



Create Referral Systems That Really Work

I think it's the dream of every professional to have their business grow by referral only. Imagine not having to cold call or advertise! What a way to grow a business.

Can it really be accomplished? Yes it can. In fact, I know a handful of professionals that not only grow their business by referrals, but have SO many potential clients, they need to turn some away!

So the question is: If it really DOES work, why haven't most of us created a business which is filled by referrals? The answer lies in understanding several important issues. Generally, people don't know how to properly ask for referrals and don't put in enough effort to create a steady stream of them.

Learning How to Ask for Referrals

How do most people ask for referrals? Most of the folks I know ask a variation of the question, "Who do you know...?" Here's how it comes out:

- Who do you know who could use my services?
- Who do you know who'd like to lower their premiums?
- Who do you know I could call on?

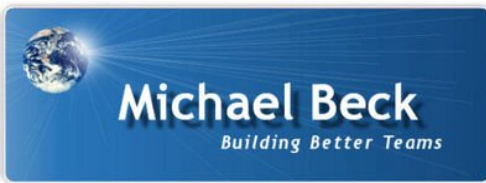
A variation of this is the "Thank You" letter that reads: "Thank you for your business... I've enclosed a couple of my business cards. Please pass them along to anyone who could use..." You get the idea.

Or sometimes people will ask a client to take out their Rolodex/Contact List/Address Book and go through it with them, trolling for possible referrals.

My sense is that most everyone's experience with these approaches is about the same. Not only do they not work very well, but they make us uncomfortable even asking for referrals. The result is that we stop asking. If we could come up with an effective, professional way to get referrals, we'd never stop asking for them.

Let me talk about why the typical methods don't work and then discuss a few methods that do work. Generally, the typical methods of asking for referrals don't work for one or more of six reasons. First of all, if you ask someone to think of a list of names, they can't. Basically, you're asking them to recollect names plucked out of the universe. The pool of names is so great that they aren't able to focus on any particular ones. Secondly, most people don't think about their insurance very often and almost never DISCUSS it with others. When you ask a client, "Who do you know...", you're either asking them to name someone who recently mentioned insurance to them or you're asking them to make a judgment about whether someone they know has a need. The likelihood of someone mentioning insurance in a conversation is pretty slim. Also, I don't know about you, but I wouldn't want someone else making a judgment call as to whether a prospect needs my services or not.

A third reason that people generally won't offer up names is that they may not be sure of what you'll do with them or say to them. Most people have a certain level of caution when it comes to sharing the



names of acquaintances. A fourth reason is that people are living in their own world. That's not to say that they're selfish, but rather that when they go about their day, they're generally thinking about their own tasks, needs and issues – not yours. Asking someone to pass out your cards is unrealistic. It happens, but not too often. The fifth reason that asking for referrals usually doesn't produce results is that most people don't really know who your best client would be. In other words, even if they're inclined to send prospects your way, they won't if they can't identify someone as an "ideal" candidate for you. The final reason that typical methods are ineffective is that most people don't really understand what you do and how you're different. Ever had a client say, "I didn't know you do that!"? That's a sure indication that you aren't effectively educating your clients and/or your network.

All this is well and good, but what *will* work? Actually there are a number of referrals approaches that overcome the shortcomings of the typical referrals methods. Effective referral generation methods must 1) not rely on the person to recall names, 2) educate the person as to who you are and what you do, and/or 3) build confidence and credibility.

Briefly, here are four proven methods that work.

1. Offer clients a list of neighbors or nearby businesses to identify names from. As part of the process, have a follow-up process in place that allows clients to see how you'll be contacting those people.
2. Start sending a monthly "Tips" letter out to a select group of existing clients. It should be useful, informative, not be focused solely on insurance, and should remind them about sending you referrals.
3. Develop a large (100 person) network of other business people to stay in touch with on a regular basis. Send out a monthly mailing to help everyone get to know one another, and highlight yourself each time as well.
4. Develop one or more "neighborhood" newsletters (similar to the ones real estate agents do) and build awareness and credibility with an ever-widening population.

Put in Enough Effort

Each of the above referral systems work. The challenge is to implement them effectively and to use them long enough to see results. The first method will start producing results right away, but takes some groundwork and some follow-through each time to do properly. The other methods also require some strategy to be effective and, more importantly, require time and diligence to produce consistent results. Each method obviously requires more detail than this article can address, but you should be able to get a sense of the various strategies of effective referral generation.

You *CAN* generate a steady stream of referrals for whatever you do by taking the time to understand human nature and then consistently apply methods that work. The more people you help, the more success you'll have!