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## [How to Boost Your Customer Referrals in 7 Simple Steps](#)

*This post is a special Make a Referral Week guest post featuring education on the subject of referrals and word of mouth marketing and making 1000 referrals to 1000 small businesses – check it out at [Make a Referral Week 2010](#)*



Customer referrals really rock as a cost-effective way to gain new business and regain old customers. But how do you generate more referrals...higher quality referrals? And how can you squeeze more mileage out of the referrals that you've got?

The folks who run my fitness club are masters at referral marketing. They're constantly running a promotion for referring new members with discounts, free training or free stuff. Whether I'm walking in the door, opening my mail or looking online, I'm barraged with signs, banners, stickers and mailers encouraging referrals with free passes, discounts, goodies and even cash.

We all know the magic of referrals, which offer instant credibility. So why don't more small business owners use referrals effectively? Mainly because it's harder than it looks. For one thing, referrals come in different forms and flavors. If someone merely provides you a name and email address, that's low-grade referral. But if a customer actively talks up your product or service, sets up a meeting or brings the prospect in the door, that's a Grade A referral.

At [www.business.com](http://www.business.com) we see big companies taking customer referrals very seriously. Many have turned it into a science of modeling, calculating and tracking a Net Promoter Score (NPS). At its most basic, the NPS attempts to measure how likely it is that a customer would recommend a business, product or service to a friend or colleague.

"Promoters" are your most loyally enthusiastic customers – the regulars who also refer others to help fuel your business growth. "Passives" are happy, but not enthusiastic and are easily attracted to a better deal elsewhere. "Detractors" are unhappy customers who can hurt your sales with negative word-of-mouth. The NPS is determined by taking the percentage of customers who are promoters and subtracting the percentage who are detractors. An equal amount of each gets you an NPS of zero.

Here are seven steps to getting more and better referrals, and raising your net promoter score:

**Step 1** – Create a referral-generation plan: Referrals are not automatic. Some “just happen,” but most occur because you do something to trigger it. Some business owners assume that a great product or terrific customer service will generate referrals by default. Not so. You have to learn to ask, and make sure employees are on board as well. Most customers are open to being asked for referrals. Some even appreciate the opportunity to tell friends, family and associates about something good they’ve discovered.

Referral tip: The worst time to ask for a referral is at the cash register or when you present a bill. Look for opportunities earlier or later in the process when customers are more receptive.

**Step 2** – Provide support: Don’t ask customers to recommend you to others without offering them some backup. It can be as simple as a supply of your business cards, or a link to a special page on your website. Or it could be a brochure, your latest newsletter or some other type of printed material that describes what you do and can reinforce the referral.

**Step 3** – Offer incentives: But incentives can be tricky. The type of incentive you offer must fit with the kind of business you run. It could be a discount, service credits, an upgrade, a free item or some other trigger that will entice clients to provide referrals. Don’t be afraid to test offers to find out what works best. Communicate details of your referral program to your best customers through whatever means you have available, including a blog, newsletter, email or customer mailings. And be sure to thank customers when they make referrals.

**Step 4** – Ask for the right information: Getting a name and number isn’t really a referral at all. It’s just a lead. Use a referral form, checklist or web-based system to capture details that will make the referral more valuable. The best referrals are where a customer actually facilitates a meeting, visit or purchase by the referred person, in person, by email or otherwise. This makes the customer an active agent on your behalf.

**Step 5** – Target your most influential customers: Seek referrals first from your most influential customers, especially if your resources are limited. These might not actually be your best customers, but they are the people whose opinions would carry the most weight with others in your industry, community or customer base. By targeting these customers, you have a highly focused effort with a good chance to generate the highest quality referrals.

**Step 6** – Target related businesses: The health care profession is one of the most adept at fostering referrals between complementary disciplines – specialists, imaging services, physical therapists, medical equipment suppliers and others. Consider the same strategy yourself. Contact businesses that provide complementary services to your own and ask for referrals.

**Step 7** – Build your relationships: This takes time, but it’s critical because many of your most influential customers won’t provide referrals until you gain their complete trust. You’ll want to treat each customer contact as if it’s critical to your next referral. Through each sales, marketing or customer service “touch” you are building a foundation of trust that that will one day lead to a valuable referral.

*Daniel Kehrer is Editor and Director of Content Development for [Business.com](http://Business.com), the world’s leading B2B search engine and knowledge site, and writes the [What Works for Business](#) blog on [Business.com](http://Business.com)*