

Obtaining Referrals to Increase Sales¹

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Introduction

This document explores methods for gaining referrals in the sales industry based on how you service customers. Because referrals are generally the best source of leads for sales professionals, effective customer service techniques must be implemented before beginning the referral process. Customer service and the techniques/applications that will lead to referrals are addressed in this document, as well as guidelines on requesting referrals, implementation of the referral process, and follow-up applications.

Customer Service

Before sales professionals can ask their clients for referrals, they must ascertain whether their customers are satisfied and pleased with the product or service they have received. Prior to implementing a successful referral process, effective customer service techniques must be practical, or they are unlikely to be carried out. Most customer service techniques are simple and can be easily carried out. These simple processes will build a relationship with customers, ascertain whether customers are satisfied with the product or service, and assure the sales professional of more complete disclosure when requesting referrals (Marshall 2002).



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Customer Service Techniques

By being attentive to customers, sales professionals can gain customer loyalty and acquire new customers. When customers receive proper attention, they often feel that they are getting their money's worth and that their needs are being satisfied. It is also important for sales professionals to solicit customer opinions often about how products or services can be improved so that customers feel valued. In addition, sales professionals and their clients can brainstorm regarding cost-saving methods, thus creating customer loyalty by accommodating customers' needs (Galea 2002). By taking time at the beginning of a sales negotiation to create better customer service, sales professionals can ensure

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that customers' needs are being met while maintaining good relations. Sales professionals need to work "smarter" to meet customers' needs instead of simply closing sales. These simple, inexpensive methods of customer service will establish good relations with customers, which is the prerequisite for requesting referrals.

Referrals

Once customer service techniques are implemented and clients are satisfied, it is time to request referrals. Referrals are the best source of future prospects (Jolles 1998), and can be one of the most economical prospecting methods you will ever need (Bochner 2002).

Timing in the Referral Process

When should you ask for referrals? Is it better to ask clients for referrals during the sales closing or during the client follow-up? According to Robert Jolles (1998), client follow-up is the best time to ask for referrals. Lori Bochner (2002) agrees. She states that you should wait until you know that the customer is pleased with your service.

Implementing the Referral Process

There are several ways to implement the referral process. One technique is the direct approach, which involves asking customers for referrals after the customer-service techniques have been implemented (Bochner 2002). If customers do not immediately give recommendations, then the sales professional could mention colleagues or businesses associated with the customers. This will help customers to remember their business contacts, and usually they will give referrals.

A second technique for eliciting referrals is to offer incentives to customers for referrals. For example, sales professionals/management could offer a 10 percent discount on the next purchase or contract after customers' referrals become new customers.

A third technique for eliciting referrals involves giving gifts to show appreciation. This can be as simple as inviting customers to lunch (under the presumption of showing appreciation), at which time the sales professional could easily request a referral.

Conclusions

Requesting referrals and implementing the referral system are both very basic. First, build a relationship with customers. Once the sales professional is confident that a customer has a favorable attitude and opinion of the company, it is the ideal time to begin requesting customer referrals. These referrals include the customer's colleagues, friends, or competitors, which can create a huge network and more sales. It is mandatory, once a referral system is implemented, that sales professionals create, maintain, and improve relationships with new customers while continuing to build networks. These new customers are candidates for additional referrals. Sales professionals who continue to use this process and improve their customer relations will see a significant improvement in their overall sales and number of customer accounts.

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