

Referral Selling Guide

What's your favorite kind of sales call?

Do you enjoy hounding total strangers who act too busy to listen to a single word you say?

Or do you prefer to connect with prospects who genuinely want to learn more about how you can help them?

One of the biggest challenges in professional B2B sales is reaching busy decision makers. They rarely agree to take sales calls. And even when they do, their attention spans are short.

Many salespeople try to use "warm" calls to accelerate the process. But "warm" calls don't really exist. Every sales call is either hot or cold. Hot means you have an introduction from somebody your prospect knows.

The best salespeople know that a hot introduction is similar to skipping the first date. It allows you to fast-forward past all of the awkward, uncomfortable moments and start from a place of mutual trust.

That's why referrals are so effective - and why top performers make it a priority to build up a steady stream of personal introductions.

Referrals convert to customers 50 percent to 70 percent of the time. No other sales or marketing strategy comes close to matching this incredible success rate.

But, sadly, most salespeople don't have a system for finding referrals and following up in a natural way. So they often struggle while the "lucky few" who have mastered referral selling consistently close more deals with less stress.

It's not magic. Anybody can learn to turn hot introductions into happy customers.

Stop Misusing 'Warm' Calls and Social Media

This might startle a lot of salespeople who have been in the game for a while: There is no such thing as a "warm" call. It is a mythical. Salespeople often say, "I am not cold calling. I'm making a warm call because I have a name." Unfortunately, a name is not enough.

If you call, email or reach out through social media with just a name that is ice cold. It doesn't really matter that Mike refers you to Sally, unless Mike actually introduces you to Sally. When you reach out to someone who doesn't know you and isn't expecting to hear from you, that's a cold call.

Hot means you have an introduction. That is the definition of a referral. Without an introduction, your referral is colder than the frozen food.

Many salespeople are misbehaving on social media. They forget to put the social in social selling. If you want a referral, you must build a relationship.

In person, we build a relationship by shaking hands, hugging, smiling or engaging in a conversation. We need to make our online interactions more personal and less salesy.

Never ask for a referral online. LinkedIn gives you the ability to ask for a referral. But these requests often annoy people because you are just assuming that your connection wants to make the introduction. Remember, just because two people are connected on LinkedIn doesn't mean they actually know each other. You need to have a conversation first.

When asking for a referral, explain the business reason for wanting an introduction to your prospect.

Essential Elements of a Referral Business

3 Simple Steps to Building an Effective System

Here is what you need to run a successful referral business:

1. Written referral sales plan
2. Way to track and measure referrals
3. Accountability for results

Let's discuss each in a little more depth.

Have a clearly defined sales plan: Just net it out and review it every week and at the end of each month. It's OK to change it. It's OK to blow past your goals too.

Make referrals a priority: If referrals become your major outreach, then that is what you need to focus on. But it doesn't negate any of your other sales and marketing strategies. You still have your CRM and marketing automation. As a salesperson, part of your job is to generate your own qualified leads. Referrals get integrated into the sales process.

Referrals aren't outside the way you work; they become the way you work: Network. Ask people how you can help them. Proactively request referrals. Let people know who they should introduce you to and why. Highlight the business impact.

Build metrics around referrals: Some sales leaders think referrals are nice to have, but they can't measure them because they are squishy. You can measure referrals; as long as you understand that they take time to develop.

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Here are six key metrics:

1. Number of people you ask for referrals each week.
2. Number of referrals you receive.
3. Number of referral meetings you schedule.
4. Number of meetings you conduct.
5. Conversion rates.
6. Value of each referral

Pro Tip: When you set your weekly referral goals, remember that each business is different. The minimum is one because zero isn't a real goal. Some types of businesses need each rep to ask for one referral a week; others need five. Transactional companies generally need more than individuals who sell high-end consulting/ for example.

Accountability for results

Referral selling doesn't just happen; it requires a behavior change. Some people don't feel comfortable asking or they ask in dumb ways.

So how do you get past that? Practice and build solid skills. Like anything else, you have to practice referral selling and be accountable. Why do we have a trainer at the gym? All the equipment is there. All we have to do is use it. We hire a trainer for reinforcement and accountability.

Implement your referral selling strategy. Sales leaders must coach their teams and hold them accountable. Ask questions like, "Who are you going to ask for referrals this week and what are the conversations you are going to have with them?"

Reinforce behaviors, not activities.

Referral Follow-up

Display an Attitude of Gratitude

When somebody gives you a referral, don't forget to follow up. As human beings, we like to be thanked. If you show your gratitude for a good referral, your friends and associates will give you more. Always send a handwritten thank-you note and follow it up with a phone call.

Even if you have lousy handwriting, make sure it's a handwritten note. Write a personal message on company note cards. If the company doesn't have note cards, get some. People want that personal touch. Soon you'll have people thanking you for thanking them.

Don't incentivize referrals. If somebody is particularly generous, you can give a gift worth less than \$50. But make sure it's after the fact, not near a holiday, and when they don't expect it. Lunch is always a nice reward, but the same rules apply.

Don't disclose the dollar value of the referral. You don't need to reveal that you signed a \$1 million contract. Just mention that it was a perfect referral and describe what made it perfect.

Referral selling takes time and effort, but it pays off handsomely. It allows you to out sell your competitors without spending a ton on marketing.