

 **Jennifer Culbertson**

Let's face it: in today's tough business climate, people are realizing that it's vital to cultivate new business without spending a lot of money doing it. One of the most effective yet underutilized ways to develop new business is through the power of referrals.

The Importance of Referrals

Let's first examine the importance of referrals and why they are key to driving business:

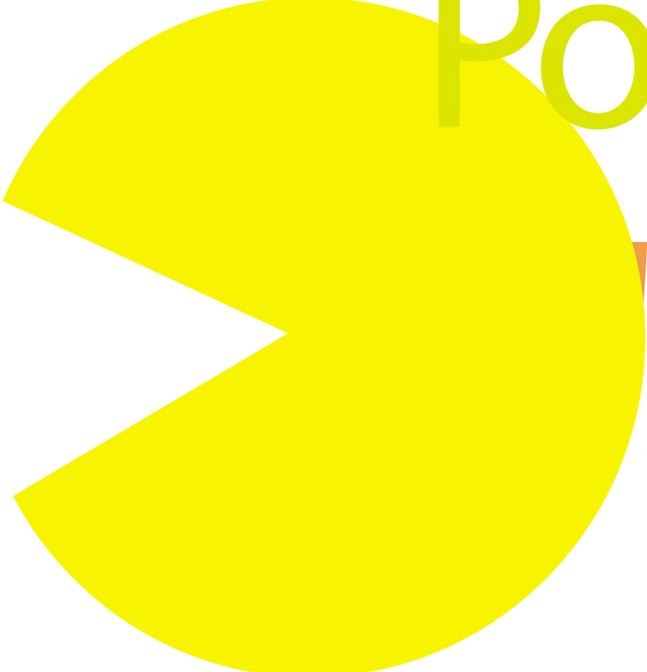
- » The act of being referred lends instant value and credibility to your organization.
- » The potential customer being referred has essentially already been "pre-sold" on your company. For the most part, this means that your referral source has already educated the prospect on your products, services/solutions, and capabilities to do the job.

- » Referrals typically have a high return on investment and are very cost effective. You spend much less marketing to referrals than you would typically in your other marketing efforts.
- » Referrals are often more credible right from the start, fit your customer profile, and generate strong revenue as well as long-term business.

What Inhibits Us From Getting Referrals?

If it's so effective and doesn't cost us much money, why don't we do more of it or have a system in place to drive more referrals? Let's take a look at what really inhibits us from getting more business this way:

- » Referral sources may question your ability to deliver on the project because



Harness^{the} Power^{of} Referral MARKETING

Use Your Existing Network to Build More Business

they are not educated on your products/ services and your overall expertise.

- » Referral sources may think you are too busy to take on any new business. Be careful what you say to potential referral sources and how you position your organization. Giving them the impression that you're too busy may deter them from sending you a lead because they think you won't be able to deliver.
- » Referral sources may be unsure of what he/she will get out of it. Many folks may refer you business without expecting anything in return, and some will want to know what they might get in return such as a referral to their business or even a financial incentive.
- » The most common reason we don't get more business from referrals is that we don't actively seek out and communicate with referral sources on a regular basis.

What Makes Up a Good Referral Source?

In most cases, the best referral sources are businesses like yours that sell products and

services to the same markets. Take a moment to think about the referrals you've received in the past and how they came to you. For many Partners, typical referral sources could include existing customers and their contacts; vendors that support your business; other Microsoft Partners or ISVs that don't compete with you; community, business, or industry association contacts; and even those contacts such as CPAs and consultants that might influence or recommend technology solutions to their clients.

Getting Started

Increasing your customer base with referrals is a simple process, yet it is amazing how few companies realize the upside potential and miss out on a significant new source of business and profits. One of the keys to making referrals work for you is to actively work on seeking and communicating with referral sources. The best way to do this is to develop a formalized referral program for your company. I recommend starting small and building the program as you go along.

The easiest way to get started is to think

about who your top referral sources are and could be. What type of company, business, or individual would be a good referral source for you? Zero in on the people who are already frequently recommending prospects to you. Almost always, you'll have better results by developing stronger relationships with a smaller number of good referral sources rather than shallow relationships with lots of sources. Then develop a list of your top 10 contacts you feel would make your best referral sources. You want to pick those folks that could bring the most business potential to your organization.

Once you've developed your list, start outlining a plan as to how you want to communicate with them, what type of information they would be interested in receiving, and how often. Your marketing efforts should include ways to attract, educate, and motivate your referral sources ... just as you market to the end user of your product or service.

Your plan doesn't need to elaborate but should be one that you can manage based on your available resources and time. You should consider the following as you develop the plan:

- » **Frequency** – How often do you want to formally communicate with referrals? Quarterly? Bi-monthly?
- » **Type of Communication** – How do you want to communicate with referrals? E-mail, phone, direct mail – all of the above?
- » **Message** – What do you want to communicate? What type of information would be beneficial to a referral source? Maybe it's a one-page sheet describing more about your business and what types of customers you like to work with. It could also be a white paper/report or even an article reprint on a particular topic that can help them in their business.
- » **Offer/Incentive** – You may want to offer a small incentive for sending referrals to you and some additional perk if the referral actually turns into business. It could either be a financial incentive such as a gift card or even a gift basket. Be creative!

Track Your Progress

Once your program is in place, you will need to ensure that you track and monitor its progress and effectiveness. For instance, you will want to keep track of the number of referrals received and given by each refer-

TIP

To learn how one Microsoft Dynamics® Partner generated new leads and revenue through a winning referral marketing program, visit <http://tiny.cc/XtYpF>

ral source in addition to the type of referral. Let's say you received three referrals from a referral source, and you reciprocated back with two referrals. Of the three leads that you received, two of them actually turned into business for your ERP practice, driving \$100,000 in additional revenue. That could be \$100,000 in additional revenue that you might not have received if you didn't have the referral program and plan in place!

The key to making this work is to start small, develop a plan for reaching out to your referral sources, and then follow up. It sounds simple enough, right? I think you will see that a little bit of effort can go a long way.

Developing a formalized yet manageable process will not only allow you to create and build stronger relationships, but also bring you continuous new business and financial rewards without breaking the bank. 🌟

Jennifer Culbertson is an independent marketing consultant and works with Microsoft Dynamics Partners across North America to help them build and execute marketing strategies that drive results. To learn how to maximize your marketing efforts and take them to the next level, contact Jennifer at Jennifer@lookingglassmarketing.com or call 614-453-5927.

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