Referral Engine Pro

Session One Transcript

John Jantsch: This is John Jantsch, author of "The Referral Engine." This is session one of "Referral Engine Pro." Here's how this program is formatted. In each session you will get a lesson of new content. There will be action steps that you are to complete in between weeks. Then we will come back each week and there will be some review of the past lesson, obviously some new content that week. The goal here is to build week by week and eventually implement your referral marketing system.

Let's talk for a minute first about why referrals are so powerful, why we're spending this kind of time on just this one marketing tactic. In many cases referrals offer the opportunity for the greatest return on investment. In some cases you will have no marketing dollars invested towards generating leads and customers by way of referral.

In certain circumstances they can certainly shorten the sales cycle. Many folks have experienced the wonderful phenomenon when the phone rings and somebody on the other end of the line says, "Hey, so-and-so said you're the best. When can I come? Do you take credit cards? Let's go."

A properly educated lead or referral lead can certainly do that. A properly educated referral lead is typically a much more qualified lead. They have been told by someone else that you have a specific area of expertise, that you solved a specific problem for them.

In many cases that also leads to the referred lead expecting to pay a premium. If they've come to find out from someone that they trust that you have a unique way of solving problems, if you have a unique product or service, in many cases there is the assumption that they will pay a premium.

Lastly, many times a referred lead is just simply more likely to refer business as well, so it repeats the cycle. All of these are just by way of introduction of why I believe this is such a powerful way to build your business.

Now there are some rules, if you will, to referral that we'll get into in this systematic approach, but there are some things to keep in mind as you consider the elements of your own unique referral system.

You need to understand first why people refer. First off, people do enjoy referring. I think as human beings we are somewhat wired to tell people when we got a good deal, when we experienced good service, something that we think could actually help a friend, or neighbor, or colleague.

However, referring someone also involves some risk. The referred party is actually receiving our trust, our stamp of approval. Typically what has to happen is that that

©2010 Duct Tape Marketing – all rights reserved – used with permission

person, a person who's going to give a referral, needs to feel logically satisfied. In other words, it was the right price. You did what you said you were going to do. I thought I got the right result.

But also there's an emotional element that I think needs to be met, and that is they enjoyed the experience. They want to see your business succeed. They like your people. All of the things that come up in a different kind of connection, and those need to be met. So we're going to spend some time talking about the experience part of your referral system as well.

I think that companies that generate a lot of referrals adopt a mindset. Their mindset is that they're going to go out and make people so thrilled, customers so thrilled, that they will obviously refer their friends, and neighbors, and colleagues, that it almost becomes a condition of doing business. It becomes everyone's job who has any kind of contact with the customer to create that experience and that condition.

You certainly need to create intentionally some things that get people talking about your business, that the experience is one that they want to refer, that they want to tell other people about. There is a very logical progression for how you do that.

Even folks that willingly and voluntarily want to refer your business, and maybe some of them already are, you will find that you actually generate more referrals from those folks if you can make it easier, if you can equip them with tools, if you can make it almost automatic through your processes that you're able to collect those referrals.

The last piece is to really have what I call planned "Moments." It's not enough to simply come up with a strategy, maybe a handful of tactics, for your referral system. You've also got to have times, set processes, that allow you to collect these referrals that also allow you, in some cases, to collect these referrals at a moment's notice or in a spontaneous way.

So there are four or five things we're going to talk about in that regard when it comes to actually implementing your system because I do find that there are cases where people will create a great system, but if they don't have the processes in place to actually collect and implement the system, then it really just becomes a planning exercise.

I keep using the word "System," and we will use it really with each session. These are the components. In many cases, the simple act of getting more referrals is to be more referable. I've spoken already about this idea of a great customer experience.

In many cases there are some gaps that may exist. Even if you have a great product, a great service, a great company, there, in many, cases are some gaps that exist in moving somebody from knowing about your products and services to the point where they're so thrilled they want to refer.

In an additional session, we're going to talk about the idea of targeting your referral sources. It's not simply a matter of just anyone who can refer you; there are two very specific targets that we're going to build programs for.

©2010 Duct Tape Marketing – all rights reserved – used with permission

There's a component where we need to educate our referral sources so that they understand who makes an ideal customer, how they would spot it, how to talk about our business, what our marketing process is.

It's certainly very effective, even for businesses or folks that want to refer your business. It's actually very effective if we create some offers and ways, processes, to help them execute and to keep our referral program and keep our desire for referrals top of mind.

Then the last piece is really the piece that I think many people underestimate and don't spend enough time on, and that's just an effective followup with both the folks that are referred to you and all of your referral sources as well.

In this session we'll spend most of our time talking about this idea of being more referable. In some cases, it's a matter of really taking stock, taking an assessment of our customer relationships, maybe of our processes in our business or lack thereof.

There are a couple of steps that I think will help you understand this idea of how you could be more referable. Number one is to actually conduct some interviews with your clients, and I'm going to give you very specific forms and some very specific questions that you can use to learn more about where you are letting folks down, maybe what your core difference is that you're not talking about.

It's also very, very instructional when we start thinking about this idea of gaps to start looking at what your closest competitors do in all of these steps along the process of moving their customers along.

In many cases, people that are not competitors but maybe across the country, across the world, can be some great examples of studying your industry with this idea in mind of discovering what their customer experience process is, and then simply to try to map out every place or every touchpoint that exists or should exist in your business, and start plugging what I call the "Experience gaps."

The first tool I want to introduce you to is something called "The marketing hourglass," and this is a tool that we use to try to really simplify this whole concept of marketing in general and certainly this idea of driving people towards referrals.

Our definition of marketing is getting someone who has a need to know, like, and trust you. Well, in the buying process then we're trying to turn that know, like, and trust into try, buy, repeat, and refer.

There really is a logical progression to these steps to the point where someone comes to know who you are through your ads or through a referral and that they understand what is your unique, talkable difference, your unique value proposition.

Through an educational process, maybe through your website, it's your newsletter, it's from a visit to your store, they start to understand your people and move towards this idea of like.

©2010 Duct Tape Marketing – all rights reserved – used with permission

But then there's the search component. Can they find you? Is there expert content? What does your sales presentation tell them? These are the touchpoints that can start the process of first moving people down what people used to call this "Ideal funnel."

But it's the idea of really having a systematic approach for educating them and then having a product, or a service, or some way in which they can actually try and experience your service, your product. Maybe it's just through a webinar, or some sort of evaluation process, or just your long term nurturing by continuing to send more content.

Obviously we want to move them to the point where they buy your core product or service. So now we start looking at all the ways in which your service team interacts with them, the way that they are brought in as a new customer, the way that finance or delivery interacts. All of these things, while in many cases they aren't thought of as marketing functions, really go towards this idea of a repeat customer and a referrer customer.

The last couple steps are to start looking at do you have a process to evaluate after the fact whether or not they received the value that was promised? Is there a way to cross-sell and upsell other products and services or at least introduce them to? Do you have a process where you can stay top of mind, maybe on a monthly or quarterly basis through events or some sort of planned communications?

All we're trying to do is to make certain that the experience is such that people come to the end of it not only being a good customer, or loyal customer, or repeat customer, but also a referral customer, and that you actually have processes where you will start introducing other events, your referral offers, maybe your strategic partners.

Now I'm going to show you the map, or I should say the hourglass, that I typically come across. This is people run ads. They try to get people to know who they are. They try to generate leads, and they try to move those leads instantly to the process of buy, and in many cases, skip the step of repeat or have anything, once somebody becomes a customer, that would make them want to become a repeat customer.

But then sometimes they will, and this is upon occasion. This is not consistent. Sometimes they'll ask those customers if they know anyone else who needs what they do, and that's the referral process.

One of your primary action steps for this session will be to find the products, services, processes, touchpoints that would allow you to logically move, educate first, and move folks along this marketing hourglass.

There's a couple of things that we are going to also ask you to do by way of action steps, and that's to really start thinking about your marketing strategy, which may or may not exist today.

That, for us, marketing strategy is comprised of understanding who makes an ideal client for you, and certainly an ideal referral client, what your talkable message of difference is, what your core message, what is it that would make somebody want to simply explain,

©2010 Duct Tape Marketing – all rights reserved – used with permission

"Hey, you need to hire these folks because they do X better than anybody else. You need to hire these folks or you need to buy this product or service because here's what I got."

What's your talkable thing that is going to make it very easy for people to refer you? It may or may not be about your product or service. It may be about the way you deliver your product or service, the way that you package it, the way you price it, the experience that people have when they interact with your company.

Then the last piece is something that we call "Trigger statements." These are phrases that your customers, or your prospects I should say, use that in your selling situation you've come to understand that if somebody says X that means they really need what you do.

Because people typically don't go out and tell their friends that, "Gosh, I wish I had this product," or "I wish I had this service," or "I wish I could hire this kind of company." What they do typically is explain a problem they're having, a challenge they're having, and you need to be able to teach your referral sources how to identify somebody who's essentially crying out for help.

In terms of your ideal referral sources, there are two very distinct buckets that these folks fall into, and we are going to spend a session really on each when we talk about designing your referral program, and that is clients that already refer business.

If you can understand every characteristic about those customers, what situation they're having, certainly some of the demographic things, what solution you've offered them, maybe what type of engagement, anything you can understand about those customers that already refer business.

There's a very, very good chance that you need to be going out and looking for more of those types of ideal customers from a marketing standpoint, but also these are the folks that you're going to equip as your primary activists in your customer referral source.

These are the folks that have already, maybe through no effort of your own, gone out and started referring business, and now we want to get them on basically your A-team.

The other group, and this is a place where I think there's tremendous opportunity, and that is to create your own strategic partner network. That starts off with being really any other businesses who also serve your ideal client, your ideal target market. We'll come back to this, really both of these, but I want you to start thinking in terms of separate paths as we talk about all of this content.

Another step we're going to have you do, I had mentioned, is going to be interview your clients. We have a form for this, but essentially what you're going to do is you want to start asking some of these folks. In fact, if you can identify some clients that already refer business, start with them.

Why did they choose you? Why do they stay with you? What would they Google? That's becoming an important question to understand how people are using search engines, what phrases they're actually putting into them. What is that you do that's unique?

©2010 Duct Tape Marketing – all rights reserved – used with permission

You also want to start identifying, and here's where we're going to start identifying some of your strategic partners. Who else do they love doing business with? Who else do they think is best of class?

This is a great place for you to start identifying some strategic partners that you probably want to go after, because you're going to have that shared customer in mind.

What you're looking for in these interviews is really themes that reoccur that are unique, that are talkable, that actually start getting at some of the simple things that your customers really appreciate, that my guess is you're probably not even communicating. These are going to start being some of your core messages.

Now one word of warning here: don't let people tell you, "Oh, you provide good service." Push them a little bit. "What does good service look like to you? Tell me an instance we provided good service," because "Good service" doesn't help very much, but an actual story where somebody gets into what that meant is really where the gold is.

In terms of looking at your closest competitors, I would suggest that you go out and copy a paragraph or two off of all your competitors' websites and just paste those onto a piece of paper.

What you're going to do, what you're going to find when you collect all of those, and go ahead and put yourself on there too if you're really feeling bold, what you're going to find is that everybody's saying the same thing. This is a great way to test that. It also is a great way to test that there's a tremendous opportunity for you to stand out a little bit.

But also dig into your competitors' websites. Who are they saying are their core ideal customers? Do they have some sort of a message of difference?

I also want you to take a next step and use some of this tremendous technology for you to start listening in on what's being said out there online all over the world, throughout your industry, by your customers.

So we're going to have you set up something that we call a "Listening station." This is very simple. It's not highly technical at all. But we're going to show you ways at least to start listening for customer experiences.

Your customers are saying things. Are they saying things about you: good, bad, indifferent, maybe about the needs that they have? Certainly any mentions out there of your brand, or your products, or your people.

Certainly a great way to track your competitors. What are they saying? What are people saying about them? Maybe you want to make sure that you're monitoring your brand, your reputation really, for accuracy. Are people saying things that are inaccurate about your company, about your products?

This is not necessarily referral related, but it's a great way for you to follow five or six journalists that are key influences in your industry. It's also a great way, once you get

©2010 Duct Tape Marketing – all rights reserved – used with permission

used to using this, you take this to the next step, it's a great way to actually find content that you should be producing and you should be following in your industry perhaps.

The primary workhorse for all of this is a tool called "Google Alerts," and it's a free tool from Google. It allows you to set up custom searches for any phrase that you want, as we'd mentioned, your products, services, brands, competitors, as many phrases as you want.

Then on a daily basis, or you can change the setting to be even faster than that, you will actually get alerts via email from Google any time these phrases are mentioned. They certainly track a pretty comprehensive list of sites.

So it's a great way for you to automate the process of seeing what's being said out there. For some people, this step alone can be pretty darn eye-opening.

In terms of your core talkable difference, we did these customer interviews. "What do they say it is? Can you simplify it? Can you communicate it? Are you missing opportunities?"

In many cases, I find that a company's core talkable difference or core message is something that their customers repeatedly tell them. "Hey, what you say in your marketing brochures is great, but here's what we really like."

Is there an opportunity there, or in fact, can you identify an opportunity that nobody has claimed, that maybe your customers are saying "I wish somebody in our industry would do X."

I mentioned this idea of referral triggers. I want to repeat that. This is a great thing that you might actually want to go out, and if you have a sales force, talk to your sales folks. Every single salesperson who has any experience or certainly any level of success knows how to identify a customer pretty darn quick by several phrases that become very standard and common.

For instance, one of the examples I love to use is that if you sell accounting software, people typically are not out there complaining that they need accounting software. "Gosh, I sure wish I had some new accounting software."

You probably never have heard that, and I doubt that whatever your business is that they're saying anything close to that with your business.

But what they might be saying is "We never get our reports on time. I don't know if my numbers are up to date. We have data in three or four places, and I can't ever put it together, or none of it's accurate." Those are what I call "Trigger phrases" that somebody might actually tell their golf buddy that you could identify, that you could actually come up with a list.

Certainly your sales folks would benefit from this, but it's also a great tool to use in educating your referral sources that these are the kinds of things that people say that should tip you to give them our card or tell them to call us.

©2010 Duct Tape Marketing – all rights reserved – used with permission

Here are your action steps. You made it through lesson one. I mentioned I would like you to look at interviewing five of your existing clients using the form to try and dig in a bit.

Map your "Marketing hourglass," and there's also a form for that with blanks so that you can plan out what are two, or three, or maybe even four ways that we can have touchpoints and we can create great customer experiences at each of those phases along the "Hourglass map."

Write a description of your ideal target client, very descriptive, those clients that are already referring business to you. Are there common characteristics about them that you can write a paragraph or so about your ideal target client? There's a form for that as well.

Formulate your core, I keep calling it "Talkable difference," your core point of differentiation. Is there a simple way that somebody could say, "Hey, you should hire these guys because X, or you should buy this product, or you should get to know these folks for this very simple reason."

Then we talked about the referral trigger statements. Can you create five or six of those, the most commonly used phrases that would really simplify somebody who was listening and act as a signal that they should maybe refer you at that moment?

The last is to look in, and there are some supplemental videos on this, look into creating your customer alerts, your customer listening station. You really may find other ways that you're going to put that into place as well, but for this lesson we're talking about listening and all of what your customers are saying, listening in on what's being said out there about your brand as well.

©2010 Duct Tape Marketing – all rights reserved – used with permission