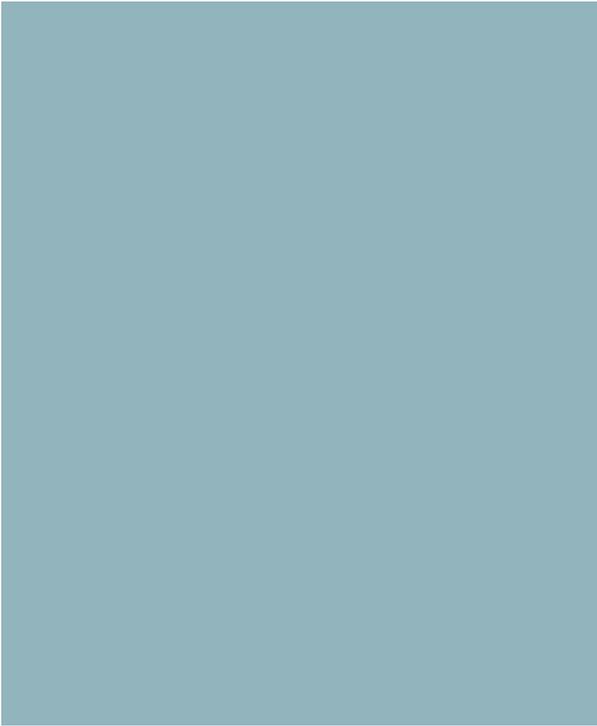


Referrals: business growth unbound



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The insiders guide to get perfect clients in order to dramatically grow your business or organization in the easiest, fastest and most elegant way possible

Preface: The Razor's Edge

Even in a depressed economy, the top 10% of businesses in virtually all industries are becoming more successful than ever. The remaining 90% are either floating, threading water, or drowning.

Why is that?

In 1956, while studying race horse performance, a group of scientist stumbled upon a fascinating discovery: in the long run, the number 1 race horse earned up to ten times more in price money than the number 2 race horse. However, the number one race horse was less than 1% faster than number two. They called this strange phenomenon 'The Razor's Edge:' a small, yet consistent advantage, results in a massive, nonlinear positive effect on performance and success.

What we know now is that the 'Razor's Edge' is not limited to horse racing, but is equally valid for modern business.

If you are doing what everyone else is doing, you are not differentiating yourself from the competition and you are probably stuck.

Here is a little truth: the wildly successful people do not know much more than you do. They also do not necessarily work vastly longer hours than you do. They only do a few things slightly different: a few small advantages in certain key areas, which are systematically, consistently and relentlessly leveraged. They have a 'Razor's Edge:' the difference between a business which prospers beyond imagination and a business which struggles to survive.

This guide is dedicated to help you to thrive by engineering your own Razor's Edge: to become Preeminent and stand out in your field of business or profession like a giraffe, surrounded by field mice.

There is a method to the madness. This insiders guide shows you how.

Why Referrals

Three

There are only three ways to grow your business. Get more new clients. Sell more expensive products and services to your existing clients. And finally, sell more often to your existing clients. Once we know the power of three, dramatic business growth is there for the taking.

This insiders guide is focused on getting more clients through the magic of referrals

Why referrals are essential

There are several reasons why a referral from a trusted person is essential if you want to grow your service business or professional practice as quickly, dramatically and smoothly as possible.

Buying stuff is scary. We all have been burned one time buying something which became a major source of frustration soon afterwards. The overall concern here is risk. In every transaction, risk is transferred from one party to the other and you do not want to be the one party holding the risky bag. This makes referrals so powerful. Shakespeare wrote that 'the fragrance of the rose lingers on the hand which casts it.' In other words, a referral from a trusted person automatically carries trust. And trust is the best antidote for risk. The bigger the buying decision, the more the need for trust: no one has ever chosen a brain surgeon from the Yellow Pages.

With trust, the price of a product all of a sudden becomes much less important. If I know my baby sitter will do a great job taking care of my children, I am much less inclined to haggle over price.

Customers who are referred to you not only buy easier, but buy more of your stuff and more frequently as well. The reason is that the conversation and mindset shift from 'if I will use your product or service' to 'how shall I use your product or service.'

Referred customers understand the process of referrals and will therefore be much more inclined to refer you to others as well. The way you have done your first sale, brings the expectation that you will always do your sales that way. Therefore, take very good of your referral sources and at the same time be extremely careful to give away products cheaply to first time customers.

Referral psychology 101

Why giving referrals might scare the hell out of your customers

Often, there is resistance in giving referrals to you. This resistance is driven by two fears:

1. Loss of control of the relationship: The fear that you will chase, hound and stalk valued clients.
2. Risk: The fear that you will not deliver value, leaving your potential clients underwhelmed and putting a strain on a valued relationship.

For any referral strategy to be successful, it is therefore important to build trust. Trust means the absolute conviction that you have the best interest of the other person in mind. Building trust in a referral environment can be done in 6 different ways

1. Reciprocation
2. Consistency
3. Social proof
4. Liking
5. Authority
6. Scarcity

Processes

If you do not have a process to get referrals, you are at the mercy of your clients' process to give referrals. This is not good: very few clients have a referral giving process and often, if there even is a process, it is not designed to make you happy in the first place.

The aim of this guide is therefore to use the 6 trust triggers to create a very easy, effective and practical process to get referrals from your clients to achieve dramatic business growth.

1. Reciprocation

In human relationships, we tend to keep an 'emotional bank account.' In other words, whenever we receive something, we automatically have the urge to give back to balance the checkbook. An effective way to use reciprocation in a referral environment is to give massive value first, before asking for referrals. Therefore, it is important to do what you do so well, that people cannot resist telling about you. If you can turn your customers into raving fans, it is easy to turn them into raving referral fans.

Referral Strategy 1: Refer others

You can start reciprocation by referring others first. For instance, if you want your accountant to send you referrals, refer your accountant to others first.

Referral Strategy 2: Crown your client

An additional approach is to heap praise and recognition on your clients who has referred others to you. Make a huge deal out of the first referral, for instance

- Send a thank you letter, promptly.
- Immediately follow with an unexpected gift.
- On the next visit, personally thank that person.
- Create a thank-you board in the office and put the referring client on the board
- Put the referring clients name in the thank-you list in your newsletter.
- Enter him or her in a 'client of the month' contest.

2. Consistency

Consistent behavior builds predictability and predictability increases the feeling of control, thus building trust.

There are several ways to use consistency to improve referral rates:

Referral strategy 3: Educate your clients

Make sure that you explain your referral process in detail to your clients, before asking for referrals. It will make the referral process predictable, without surprises. Education must focus on:

- A picture of what the ideal referral client would look like.
- A detailed description of the process of what happens when a new referral client is introduced to you. This process includes the timing and nature of the first contact, what happens when a referral turns into a business relationship and also what happens when referrals do not turn into business relationships.

Referral strategy 4: Referral toolkit

Even your best clients might not exactly know which clients are ideal for you. Therefore, equip your clients with the tools to refer you. These tools should give a quick, clear and concise overview of what you do, why you do it and how it will improve the condition of others. You can think of:

- Building a separate landing site on your website for people who are referred to you
- Creating a press kit with key information about you and your business
- Organizing introduction webinars for potential clients who are referred to you

Referral strategy 5: Start with the referral in mind

Create referral expectations before accepting any new client. Some people think the client has to experience results before referring, but this is contrary to known sales psychology. Instead, the new client is most enthusiastic when everything is new to him or her and when the decision to choose you is still fresh in his or her mind. Therefore, use the moment of the first sale to set the expectation that you will be asking for referrals: *'Before we engage in a business relationship, let me run a small bargain with you. In my business, referrals are the best way to grow successfully. So, I will do whatever must be done to create dramatic outcomes for you. Upon satisfaction I will ask the names of two qualified referrals to other clients, with the same quality as you, that you feel that can hugely benefit from my services as well.'*

3. Social proof

People tend to do what their peer group is doing. Once you start gaining the trust of members in a certain peer group, other members will automatically trust you more as well. You can harness the power of social proof in several ways.

Referral strategy 6: Embrace a cause

Start to do Pro-Bono and/or community work. Often, you will build relations with people who can direct you to trusted peers who can use your product or professional services as well.

Referral strategy 7: Team up with your competitor

Use the unconverted leads of others. For instance, you can team up with another business which sells competing, but not identical products. Make an agreement that you send people who are interested in your product, but in the end do not buy, to your competitor and vice versa. This is especially interesting when you operate at very different price points: your \$5000 dollar software might be the perfect match for the client who was interested, but could not afford the \$40.000 price of software from your competitor.

4. Liking

We do business with people that we like. Your clients like you (otherwise they would not do business with you.) However, they often do not refer you automatically to others, simply because it is not on their radar.

Referral strategy 8: Simply ask

Proactively engage your existing clients. You will actually do them a favor by giving them the opportunity to introduce the value of your work to valued others as well. Here are some ideas to do exactly that:

- Thank customers and ask for referrals in the process. Keep in mind to always ask for more than one referral
- Add a signature file to your email with the text: 'do not keep me a secret and let others know of my work.'
- Send out newsletter and on a regular basis, simply ask your subscribers for referrals

5. Authority

Authority is a powerful trigger for trust. We would not necessarily follow the financial investment advice from our plumber, but when our banker talks about investment opportunities, we might listen up.

Referral strategy 9: Endorsements from other businesses

Set up a deal with non competing businesses, which cater to the same clients as you do. For instance, when you provide management consultancy to dental practices, you might team up with a dental equipment provider. Then, use the client list of the dental equipment provider to offer your services to their clients as well. This is a three times win situation for all parties involved. The equipment provider increases the value to his or her clients, his or her clients will benefit from your work and you gain additional clients yourself.

Referral strategy 10: Alliance with other businesses

A variation of the former idea is to form an alliance with several businesses. For instance, a real estate broker, a landscape architect, a construction company, and a kitchen design business, might cooperate to refer new and existing clients to all other businesses in the alliance. In this way, all of a sudden the client list of each alliance partner is suddenly being multiplied.

Referral strategy 11: Set up buying criteria

Set up buying criteria for your product and services. For example, if you are a professional speaker, write a white paper about the biggest mistakes that buyers make when choosing a speaker. Educate potential clients with this paper and, of course, then show you are the only one who will fit all criteria. Usually, the first person who sets the buying criteria stakes in the ground, is the person who will hold authority in his or her niche. For an example of my own work, see this [link](#)

6. Scarcity

People like to have what they cannot get. Think of the popularity of 'limited editions.' Nothing becomes more attractive than limited supply. We can use this awesome power to our advantage in our referral strategy approach

Referral strategy 12: The velvet rope policy

Fashionable nightclubs have a velvet rope: only the 'chosen' can come in. The more picky the bouncers, the longer the line of people wanting to get in. You can apply this idea to your business as well. This is how to do it.

Make a list of criteria that potential clients have to pass in order to do business with you. Share these criteria with new potential clients and determine together if they fulfill all criteria. Only if they do, accept them as new clients. If they don't, refer them to your competitors. In this way, you let potential clients 'jump through hoops' to become a new client. This will make you exclusive, and exclusivity creates desire. An additional benefit is that price resistance disappears: new clients are so happy they can get 'in' that cost is no longer an issue. This is the fastest way to offering your product and services at the highest price point.

The 12 referral strategies: an overview

Here is an overview of the 12 best referral strategies to create dramatic business growth. Which one strategy, if you had implemented it to perfection right here, right now, would have the biggest positive impact on your business? Pick one, and get started now!

1. Refer others
2. Crown your client
3. Educate your clients
4. The referral toolkit
5. Start with the referral in mind
6. Embrace a cause
7. Team up with your competitor
8. Simply ask
9. Endorsements from other businesses
10. Alliance with other businesses
11. Set up buying criteria
12. The velvet rope policy

About Paul W.P. Rulkens

Paul Rulkens is an expert in high performance: the art and science of achieving business success in the easiest, fastest and most elegant way possible. He is an award-winning professional speaker, author and a trusted advisor who has helped hundreds of business owners, professionals and executives get everything they can out of everything they have. His ideas to accelerate business and careers are often described as thought provoking and counter intuitive, yet highly effective.



Paul has a M.S. in Chemical Engineering and is a former business manager, with 20 years of international experience working in operations, strategy and organizational development. Until recently, he has been responsible for building a high-performance organization at DSM, a global material and life sciences company.

Paul's work is based on deep knowledge and extensive experience in the practical business application of behavioral psychology, neuroscience and especially common sense. His popular TED talks are used frequently in professional training sessions all over the world.

He once was trained as a standup comedian, receiving critical acclaim for his Arnold Schwarzenegger impersonation. However, the abysmal failure of his ensuing rapid muscle development project prevented him from pursuing his true calling in life: a career as a credible Arnold Schwarzenegger body double.

More information can be found on www.paulrulkens.com