to deal with more customers just like them. If you're not doing that, and doing it in a systematic, serious way, please get started today.

And if you're reticent about asking for referrals-or self-conscious about doing it-think about Donald Morris' letter to me. That should be incentive enough to put a referral system in your business.

Believe me, you'll never regret using referrals once you start using them.

From conquer

Referrals

Another USP extension is to **ask a satisfied customer for referrals**. This delicate process. If done properly, can be very rewarding. Here are some effective, workable techniques for securing referrals:

- Write satisfied customers a letter telling them you are about to make a major marketing effort for new clients, but before you go to the mass market you'd like them to have first chance to tell their friends or associates.
- Offer inducements to customers for bringing in referrals.
- Offer special incentives to their Friends on their first purchase.
- Offer to perform a free service or consultation for any referral prospect
- Give a clinic, seminar, or training session for your customers and one or two guests.
- Offer Free service for one month or one quarter to anyone your satisfied Customer refers to you as a "gift" from that customer. That way your customer gets the credit. But make sure they are qualified prospects.

93 Referral Systems

Make certain you re-convey to your customers the essence of your USP, and explain how that USP has benefited them in the past how it will benefit them in the future, and, finally, how it can benefit the person they refer

The purpose of referral solicitations is to secure new customers, but what if you only get a small number of referrals? After reading your referral solicitation letter, your existing customers should feel great about the USP benefits they've received and will continue to receive. That alone makes it worth doing.

From mgr 1

Hotline 26: Developing Referrals With And Without Your Customer Base

In this Hotline, I want to discuss the technique for developing referrals within and outside your customer base. I continuously give, in the consultations I hold with people, two recurring recommendations:

The first is to go to your existing customers with a charming letter acknowledging their importance to you, telling them about how busy you are, and how much your business is growing. Alert them to the fact that you are so behind or successful that you're actually considering cutting down on the amount of advertising or the new customers you bring in so you can accommodate the old ones better. But explain to them that you have a standing rule that you will always accept new referrals from your existing valued customers.

Tell them that business is booming and bristling. You're thinking about cutting back, so you're encouraging them now, if they have contemplated referring a friend, a relative, an associate, a partner, or someone to you, that it would be very propitious for them now while you're still willing to accept them. That little approach has made more money for more people in its derivatized manner.

The other one is the concept of going to businesses who are noncompetitive with you but complimentary, persuading them to allow you to drop a letter that ostensibly emanates from them that will appear on their letterhead, signed by them, mailed to their customers endorsing your business, and making a preferential offer to them under the auspices of trying to award their customers for their valued service.

I've done it for so many people. I had a clothing store that had a restaurant send a letter that started something like this: "It's unusual as can be for a restaurant to write a letter in the first place, let alone a letter promoting and recommending a fashion clothing store, but I had to do it because..."

Go into the reasons why, then make an offer.

Tell them about the owner, and the people, and how neat they are. **Tell them about the offer.** The offer's simple. They're having a sale and it's not public knowledge. Only their inner group of preferred customers and a few friends are being apprised of this. Because I am a customer, because I am a dear friend of the owner, and because I'm so certain my restaurant customers will want to avail themselves of it, I asked and secured the approval of the owner to

93 Referral Systems

also alert you. But you've got to promise not to tell anyone else. I strongly suggest you get your tail down there on the **first two** days, since they rarely ever have a sale. Since they're only advertising to their own customers, and the products they sell are so superlative, when they put them on sale they rarely last the entire sale period. They sell out that fast.

And that kind of approach is very powerful. Internal and external endorsements work very well.

How do you get someone externally to endorse you? One of four ways:

- 1) You agree to reciprocate and endorse them.
- 2) You offer them a rental fee for their list.
- 3) You offer to trade your products or service to them for the right to mail their list one time.
- 4) You give them a percentage of the business emanating from it.

From phone

93 Referral Systems

Industry Examples

1. Video Services.

I've been going to some of my competitors for referrals. One particular company in Texas does basically exactly the same thing I do. We were doing a job, a shoot up in our area and the producer came back to us and said, do you know anybody down in Texas? I can't really afford to fly your crew down there to do this. So we went to the other company and they paid us a percentage of their price.

There was another production company down in Orlando, Florida. We asked, "What shows are you dealing with?" and we found out that we were doing business with a lot of the same network shows. We were so far away, being 1,500 miles, that their customers weren't necessarily going to hire us and our customers weren't necessarily going to hire them. So we were able to pick up the telephone and call their customer and say, XYZ Production Company gave me your name. And basically we had an introduction to them.

A new thing I'm now starting to do is offer some of the people I have built relationships with my entire customer base. With the history, the pricing structures, everything I've done. Giving it to them with basically, "I won't step on your toes, but you give me back your customer base."

2. Hotel.

We've have a very simple referral program. For every nine people you send to us, we'll give you the presidential suite, valued at almost \$200. Plus dinner.

They talk to an editor of a magazine, they write up an international article. That triggers another sequence of events. Two, three other national magazines pick it up, write about you. That one *referral* regardless of how much it cost you to give away that room, to give away that product, to give away that yearly subscription, for us easily translated into probably half a million dollars worth of publicity.

3. Land Sales Company.

I was involved with the sales of Rexford Plantation and Indigo Run Plantation on Hilton Head Island in South Carolina. Both Plantations were going to be released simultaneously. There was a pent up demand and I knew that all of the established brokers would probably get most of the sales.

The first person I took out and showed property to in Rexford Plantation selected a home *site and* gave me a check. I refused to take the check unless he filled out a form and gave me at least five referrals and signed a release allowing me to call them that night and tell them about his purchase in Rexford Plantation. in 120 days I sold 113 lots in Rexford and Indigo Run Plantation. Of that, 74 were referrals over the phone.

4. Precision Heating and Cooling

I've started a duct cleaning service. And I went to my competitors who also sell heating and air conditioning equipment but who do not have duct-cleaning facility. And I gave them a covenant letter not to solicit or interfere with their customer base, but to have access into their customers base for the duct cleaning service. And then, whoever sold my service to the customer got a direct percentage on whatever the gross sale of my duct-cleaning service cost. Probably

93 Referral Systems

30% of the work I've done from September until now is a result of my competitors introducing my service to their customer base.

5. Video Service.

Somebody dragged me into a National Speakers Association meeting, which now turns out to be a major segment of my business that is 100% referral - Once I got into the association and started taking an active role and doing good work, now out of this 3,500-member association over 500 are active clients. If you do the math, it's exciting.

6. Walk-in Medical Center.

With the schools, we would give tours to the kids, like the emergency room on career days. Then the schools starting sending all the kids who needed school physicals to us.

Then I took that concept and said, kids go to camp every summer, they need physicals. So we would mail and call the camps. And it was a service to them because they could tell them you can get a physical today, just go right over here.

I built relationships with fire, rescue and police departments. We would do educational programs. And if they had accidental remember one that had someone hurt badly and sent to the ER, and they had *one* who was just walking wounded with a cut-and they said we'll go over there.

We did workman's comp. We gave cards to give out to all their employees. We gave them some discount for their own health care. They would come in a lot of the time and give us those cards.

7. Consultant.

I rely mainly 100% on referrals. I conducted several seminars for other consultants. I found Journalists who understand our business well, and I asked some of my best clients to allow these journalists to interview them. The tape really gave me and my people real deep insight about our work from the customer's point of view. We then offered these tapes to potential clients. Listen to the tape and make up your own mind whether you think it's right for you and for us. And it's given us complete understanding and another position to the customer. Because he now asks us, "Well, does that mean that you have to decide whether you want me as a customer?" OK, it means we both have to agree. Not only you, we both.

8. Insurance and Benefits Consulting Group.

We serve a very narrow niche in the marketplace, people who are 55 to late 70's who have a net worth of \$3 million or more. And so you can't just say, "Who do you know?" Because the services don't apply to a broad segment of the marketplace. So what we try to do is make it as easy as possible for the people to refer us to people they know who fit that demographic profile.

First of all, your referral source has to be one of those people. And secondly, we, for example, have a list of all the landowners in North Carolina that own more than a thousand acres of land. And if we're dealing with somebody who is in the real estate business, and it's grouped by county, we can take them through that list and they'll say, "Oh yeah, I know so and so, you can use my name." We'll take a DMV list and we will subsort that list prior to asking.

93 Referral Systems

Another thing we'll do is, if I have a particular community that I'm targeting, I will first go to the key CPAs and attorneys in town and say, "I'm not asking you for a lead. I just want to know who are the key, wealthy people in this community." And then I'll go to my client base with a subsorted list and I'll say, "OK, bang, use my name, bang, use my name." That way, I have instantly subsorted the list for them so that they just check off the names.

9. Computer Software Company for Retailers.

We get about 35% of our leads from referrals and about 35% from direct mail. Our market size is about 7,500 clients. What we do is a direct mail piece to all of our prospects every other month. In the interim months we send a personalized letter to our clients, our key prospects-people who are in the queue, someplace between demonstration and proposal enclosed-and industry consultants. And we try to do a value add with that, whether it be an educational piece or a premium.

One of the best things we did was to send Howard Sewell's book Consumers for Life. Howard is a Cadillac dealer from Dallas. We negotiated to buy five hundred of them at about \$3.50. But we mailed them out on our direct marketing list and we ended up with doing about \$200,000 worth of business off of that base list of referrals.

So the way we get referrals-I guess we actually give people bribes. I guess we give them education. We try to position ourselves as a value-added resource. And I guess also part of that is we teach all of our sales people to ask for referrals. I mean, I'm just amazed so many people don't ask. We ask people who elect to go with someone else for referrals. Because they all know who all is looking. So we found just by having a systematic method of communicating with key consultants or clients-which in our case is every other month. By the way, we have a budget for that of \$5.00, on the average, over a year. Per person.

So that's \$30 per person times 500, or \$15,000. Which is probably one of the best returns we get on our marketing dollar today

10. Photographer.

We have a three-step program with our high school seniors. I photograph about 300 seniors in an eight week period every year. And when the kids call in to initially book, we educate them about the whole process, but we also recommend that they bring in their friends at the same time.

About half of them bring in someone else. And we photograph as many as seven, eight kids at a time.

Which makes it sort of a zoo in the studio, but each of the kids who comes in then gets a free 11x 14 of the group shot. It takes nothing away from our individual sale, but those 11x14's normally list for \$94. We develop goodwill and get the kids in. Second stage in when the photographs come back, we put in a gift certificate either for a friend of the family or a family portrait. And then after that, when the photographers come back and they're in their hands for a few days, I do write them a thank you note. And you'd be surprised how many people call us back with thank you's for the thank you note.

93 Referral Systems

11. Unknown.

We do business with institutional investors. So they're very hard to reach, How do you reach a CEO? How do you reach the top person? It's very difficult for telemarketers to do that, direct mail or anything else. So by going out to retired executives, former regulators, anyone who has contacts with the decision makers we approach them, show them the contract they can sign. We pay them 10% of the gross production we do. Because 90% of our business is now in non-regulated products where we're able to do that. We can't do it in the regulated products. They get excited. Now we've got referral people bringing us other referral people who are friends of theirs. About 20% of our business is from referrals, but it's growing rapidly.

One customer will average \$250,000 a year. So, you know, 20% of our business now is about \$20 million a year.

12. Product Development and Marketing Company

A source we discovered not too long ago was vendors. Vendors love to give a referral, because that gets favor in their column, and they also generate more distribution for their product.

13. Consulting Firm for Executive Information Systems.

We create graphic systems for executives. if you want to visualize it, Boston Chicken has a map of the U.S. with all the locations of their stores and they click on a location and the statistics related to that location come up. Currently, in our industry, a large majority of the marketing dollars goes towards educating our audience, executives, about technology reducing the fear.

As a small start-up company, we really couldn't afford to educate our potential buyers so we needed a way to, in a sense, let our industry educate our buyers to the point of sale and then strike. We needed some indicator of companies that were going to make the shift to executive automation. One was the software they were purchasing in-house. A large expense that software companies don't like is having a field sales force go and do one-day demos. So we partnered with the software vendors to go do the one-day demos in our geographic area. And, in return, we get the first crack at all the companies who are at the point of purchase.

The cost of educating contacting and closing a sale for a customer in our industry is typically \$3,000 to \$5,000 per customer. But now, we receive ten qualified, ready-to-buy leads per week, and our biggest problem right now is a marketing campaign to hire people. And so we reduce the cost of attaining a customer from \$3-\$5,000 to approximately 30 cents in e-mail messages that go from our sales force to their internal sales force.

14. Bargaining Business.

One of the things that I have used successfully-some of it Jay uses, and he may consider it sales but it's offering two for the price of one. If you have a seminar, this applies to anything where there is participation. If you have a seminar and you're selling it for \$195, you say for

93 Referral Systems

three to four it's \$175 apiece. For five or more it's \$150 apiece. That way you have the people who get the brochure going out and doing your selling for you. And really, that's a referral system on the front end.

15. Tape Resources.

We had a system of referrals that seemed to be working. And I did it rather unscientifically. Whenever somebody would call and say, "So and so told me about your business," I would send the referee a certificate good for 10% off. We have a certificate all printed up, and I would send it out. And it would say thanks for referring your friends and associates. But then, when I was listening to your tapes, you know, prior to coming here, I decided to get real scientific about it. I wanted to find out what it cost us to get a customer. We were figuring it must be about \$50 to bring in a new customer. And an average customer probably spends \$300 at a crack. And I don't know what the volumes are over the course of a year. But I was just looking at the \$50 figure and I was thinking that we could even instead of sending a certificate—which could be worth anywhere from \$50 to \$100, if they spend a thousand it's worth a hundred—but we might just send them a \$50 bill in the mail every time they refer someone to us. Because we're going to spend that \$50 anyway. And so we were looking at relatively scientific ways to pay people to do what they're already doing. But to really get them excited about it and send cold cash in the mail.

16. Industrial and Homeowner Rental Equipment.

We deal in large stuff. Skid loaders. Trenchers. Back hoes. After I had spent all my capital budget, one of our competitors decided to go out of business. It was a father's business; and the son had a first love for training military and police. And he wanted to set up a new company dealing with a new targeting system. So we bought some of their equipment.

I asked, "Can we send you and your family on a vacation to Disney World for your customer list?" So I got him a corporate American Express Card and told him he could spend \$5,500, and he gave us the list. Then I said, "I'll help you put together a new business plan if you'll help us implement this customer list. First, write a referral letter that we can send to all of them. Secondly, we'll follow up with our own packet, and third, we need your contacts and support. Since you really don't have anything for your general manager to do while I'm getting your other business funded, and I've got a real problem in terms of losing managers, can he work for me this summer while we're waiting to get you up and going? For about 60% of what he was making before?" Now, he's working for us as a manager and helping us in the purchasing area and some marketing, as well. It's working.

17. Automobile Dealer.

The luxury car business is a big referral business. We're about 60% new car referral and about 30% used car referral. Just to give you an idea, there's 180 Lexus dealers in the country and we're about number twenty. First when we deliver a car to a customer we ask them if it's all right if we, send letters to the neighbors. We keep crisscross directories and then we send what we call a beautification letter to the neighborhood and say if you noticed your neighbor got a new car, here's where he got it. If you're interested we'll be happy to come by and show it to you.

93 Referral Systems

All of our salespeople are totally computerized and have a bank of maybe 100 different letters available. And we do about 300 to 400 letters a day, just normal business.

Second, for people who buy, we send a big white thank-you cup to the office. They walk around with this cup that has "thank you" on it, and on the other side it has our name. So people are always asking, "What is the cup?" And we get referrals that way.

Third, after about the third week, we call the office asking for referrals. By that time the cup and things have hit-so they're using those as instigators to pull referrals.

We get and exchange a lot of referrals from other automobile dealers. We say, "If you've got somebody, Who asks about a Lexus, send them to us." We're not going to bury your product, We won't say bad things about you. We will just explain the thing. The other salesman who refers them looks good because he sent them someplace where they've been well taken care of. Everybody's polite and everything is nice so he looks good and we're happy

And we do the same exchange with them. We will send somebody over to them, and it's very effective. We get a lot of people here. We find that most people that refer to us just want the people to be taken care of. I mean, we do have programs where we pay referral fees, money and all types of things. But most of the people just want their people they refer to be taken care of. They want to be proud that they referred them to somebody that's going to take care of them.

We've done things like art shows for the community. We would bring in art galleries, hang three or four hundred pictures, keep them up and invite the community in that had nothing to do with cars. We don't allow any selling at that time. What it does is exposes people who are somewhat intimidated to come in and visit us, Or someone who's never been in to visit us. We get people we normally wouldn't see. *And* they come in and they enjoy the art. But then people start saying, "What an experience we had there. We should talk to them."

We do golf tournaments. We do hospice. We're a big hospice supporter. Things like that.

Follow-up is the key Referral is generated from follow-up. We've had some people we've followed for three years before they buy a car. You know, I have one guy that I personally waited on, he came in at least ten, fifteen times. I mean, we're real good friends now.

18. Apartment Complex.

Our industry typically asks residents to refer other potential residents to the apartment communities, and generally pay somewhere around \$100 to \$200 for that referral. We made a game out of it and gave everybody a little card *and* said, "For the first one, we'll give you \$ 100. and we'll go sequentially all the way), up to \$900. If you refer nine people, and every time you refer somebody after the ninth, you will receive \$900 as a rent credit off of your month's rent. That's worked real effectively. And we expanded that and said, "We're going to offer you a lifetime referral fee. So that if you live in one of our properties and then you move out-and assuming we didn't evict you-then we'll pay you a referral fee of \$150 for as long as you live. And that's worked also very, very well for us.

93 Referral Systems

19. Consultant.

When the client is a large company, the client itself is a big market. Earlier this year, we made a conscious decision to start asking for referrals within the client organization. When someone came to us with a complaint like, "You know the work we do and we've really helped you. Would you be willing to recommend us to that other person in your organization and to formalize that process?"

It's worked tremendously. What we've found is that, maybe the company has let's say a million dollar consulting budget, and we're getting \$200,000 of it, but there's also these departmental budgets over which these people have discretion. And if you get through this referral system you can tap into that departmental budget, which is a completely different source of revenue within the client than the main contract you may have with the total organization. So if you're inside a big organization like that, it's a really tight referral system. Very lucrative.

20. Audio Tape-Set Publisher.

On the back of all of our business reply envelopes we have an area where we ask for referrals. It's something to the effect of "if there's anybody who you think would benefit from the types of programs we offer, give us they're name and address and we'll send them a free catalog." We get thousands of referrals every year. A good portion of which turn into customers. They tend to be good customers.

21. Life Insurance Business.

I would have meetings with my clients for their birthdays, And I'd either take them out to breakfast or lunch. And in those meetings I'd sit down with them and ask them to tell me how they started their business. What makes it different? What are some of the things that are different about you? What makes it great?

I'd say, "Tell me one or two things I could do to really improve my business. Who would you call on if you were in my position? Do you know two, five, ten, a hundred people?" And they start listing people. "Tell me about them. Tell me about them." What happens is you end up with a referral system. And of course, you just keep going with that.

22. Optometrist.

I send very simple, blank thank-you notes, which I hand write, to patients who have referred me to other patients. If you have "Dr." in front of your name, lay people are really not used to being acknowledged, much less thanked, by doctors for doing anything for them. And so, when you do it, it creates such a large impression on people.

23. Multi-Level Health Products.

I'm accredited by the State of California to give continuing education credits to nurses and, now, Certified *nursing assistants*. A lot of nursing assistants were calling me because the people in Sacramento, from the main office, refer people to me.

93 Referral Systems

I also have a tennis coach who is now referring me to other people, too. And we've worked out a contract so he's getting a percentage.

24. Mortgage Banker.

I help **attorneys close probate in** about half the usual time by making loans to executors, administrators, and trustees or trusts. Referrals are more than 90% of my business. I consider the attorney my client, and I tell him or her so.

What I make very clear is that I have a selfish motive for doing a very good job. It's because I want you to be so impressed that you're going to go back to the attorney and tell him or her what a great job I did. Because I not only want your business, but I want that attorney to refer me to that second, third and tenth deal. And now I've been doing it about four-and-a-half years. I do a lot of other things to generate referrals, too. Even though I'm not an attorney I belong to twelve bar associations, probate sections and Paralegal groups. And I do seminars.

25. Real Estate Agent.

Referral business is the biggest way to get clients. I try to educate them right from the first appointment how important referrals are to me. And I let them know that when they list their house what typically happens is a sign goes on their house the next day. And they're going to go to work and tell their coworkers that they're selling their house. And they're going to come home and their neighbors are going to ask where they're thinking of moving. And their friends are going to ask the same kind of questions.

Ultimately, they're going to run into other people thinking of buying or selling, real estate.

So what we've done is we've been asking right from the first interview for referrals, and we ask all the way through the process. Not just at the end of the sale. And we're usually getting at least one referral from each one of our listings, because now they know how important it is. And we do give them something to thank them after the referral, which is good. We give them a 500 minute calling card, good to call any, here in North America. We don't tell them that until after the referral, then they get the gift.

We kind of program them that they get something for every referral.

26. Holistic Herbal Medical Products.

My company is primarily mail order. I teach natural medicine through the mail. And I have a lot of students internationally I'm also a private membership company, so that when you become a member with me you get a little number. Well, what I did with referrals is I made up "thank-you bucks." And all my students have to do is take my brochures and put them in health food stores in their local town, put their member number on there, and, any time that comes in, I automatically send them "thank-you bucks".

93 Referral Systems

27. Dance Studios and Instructional Dance Videos.

We did a referral program last year. We gave away free dance lessons or money to people who brought me customers.

28. Mail Packet for Engaged Couples.

I capture the names of engaged couples. And it's given to businesses. They pay a certain amount per month and then they can put something in a packet that goes to an engaged couple. I ask not only for referrals but most of business are interested. I've made a sheet, 8 1/2 x 11 , and I've listed all of the possible businesses that are applicable.

While I'm filling out the agreement-or even if they don't become involved with it-I ask, "Would you help me with this?" Because it's important who you're involved with in this program. So, it's just as important to know who not to go to as who you'd like me to go to. So what they do is, I just have a box, because if they have to think and write down names I'd probably only get three or four. I have categories like florists -- Jewelers. You know, different *businesses* so they just check off boxes. And then a lot of times I have blanks at the end of categories that a lot of the time they fill out. People I haven't thought of I do this before I go into an area. I look in the phone books where the bridal registries are. Different things to get those names. And I also ask them would you please cross off those businesses that you've heard something about.

29. Internet Publisher.

I started in business *on* the Internet in July of 1994, and in July of 1995 I had a little over 100,000 customers in 80 countries.

I wrote newspaper columns that, at the time, appeared in no newspapers. And it's very entertaining. What I do is retell what are generally called human interest stories. I take stories out of the newspaper, I retell them and I make some nasty comments on them. I encourage people to forward them by e-mail to whoever they want. And every single piece of e-mail I send out has a marketing message saying, "if you want to get this every week, here's how you do it."

Just recently a reporter from the New York Times ended up doing an entire article on me and my product. Twenty-six column inches in the New York Times! It was very nice.

But the question is how do I get paid? Because I'm not using the traditional syndicate route, my first several clients were not in the United States. I used this international reach to expand locally from Day One. So my first client was in Canada. My second client in Sweden. And they're translated. And they're paying me \$3,000 a year to run my stuff. And all I had to do was put their name and their e-mail name on my distribution list, who not to be referred to. I know who or what.

30. Cooking Food for People With Allergies.

Basically what I've been doing is cooking privately for people who cannot have any meat, wheat-which is regular flour- dairy, and very little sugar in their diets. They have an allergy, sensitivities to them. What I've been doing is creating products. Cooking all of their meals.

93 Referral Systems

Everything from their breakfast items, their snacks, all the way through to their dinner items, their rolls and also dessert items. I've been taking that and creating products to put out in the stores, in the market and mailing. And what has happened from these couple of clients I started with is I've gotten more clients by referral through them, People are calling me up saying, "I hear you have this, I'd like to buy."

31. Insurance and Investments.

We have a genuine insurance crisis in California that was fueled by the Northridge earthquake in January of 1994. In June of 1994 there was a moratorium placed on homeowner's insurance within the state. I am also a licensed insurance broker and we created some markets for homeowner's insurance. And as a result we have people calling us front title companies, realtors from counties all throughout the State of California.

I market a particular investment. We took the investment and we put it in graph form, and I hand those out to existing clients, And a client can see graphically where they started with this particular investment. And this particular investment has increased by 950% in the last 15 years. So, when they can see where they came in it makes a significant difference. And we only started doing that about two months ago. And our sales are up ten times what they were.

32. Commercial Real Estate.

The Society of Industrial and Office Realtors, about 1,400 elite, very accomplished and high-reputation realtors all over the country and now all over the world, exists strictly for referrals. And I get referrals from all over the country I give them out, too, We have a referral fee format set up, as well.

33. Coaching Program.

A great way of getting referrals. He really focuses on his client base and works only with twenty relationships. He just works on those core clients. He spends all the time with those twenty people and he does such a good job for them, he becomes so valuable for them, that they automatically give him referrals. Take a look at all of your files and pick out the twenty people giving you the most business. And then go hire someone to look after the others who are giving you minimal business.

One thing I do that I think is valuable: I spend a lot of time with my core clients. And then I'll sit down with them and say, "Let's go over individually who are the people you can recommend to me." Then I have them personally call the people they put on that referral list. I get back to the people who gave those referrals so they know what happened in the process. If we get a sale or a new client from their referral, we send them a nice gift.

34. Recruiting Consultant.

I depend on having people to place and of course companies and people to place them at. So I start giving away names of people I trusted, knew were good, to other recruiters who I knew also needed, good people that I couldn't place right now. Because you turn up an enormous

93 Referral Systems

number of names percentage wise that you can't use. I place maybe one percent or less of the names that I actually generate. So what ends up happening is I've started this reciprocal process where I was giving away stuff. And then when I got in a jam I could call the same person back up again and say here's some more.

On the client side, when the contract was winding down I would ask them, "Who would you like to see me work for?" Which implies who don't you want to see me work for, which is namely their competition. So I would get all of these high level referrals to new clients from existing clients because they didn't want me to work for their direct competition.

35. Antenna Company.

We have about a \$40 million business that started with referrals. We wanted to sell the top twenty cellular phone companies in the country. Each one had about 100 locations. We tried going to the twenty buyers and I got thrown out of about twenty offices. So what we did is we went into their markets. First call, competitors had no problem. Second call, maybe they had a few. By the third call, I had listed ten things.

Every single branch of every single carrier wanted the same thing. So what we did is we went back, basically gave them what they asked for. Each one of them thought we custom-designed a product based on what they told us. And what we did is we'd go in and say, "Here, is this the product you described?" They would say, 'Absolutely,' then, are so thrilled that they wanted to help us. When we asked them if there were any other market; where they might know somebody that might give me an opportunity to get my foot in the door, they'd give a list of names. And when we'd go there they had already called. Because in their mind we were marketing the product they "invented".

36. Training Company

I've heard people say how important referrals are. The statistic is that one referral is worth 15 phone calls.

And what we teach is that most people agree on the value of referrals, but they have an unfounded or founded fear of rejection for asking for them or what they do with them when they get them.

First, you've already got reciprocity by getting value to your customer. That allows you to go back and ask for something in return. So you go to those customers and ask, "Did I provide value for you?" If they say yes, say, "Here's what I would ask in return. Give me the five names of like-minded, similar customers,

When you call that person, you say, "So and so asked me to give you a call, And I hear you're very talented at X." And then you *can* say, "Is that true or is that just a rumor?" That gets them to laugh.

You introduce yourself last, Because if you introduce yourself first, then they're going to want to know, what this is all about and they feel sold. So add value, get the referral by giving more than he expects to receive, then find out what they like about the referral and then follow through with a phone call.

93 Referral Systems

37. Painting Contractor.

A customer asked to strip all the paint off her house. I said, "I can't really do it with any estimate. We'll do it by the hour." And I gave her a very low, rate. And I said, "I think it will take four or five days," On the ninth day I said, "I don't want to make any more money from you." And she almost cried. I said, "I just want you to pay this particular worker by the hour." And we came to a fee that was two dollars more per hour than he was earning. So she said, "You're going to get a lot of referrals,"

38. Health Club.

Fifty percent of my business is based on referral. When I join up a member and I sit them down, the first thing you do is you tour them around and sell them on service and results. I say, "There are two things I *ask* of you. First thing is that you come consistently to the club and use it. And the second thing that I ask of you is that when you have friends, make sure you refer those fiends over to me so I can take care of them."

After I get the results, the key thing that I ask from them is, "Can you write me a letter of recommendation? Can you take five minutes of your time-since I've taken my time to make sure you get your result)?" Out of a hundred people, fifty people will do it.

39. Mortgage Business.

The referral system is 100% of our business right now. I am in the top one percent in my industry in the country.

When I sat down I transferred my knowledge to them. I shared with them. I made a point to tell them that I expected to get referrals from them if my performance is what I told them what it was. And so it was very important to us that we did deliver the service that we promised them. After nine years I noticed that I was only getting the transactions other people in town couldn't figure out how to put together. And the first time through we'd go ahead and put the deal together for them. Then it would be three or four months before we heard from them again.

So I informed them that we're not going to be able to do business together. Because the quality of leads they were giving us was not fair to those other people that we were doing business with. I had explained to them that there are a lot of judgment calls that go into making loans to people. And the relationships that I have with underwriters and - incumbants calls that I have with our staff as to how we put together those packages play a very important role. And if we were to start submitting these tougher deals then the quality and the respect we would receive from them would go downhill.

So I would explain it to them that we're more than happy to assist them get through the transaction because we are probably one of the few people in town that could get them into that home and to let them know what our value was. From that time forward the growth of the company has just been tremendous.

93 Referral Systems

40. Fitness Club.

Our clients are our friends. We really pamper those people who come to see us. We give to each one of our new members two invitations to invite a friend of theirs to come to the club with them and many times we get requests from our older members as well. This is very effective for us because we rely 100% on referrals.

41. Stockbroker.

Clients are hesitant to give you referrals. Because they fear that you might not do a good job for a friend of theirs. Or they may lose a lot of money even though you've made money for them.

Once or twice a year, I go from A to Z to every single one of my clients. And say to them, Almost my entire day is spent managing your money and taking care of your investments and keeping track of what's going on with everything you own. And then disseminating that information to you. I don't really spend a lot of time bringing in new customers. By referring someone that you really feel would benefit from my service to me, I will have more time to spend doing what I do. Which is servicing your money. So, I would ask, "Who do you think would be in the league that you are in, or higher, that would benefit from the type of service that we do?" And people would just start giving me a list,

The quality was phenomenal and the closing ratio was extremely high. But the guy that just started reading names out of a Rolodex, a lot of times you did not convert maybe more than one out of the ten, But the guy that gave one or two I would close a higher percentage of them. The average commission per client per year, worst case is about \$3,500 per person take home.

42. Complimentary Medicine Practice.

I'm a medical doctor. And it was essentially 100% referrals through word of mouth. Patient to patient, family member to family member. We took information on what we did and brought it out to the media, to the politicians, to the legal system. We then were essentially invited into the system by the physicians,

And now I get referrals from the president of the Canadian Medical Association. Very high-level physicians with very, very tough cases. At first they were test cases to see if we could produce. And now, we've got so many cases that it's impossible for me to see these patients on my own. We have a waiting list that is well over a year.

43. Dentist.

We wait for the compliment before we do any type of asking for referrals, Because if we do it any other way it's pushy And so, we have our referrals in holders at every work area and every room on the counter at arm's length on both sides.

And when the patient says, "Gosh, that didn't hurt at all," we say, "That was very nice, thank you for the compliment." And we reach and we get a card. And we put it in the patient's hand and we just clasp the hand. And we say, "You know, we do no advertising. It's only through

93 Referral Systems

word of mouth that we get real nice patients like you. if you have a relative, friend or co-worker that you'd like to refer to this office, it would be real nice."

44. Service Business.

We have high-volume consumer bankruptcy offices. We're seeking to sell our system to other Attorneys elsewhere. Most of you know what Chapter 13 trustee is. Basically, a person pays their debts out of a Chapter 13 bankruptcy, to some extent anyway, And they pay a person called the trustee who distributes the money. Well, that trustee works with attorneys and creditors. He's basically a conduit between the two, and the attorney, of course, represents the debtor on the debtor's side.

We have contacted trustees in other cities to refer us-to give us names of attorneys who they believe in that they can trust, that they have rapport with. Then what we do is contact that attorney and say, "You have been referred to us. " We write them a Jay Abraham style letter, a very long and voluminous, extraordinary adjective-filled letter-Jay Abraham style-to the attorney And we already have three in the process. And I've written three letters. So, those are potentially probably half a million to one million dollar deals. Each of them.

45. Furniture Store.

We have a multifaceted store in which we sell retail refinishing. We don't ask for referrals, but that is our backlog of work. It's just referrals. People just come to use because we delight each and every customer.

I have four guys working in the back and we have approximately six weeks worth of work for them, And I don't advertise at all when we refinish.

We do send out questionnaires and we ask, "Would you recommend us to a friend?" Whether we sell a new piece of furniture or refinishing, we really believe, from the guys putting their hands on the work, to getting it in to the customer's hand, our purpose is to absolutely delight them. Whether I lose money on a job or not, it goes out the door right or it doesn't go out the door.

46. Chiropractor.

Most of my practice is referral. I haven't treated a patient in four years myself who hasn't been directly referred to me. I have associates who treat the ones we get from other things. But what we have found is that you can have many, many satisfied patients who don't refer.

We have what we call regiment reaction. We have something that we say specifically, or a topic that we cover specifically for the first fifteen times we see the patient. And it just takes them through a whole bunch of things. And it's basically education.

And you modify it to the patient and the situation. But the beginning of it is built towards building your confidence. The second phase of it is geared more towards educating them. And then the third phase is more specifically asking them for the referrals. Because by then they have confidence in you. They know what it is you do.

93 Referral Systems

We have a game we play with our staff called "Gotcha" game. I have patients who are begging you to ask them for referrals, and they don't even know it. For instance, they may say, "Boy, you're busy today" Normally a doctor kind of downplays it. He doesn't want to look too busy. Well, my line immediately is, "Yeah, I am. You know, I've got lot's of great patients just like you. And they're constantly sending in their fiends and their family. Who are you thinking about sending in?"

They say well, "Yeah. I've been talking to my neighbor." Or, "I've been talking to so and so." Or they'll ask a question, "Well, do you treat headaches?" But they always have someone, because we've raised in their mind the idea that we really appreciate referrals. That our patients get a lot of attention for referring. And they want recognition. They want attention. They don't just want to be helped on a health basis.

You'll have to be extremely consistent. You've got to never stop looking for a chance to ask, or what I call plant a referral seed.

You've got to be so excited about what you do that the patient also feels that excitement. That it's a natural occurrence to want to ask them to send other people in. You've got to be so excited that you couldn't possibly feel bad about asking them for a referral. In fact, they should feel great about referring people to you. But if they don't feel that from you, they're not going to do it.

47. Management Training Seminars.

I get names and addresses and then I call people and ask how they're using the materials. And I'll make a comment like, "Well, I don't suppose your senior management would be interested in any of this."

And they'll say, "Oh, no, they really would." And then they start selling me on the referral.

48. Trainer for an Advertising Agency.

I train Realtors on how to do personal marketing. What I discover is at the end of my presentation which is in essence a sales presentation-they are excited about what I do. When I look at them and I say, "Guess what, I'm still in the area. I'd still love to visit some more people. Who do you know, that would really enjoy this presentation?" I make them look good to their peer group, because they're able to say, "You've got to hear this." Usually, I get between two or three referrals out of each person.

If I get a person who is that excited about what I do, they feed me into other people. I pick up the phone and say, "I talked to so and so. They told me to call you. They were really impressed. Let me tell you what I'm here doing. I'd love to do the same for you."

49. Unknown.

What I've noticed in my practice is that a lot of the results that I've produced come out of where I'm standing and the direction of the conversation that gets generated from that position. At times, when the practice was down, what I noticed was that if I was speaking from a position

93 Referral Systems

of need-really, coming from a past event-no matter what I said, no matter what I communicated, came out really unclear with very little result. When I'm speaking for the possibility of something greater in the future, and talking to them about what can generated for their families, what's possible for who they know and it's something that has yet to happen, the results that get produced are much greater.

50. European Skin Care Business.

We basically placed ads and said, "Free facials, limited number." And since it's empty anyway, when you start, you just give away free and it results in \$75. For every ten people who come for a free facial, an infinite number will go forward. And what that total is the average person coming for free is worth \$75.

Fifty percent of the people who come buy at least a hundred dollars worth of product. And if you buy -a program-which is six facials with a 33% drop in price-we give you four referral cards. We put your name on the back, and they're for your friends. And if your friends come in, for every friend that comes in you get a free facial if they buy a program. And we also do that with all the women who work in the department stores who sell skin care and cosmetics. And when the cards come back through, we track back to who had gotten it and we notify them. And anybody that sends in a referral, they get a nice note saying thank you for the referral. And if they sell a program they get a different version of the note saying they did buy a program and you have a credit toward a facial.

51. Heating and Air Conditioning Replacement Business.

We step them through a process that's very orchestrated, very scripted. We show them referral letters and we explain to them exactly what we're going to do for them with their heating and air conditioning system. As they're looking at these referral letters, we say to them, "Now isn't that the type of letter you'd be willing co write if all of the things that we were saving were absolutely true?" And, of course, they answer yes.

At the end of the presentation after we close the sale-and we're used a lot of assumptive techniques as we close that sale the last thing we do is we hand them a business card after we've closed the sale and say thank you. "No" we say, "I have a surprise for you. Your business has been referred to us by such and such, and you get fifty dollars off of the price that you've already negotiated and that you thought was a good price. And further, if you get to do this with one of your friends, we'll be paying you fifty dollars for the referral and also giving the same fifty dollars to your friend.

52. Unknown.

When I do get referrals-which are the majority of my sales-I call them personally and thank them. I offer ten percent off to any of their clients who are referred to us.

93 Referral Systems

53. Shooting Range.

Shooting Range - we give away special business cards to our members. On the back it says, "Free Range Time." We ask our members to put their initials on the card when they give them out. We encourage them to give out three to four at a time because people like to come with friends or family. We allow members to bring up to 24 guests a year at no charge. Probably 30% of these guests become members and a great many of those that don't will return as customers on a pay-as-you-go basis.

We give our customers business cards with, printed on the back, "free range time." And they can put their initials, and we encourage them to give three or four at a time, because people like to come with their friends or their family.

So I'm known and my business is known. So this Nerv liberal radio personality mentioned it on the radio, today that he's going to go out tomorrow and he's really going to find out what guns are all about. So the members and the customers really do excellent PR for us.

And in addition, we let our members bring 24 guests a year at no charge. Of the 24, probably one-third end up becoming members. And those who don't buy memberships. They'll just pay as they go and we make more money on that, anyway

One of my members called me up and asked this liberal, anti-gun., left wing radio commentator to come and shoot with him on Saturday And he wanted to know could we reserve a lane for them. Now, I do a business report for this radio station every month., which I don't get paid for. But I don't pay for the air time and puts my name and the name of my company in front of the public every month for free.

54. Financial Planner.

I explain to people up front the first time I meet them that part of our fee is that I need to get five introductions from them. And I explain to them why it is that I need five because out of the five, two people will probably so no thank you. One person will probably, already be working with somebody, which leaves two people for me to sit and speak with. Which is what I really need from each person because out of two I'll get at least one, or in most cases two.

But the second part, as I explained to them, is that the vast majority of the people in my business spend a majority of the time cold calling people, So once I get in front of you, the pressure is on. You know,

"You've got to buy something" or "I've got to sell you expensive products or higher fees," or what have you. And because- I spend probably less than 10% of my time doing that."

Only 1% of my time is spent on the phone trying to get appointments. Because of the success that I have calling people who have been referred to me, probably about 65% or 70% of my business comes from referrals a vast majority of it. But then they understand the reason, the rationale. The additional time I save that

I'm not doing the marketing or the cold calls I can spend doing the research and the planning and things.

93 Referral Systems

55. Bar Code Company.

We have two referral programs. One of them we call Happy Letters. These are endorsement-type letters. And we blatantly pay our sales reps \$10 for each one they can get.

"I'd like to have a referral letter. I'd like to have you write down how to use our product"-and they do. I've been very successful at just asking. And we take extracts from those and put them into collateral sheets by market segment so that we can send out a piece of paper to an industry.

And our second referral program is for our resellers. We have a very complex product to produce and a very long lead cycle to close a sale, Sometimes six to eighteen months. And most resellers, if they get into something they don't want to handle all the way through the process, they'll just turn it over to us and we'll give them four percent of the revenue for the first year.

56. Plastic Surgeon.

I send out letters quarterly to our old patients, and in there we describe a case history, someone who's interested in a type of surgery. What they've had and how they felt about it. And then we enclose a certificate for them to give a friend with a free consult to come in and see me about a cosmetic procedure.

57. Life Insurance, Annuities and Mutual Funds.

Life insurance and annuities I sell have, as an investment feature, mutual funds. I get probably 60-70% of my business as repeat business because I've been in the business about 30 years. And I got a lot of referrals from my present clients primarily because I've helped them make money. It's not hard to get people to give you recommendations when you've helped them make money themselves. Any time I make a sale I ask for a referral. But not just for anybody. I ask for the referral I want-that might be the fellow, down the street who is his competitor. And I usually ask the direct question.

Like, "Do you have a brother?" Or if you're in the plumbing business, for instance, "Who is your biggest competition?" But I never ask the vague question for a referral. I always ask a question that a man has to have an answer to. And then usually I ask him, you know, to do some follow up. Either make a phone call or to write a note.

58. Sales Rep for AT & T

I use referrals 100% of the time I have two referral systems I use in order to get business. And I don't have to do a lot of cold calling. The first one externally I do a referral system where I'm a member of the Chamber of Commerce in my area. And, because I'm really involved in the Chamber of Commerce and people know that I have successfully helped other members of the Chamber of Commerce, they automatically give me referrals. About four times a week I get a referral from the Chamber of Commerce. I have about a 75% closing ratio.

And then my internal referral system is within my sales organization. I have built a certain niche of expertise. I handle certain customers who are with resellers. Like a customer, a

93 Referral Systems

reseller named Syntex. I have a certain expertise in selling against Syntex, including implementation that's less than twenty minutes, but because all of the other sales reps had heard my success with Syntex, they are willing to split the commission just to have me come out and do a call with them in order to have implementation go so quickly. I usually do about seven to eight calls and normally close seven to eight.

Another thing I do is network with the other AT & T sales reps who sell data and hardware equipment. And they'll call me for referrals. So I've been around for a while.

59. Unknown.

I have several different businesses that we ask for referrals. It's probably one of the easiest methods of sales we have. We offer premium incentives to the individuals who give us referrals. We're very aggressive in asking for them and training our sales people to ask for referrals. About 80% of our business comes from referrals.

60. Carpet Cleaning.

For years, we had our technicians trying for referrals as soon as the customer starts to ooh and ahh over how well we're cleaning their carpets. They pass them a strip of three postcards to address and fill in and sign to send off. I've made one change. My sales staff is now alerting the customer that we will be asking for this when they see how good a job we do. I get a 20% return on this. At \$20 a person per year, times 500 people a year that makes a big difference.

61. Festival Promoter.

When we do our follow-up calls after a festival, we have our telemarketers request a referral from each participant. The best telemarketer can usually do about 75 out of 100. The worst one will get about 3 0% of our business is referral generated. Each client can earn between \$3,000 and \$30,000, so the income is not inconsequential.

62. Positive Thinking Seminars.

I give Weekend seminars and people can re-attend if they pay \$50, which is an advantage over all other ones. Because usually they have to pay the whole price again. And if they refer somebody to me, then it's free for them. And also I have 10% value that I give them if they bring new customers without being asked. And it's been going very well. I moved my business from \$125,000 a year to double in a single year.

63. Unknown.

I get referrals from car dealership salesmen. Without compensation. What they achieve by doing this referral is give the customer a lower price. And give a favor to the customer, does that make sense? I don't make as much profit through this referral. But I get a referral which I never would have seen.

93 Referral Systems

64. Seminars.

We have a very low-key but very profitable referral system. At our seminars we have a hand-out sheet in the folder. And we offer a free one-year subscription to the network-marketing seminar. We'll say, "If you have anyone in your organization who wasn't here today, and you'd like them to get a one-year subscription. For each hundred people, we probably get 60% who turn in at the seminar with at least one name. Usually ten, twenty. We get another 10% who will send us hundreds, and sometimes thousands of names after the seminar. We convert 30% to 40% of those people.

65. Seminars.

There are a number of different ways that we've done this over -the years. We have something we call the 14 gold sheet that we use at the end of a seminar. In a large group like this we would ask each of you to suggest people who would be able to come to us and we could help them. We find in one-on-one sessions that more often we get a larger list.

I was in an elevator the other day and I had a ten-second window of opportunity to pick up a client. He just looked like he should be a client. And he happened to be an environmental attorney. And we meet just this past week. Not only can I help his clients, but he wants me to talk to his managing partner, as well as his marketing director. So I think all of us need to look at everybody as being a potential referral source.

66. Customer Appreciation Gifts (helium balloons).

My business is all about generating referrals. I realize that referrals were leverage because I could close twice as many of them as a normal cold lead.

I started having balloon packages delivered to my customers where they worked after they bought their new car. The balloon didn't have advertising, but they're sitting at work with a balloon floating overhead.

Everybody thinks it's their birthday, asks about it. They would start bragging about their new car and what a nice person I was for sending it.

And within nine months my business from repeat referral customers increased about 58%. Now, we work with about 800 companies around the country delivering balloons.

67. Personal Injury Claim Settlements.

Typically we deal with an insurance company's claim office. And our referrals will usually be within that same office. If we're doing business with an adjuster, we will ask for a referral to somebody else within that company or that particular office. And that is usually immediate because it will be somebody who's sitting over here. Not only does it work, but you get the endorsement of the person you're working with immediately. So you've got the referral and the endorsement.

93 Referral Systems

68. Workshops and Seminars.

I ask people for referral letters before I do a talk. Customers could say to his or her friend, his or her colleague, "This person is good. He did a good job fortune and I as a customer will benefit by sharing the association." And that's become our fall compensation. I do the very best job I can of making my old customer look good. They appreciate it, and now I get people calling me out of the blue with referrals.

That's the compensation that works for me.

69. Orthodontist.

Most referrals come from general dentists. And instead of us going to visit them, taking them a basket of muffins or whatever, now we invite them to our office for what we call a Lunch and Learn.

We have every office about 25 dental offices usually about every six months. So a couple of times a year they all come. They come with their entire staff We always provide a professional courtesy for the doctors family and for his staff. But the interesting thing was we never told them. So now that we have them coming to our office for lunches we give them a tour of our office. We show them what we do there. And during that lunch it's our opportunity to share with them all these things that we can do for them and, as partners with them, to be a team for their patients in orthodontic care. And the results have been incredible

It's very seldom that an office comes and, as a result of their being there, we don't at least start one of their children or their assistant's child. Or their hygienist. Or one of their assistants starting treatment. And our feeling is if we start their staff and their children and their families in treatment, then they're going to tell their patients that's who I go to. We give them preferential rates.

Where we started eight years ago was that our practice-we were producing about \$300,000 a year. had 27 employees at that time. And today we have ten employees and we had our first million dollar year this past year.

70. Marketing for Cosmetic Surgeons.

One of the things I've done especially in the field of hair transplants, which is one of my specialties, send a letter out to the client base offering free transplants. You pay by the transplant. You pay the graft. Say, "If you would bring in a friend, I'll give you thirty free grafts. No charge."

It's worked very well. Out of 600 pieces of mail, we got 100 new clients. The 600 pieces cost pennies because they're all computer generated. Each client is worth over the long term \$30,000.

We look at referrals in two ways. One is our client base. And the other is a professional referral-hair salons. We can't pay them any commission. But we can buy advertising. We can pay them a monthly r, We can't split the cash. But we can pay them a rate to advertise. Basically what I did was start my own organization. And -paid the salons to keep my-as a rental fee-to

93 Referral Systems

keep my brochures there. It has worked well. Most of our upper-level clients especially in the entertainment field-came through that venture

I rented space from the hair salons. And that rent could go up and down. Depending on the viability the advertising medium.

71. Mortgage Business.

On our quality control letter that we send out asking them to grade us on how well we did or didn't; there's a place for three names, referrals. A couple other things we do is send out a letter once a month all of our old clients. Talking, educating them about something that's going on in the mortgage business I call them approximately once a quarter to see what's happening. if they have any needs and, again, to give them some value for the phone call. Not just to call them up and bug them.

And probably the simplest and most effective way is when I get done taking their loan application-and everyone has shaken hands and is getting ready to leave, I'll say something to the effect of, "By the way, who else do you think might be in need of my services?" And it's real simple but it's very, very effective

I would say right now probably 70% or more of the business we get is referral. And it's better business too. Because it's what we would call warm call. The referrals say good things about us. People aren't going into the situation blind. Plus, referrals cost next to nothing.

72. Photographer.

Over the years we built a wedding business that did thousands of weddings by using two referral systems. The brides would come in, we would tell them they could get a couple hundred-dollar -wall Portrait for \$20 if they sent us two more couples who hired us to do their weddings. Now, most of the couples would take a year or so to do this. So a year later they would not want a photograph of their wedding.

They would want a new one and they would buy copies of that for their parents. They would buy frames, etc., so we would actually make more on the referral gift than it costs.

The other referral that came from that was to have every bride and groom bring us a list of the names of everyone in their wedding party. All the girls, all the guys. And we would send them-each one of them thank you letter saying thank you for helping us that day. For putting up with us and being there early. And to say thank you we would like to give you a portrait of your family.

73. Business Centers (instant offices).

We realized that it wasn't really the distribution-owning the distribution-that was important. It was having the ability to find the client or the prospect. And then create the distribution around that. So, in addition to the centers we own,, about a year ago I formed what we call Alliance Business Center Network. Which is essentially a group of people in our industry I used to think of as competitors that have come together. We just closed a deal out in Europe where we added over 50 locations throughout Europe.

93 Referral Systems

We have 150 locations all over the world right now of people like us in our industry. And we're getting them to focus on who the key decision makers are in the organizations that they are doing business with. Because we realize that a lot of the companies that are going into centers are going into centers all over the country in multiple locations. And if we can identify multiple-office users through people who are already predisposed to using our product, it's very powerful if we can try to control that account.

So what we've done in essence is gotten all of these people that used to view each other as competition all operating under our trademark and referring business and identifying who the key decision makers are in the various organizations they are doing business with. And then we've got a centralized national marketing department that contacts these accounts, contacts the key decision makers and tries to explore a little deeper on a national basis what their needs might be. Because often the local operator doesn't think beyond just their center and they haven't even identified the opportunity. They don't even realize that this company might be in 30 other locations all over the country.

First of all, we're making a lot of money on it. People are paying us a monthly fee just to be apart of the network because there are other benefits besides referrals that we built. We are also getting paid fees for bringing the sale back to a center-any individual center. So it's basically funded an entire national marketing program and allowed me to build a brand name and get a great distribution on my trademark risk free and without any real investment.

74. Executive Recruiter.

I specialize in placing engineering and marketing talent with our client companies all over the country. I handle companies up to maybe a thousand people. I like to work directly with the decision makers who are actually doing the hiring. Our business is based entirely on the referral system. I am always asking people, "Whom do you know who would be qualified for this opportunity?" There are two sides to my business. I'm talking to managers making the hiring decisions. And I'm talking to candidates whom I hope to place with my client companies. So I have two sides to every sale, if you will, that I'm working on. Every placement. The two principles that are really fundamental to my being successful is that first of all, people want to be helpful. They want to give you referrals. it makes them feel good. Everybody wants to be helpful.

The second principle is that you don't have to only get referrals from people whom you know who are happy with your services. Because you can say, "John, who do you know whom I should be talking to, who can point me in the right direction?"

And then John will point you to Bob. And you can say, "Bob, I'm calling you because John referred me to you. This is the purpose of my call. Whom do you know?" This is short cutting the whole phone call. But, whom do you know that would be qualified for this opportunity?" And you ask that of just anybody.

75. Physical Therapy

It's called a care enough to share program. Say somebody comes in and they have a back problem and I've worked with them for a few days and they're feeling better. And I say, "oh,

93 Referral Systems

Mrs. Jones, your back is doing much better now. Do you have any friends or relatives who also have a back problem, or neck problem, arm problem or leg problem? We have a screening program here. We can give you a little card and they can come in within the next couple of weeks, and I'll give them a 15-minute screening and it won't cost them anything." Often, of course, almost everybody knows somebody with a neck or back problem.

If I do it, say, five times a day, two or three people will take cards and one or two will come in. And of those one or two-by conversion rate when they come in-we get about 30% of them.

76. Public Relations Firm.

We've been built almost exclusively on referrals. Most of our client base is conservative, political and Republican-type organizations. And all of our account reps came from the political community. So what we developed early on with our initial clients was a very trusting relationship. Our account reps have a very high passion for the work they do. It's the same passion that our clients have. They're both heavily involved in these political issues. Because of this passion that the employees have for the client's work- I've gotten a tremendous amount of referrals. And they haven't hesitated to talk to other organizations about us because they know we go the extra mile. A retainer client can be worth \$50,000 a year to us.

77. Professional Speaker.

Most of my business is referrals. When I do any kind of program-be it a keynote or a seminar- I always stop right before the end and have them fill out an evaluation form for the meeting planner. The key part is at the bottom of the form. There is a space for the name and address block, phone number. There is a place they can check off saying, "Yes, I'm interested in having Jerry come speak to my organization.

Please send me a pack of materials." Under that it says here is somebody else you can contact. And a place for them to fill out that person's name and address, phone number.

So I follow up on the phone after finding out what they're needs are in, finding out what they really meant in checking the box. We will then ask them if there are any other associations they belong to. Any other organization, any other people. If a meeting planner can't meet my full fee, I'll ask if they will agree to send a letter out to all the other state associations or whatever if I do it for a lower fee.

78. Land Sales Company.

We sell affordable land in Arizona or in Colorado to the people in Hawaii. But we did find that we wanted to encourage our sales people to get referrals. And what we came up with was an idea where at the time of purchase, we would tell the client, "If you are like most of our clients, you probably want your friends and relatives to find out about this opportunity. Because most of our clients want their friends and relatives to end up owning property close to them. Would you agree?" And of course, they say yes. At that point we say,, "We have a special program we'd like to make available to you. If you give us the names of ten such people, ten referrals, we will give you a discount of "X" number of dollars right now." And we found that

93 Referral Systems

99% of the people take advantage of the program and they give us ten referrals right there. Possibly about 30% to 40% of our business then comes from those referrals.

All it takes is the actual following up, which some of the salesmen are excellent at, and some are not.

Your friend or associate Mr. So and So asked us to call you. This is regarding an opportunity to own affordable property. It will only take a few minutes to explain and Mr. So and So felt that it was a great opportunity and he wanted you to be aware of it."

We meet with 30% to 40% of the people that we follow up on. Some will say that it's not a good time. And unfortunately a lot of those people are not dealt with as they should be.

What we've picked up from being here is that if we had a series of letters that we could give to the sales people so that they could just immediately start corresponding with those other people, a lot of them also could be converted to sales.

79. Mortgage Company.

About 60% to 70% of my business comes via referral from about five to six different sources. My two primary sources are real estate agents and previous borrowers I've worked with. A lot of my real estate agents call and pass on a lead to me to have me either pre-qualify or pre-approve them. And then nothing would ever happen with that borrower. The agent would never find them a house.

A lot of them didn't really want to work with that particular buyer. I asked if I could continue to keep in communication with that client. I'll find an agent who does want to work with them. I'll get you a 20% referral fee. And then I get the buyer as a client. It worked.

I contacted a lot of the listing agents that I worked with knowing that they get calls on all their houses. They don't like to work with buyers, but they're always getting buyers calling a lot of times without agents. I said, "Well, why don't you give me those clients I will get them pre-approved. I will refer them to an agent who does work with buyers. And I'll get you a twenty percent referral fee." I expect to see probably somewhere between a 30% to 45% increase, minimum, in my business this year from that plain.

80. Association.

One thing that was very successful in getting referrals was a discount off our annual convention. If we get a referral, the person who sent us the referral will get a gift. And the gift is \$25 to any charity they chose.

We had a membership base of about 1,200. The membership dues were about \$275 to \$300. We would generate between 40 to 50 leads and convert those into between 30 and 35 memberships.

81. Vacuum Cleaner Sale.

We sell a \$1,200 machine, and our business depends totally on referrals. We do about \$7 million a year. But our best customer, we've found, comes from customers. We require eight

93 Referral Systems

names to close a deal called a "first call special." As far as qualifying the leads, we have a contract that we ask for certain qualifications. We ask for the customer to be 21 to 65, married, with a full-time job, and homeowners. We have what we call a 14-day special on the referral program. if they'll call their fiends, ask them to look for us and introduce us, we'll give them a gift that has a retail value of \$200. After we've shown the four presentations, whether anybody buys or not, we also super quality- them by using a letter program. It's "A-H", so the dealers can remember what is it they're asking.

"A" for people with allergies. "B" for people with better housekeeper, picky housekeepers. "C" for people with small children. "D" for people with pets, dogs. "F" for people who buy everything. "F" for people who their vacuum just broke last week, And "G" for grandparents, older people who can show during the day. And the "H" for people who work odd hours who we can show during the day. We also have another vacuum program. if they'll clear four names within 48 hours we give them a separate gift. Which we've found that the quicker they do it, the better chance we have. Our business is based on the more we recruit the more we sell. We have a second gift if they buy and come into our open house, check out the opportunity.

82. Photographer.

We've implemented a service referral system in our business. There's about five different steps to completion of the delivery of a finished photograph, finished portrait. In the box with the finished portraits we include a "How did we do?" kind of business reply for them to either tell us we did great or tell us we didn't do great. On the back of that we also ask if there are any other friends or relatives who would be also interested in having a portrait made. And if so, could they put their names on their names and addresses-so we would send them a certificate good for a \$90 photography session in their name? And we get the two names of the referrals and the name of the referee, and enter those into a computer, which prints out every nice, personalized letter. The data base will also printout a very nice looking certificate saying "Good for a complimentary session." It's dated for "90 days from today." So whatever today is, It automatically adds 90 days to it. The teaser on the envelope-if Suzie Cream Cheese gave us the name of Bill Smith, we'll say at the bottom of the envelope it will say, "Bill, a gift for you enclosed from Suzie Cream Cheese". So it gets opened every single time.

83. Chiropractor.

The first day I see a patient, after I've gone through the consultation exam, I explain to them we don't accept everybody as a patient. But if we do accept you as a patient we expect you to refer other patients to us, too, if we're able to help you. Is that fair enough? OK, and then the next day I give a report of findings and I go over everything with them. And I give them a little pamphlet to take with them.

And then also I give them my business card with my home phone number. So if they have any problems they call me. So this wave, they've got my business card with them all the time. if they haven't referred anybody lately I'll just say, 'Are you mad at me?' And they'll say, "No, why?"

"Well, I was just wondering because you haven't referred any patients to me lately. Haven't we helped you?" And then on down the road maybe we'll say to them, "Well, do you

93 Referral Systems

have any friends with problems over the years? Anybody in your family have any health problems?" And they'll yeah, OK, or if they don't I just leave it at that. But if they do I'll say, "What seems to be the problem" They tell me and I'll say, "OK. Give me their name and address and their telephone and I'll send them some material." Of course, I don't mention who told me about the condition because that's patient privilege information. And we probably run about 25% to 30% referrals, and I want to increase that now, too. Also, if they say they have some friends or relatives who need some care, I'll give them a free coupon.

84. Hearing Aid Dispenser.

When I sell a hearing aid, I tell them they can get all their money back if they refer four other people. The referrals have always run a fairly high rate, 25%, 30%, but now they're running 50%, 60%.

85. Network Marketing Company

We recruit and train people to set up their own businesses-affiliated with a multi-national company.

Network marketing is a vilified industry It really takes a paradigm shift for many people to start Thinking of a company within that industry as different from what their concept of Amway, or any other company that they've heard of is, and their own ideas about it. So, the way I approach many people is just to specifically say, "This probably isn't for you, but who do you know who might be looking for another career? Who might be dissatisfied in their job? Who might be looking for some part-time income along the way?"

It's a multi-step process and what ends up happening, once people really see what the company is all about, preconceptions drop away and they see what a tremendous opportunity it is.

86. Consultant.

I help small businesses improve their profits through a number of various techniques. One of the ways I get my future business and keep it going is through referral technique. But every client I get, I analyze their contacts and their sphere of influence. For example, I'll look at a company, and if I've done a good job for them and they are selling to other businesses, I immediately say to them, "Listen, I just helped you with your business, we can help all your customers who also happen to be businesses. What's that going to do for you? So why don't we set up a marketing program where you endorse me to all of your clients?" That generates a huge amount of business for me. Likewise, if they don't service other businesses.. I sit there and look at them, "Well, what about all your vendors? What about all your suppliers? They're all businesses." And I demonstrate to them the benefit it will have on their business by even benefiting and doing good things for their suppliers and vendors. Because it all adds to the relationship and the profitability and the effectiveness of their business.

93 Referral Systems

87. Financing to Probate Estates and Trusts.

About 70% comes from secondary referral sources. On almost of my printed material that goes out, I ask, "Is it all right for me to refer business to you?" That gets them thinking this guy's looking after their interests.

I offer a certificate to attorneys that says "I'll offer a one-hour consultation and I'll review up to three of your cases." One of the things that I've learned in surveys is that about 80% of the probate attorneys do between one and ten probates per year. Which is a surprisingly small number. So after I'm pretty well exhausted the number of cases that will fit the conditions of which I tend to like to loan, what I try to do is to push them or to see if there are other attorneys who have similar types of clients. I recently learned that by asking the right question and me shutting up and listening, I can hear some pretty good things.

88. Investment Capital for Real Estate.

The majority of homes that we buy are not financed through bank financing. They're financed through investors. They offer the investors a real good deal. They usually get an 11% or 12% return on their money. And that's backed 100% by real estate. But when you're asking somebody to loan \$50,000 to \$100,000, even if it's backed 100%, they tend to be a little hesitant. Especially if they don't know the company that well. So we find referrals by far are our biggest source of new investors. So what we've set up is, for any investor who has got money loaned to us, we give them a one percent finders fee for their first year of that money that's loaned. So if somebody loans us \$100,000 and they brought that new investor in, they get 5,000 up front. And what we found is-well, we have one lady that came in and invested with us and she was really happy with what we were doing. Next thing you know, seven of her family members were also investing with us. She was helping them out because it was a good investment. And she was also helping herself out because of the referral fee we gave her.

89. Sales Training

About 75% of my business currently is repeat and referral business. It's a very strong part of what I do. What I have done as a matter of practice during my training is find out a lot about the clients who are in the training and seek out leads I can give to them. So throughout the program I'll say to somebody, "You know, I've thought of somebody who might like to do business with you. Would you like that name?"

And then I'll generally be seeding the audience with leads throughout the training. So they're pretty receptive to the possibility of giving me leads. And I'd certainly recommend that. Also, at the end of each half day just before noon and then also at the end of the day- I'll do an evaluation to see how I'm doing and get some feedback from the group. And some of the questions would be, "What are the three best ideas that you've heard since you sat down here today?" And if it's at noon I'll say, "What are the best ideas you heard this morning." Then I'll also ask them to announce to the group what is one action item that they plan to take action on-so it's not just a theory but it gets used in their day-to-day work. I also ask them to announce to the group how they're going to benefit personally. So they're really having to search through some of the things that we talked about and focus on how they're going to apply it.

93 Referral Systems

Then I ask them to rank the value of the program on a scale of one to six. It's a little different than one to ten, so they have to think a little bit more about it. And then, one of the questions on the evaluation is, "if you were to recommend this program to someone else, what specifically would you say about it?" And I give them some space to write. And then, at the bottom of the page there is a spot for them to write down three names. And I just ask the group if they could think of three people or more, and ask them to put down the names and phone numbers of those people. And I promise to call them before I call the individual, and would it be OK to use their name? The reason I say I'd like to call you is, one of the things I teach in the program is that it doesn't do much good to call on somebody if they're not expecting your call. And I would much rather that they say to somebody, "You know, I went to this program the other day. it was really great. I recommend it and I've given your name." So, it's real clear up front that there's no surprise telephone call coming, no pressure. And then, as a gift to people who give me the referrals, I give them a two-cassette audio album "22 Proven Ways to Double Your Sales". So there's a gift attached to it, as well. And the referrals keep rolling in.

90. Financial Planner.

I think one of the things that we miss a little bit is that you don't necessarily just have to get referrals directly from your current clients, but you can get them indirectly from those clients, also. We specialize in the retirement field, retirement planning, 401K's and profit-sharing plans. And it kind of hit us in the face after reading some of your materials that some of the companies we work for—we deal with about 40 different companies that represent thousands of employees—can now be our clients. And we had never marketed to them before. We're in the process now of setting up mailers and newsletters, and everything else to go out to these people. But what happened was, in the course of doing a great job for those employers, we got several employees coming to us saying, "Can you help us, too? if you're doing business with our boss, you wouldn't be there unless you were really good. So we want you to do it for us, too." So indirectly, it's a reflection from us based on their boss. So now we are basically going after those. It's just incredible. For everybody else in here, I mean the photographers or whatever, how about all the employees of the people you do business with if they're business people, or where they work

91. Reading genius Training Program.

As soon as I tell them what I do, they meet it with a tremendous amount of skepticism, reservation, and withdrawal. And I charge a very high price for it, as well. At the end of my seminar I say, "How many people here could see applications of getting the genius state into other areas of their life?", and everybody raises their hand. Then I say, "How would you like a free seminar on how to apply it to any area of your life?", and everyone raises their hand. So I say, 'All right, next Tuesday night I'll give you a free seminar on how to do that, and I'll let you bring a friend.'" And the room basically doubles or triples in size.

92. Transpersonal Hypnotherapy Institute.

We give training's in certifications in LLP and hypnosis and personal transformation seminars in Sedona, Hawaii, and Boulder. We found our referral rate going way up. What we

93 Referral Systems

normally did was just pass out a form and said, "You get a \$100 referral for every person you refer to the training." Referrals went way up.

The best way of doing a referral is to really follow through in the moment. We had at one of our programs a guy -who does, at the end of the session, he has banks of phones in the back and he makes everybody-that's the conformation and he does it for their own good, so they'll be committed publicly-be makes them call four people. And three-quarters of his business emanates from that. It's aggressive and it's a paradigm shifting approach, but you might even try that. That's good thinking.

93. Dentist.

Anytime I referred someone to my dentist, he sent me a written thank you note and a lottery ticket. And I will never forget that. Every patient that was referred you'd end up with a lottery ticket in your mail.