

A Personal Message from Peter Thomson

For the friends of Inspire Financial Management

This message was written for the friends of Inspire Financial Management by the UK's leading personal and corporate development strategist, millionaire entrepreneur Peter Thomson.

In it he explains why creating and using a systematised referral process is probably the most cost-effective way to grow your business. And he also explains exactly how you can do it.

Why not give Peter's ideas a try? We are convinced that they will work for you.

The team at Inspire

The easiest way to get more customers

Of all the activities undertaken by businesses throughout the world, perhaps the one which receives the greatest focus is.... gaining new customers and clients. Board meetings, sales meetings and marketing meetings regularly ask the question 'How do we make more money?' And the answer so often given is 'Let's get more customers!'

That leads, quite naturally, to the question 'How?'

The options, of course, range from advertising and direct mail to telemarketing and exhibitions. All of these techniques have a part to play. But strangely the easiest, least expensive and most productive method of obtaining leads and customers is usually missed.

At the various seminars I hold across the country I ask the simple question 'Who has a systematised referral process in place within their business?' The response always amazes, but no longer surprises me. The truth is that very few people have *any* way of capturing referrals, let alone a systematised process that guarantees a stream of them.

So one of my key suggestions to all businesses, regardless of their field of operation, is to implement a referral system.

Every business needs a referral system

Some months ago a colleague of mine was approached by a seminar delegate who said 'I like Peter's idea about referrals, but it doesn't apply to us because we're a restaurant'. 'So how do you get new customers?' my colleague asked. The amazing but unsurprising response was 'Oh, by word of mouth, of course'.

Like many businesses, the restaurant depended on referrals for its livelihood (even though it didn't call them "referrals").

And like so many other businesses it had no system for actively asking for and maximising those referrals. Instead it simply relied on customers making word of mouth referrals as and when they felt like it.

It doesn't matter what line of business you're in, referrals are simply too important and profitable to be left to chance in that way.

So here is a five step plan to grow your business by getting the maximum possible benefit from the referral potential in your business.

1 Make everyone in your organisation aware of the power of referrals

You could start by getting your entire team to read this article and discuss its implications for your business.

2 Calculate how many referrals you could get from your customers

For example, if you have 1,000 customers and each of these gives you, on average, just one referral per quarter, you could receive a massive 4,000 leads a year.

A key word here is 'average'. Some customers may not be willing or able to give referrals. On the other hand, I've had customers give me three, five, even 17 referrals at a time. So it's important to work with averages and not get too hung up about customers who can't or won't help.

The other very important words in the example are 'per quarter'. Many companies make the mistake of not going back to the referral well again and again. The trick is to ask for more referrals at every opportunity - including when you report back to thank them for, and update them on what has happened to, earlier referrals.

3 Use a referral form

Design a simple form that makes it easy for people to give you all the information you need to follow up a referral. And then use the referral form on every possible occasion, including during sales calls, when despatching products, when sending statements and invoices, at trade shows and exhibitions, at seminars and special events, and alongside every telephone in the business.

You could even copy one of my favourite tactics by running a referral competition prize draw into which every completed referral form is entered.

4 Use a referral gathering script

Here's an example of a script that I have seen work extraordinarily well for many businesses by making it easier for their happy customers to provide them with referrals.

Q1 How long have you been in business?

A nice easy question to get the ball rolling.

Q2 So I suppose over those years you've probably met a lot of other business people, haven't you?

Notice the words 'haven't you' at the end. This is what is called a 'yes-tag' because it encourages a 'yes' answer.

Q3 If I asked you to write down the names of say 4 or 5 of those people you could probably do that, couldn't you?...

The 'if' at the start of the question, and the 'couldn't you' yes-tag at the end mean that you will usually get a 'yes' answer very quickly. And as soon as you get that 'yes' you quickly add the words '*...So I can contact them?*' as if you were simply finishing off your previous sentence.

Q4 Please may I ask your advice?

This question almost always draws a 'yes' since people love to be asked for their advice.

Q5 Which of the ones you're thinking of would you advise me to contact first so that I can explain to them how they can benefit in the same way that you have from our products/services?

Q6 So that it's easier for them to take my call it's OK to use your name, isn't it?

This is the key question. Unless you can use their name when following up you don't really have a referral - merely a cold lead. Notice how the question makes it easier for you to get permission by explaining the benefit to their contact of using their name as a referee. And notice also the yes-tag at the end of the question.

5 Keep accurate records

The key factor in any marketing activity is knowing what works and what doesn't. Remember, it's those that keep records who break records.

I wish you every success with all your marketing - and particularly with the gathering of referrals.

Peter Thomson
Results International

This message was written by corporate strategist Peter Thomson for the friends of Inspire. Peter is the Chairman of Results International plc and founder of the British Business Consultants and Trainers Academy.

Inspire are a firm of Chartered Accountants committed to helping the region's business leaders turn their business dreams into reality. For more information on how we can help your business become more successful, more profitable and more enjoyable, contact Sarah Thompson on 0191 487 7074.