



Chapter 2

Building Your Referral-Based Business

“Well begun is half done.”

Your referral system is changing the way I do business—for the better. Over the past month I’ve been implementing your strategies and it’s really paying off. Cold calling is as much fun as cleaning toilets in a sports stadium, and nobody likes to get cold calls anymore. With your referral system, I’ve been able to tap into my large client base and create a steady flow of high-quality referrals. I can’t thank you enough!

JOHN KOZIOL, CLU
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I have identified five critical skills to building a referral-based business.

SKILL 1—ADOPT A REFERRAL MINDSET

Your attitudes and assumptions toward referrals constitute the starting point toward building a successful referral-based business. You must adopt a *referral mindset*. Having this mindset means that you embrace referrals as the best way to build your business. When you have a referral mindset, referrals are not just something nice that happens every now and then. They are your primary method for acquiring new clients, or at least a major part of your overall marketing plan. When you truly adopt a referral mindset, everything you do in your business will promote your goal of getting more high-quality referrals.

SKILL 2—ENHANCE YOUR REFERABILITY

How do our clients say “thank you” to us? By coming back for more business and by referring others. This is the first cornerstone, because without it, other cornerstones will hardly be possible. You must serve your clients consistently well. Enough companies are providing such great service these days, so the service you provide will be measured by the high standards set by other companies—and not necessarily in your industry.

This section of the book will give you some ideas, as well as specific tools, you can immediately put to use to make sure you are serving your clients so well that they are ready to refer more business your way.

It’s my belief that you should be getting referrals just by virtue of being in business. There are plenty of people who actually enjoy giving referrals and will do so without being asked. Even so, your service must “wow” people enough to get them talking. If you are not currently getting many referrals, you need to look at the service you provide and the relationships you establish with your clients.



SKILL 3—PROSPECT FOR REFERRALS

To achieve sustained success in sales, you must become a master prospector. A well-executed marketing plan will bring clients to your door (or phone). But that's not always enough. Sometimes the clients that come to you aren't always the clients you want. Sometimes the volume isn't enough to build to the level of sales you desire. You must always be proactive toward making referrals happen.

I'm really excited about this section of the book, because this is a topic about which very little has been written and taught to salespeople and small business owners. This section will teach you how to raise your referral gathering to a whole new level of success. Many people are great at serving clients, because that's the "safe" side of sales, but these same salespeople don't know how to leverage those great relationships into a continuous flow of new referral prospects. And as a result, so much money is left on the table.

SKILL 4—NETWORK STRATEGICALLY

Not all of your referrals need come from satisfied clients. Many can come from the relationships you nurture with people who may never become clients. Part Three of this book will help you identify the people who can give you a steady stream of quality referrals.

Networking is an overused term, not to mention a strategy at which few people are actually skilled. One reason why networking doesn't always produce the results people want is because they are not very strategic in their approach. Without a well thought-out strategy for networking, results are severely diminished.

SKILL 5—TARGET NICHE MARKETS

Creating a reputation for yourself and your company with a shotgun approach to marketing is very difficult. Narrowing your marketing focus to one or two well-defined niches makes it much easier to establish a reputation and will substantially increase your referral business.



When you target a niche, your real and perceived values are substantially increased. Plus, your requests for referrals are more targeted and therefore more effective. When you target a niche, you bring value to the first appointment that your non-targeting competitors can't bring. You can engage in a deeper level of conversation about the client's needs and wants right from the start.

Within a niche, your reputation will spread much faster than it could among diverse groups. This section will tell you everything you need to know to select and target a niche market. You will learn how to establish such a solid reputation in your target industry that prospects will be calling *you*. And if you call *them*, they likely will have heard great things about you already. Referrals will be generated so easily, in fact, that many will seem to come right out of the blue. You'll experience a constant flow of *found* business.

GET READY TO GET PICKY

An effective referral system can often attract more new business than you actually need—a good problem. For most salespeople and small business owners, the sales process reflects neediness. Because they don't have enough business coming their way, every new prospect takes on too much importance. This neediness increases the tension that already exists in the selling process and eventually hurts results. When you have an abundance of new business coming your way, not only will you be less needy in the sale, you can actually be selective and take on new clients who are a perfect fit for your business.

A COMPREHENSIVE APPROACH

Other books have been written on the subject of acquiring referrals; most only tackle networking and sometimes service. There is no book in existence, except the one you are holding in your hands, that offers such a comprehensive, step-by-step system for significantly increasing your sales by using referrals. Now let's get started building your successful referral-based business!