

Build Your Business Through Referrals

By Heather Robson

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Heather Robson
heather@dfcreative.com

DragonFly Creative Media <http://www.dfcreative.com>

Have you considered instating a referral program for your business? Though few businesses can survive by word-of-mouth alone, it is an important aspect to almost any business. The potential clients that you gain through referrals cost you next to nothing while finding potential clients through advertising can be a spendy proposition. Even if you're a guerilla-marketing guru, referrals are still cheaper—something that, as a guerilla marketer, you already realize. Referred clients are also easier to convert to active clients.

Despite this, most businesses don't take any control over the word-of-mouth buzz that they are generating. They don't give a reward to the people who are talking about them anyway and they don't give a push to the people who would be taking about them if they were just a little bit motivated.

The first key element to any referral program is something that you should be doing anyway. Delivering o, even better, over-delivering on your promises. For a referral program to be successful, your business needs to be in good shape. You need to show your clients that you value them, strive to offer them something of value, and make good service a high priority.

Once that is done, reward your clients when they refer someone to you. And let them know that you plan to reward them. There are a lot of different options when it comes to setting up a referral program.

A discount on product or services is probably the most popular form that a referral program takes, but even then such programs can still vary widely. A bookstore might give you coupons to give out to friends and family—the coupon would have your code on it and you would earn points towards discounts or even free products for every coupon of yours that was redeemed. I used to go to a hairdresser that would ask every new client who referred they were referred by. When a person had three referrals to their name they would receive a free haircut.

Another way to set up a referral program is to offer something related that you normally don't provide clients. A landscaping company could offer a gift certificate to a home and garden store, a work out club could offer a gift certificate for a massage or a free work out shirt, or a photographer could give away a pass to a scrapbooking seminar.

A third option is to reward referrals with cash. This type of program is particularly popular on the Internet and often develops into a full-blown affiliate program.

These are just a few ideas for a referral program—to generate more ideas ask around to local business and see what, if anything, they have in place.

When you set up your referral program, you need to promote it. Send a letter out to your client list. Post a sign in your office or near your register inviting clients to ask about your referral program. Volunteer information whenever you can.

You also need to have a way to keep track of who's referring who. Whether it becomes part of your initial conversation with a new client to ask how they found out about you (it should be anyway) and you keep track of names or whether you give something to your existing clients to pass along to referrals who will then redeem it when they come in, you need to set up a reliable way of tracking your referrals. It's another promise that you are making to your clients and you need to deliver.

Once you have set up a referral program and taken the time to promote it, chances are good that you'll notice your business growing faster and easier than ever.

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