



# Create a Referral Program to Grow Your IT Business



# Introduction

It's no secret how referrals work. Consumers talk to each other about who has the best product and share experiences. But, interestingly, companies don't often take advantage of them. Few companies take full advantage of this singularly least expensive, yet most powerful marketing tool that's at their disposal.

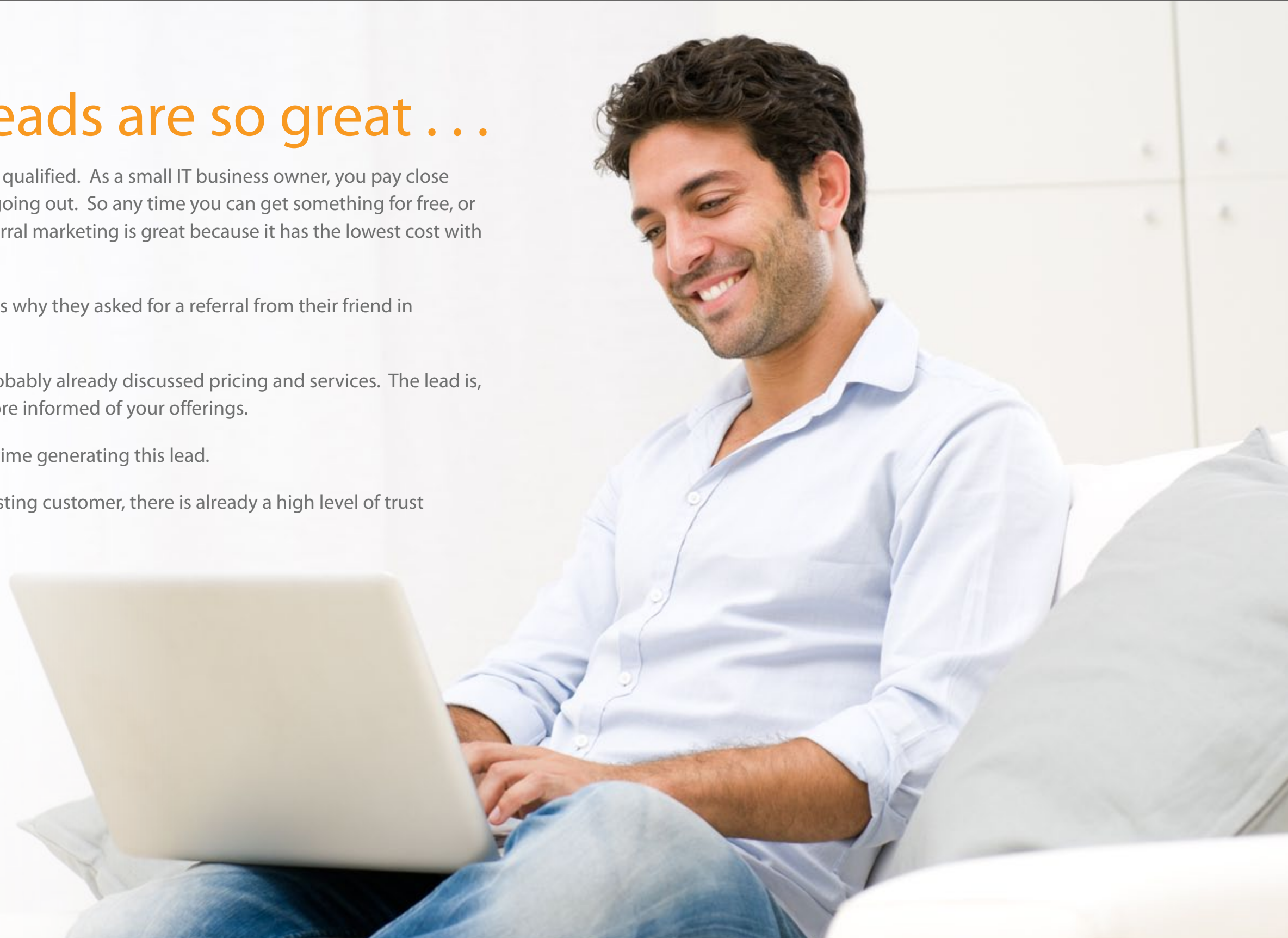
You get the occasional referral, and you're thrilled with the "free" opportunity for a sale. But how do you turn the occasional referral to a consistent stream? What's more, how do you track referrals to make sure you're getting the results you need? Look no further, ConnectWise is offering this indispensable guide to help you expand and manage your referral program!

# 1 Why referral leads are so great . . .

Referral leads come to you already highly qualified. As a small IT business owner, you pay close attention to every penny coming in and going out. So any time you can get something for free, or nearly so, you jump all over it, right? Referral marketing is great because it has the lowest cost with the greatest reward.

- The lead is already shopping, which is why they asked for a referral from their friend in the first place.
- The lead and your customer have probably already discussed pricing and services. The lead is, therefore, less price sensitive and more informed of your offerings.
- You have not expended any of your time generating this lead.
- Since this lead is coming from an existing customer, there is already a high level of trust between you and this prospect.

Your invoices could also include a referral program tag line. You could have it appear in your address information, it could be a special message as a line item within the invoice, or it could be written on a separate piece of paper included with the hard copy invoice. Be creative and move the tagline around in order to keep that referral program message in front of your customers!



## 2 Start with the basics to put your program together ...

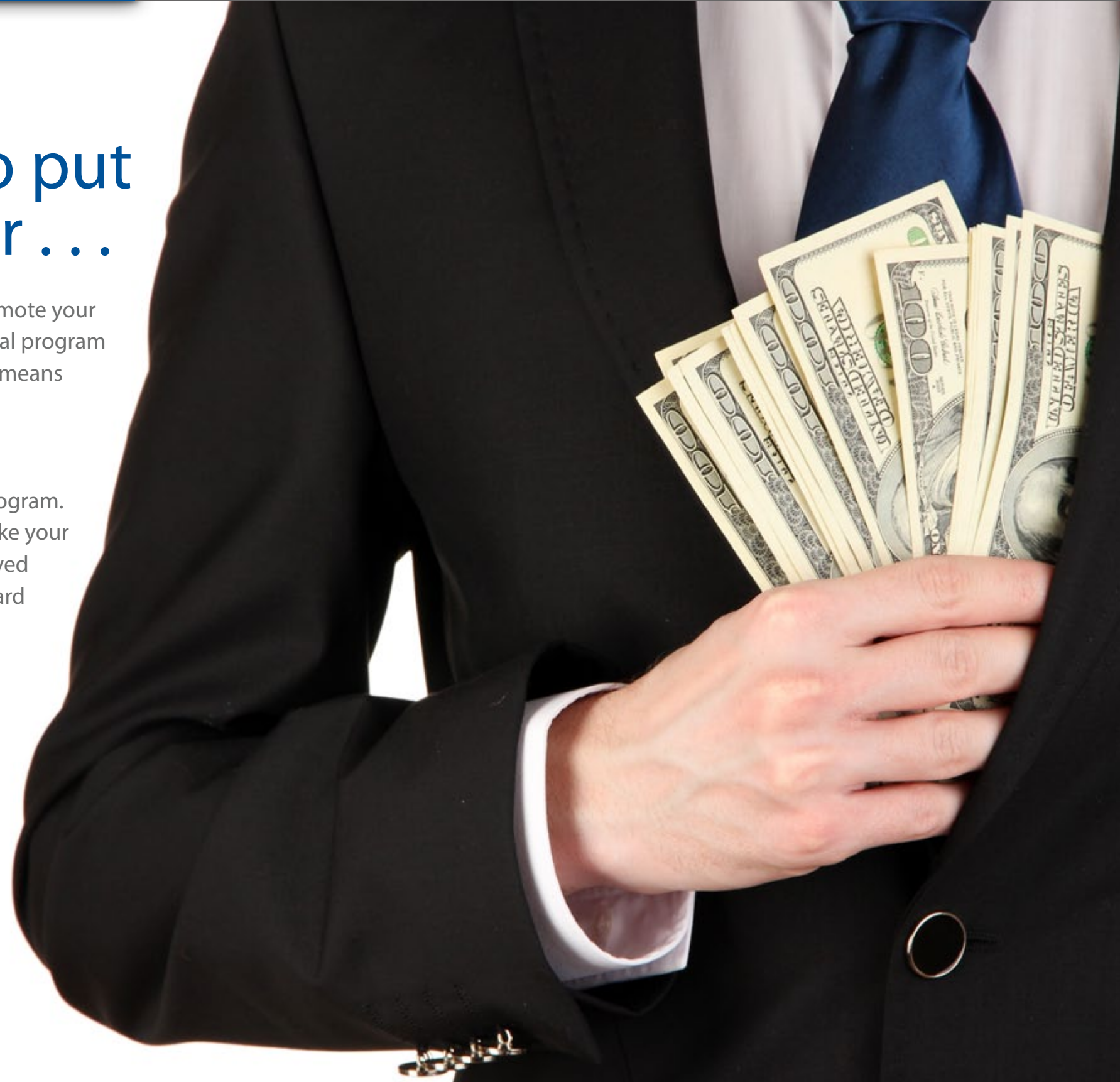
Since we all know referral marketing uses happy customers to promote your business for you, it makes sense for you to have a formalized referral program that allows you to know that you're taking full advantage of every means available. Here are a few things you will want to consider.

### 1. Offer incentives.

Let's start by determining if you will offer any incentive for your program. A quick "thank you" note from the owner, President or CEO will make your referrer feel good about their effort and will tell them you've received their referral and are "on it." An additional option is a financial reward once the business closes.

Some examples of financial rewards include:

- IT bucks that they can apply toward any additional services or products
- Actual cash
- A percentage off their next invoice
- Gift cards (which work well as a personal reward to the individual)
- iPad or ITouch cases
- A donation to a local charity in their name
- Bring in lunch or a mid-afternoon snack to the office





You can also alter the program depending on your goals: do you want to incent individuals or companies, in which case you could offer split rewards between the referrer and the referred or between the referrer and their company. You could also escalate the rewards, i.e. one referral gets you this reward, two referrals get you double the reward, etc.

Make sure your financial incentives are a real benefit to customers, are fun and interesting, and are maintainable for the life of the program. That's not to say you keep the same incentives month after month, year after year. Rotate them to keep the program fresh and interesting. Bump up the rewards during traditionally slow sales periods, decrease them during your high cycles. Have competitions with customers and employees – and offer referral prizes to keep them working for you. Get creative and have fun! If the program is fun for you, that will translate to your customers, and they'll "catch the referral fever."

## **2. Ask your customers to refer you.**

The best way to get a referral is to . . . ask! Simple isn't it? Yet research shows most small businesses don't take this all important first step. The theory is that small business owners are so thrilled to even get customers and so willing to do anything for them, that they're afraid to ask anything from their customers. Small business owners, like you, typically have the best relationships with their customers. Your customers are your customers because of that personal relationship and feel good about recommending you to their professional friends. And don't forget to ask again and yet again, as opportunities offer themselves.

It costs nothing to ask your customers for referrals, and they are an important piece of your marketing program, but there is a science to asking for a referral. There is a psychological process that occurs. Consider,

*"Hey, Sue, do you have any friends who could benefit from our IT services?"*

Sue's brain is going to go crazy thinking through the plethora of professional friends, but she can't make the connection between them and people who are looking for IT help. And because she's considering so much information, there's a chance she may come up with . . . nothing. The lesson here is how to ask. Try this,

*"Hey Sue, you're a member of the local professional organization, and you have a meeting coming up. Can you think of anyone there who might benefit from our IT services?"*

Focusing your question and being as specific as possible will garner you more results than one that's too broad.

### 3. Make your program accessible.

As you define your program, make sure you have an accessible location for all to view the details of the program, e.g. what the rewards are, and how to refer. As an IT organization, the best place would be as simple as a web page on your existing website. Having one location for all the specifics decreases your chances of miscommunications between all the parties concerned with the program and allows you to offer updates and information to all parties at one time.

### 4. Determine where you'll ask.

Create a list of all the touch points to your customers including:

- All electronic communication - these could have headers or footers with your referral reward message embedded with a link to the location, to refer a prospect, to learn about the program or to view the current reward(s). Electronic communication of your referral program is easy to do and includes:
  - all emails or texts
  - electronic signatures
  - throughout your website
  - in the customer support portal
  - newsletters (HTML)
- All hardcopy communication – these could have the same tag line about referrals

According to Wikipedia, in the first ever study published on the financial evaluation of customer referral programs[3] conducted by the Goethe University Frankfurt and the University of Pennsylvania, [stated] "... referred customers were both more profitable and loyal than normal customers [and] . . . had a higher contribution margin, a higher retention rate and were more valuable in both the short and long run."

with the link printed on them:

- invoices
  - company stationary, envelopes
  - direct mail campaigns
  - newsletters (hardcopy)
- All personal communication
    - Every time someone from your company (e.g. sales person, support, billing) talks to a customer is an opportunity to ask for a referral (of course, only if it's a positive conversation).

Here is a good place to talk about one other group who is key in a referral program – your employees! These people are your first point of contact with customers and your program's constant cheerleaders. And, since they're sharing your referral message, be sure and include them in your incentives. What employee wouldn't want some extra cash, extra time off, or a gift card? Include them also in your escalators. They'll get increased rewards based on the number of referrals they bring in. Be sure and educate them on all the details of the program and some sales basics, effectively turning your employees into an increased sales force.

- Social Media –you may not have the resources to fully take advantage of social media like Facebook, Twitter or LinkedIn, but using these mechanisms can be extremely powerful. Make sure you leverage your social media activities as much as possible and provide a constant reminder about your program. Consider this, "Nearly 70 percent of consumers said a positive referral from a 'friend' on Facebook would positively influence their purchase decision," according to Derek Edmond on December 29th, 2010 in "10 Search Engine Marketing Statistics for B2B Marketers to Begin 2011".



# 3 The Bit and Bytes of Referrals . . . how to keep track

A very important part of any program is the tracking mechanism: a means to ensure that it's generating the results equivalent to the work you've put in. Look to a Professional Services Automation (PSA) tool, like ConnectWise, to make sure you have processes in place, which ensure all referrals are given the attention they deserve. Your PSA will make sure you don't lose track of the referral, will manage the referral through its lifecycle and:

1. Log the leads as they come in.
2. Record the source of referral (employee, customer, website, etc.) – highly important! Don't ever lose sight of who sent in the referral since "forgetting" just may tarnish your reputation with both the prospect as well as the referral source.
3. Create an immediate response to the referral source thanking them for their referral.
4. Route the lead and document to whom the lead was referred which means, ideally, your PSA tool will have a connection to your sales contact management system and next step(s) in the sales process.
5. Indicate lead status, i.e. where the lead is in the process at any given time. Note: be sure this is visible to all employees, so that any person who comes in contact with either the referring company or the lead itself can give a status update.
6. Notify the referral source once the lead closes (again, that link to your sales system would be ideal) and advise them that a reward is on its way.
7. Provide reports indicating information like numbers and sources of referrals, close numbers, and time to close stats.





## Conclusion

A last bit of advice: remember that the key to a successful referral program is ongoing reminders and effort on your part. You can't have an exciting launch but expect it to continue on its own; it will eventually dwindle to a mere message on a signature, which is where many businesses fail with referral marketing. Keep your program fresh and exciting by changing your rewards, promoting your top referrers, and taking every opportunity to communicate and reinforce the incentives and successes of the program.

Referral marketing is undeniably at the crest of the marketing wave. It's what "tweeting" and "liking" is all about; it's what websites like LinkedIn do; it's what "pass this on to five friends" emails do – getting your friends and acquaintances to refer business to each other, generating increased sales and expanding the reach of so many companies. And in this highly competitive economy, no stone can be left unturned when it comes to securing new business, especially leads that cost little and require only modest effort on your valuable time.

## About ConnectWise

Available anytime, anywhere, 24/7, ConnectWise is the leading business management solution designed exclusively for technology organizations. Created by technology professionals, ConnectWise provides industry-leading software for support and ticketing, CRM, project management, invoicing, time tracking, procurement, and sales quotes and proposals. But ConnectWise is much more than just software. ConnectWise offers access to discounted tech certifications, community, best practices, forums, a robust online university, and business and technical consulting. Over 65,000 professionals rely on ConnectWise to provide a 360 degree view of their technology driven organization.

