

**Sent:** Friday, October 03, 2003 10:33 AM

**Subject:** BIZ BANK FACT: THE ABSOLUTE EASIEST SOURCE OF LEADS RESULTING IN SALES IS \_\_\_\_\_ !

*Dear Aquathin Dealer OnLine;*

*As we teach at Aquathin U., the absolute easiest source of leads most often resulting in sales comes from REFERRALS. Yet it is the most often overlooked goldmine located no farther than your file cabinet and the people we come in contact with in our everyday activities. Why is it overlooked? Because many Salespeople can be like water...taking the path of least resistance...got the sale and shy about asking for referrals, so out the door we go. The only reason one is shy is because (A) not knowing how, and / or (B) not practicing enough. I guarantee you, when a Salesperson sees just how easy they can enhance their personal bank account and assist a new Customer at the same time, they immediately become top rated REFERRAL FARMERS ! Reprint this quick read below from Sam Parker and John Carroll that validates the lesson taught at Aquathin University and make it a priority in your weekly Sales Meetings. You and your Team will be glad you did.*

*Warmest regards to all...as well, your comments are always welcome and very much appreciated.*

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"Sam, John & Alfie"

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Referrals: the sales professional's best friend

by John Carroll

The top sales technique for acquiring new business is not through your sales force. Yes, you heard right. The best method for new business comes through referrals from your existing customers.

There is no faster, stronger or better way to build a business than through referral of new customers. In fact, if you're not doing referral selling, you're **losing** 25 percent of your potential business.

Why is the referral so valuable? Here are a few reasons:

1. **Referrals come from people we already know:** We shorten the cycle of familiarity by simply working with someone who knows someone we know. Common ground already exists through a friendship, acquaintance or business relationship. This eases the pressure on the initial getting-to-know steps of selling.
2. **Referrals extend the network:** We widen the circle of relationships with each new referral, thereby increasing our ability to tap that network for additional business, new business and additional referrals.
3. **Referrals reduce sales expense:** We reduce not only time but expense by asking for and following up with referrals. In our experience it costs **6 times** more to sell a new prospect than it does to sell a referral.
4. **Referrals add value to the source of the referral:** When we follow up on the referral, get the business and create a delighted customer, **value** is delivered to the party who gave the referral. The referral source is credited and often thanked by our new customer. Many industries emphasize value by offering credits for those who refer new business.
5. **Referrals help you use your best sales force:** Happy customers constitute our strongest sales force because word of mouth is the single most effective form of advertising. Product or service claims we make often require proof sources for credibility in the eyes of a prospect. Claims from existing customers carry instant credibility and seldom require additional information. (This is why unhappy customers can be such a detriment, because their claims of poor product or service performance are likewise seldom questioned.)

The trust bond in action

When we ask for and get a referral from an existing customer or business associate, there's more than simple familiarity working in our favor. We're tapping into strong, existing relationships, which can and do accelerate our ability to obtain new business.

We know that trust is a strong basis for the buying decision. In typical selling situations, trust is the first and foremost issue in the mind of our prospects. "How do I know I can trust this person and this company," the prospect asks himself/herself. We work hard and invest in the proper look of printed materials, show the right testimonials, ask good questions and listen closely to the answers, all for the sake of trust.

Brian Tracy, one of the top sales training professionals in the world, cites building the trust bond as the critical first step in the selling process. He says building trust with customers is 40 percent of the process, followed by uncovering needs, presenting solutions and asking for the decision. The value of the referral in this sense is simple, as illustrated below: Trust bonds already exist between you and the customer and between the customer and the referral. The referral process instantly creates a level of trust between you and the referral, a great advantage for starting the selling process.

## Where to look for referrals

Periodically we see help wanted ads for sales professionals that guarantee no cold call selling. Organizations can make this claim honestly when they teach their people how to obtain referrals from their own **warm market** of family, friends and business associates. Sales professionals can then ask for referrals from every prospect and customer as part of their sales conversation.

So where can we find the best referrals? Here are a few places to look:

1. **Customers:** This is obvious in the sense that most referrals come from delighted customers. It is mentioned here because we often fail to ask long-standing clients or customers on a regular basis, such as monthly. When they love us enough to continue doing business with us, it's very likely that they can and will continue to send us new referrals for additional business. When these customers mention to the referral how beneficial we've been to them, the referral is much more strongly predisposed to do business with us as well.
2. **Friends:** Our circle of friends can be a tremendous source of referral business. Because of this, it's important that our close friends **know** what we **do** and how we add value to our existing customers. When our friends also understand our ideal customer or client profile, they're better able to look around for prospective referrals for us.
3. **Non-customers:** It's often overlooked, but people who aren't currently doing business with us can often provide valuable referrals as well. An example comes from the work we've done with wireless communications companies. Often a prospect is currently under contract with a competitor for wireless services and would pay a hefty penalty to terminate before the expiration date. When this same prospect is a disgruntled customer of that competitor and intends to switch his/her service upon expiration of the current agreement, the prospect is often happy to refer business, if only to steer it away from the prospect's current provider.
4. **Suppliers:** Strong relationships with suppliers can result in great referral business. This is particularly true when a supplier offers unrelated services to the same types of organizations as we do. For example, you would want to ask your accountant, your printer and your banker for referrals when your primary focus is other businesses.
5. **Family members:** This is a red flag for many of us who have sworn not to mix business with family. Nonetheless, those of us who have benefited from referrals through family know the value of asking politely and following up promptly.

## Obtaining the referral

As mentioned above, people we already know, both inside and outside of our business relationships, can provide us valuable referrals. These people aren't likely, however, to be **seeking** us out daily to give us the names and phone numbers of qualified prospects. So how do we get them? We need to **ask** for them! Oversimplified? Yes, and yet there are certain approaches proven to be very effective in asking for the referral.

How we ask for referrals is a key point in the process. Consider this approach: "Do you know anyone who can benefit from our services?" In this situation, we give the referral source a choice between yes and no. This gives us approximately a 50/50 chance that the answer will be no.

Let's increase the odds in our favor. First, we need to help our referral source by **starting** the thought process on his/her behalf. Next, we need to move from the yes/no choice to a choice between yeses. Compare this more specific approach: "Which businesses in your office complex could benefit from our services?" Or, "Who among your neighbors would benefit from the special package you've chosen?" By being more **specific**, we've both helped the referral source focus on a single area and increased our chances of getting a name or two.

In working with delighted customers, try this approach: "Much of our new business comes from people such as you who are already doing business with us. Who among your friends elsewhere in the industry could benefit from similar results?" This reinforces the value we add to our current customer and opens the door for referral opportunities with non-competing organizations. This can be particularly valuable when our customer or client views our work with him/her as a **competitive** advantage.

### Contacting the referral

Critical factors in following up on referrals are **timeliness** and the **initial contact**. Timeliness is important because the referral source often tells the referral that his/her name has been passed along to us. The more time that passes between that communication and our follow up, the colder that opportunity can become. The reason is that a long time between the two events might be interpreted as us not caring much about this new business opportunity or as our own lack of organization, both of which can be detrimental to our chances with the referral. First impressions are lasting, so we need to follow up quickly and professionally to make the most of the referral opportunity.

An example of this timeliness occurred recently in a client organization when one sales professional in an inbound call center asked every caller for referrals. As each call ended, he immediately placed an outbound call to the referral and mentioned the just-completed conversation. Using this simple method, he recorded the best monthly sales figure in the company's history and earned an unprecedented commission check.

Equally as important as the timing is our approach in the initial contact. Often we're unsure of the level of relationship between our referral source and the referral. To compensate for this lack of information, we need to make our approach as strong and effective as possible.

With very little planning or forethought, we might say, "Joe Jones said I should call you." This puts the burden of detective work on the referral and could start things off in less than ideal fashion. In fact, the referral is likely to start asking us questions, which is exactly the opposite of how we want this conversation to begin.

Try this approach: "Joe Jones **asked** me to call you and I **promised** I would." In this day and age, anyone who follows through on promises gets high marks. As a result, we put a much more positive light on the conversation to follow. This allows us to move directly into setting an

appointment, qualifying or asking good questions to get key information on the prospect's situation or needs.

Consider this bit of wisdom, "The more you give thanks for, the more you have to give thanks for." This especially holds true for those who provide referrals to us. To show our appreciation and to keep the pipeline full of future referrals, we should always follow up with those who refer us business. A handwritten thank you note, periodic reports of how the new relationship is proceeding and similar contacts all provide positive reinforcement to those who refer business to us.

This follow up also emphasizes the win for our referral source. As mentioned earlier, some companies offer financial incentives for referrals that turn into new business. The win in this situation is obvious. Even more valuable for the referral source are the positive feelings from the referral as he/she begins to benefit from what we provide. "Thanks for thinking of us" is a typical response in this situation, **strengthening** the relationship between the referral and the referral source.

Getting more referral business

Here are some final tips for getting more referral business:

1. **Look at everyone you meet as a potential source of referrals.** Casual or business in nature, any of your existing relationships can generate referral business. Hold a referrals game for your sales team. Put an additional incentive on referral business gained during a specified period. Have individual as well as team rewards for hitting certain numbers of referred business.
2. **Coach your people on steps to getting more referrals.** Once they get the hang of it, they'll want to do more and more asking for referrals and less cold calling. You'll both be better off for it.
3. **Lead by example.** Ask your own network of customers, friends and suppliers for qualified referral prospects. Follow up on them yourself or hand them off to team members who can see how quick and easy it is to pursue and close referral business.

Referrals will get you 10 times the profitability at less than 1/5 the cost of other methods of selling. None of us does it as well as we should. What's stopping **you** from increasing your referral business?