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# 10 Killer Referral Tactics:

## Proven, Low Cost Techniques for Getting More Deals

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### Summary

Referral marketing is by far the best and most cost effective way to generate new business. Referrals generate more loyal clients, more motivated buyers and sellers, more profitable deals, and an increase in referral opportunity. The question isn't whether you should be creating a referral strategy but how do you create one.



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## **Introduction to Referral Marketing**

**What is the most common challenge?** For most businesses the immediate challenge is to find clients willing to use their services without an extended delay between transactions. In other words, they don't have much time to spend on a long sales cycle. They need a pipeline full of prospects even when they are busy with the work at hand. For most companies waiting 3 – 6 months between deals is too long.

### **How can this challenge be overcome?**

Any clever marketing should make the selling unnecessary, at least in theory. The only way to achieve this is to ensure the message will reach pre-qualified people with a desire to use the product or service in question.

Clearly most small business, realtors included, don't have the luxury of embarking on a marketing strategy that follows traditional conversion cycles. The suggestion is to employ a simpler, and ironically, more effective marketing

strategy based on referrals. This will entail sourcing, organizing and contacting a list of people that will become a virtual network of salespeople for your realty business.

This is not about asking our friends "do you know anyone who you can refer me to?" This is a sophisticated plan to create reciprocal interest in making referrals. By pursuing referrals in an organized and structured way we can turn our existing networks into active referral networks.

### **Why referrals instead of advertising?**

Referrals offer significant advantages over cold calling and direct marketing leads. For example, referrals are:

- Always more cost effective than advertising

- Referrals generally make decisions quicker about purchasing

- Advertising doesn't buy trust, referrals do

- They are likely to purchase more often (they are more likely to be loyal clients)

- Less negotiation or convincing is required

They will be more willing to make further referrals

## **The Basic Elements of Generating Referrals**

An active referral system will look something like this:

1. Identify targets and referrers based on specific criteria
2. Create or act on opportunities to educate and enable referrers to communicate effectively
3. Actively trade referrals and connect your networks
4. Be present and available to help others
5. Offer incentives when appropriate
6. Make referrals a condition of doing business

### **What are the results you might expect?**

By creating appointments to meet and educate others in our network, we provide our network with information that they can pass on to others. This essentially translates into you training your friends, family and business contacts to be a sales force for you. Each educated referrer becomes an evangelist for our services.

It is important to realize that it is not the referrer that offers the opportunity but rather their network of potential clients. We can expect to see the number of referrals increase with the number of referrers we have 'activated' in our networks.

### **Give me examples of how this works?**

Recently I observed how when two friends sat down and systematically went through their rolodexes they were able to generate over 50 referrals for people in their networks. When these two were initially introduced they tried to find ways to work directly with each other but came up with very little. Finding that they could not directly work with each other they decided to try linking each other's networks together to create opportunities. The result was a significant increase in goodwill in both their networks which has subsequently lead to referrals back to them.

Another example was when a client of mine hosted a cocktail party to 'enlighten' a group of carefully selected well-connected people in her network. The cocktail party aimed to educate these guests about her areas of expertise so that they will be better informed about the company's services and therefore more likely to 'see' potential referral

opportunities. The event was attractive because of the good food, good company and not-so-serious approach. Over 35 people attended the party. The host also had several one-on-one sessions with each of the guests in the weeks following the party to “work the rolodex” of each guest.

Further creative ideas for active referrals come to mind – seminars; educational workshops; letters of introduction; brain trust meetings; developing an advisory board of well connected people; sporting events and partnerships. Less formal engagements are also a fun way of meeting new people and building a referral base. Consider hosting a party in a unique location, a business breakfast with an enlightened guest or simply have a few friends over for coffee and a discussion about “how we can help each other”.

### **What is the timeline for referral marketing?**

It is impossible to say exactly how soon actual referrals would result from this type of campaign. In my own experience, the sales cycle of a referral is about half that of a traditional cold call. It is also important to remember that this is an ongoing process and not a once off campaign. You

should seriously consider investing a few hours each week to developing this channel of new business. Block off a few hours on your slowest day and start to treat it like a sacred part of your business development process. Arrange a meeting and arrive early because in the words of Edward Tufte, Professor Emeritus at Yale University, “if you show up early, something good will happen”.

Without exception, the number one way successful realtors grow their business is through referrals. Getting regular referrals for your realty business is the lifeblood of all long-term success strategy.

## **Create Your Referral Network: The 10 Killer Tactics**

All business leaders are essentially entrepreneurs and that means they should always be looking for ways to improve their businesses. Creating a referral network is the most fundamental part of the entrepreneurial realtors business so the sooner you start the better.

One of the greatest joys of being an entrepreneur is creating and maintaining your network. Some of the most successful and fulfilled people I know have a powerful network of family, friends, associates and contacts. It follows that the most successful businesses have the strongest networks.

A good friend of my family's always used to say proudly that in fifteen years of business he had only lost one client, "but that was our choice not theirs" he added. When asked how he managed to keep his clients for so long he told us that he really cared about their businesses and made sure he spoke to them often about how he could help them improve. Without even knowing it he understood the principles of networking very well. "Share your time,

knowledge and offer your help" he said, "and be compassionate towards your clients".

### **1. Organize your contact lists**

I cannot stress this point enough: Get your contact list organized! Your contact list should not be a random collection of contacts but rather a list of categorized groups of people who can help you grow your business. Clean it up and keep it clean. Successful realtors know who's in their list and what they can expect from each person.

If you don't know any of the people you need to meet then you have to create a secondary list of the people that you do know, who you think can make the necessary introductions.

In most cases it's better to organize your contact list into A, B and C clients. These lists will give you some idea of who would be helpful while highlighting those people who may not be very useful without some encouragement. Create a spreadsheet of all the people you know and write your goals down. Link the people with the goals so you finish with a "who to know" list.

## **2. Take your list for a walk**

Generally it's much better to be networking and generating referrals for others before you need something from them. Exercise your existing network. Contact your lists in a personal and relevant way and ask for their help. Be specific about what you are asking for. Give your contacts the names of people you are trying to meet and plenty of background on why you are asking for help and what you are trying to accomplish.

The key here is to track your interactions and make sure you know who is doing what. It's easy to forget who said what and what the next step was supposed to be. If someone says they are going to make an introduction for you then make a note and make sure you follow up with them.

There are several ways to build your referral network. Most realtors are faced with two common situations. The first situation is growing a referral network off the base of your established business and personal contacts. The second situation is when realtors are starting out fresh and need to create a referral network from scratch.

## **3. Become a master of your trade**

Learning all there is to know about your business may be impossible but most of us have the ability to master the basics and keep current on the most relevant stuff. This is important if you are going to try to create a reciprocal network of people to work with. You need to understand how your business works, who your market is and what the factors that influence success and failure are. What it doesn't mean is that you become a know-it-all who can't wait to interrupt others with your version of the day's news. Becoming a master of your trade allows you to make better decisions about who needs to be part of your network and what knowledge you need to be able to include yourself in positive communication. Interesting people are often included in senior discussions, asked to deliver workshops and invited to speak at seminars.

This is not as difficult as you might think it is. Initially it will take some time to gather the necessary knowledge required to feel confident about speaking with others about your area of expertise. After essentially blundering into a position some years ago, I found myself not knowing much about the industry I was working in. I realized that my good luck

would run out soon if I didn't demonstrate to the rest of the team that I actually knew what was going on in our segment of the market. For about 6 weeks I would go into the office about an hour early and read every newsletter, article and book I could find on the subject. Gathering this information soon paid off. After just two months with this company, I was delivering information workshops to our partners, vendors, journalists and even the company's board of directors. This put me in touch with hundreds of new people every month and my network grew from almost zero to a thousand in less than a year.

Share your knowledge actively. Sharing your knowledge or wisdom is one of the greatest ways we can give others something good.

#### **4. Ask for help.**

So what happens when you are so new to the industry and you don't know anyone or anything? Maybe you have just started a new career as a realtor and are wondering how you can accelerate the building of your business.

Asking for help is not only a good way to make new friends but it's the best way to increase your knowledge. The knowledge that you desire generally can be gathered from asking those who have it to share with you. This is generally a misunderstood concept and I often hear people's disbelief with the idea that successful people would openly share their knowledge with you. After all, isn't intellectual capital the thing we prize the most? The truth is that most people love to talk about themselves. What's even more exciting is that successful people are the ones that are most willing to give advice or share some interesting information.

My favorite method of asking for help is to write 'advice letters' to successful people. I start the letters by acknowledging their achievements and my interest in imitating their rise to the top. I ask for their advice on how to achieve the kind of success they have managed. Once I've received a positive response, which never fails to arrive, I sometimes give them a very short introduction to my business and ask if they know of anybody else that they think I should meet with that might help me further. This last step is really important if you are serious about developing a significant network. It creates momentum for your network by taking your connections to levels you

might not be able to reach directly. Using this method it is quite possible to reach even the highest levels of our corporate and sociopolitical organizations. I have heard of a case of a young boy who used the 'advice letter' to reach Nelson Mandela and received a personal response.

#### **5. Give away value.**

Return the favor by offering your help or expertise. We all have something to give, some talent or skill that is useful to others. At the soonest opportunity, offer your help to the person you received advice or help from. Think about it as a kind of barter exchange where you present your gifts in exchange for the gifts you have just received.

A friend of mine is a creative director who works from home and enjoys the luxury of going to yoga a couple of times a week. He arranged to do some graphic design and marketing work for the yoga studio in return for free classes. Whether your new contact chooses your services or not doesn't really matter. It's more important to make yourself available to your contact as gratitude for their help. It shows people that you aren't just taking and are willing to give back.

#### **6. Introduce your contacts to each other.**

This is the yeast in the network cake. By introducing your contacts to one another they connect their networks and share information. This helps the network expand in quantum leaps, which is something that can't be achieved by one-on-one networking alone.

A word of caution though when introducing your contacts or associates; think carefully about why you are introducing them to each other. Make sure you are not just setting up meetings for the sake of making connections. Successful people are generally smart and busy so don't waste their time by putting them in contact with each other without some clear reason for doing so. Also, don't feel it necessary to chaperone the meetings. Once you have identified the commonality and made the introduction you should back off. Whether these people hit it off or not will be entirely up to them.

#### **7. Learn to listen.**

The most important thing you can do to grow your network is the hardest. This is what makes relationships stick. It's

the glue that keeps people talking and sharing time and time again.

The lesson is you have to listen. If you can listen, really listen, you'll be surprised how many people will want to connect with you again and again. When you ask people how they are, wait to hear what they answer and let them talk before you open your mouth to tell them your side of the story. In meetings listen to what people say and to what they don't say.

Try to develop your natural talents for listening and watching. Be aware of what people are asking you to do. If you listen to what they are really asking you for then you are more likely to be able to give it to them. That makes them happy and keeps the connection strong.

In his book *Love is the Killer App*, Tim Sanders reminds us "Be prepared. Business offers us constant contact with other people, but how often do we have a chance to show some compassion during that contact?" Show some compassion during your contacts. I guarantee you something good will happen.

## **8. Have an objective and a focus**

Know what you want before you go into the meeting. There is nothing more irritating than a meeting that goes nowhere because your contact has no idea why you are there. I recently got a call from a guy who said he wanted to get together and talk about opportunities. When I asked him what opportunities he was referring to so I could prepare for the meeting he said, "oh, nothing comes to mind right now but I'm sure we can put our heads together and come up with something". I don't have time for these types of meetings as much as I'd like to chat I just cannot afford the time (and neither can you).

## **9. Keep notes during your meetings**

A lot gets said in a meeting. We are all human so we have the ability to forget even the most important pieces of information. You don't have to sit down and write everything the other person says. Just get the main points and the action items. If you say you are going to send the person an address or make an introduction then make sure you do it.

## **10. Follow up and then follow up again**

This is the hardest part to get people to do. This stage would make for a lengthy post by itself but here are the highlights. This is not about the e-mail you send out the day after meeting with someone thanking them for the meeting, telling them how much you enjoyed talking with them and appreciate their perspective. This is about the ongoing communication you have with the people you have contacted and met.

Creating a network should become your life's work. The lifetime value of each client is based on how much money they will spend with you during their relationship with you or your company. The only thing standing in the way of a high lifetime value is if the client decides not to use your services again or refer you to others. The number one reason for customers not using a service again is because most realtors have no customer contact strategy.

In a recent study it was revealed that about 67% of clients don't return to a service provider because they simply forget about them. Apparently the clients would have continued using the service if they had just been reminded to do so. With this knowledge it should be obvious that

reaching out to past customers is an excellent strategy to develop new business.

## Action Sheet: Low-Cost Referral Strategy

If you have an existing database of clients you can start generating referrals by continuously adding items of value and opportunities to your network. It is essential to follow these steps in order and build a system that will support these activities.

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**1. Using your current database divide your list into 4 categories:**

- a. A List: Those clients that will always refer you to others and need little or no encouragement
- b. B List: Those clients that would refer you if asked or prompted
- c. C List: Those new or existing clients that will need more information or time to become A or B List clients.
- d. D List: Delete these people because they are more trouble than they are worth.

**2. Contact everyone on the A and B list with a hand written note.** Here are some common variations and themes:

- a. "Thank you for your business, how can I help you" or "Is there some way I can help you grow your business?"
- b. "I'd like to ask for your help" or "I'd like to have coffee with you to chat you and ask your advice"

**3. Send out items of value every month to the A, B and C lists.** Examples of these items of value:

- a. Information on how to run a better campaign
- b. Gift card (Starbucks cards are really good)
- c. Free consultation or sample product
- d. Stories (real stories) of successful businesses and projects that yours or similar businesses have achieved

**4. Arrange Face-to-face meetings with your A and B list.** For example you can:

- a. Arrange lunch meetings, networking events, art-shows, etc.
- b. Build a calendar of "unscheduled" drop in visits to your top referrers and clients.
- c. Make sure you take something: A gift, a sample, an invitation etc.

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## About the Author

Richard Banfield lives in Boston, MA with his wife and two boys. Richard is a business development specialist with a focus on growing profits for early to mid stage technology companies. He has delivered high-level business strategy, global marketing campaigns and materials to clients in the US, UK, Europe and Africa. He has lectured on the subjects of marketing and online advertising and has authored guides to sales, account management, global business development and marketing strategy.

## What others are saying

"First time I met Richard I was impressed with his questions. Made me think about my business from a different perspective. So I decided to implement some of his free advice. We blew away our sales goals with a very low cost referral marketing idea. Now I'm paying for his services." - Jonathan Roosevelt, CEO, MyHealthyFit

"Talk is cheap; I endorse Richard the old fashion way...I write him a check every month, and it is money well spent. I suggest others due the same thing if you wish to grow your business." - Eric Melin, President, SpiderSplat Consulting