

Marketing Insights

Tips to boost your business

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5 Truths That Lead to More Referrals

By John Jantsch

Many businesses enjoy receiving referrals, but feel they come by mixing good work with chance mentions from satisfied customers.

Certainly, many referrals happen this way, but if you understand the realities of referrals listed below you might rethink your approach to referral generation, with an eye on taking a more proactive view of the process.

1) People Make Referrals Because They Need To

Some people hesitate asking for referrals out of fear that it feels like begging for business. If done with that frame of mind, it probably is. But if you realize people enjoy making referrals, and do so to build their own social capital, or to create a flow of referrals for themselves, then you might start to look at this entire subject a little differently.

If you truly believe in the results you or your products can bring, then maybe you’re doing your customers a disservice by not showing them how to bring those results to their friends and colleagues.

So, how can you change how you view what asking for a referral means?

2) All Referrals Involve Risk

While people enjoy making referrals, they also represent a great risk. If you refer a friend to a business, and that business doesn’t perform, you bear some of the responsibility.

When you refer a business, you loan some of the trust you’ve built to that business or individual being referred. You minimize risk with out of this world guarantees, a great education process, and a professional follow-up system.

So, what can you do to eliminate risk?

3) People Don’t Refer Boring Businesses

Think back, when’s the last time you got excited about a perfectly satisfying experience? People make referrals most when they are excited about a business. Having a great product or service is a great start, but you must also look for ways to drape that great product or service in an equally great experience.

This is the place where investing in a culture of great service can pay big. I recently interviewed Tony Hsieh, CEO of Zappos, and he claims that Zappos is a customer happiness company that happens to sell shoes and apparel.

Remarkable businesses rarely happen by accident. This might be the hardest work yet. But get the customer experience right and you won’t need to spend much on lead generation going forward.

What can you do that no one else in your industry is doing?

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John Jantsch is a marketing coach, award winning social media publisher, and author of Duct Tape Marketing and The Referral Engine.

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4) The Greatest Referral Truth Is Trust

I've long used a non-textbook definition of marketing for the small business.

Marketing is getting someone, who has a need to know, to like and trust you. While you can buy a little know and like in your marketing efforts, trust is hard earned and easily eroded. Without trust, referrals rarely happen.

Trust comes from keeping your promises, doing the right thing, and setting proper expectation. These days it also comes from working very hard on a fully developed web presence.

Even a referred lead is likely to turn to the Internet to research that great company their buddy keeps raving about. It's a fact of business these days, if a referred lead can't find significant content, including reviews, video lessons and social network participation. The sum of participation online is a large trust factor.

What would I find if I searched your name on a search engine?

5) Marketing is a System

Businesses need to view marketing much like they view other aspect of business. Most businesses have processes of some sort to allow them to deliver consistent work in an efficient manner.

I think marketing needs to work this way as well, and this certainly applies to referral generation. It's important to create a referral strategy, a set of steps or processes to make referrals happen, a set way to educate and collect from referral sources and a rock solid follow-up plan. Once in place, all you need to do is operate the system. Market get a lot easier when you view it this way.

What does your referral system look like?