

REFERRAL DESTROYING MISTAKES

Referrals are said to be the best prospecting tool in any salesperson's toolbox. According to sales legend, referrals are the key to becoming a top producer. Virtually within 30 minutes of entering the sales field, most salespeople are told that if they want to succeed, they must get referrals from their customers, clients, and other contacts.

Yet, the truth of the matter is that few salespeople generate many quality referrals. Certainly, a few salespeople have figured out how to generate enough quality referrals to run a very successful business. These are by far the exception, not the rule.

Studies have shown that people who have learned to generate a large number of high quality referrals earn four to five times their industry average. That is the exception. Then there are the others.

Those who get a few names and phone numbers here and there and think they are getting referrals. Unfortunately, most of these referrals don't turn into sales. They do, of course, get a sale every so often, but for the most part, these referrals are nothing more than names and phone numbers that are no more qualified than if they simply picked names at random to contact.

Most salespeople find that referrals are not all they're cracked up to be. In fact, referrals have proven to be so disappointing that the majority of salespeople don't even ask for them. Many salespeople quickly conclude that referrals just aren't worth their time and effort. These salespeople determine that referrals are just a myth, or that their clients won't give referrals, or that their clients don't have referrals to give, or that they will irritate a client if they ask for referrals. In fact, the problem isn't with referrals or their clients. The problem lies with how the salesperson goes about asking for referrals.

Here are some referral mistakes salespeople make:

Not asking: It shouldn't be a big surprise that if you don't ask, you won't get referrals. Almost 70 percent of all salespeople don't even ask for referrals. They don't even bring up the subject!

Of course, they don't get referrals. Of course, referrals are a myth. How can you expect to get something if you don't even try? Seldom do referrals simply drop out of thin air like manna from heaven. Moreover, those who don't ask have a legion of excuses as to why they don't ask.

They don't ask because they know they won't get them anyway; their clients don't know anyone to refer; they will upset their client; their clients are too busy to give referrals; they don't want their client to think they are begging for business or that they are needy. These are simply excuses. Salespeople don't ask because they are afraid of asking. Pure and simple.

Asking only once: Studies have shown that those salespeople who do ask generally only ask once. Certainly, asking once is better than not asking at all. But statistically, asking once will only generate 1.47 names and phone numbers. Less than one and a half referrals per contact. And since most of the referrals the typical salesperson get are of poor quality, getting less than one and a half referrals per prospect is pretty discouraging. That means they'll have to ask several people/clients to get a single sale.

However, the same studies that show salespeople receive less than one and a half referrals when they only ask once show that salespeople who ask for referrals twice receive 2.03 names and phone numbers from each client. That means for every 10 customers asked, the salesperson who only asks once for referrals will get 14 names and phone numbers, while the salesperson who asks twice will receive 20 referrals - almost 50 percent more. Now, these aren't any better quality referrals than the ones the salesperson who only asks once receives, but at least they have many more opportunities to make a sale, simply by asking for referrals a second time.

Suggesting instead of asking: Many salespeople "suggest" referrals instead of asking for them. Instead of making a direct request, they try to soft peddle the request by saying something like: "Mr. Client, if you happen to run across someone who could use my product or service, would you give them one of my cards?" Alternatively, "Mr. Client, if you know of anyone I might be able to help, I'd appreciate it if you'd tell them about me." This is the chicken's way out. They don't want to offend, so they don't ask. But they don't want to miss the opportunity for a referral. The solution is to suggest that the client pass their name along. If this is your referral generation format, don't hang around the phone waiting for the calls to come in.

Waiting until the sale has been completed to bring up referrals: Most who do ask, wait until the sale has been completed before they even bring up the subject of referrals. One of the issues many salespeople have with referrals is they believe, based on their experience, that asking for referrals makes their clients uncomfortable. The request seems to be unwelcome by most of their clients. And it is, not because the request for referrals is itself an intrusion, but because of the timing of the request.

By waiting until the last minute to bring up the subject, the salesperson has given the client no time to think of whom to refer and they have waited until the client has mentally moved beyond the sale. The sale is complete. It's over. The client has already mentally moved on to other issues. They're simply waiting for the salesperson to leave so they can begin to take care of other business. And, bam, here comes a request out of the clear blue that tries to pull them back into the sale. What should have been a simple request is now an intrusion.

Focusing on their needs, not the client's: The typical referral request goes something like this: "Mr. Client, let me ask a favor. It would really help me if you could give me the names and phone numbers of a couple of people (or companies) that I might be able to help as I've helped you." Or, "Ms. Client, do you know anyone else that might be able to use my services? It would be a great help to me if you could give me their names."

Clients don't give referrals because they like you, because they respect you, or even because you did a good job. Clients are human beings. Therefore, like most human beings, they do things because they perceive them to be in their own best interests. For the most part, clients don't really care what will help you; they care about what will help them. That's not to say that a few clients won't give referrals for no reason; there are a few who will. Most will not.

The majority of salespeople focus on themselves when requesting referrals instead of focusing on the client. To be successful in generating referrals, you must give the client a reason why giving referrals is in their best interest, not yours.

Not defining a good referral: As basic as it is, few salespeople let their client know what a good referral is. Instead, they assume the client understands what a good referral is. Bad assumption. Although you know what a good referral for you is, your client doesn't. They need direction. While you are standing there thinking, "Give me someone just like you," they're thinking "What does this person want and how do I get rid of them." If you want a quality referral, you must let your client know whom you're looking for.

Not understanding the psychology of the referral: Getting a large number of high-quality referrals from clients and prospects isn't easy. In fact, less than 15 percent of all salespeople generate enough quality referrals to significantly impact their sales. In order to become a successful referral salesperson, you must come to understand the psychology of referrals.

Clients and prospects assume that whoever they refer to you will be more demanding and more critical than they have been. They assume that whoever they refer to you will be less forgiving of the little issues that come up in a sale. They assume that whoever they refer to you will be less satisfied with the sale than they have been. In addition, clients and prospects will refer you to people with whom they have various types of relationships. Some of the people they refer trust and respect them. Others will be casual acquaintances who neither trust nor distrust your client. Some will even be people who distrust and disrespect your client.

To make matters even more complicated, you must understand your psychology of referral selling. What goes on in your brain is just as important as what goes on in your client's and the prospect's brain. Unless you have a thorough understanding of the psychology of referrals and the relationship between your client and the referred prospect, your likelihood of massive success is minimal. Like most selling, the process is more psychological than physical.

Calling the referred prospect: The natural inclination when you've received a referral is to pick up the phone and call the prospect. Wrong move. When you just pick up the phone and call, you're giving the prospect the opportunity to determine you're nothing but another telemarketer and to mentally cut you off before you even bring up the name of the person who referred them. There are several ways of contacting a referred prospect, but the key is to get a personal introduction, not just a name and phone number. I know that when I refer, I always give a "virtual" or email introduction first.

Not helping the client give referrals: Despite their best efforts, even those who make huge incomes off their referral-based businesses have clients and prospects who claim not to know anyone to refer. Yet, these men and women still walk away with a fistful of high-quality referrals. How do they do this?

They don't rely on their client to come up with people or companies to refer. Instead of hoping that their client has referrals for them as most salespeople do, they are proactive and help their client make high-quality referrals. They discover whom the client knows that they know they want to be referred to and they ask to be referred to those people.

Not earning the referrals: Obviously, if you want a large number of high-quality referrals, you can't just ask for them — you must earn them. They're not just given, they're earned. Successful referral salespeople understand that the number and quality of the referrals they receive are dependent upon giving their client the sales and service experience they want and deserve. You cannot ask and expect referrals if you haven't earned them.

Obviously, generating high-quality referrals is difficult. If it were easy, every salesperson would do it. However, by understanding the issues that kill referrals and then learning how to eliminate those issues, you can generate a huge volume of high-quality referrals. Referral selling isn't dependent upon luck, or having the "right" clients, or using bribes or incentives. It is dependent upon knowing the process that will overcome the issues associated with getting referrals, implementing that system, and then honing your referral selling skills. And once you've learned the system and honed your skills, it becomes a natural part of your selling process. No matter your product or service; no matter whether you sell to individuals or businesses; no matter the cost of your product or service or the length of the selling cycle, you can build a referral-based business. It simply takes knowledge, skill, and practice.