

Stop Prospecting Forever

By Paul McCord

How much of your or your sales team's time is spent prospecting? 40%? 50%? 60%? More? What lead generation method have you found to be most successful? Cold Calling? Direct mail? Advertising? Waiting on new company provided leads? What percentage of the leads generated by your lead generation programs are qualified prospects? 40%? 25%? 15%?

Data from my sales training seminars indicates that most benefits salespeople rate generating referrals from clients to be one of their top three prospecting methods. Nevertheless, when asked to list all of their sales for the past 12 months and how they generated those prospects, less than 15% actually received enough qualified referrals to impact significantly their production.

There are, however, brokers that generate significant numbers of referrals. A successful method of referral generation can be taught and, if a salesperson applies it religiously, he/she can be generating the majority of their business from client referrals within just a few months—generating more and better-qualified prospects. Moreover, doubling, tripling or more their sales volume, increasing per sale profitability, decreasing cost of sales, and significantly increasing their personal income.

Changing from a prospecting based business to a “referralspecting” based business requires changing your relationship with your client in some fundamental ways.

Six steps to converting to a 100% referral based business:

1. Set the expectations from the beginning. The traditional referral gathering formula is: make the sale, do a good job, ask for referrals. Well over eighty percent of salespeople can attest this formula doesn't work very well. Most benefits salespeople seek referrals to new prospects using the traditional referral seeking formula—with the typically poor

results. To generate large numbers of referrals you must establish the expectation of a large number of qualified referrals from the beginning.

Literally from the initial meeting with the prospect, throughout the sales process, and after the sale you should be making it perfectly clear that you work on a referral basis and fully expect the client to have referrals for you at the appropriate time. Just as important as communicating the product's and company's terms and conditions, you must communicate your personal terms and conditions—and one of these is multiple referrals upon completion of a quality job.

2. Use referrals in negotiations. In most sales situations, negotiation is a normal part of the process. Seldom will you encounter a situation where some negotiation is not involved. Make it a common practice to include referrals in your negotiations. Including referrals in your negotiations can be tricky—and if done poorly can come across as begging or worse. Though a little too complicated to go into in this article, referral negotiation can be a significant benefit to you, your client, and the referred party

3. Get agreement on terms. If you want to be a successful referralspector, you must take the extra time with your customer to make sure you are both on the same page. This means defining and obtaining agreement on three key terms:

First, you must define for and make sure your client understands what you mean by referral. Sound ridiculous? Everyone has their own idea of what a referral is and what it isn't. You cannot expect your customer to fully know what you want from them. You must explain in detail what a real referral is--otherwise you stand an excellent chance of just getting unqualified names and phone numbers. Just as letting the client know early in the relationship that referrals are part of how you do business, you must let them know early in the process what you mean by referral. Is it a particular size company? Within a particular industry? Are there geographic limitations on where you can work? Define in as great a detail as you can. If your product line is particularly competitive for companies

with 50-100 employees and your book of business consists mainly of companies of this size, let your customer know that companies that fit in this area are your true prospects. If you fail to communicate this and your client refers you to a company of, say, 20 employees, you will not have received a qualified referral--but your customer will have met part of their commitment to you. A poor referral is your fault if you fail to define for your client what a true referral is for you.

Second, there must be agreement on the number of referrals expected. Leaving this open-ended will lead to receiving the minimum number of referrals your customer feels he/she can legitimately give you. Consequently, unless you are happy with one or two referrals, you must let your customer know what is expected. I typically ask for 5 referrals initially and have no problem getting them. I will eventually get more than 5, but for the initial sale I ask for a reasonable, un-intimidating number.

Third, there must be agreement on what constitutes a quality job. If you and your company have not performed, you have not earned your customer's referrals. But, as with the term referral, there must be agreement on what a quality job means to your client. You absolutely must make sure you understand their expectations—and they must understand your capabilities. If you do not understand what your customer expects, and your customer does not have a reasonable understanding of what you can deliver, there will be issues.

4. Over deliver. The old cliché of under promise and over deliver is an absolute in referral selling. Part of your relationship agreement with the client is that if you perform you will get referrals. You earn the referrals—they are part of your compensation. Though all of the steps in generating a large number of referrals are critical, none are more critical than this. You simply cannot expect referrals from a customer that is not impressed, no matter how well you have set the stage or how well you believe you have performed. Over delivering means, you must understand your client's expectations completely—not what

you think the client should expect. Once you have come to an agreement with your client on what constitutes a quality job, you must make it your single-minded goal to exceed your client's expected performance.

5. Get the referrals. So, the deal is done. Your products are in place. You have successfully exceeded your client's expectations. It is referral time. More than likely when you bring the subject up to your client, since you've done a great job in establishing the expectations of the relationship and communicating what you mean by referral, your client is probably ready to give you several names and phone numbers. Don't accept them without asking lots of questions. Thank your customer and then ask a few pointed questions about what he/she liked about your service, your company's products, your delivery, your communication during the sale, and other pertinent items regarding you as salesperson, your company and your products. Take notes. Then ask about each of the individuals and companies on your customer's referral list. Get as much information as you can about each.

After you have gathered this information, ask if the customer would write a personal referral letter to each person or, better yet, if they would they prefer you write the letters for their signature. Since you have notes about their experience with you and your company, and you have detailed information about the referred person and their company, you are in a position to write a better letter than your client is. Or, even better, ask your client to call the person and introduce you—or arrange a lunch for the three of you. No matter the format, call, letter or lunch, you are virtually guaranteed a meeting on terms favorable to you and your company.

6. Work the next generation of referrals. Congratulations. You have successfully worked with your client to establish a referral relationship, you have exceeded their expectations and you have a pocket full of referral letters. Mail your letters, set the appointments, make the sales, build the relationships, exceed expectations and acquire your second

generation of referrals. Shortly you will find your sales career gets easier, sales volume increases significantly, quotas are busted (and increased), and your income increases quarter to quarter. Do not stop. Take your second generation of referrals and convert them into your third generation—and your fourth and just keep building. There does not have to be an end to the generations—unless you drop the ball.

So, it is that simple? Yes and no. The above steps outline the process for generating large numbers of referrals. Putting these into practice and making them work does take thought, practice and time. Like everything else in sales, the devil is in the details. You can shorten the time it takes to master the process and make it work for yourself by working with a sales training and coaching company such as ours or one of the dozens of others in the country, or you can simply work the process by trial and error. Either way, you need to convert your sales business from a hit and miss prospecting system to one that is proven to generate results, increase income, and decrease the emphasis on price in the sale.

A final word: you did not get the sale. Don't fret. Even with strong referrals you won't be able to make every sale. Your product or service can't help everyone, and not everyone is in a position to take advantage of your product or service. But that doesn't mean they can't or won't give you referrals. Prospects are just as likely to give strong referrals as clients are—IF the relationship is built orrectly.

Prospecting is an endless circle where you can never have a solid, firm foundation for your business. Referralspecting frees you to sell, guarantees a lifetime of business, cuts your cost of sales drastically, and increases your income dramatically. It takes practice, patience, dedication and time, but the payoff is a superstar career—and time for the other things in life that traditional prospecting deprives you of.

Author, speaker, trainer, consultant, and one of the country's leading authorities on prospecting, referral generation, and personal marketing, **Paul McCord** has had a distinguished career in

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