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# REFERRAL POWER

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REACH FURTHER.  
SPEND LESS.



# **“Referral Power – Reach Further. Spend Less”**

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# Introduction

A salesperson gives you the perfect pitch – it hits all your pain points, it makes you excited for their product, it even makes you emotional, and at the end of it you say, “Well... maybe.”

On the other hand your friend mentions in an off-handed way that there’s a t.v. show that you might like... so you watch it. They say there’s a restaurant new in town that you’ll love, so you go. Activities, events, past-times, doctors, lawyers... the list of things we’ll try based on the slightest nod from our friends goes on and on.

Why do we trust our friends’ opinions? Because we’ve organically tested them over time. We’ve encountered enough situations so that we now know that our friend Mike has the same taste in movies as we do, but we don’t share Christina’s taste in art.

Nielsen.com (a consumer study group) [did a poll](#) that discovered that 84% of people across 58 countries held word-of-mouth recommendations as being the most trustworthy form of all advertising.

Word-of-mouth recommendations are far more likely to get us to try out a service or product than regular advertising. While advertising might add a sense of legitimacy (they can afford ad space on a popular television show, so they must be doing something right), we know it’s advertising so of course it’s going to tell us that we want or need something. That doesn’t make it true.

We trust referrals from our friends and acquaintances as being far more likely to connect us with a service or product that can truly benefit our lives. That makes referrals an extremely powerful form of marketing, and they are at the heart of what this book is about.



## Why are referrals so powerful?

Aside from the power of the trusted source as mentioned above, there are two other big factors that make pursuing referrals so worthwhile.

The first is that this form of marketing is aimed at exactly the right kinds of people. The marketing message is targeted instead of the shotgun approach that is taken by most paid forms of advertising.

Someone writes on their Facebook wall that they're looking for a good carpenter. One of your ongoing clients puts your name up in response and gives you a great big thumbs up. That's advertising directed at someone extremely likely to convert into a paying customer, instead of expensive advertising that spreads itself thin trying to appeal to everybody.

The second additional factor is that referrals can reach just about everybody online. Paid advertising in traditional forms (television, radio, magazines, newspapers) have a limited range.

Referrals on the other hand can reach everybody who is friends of your customer or client on social media, and then those friends can pass your name on to their friends, and so on.

Not only is the reach of clients or customers wide, it's also extremely fast, extolling your virtues to friends and acquaintances at digital-age speeds.

Referrals are exponential, while the reach of traditional paid advertising is limited at best.



## **How to harness the power of referrals.**

This book is going to look at two main ways that your business can earn and use referrals to boost your bottom line.

The first is by having your customers and clients do your marketing for you.

The second is by cooperating with other businesses to combine your customer/client base to your mutual benefit.

Let's get started.



# Section 1 – Client Referrals

## Chapter 1 – Make Asking for Referrals a Part of Your Process

Asking for referrals comes easily for some people, while others can get more than a little uncomfortable. So first things first – let's make asking for referrals part of your work's everyday process.

***A starter's tip – When you get referrals make sure you ask permission to use your current client or customer's name. That way when you get in touch with the new referral you'll have a mutual friend or business associate that trusts you both. You can mention them instead of trying to start up a conversation out of the blue.***

### 1. Give your clients or customers a reason to give you a referral.

In other words, do great work. Deliver great service. Produce the very best widgets you can provide. Find out all the things that your competition is doing better than you and find ways to top them.

It's going to be so much easier for you to request referrals if you are proud of the product or service that you provide.

Having a great product and/or service will make it easier for your customers or clients when they're trying to explain to their friends why they should try you over your competition. On the flip-side, you're going to be so much more squeamish if you know you're trying to get people to ask their friends to try out your business when you know you're presenting subpar products.

Know what the benefits of your business are to customers, know how to articulate this to your referrers and thus make sure they are clear how to present you to other people.



Having a great Unique Selling Point will help you articulate your benefits to prospects too.

## **2. Are you asking everybody you could be asking?**

Existing (and happy) clients are an obvious source of referrals, but are they the only ones you could be asking?

How about the people who supply your business with equipment? Can you perhaps set up a mutually beneficial trade off where they recommend your services (for example, you're a personal health trainer) and you recommend their gear (they sell sports clothing)?

Can you get your friends on the bandwagon? Ask them who they know that fits your ideal client. Most of them will have social media: ask them to Like your Facebook page or provide a recommendation on LinkedIn etc.

Create a list of everybody who can be offering referrals on your behalf. This can include:

- Current clients.
- Friends and family.
- Clients you didn't convert but you are still on friendly terms with.
- Your employees.
- Your vendors and suppliers.
- Your current prospects that you're in the process of converting.
- Members of associations or groups that you belong to.
- Prospect connections – other businesses that your prospects trust and admire.
- “Big voices” (a.k.a. Leaders). These might be celebrities, people of standing within certain industries or influencers within a group.
- Magazine or newsletter authors or editors.
- Special interest groups. For example, if you sell athletic wear you might try tennis associations or bowling leagues.



- Companies that are already dealing with the type of clients that you desire for your own business.
- Your competition. (We'll explain this one in a chapter below.)

### 3. Make sure you're asking the right people.

This is the other side of the coin of point #2.

You may have an ideal type of client.

Jot down ideas about what makes for your ideal A-list type of client. Now identify any of your current customers or clients who make that grade. Chances are you'll have a higher percentage of A-list referrals from current clients who are already in that category, so approach them first.

The reverse of course is that people who are on your D-list, your nightmare customers or clients, are more likely to bring more D-listers to the table, so don't ask for referrals from them.

*1. Identify your A-list clients. They can be categorised any number of ways: age, gender, race, income, hobbies, geographic location, membership in a specific organisation, people belonging to a certain industry or business, position or title within a business, types of vacations they take, magazines they subscribe to, people about to go through or have just gone through a major event (wedding, birth of a child, graduation, retirement), someone who has just made a major investment, and so on.*

*2. What type of person can refer you to your A-list clients? Your suppliers, your clients, members of an organisation, other members of your business chain, celebrities, employees of a particular type of business, magazines, special interest groups, blogs, etc.*

*3. Help your current clients identify potential referrals. Your clients might get stuck coming up with enough referrals, so help them out by identifying where they might find them (from your list in Point #1). So for instance if you are a Physiotherapist and you are talking with a client that plays rugby, you can ask who they know that plays rugby that could benefit from a physio.*



#### 4. Have a system for asking for referrals.

To gain confidence asking for referrals, make asking for referrals part of your process of doing business. Document the referral-asking so it becomes a concrete part of your customer relations.

You need to have a few systems to ask for referrals at different times to maximise the opportunities you have e.g. at a meeting, after every job that has been completed, after the first two months of having a client engage you. Where possible your system should verify that the client is happy before you ask for the referral.

Happy clients lead to more referrals but you need to ask for referrals to get as many as you can! The easiest way to ask for referrals is when you find someone happy with your service – that is the time to ask for referrals.

But how do you know if your clients are truly happy with what you provide for them?

Different people can respond in different ways so you need lots of different ways of getting feedback. Methods can include surveying on the phone, asking at a face-to-face meeting, sending out a detailed feedback form annually, asking for quick feedback after each job or sale. If you restrict the number of ways you ask for feedback, you limit opportunities to ask for referrals and thus restrict your business growth. It is worth thinking hard of ways to get feedback, then implementing a system.

##### Example 1 - Post-Job Letters

One method of getting feedback is to send out a follow-up letter. Start out by letting the customer or client know how much you appreciated being able to do business with them. Now, because you value them as your customer, you'd like to get their input on how to improve your business for their benefit.

On a second page (that can be mailed back to you) include a rating system. Make the rating system as simple to use as possible. This system might be boxes to be ticked or



rating numbers to be circled that might include such categories as timeliness, courtesy, satisfaction with service, and so on.

The easier it is for your client to fill out, the less reason they'll have to put it off or to neglect it entirely.

(Along those lines, make sure you pre-pay the postage for the letter or form to be sent to you, or alternatively use email communication.)

Next, make sure there's space for them to tell you what it is that they didn't like about your service.

Follow this with a brief note saying that because you enjoyed working with them so much you'd like to extend the benefits that your business has to offer to their contacts, friends and family. Then offer an incentive. Therefore, an example of what you can write is:

"As you know we are totally committed to the success of your business so if you have experienced that commitment in the form of good service I'd like to ask you to return the compliment.

Who else do you know who would benefit from the sort of business advice and support that you've enjoyed? I ask you that question because we enjoy working with you so much so if they're your friend, colleague or contacts I know we'll enjoy working with them too.

So if you write their details on the questionnaire we'll offer them as a gift from you, a 10% discount on the first purchase they make."

This gift turns your current clients into heroes who are connected enough to be able to hand out discounts.



You can also offer an incentive for your current client. If they do offer up a certain number of referrals you'll give them a free mini consulting session or sample of other wares you sell. So now, your current client has a further incentive to recommend you to others, plus you give them a chance to experience some of your offerings that they might not have experienced before, which may lead to more sales.

### Example 2 – End-of-Job Interactions

Let's say that you provide a service that's generally a one-stop affair like an on-call plumber. You get called in, you do your job, you fix the drip or prevent the flood, and the job is done.

Ask the client if they were happy with the service and if so ask them who they know who fits your ideal client criteria. If the client isn't available when you finish the job, leave behind a survey card that asks to give your service a rating based on a number that they can mail in (pre-pay the postage).

Again, make the card as simple as possible for them to fill out – boxes to be checked off or numbers to be circled, or perhaps the words "Poor" "Fine" "Good" and "Excellent" that can be circled.

Leave room where they can write in anything that they feel could help you improve your business. Phrase it that way – that they're helping you to become better and that your goal is to provide the best possible service that you can.

At the end ask for the names and phone numbers of 3 people who could use your service. When you actually call the referrals, mention the name of the person who referred you and why they think you could benefit the prospect. Have an incentive on the card such as the referrer will be put into a monthly prize draw to win an iPad or the prospect will receive 10% off all parts.



### Example 3 – One-on-One Meetings

If you're the type of business that has a sit down one-on-one meeting with your clients make part of your process writing up a one-or-two page agenda that outlines the steps you take in such meetings.

This will do two things. First, it will put you in control of the meeting. You're the one calling the shots of what gets discussed at which point. (It looks really professional and they'll get to see all the work you do in preparing for such meetings, work that is usually invisible to the customer.)

Second, you put asking for the referral somewhere in the agenda. This way it's there in black and white, the client knows it's coming, and you can't avoid it.

As you know now, to lead in to the referral process you first get feedback. Ask the same "Are you happy?"

You can also at this point ask them what your business could be doing to make them happier which, in and of itself, will make them happier. Everyone likes to be listened to.

So once you've hit this earlier point and deliberately reminded your client or customer that they're happy with your business, you'll now find it easier to ask them to refer some of their friends.

You don't have to bluntly phrase it as a plea for referrals. If you prefer, try some language along the lines of, "Who else do you know that might benefit from [whatever benefit that you provide]?"

This way it's phrased not like the client is doing you a favour, but that the client is doing a favour for their friends by recommending your top-notch business.

Make this a specific number of referrals – try for five. You're likely to get less referrals than the number you've actually asked for, so if you ask for three then you may only get



one. If you ask for too many, you'll seem pushy or greedy. Five is a number that should result in two or three good referrals.

Another added bonus – now that you've documented the asking-for-referrals process it will become part of your business' culture, meaning all of your employees will be able to do the same.

#### Example 4 – Ask for Referrals at the Very Start of Your Relationship

A lot of people see success when they ask for referrals right when they sign on with a new client.

This works especially well if the client is a referral himself, but that's not absolutely necessary.

It may sound like an awkward way to start a relationship with a new client, but there are a couple of factors that work in your favour.

First, since they're new to you, that means they're an ex-customer or client of some of your competition. They didn't just leave – they left for a reason.

Your business is the antidote to the pain they were feeling having to deal with your competition. You represent relief. Relief engenders gratitude, which is a fine feeling to have present in someone when you ask them for referrals.

Second, you haven't yet had the chance to make any mistakes. You're still in the honeymoon period.

If you feel squeamish, a document (like the meeting agenda) can come to the rescue. In the document lay out what it is that you're going to do for your client. And then lay out what you're hoping for from the client – to be paid on time, that the client will be honest and upfront with any concerns so that you can solve them right away, and that if they're happy they'll mention you to three to five friends.



When you get to the point about discussing referrals tell your new client that you prefer to base your business off of referrals because it makes your business obliged to focus on maintaining excellent customer service.

## **5. Do more than just say “Thank you”.**

In the examples shown you can see it is important to reward your customers who come through with referrals. They don't have to do it, it's not their job to bring you more business (even if it is in a meeting agenda).

By rewarding the referrals with some token (a little gift, or perhaps a small discount off your services) you encourage your clients to bring in more referrals.

You may wish to reward someone for just giving you the referrals, or just the ones that become paying customers. Offering tokens of gratitude has an added bonus effect – it really makes your business stand out. It makes you look like someone who values their customers, and gives you a leg up on your competition that might be doing nothing at all. Don't underestimate the power of the gift – few businesses offer this “thank you”.

If you really want to keep 100% of their attention at your meeting add a final task at the bottom of your agenda that says “\$1000 of marketing for free.”

As you know now, start the referral process by getting feedback from the client. Talk to your client directly going through the same type of explanation and questions in Example 1 before.

At the end of the meeting give suitable incentives. Your client may be offered a credit of \$200 off the next bill for every person referred by them that becomes a client of yours. In addition, hand them 10 \$100 exclusive gift certificates redeemable at your business that they are to give out to people that they think will benefit from your product or service.

This way your client will look good in the eyes of their customers and the prospects have even more reason to contact you. Plus, your client is likely to give the certificates out to



their A-listers clients, which means you'll be getting 10 pre-screened A-listers showing up at your door.

## **Chapter 2 – Following Up on Referral Commitments**

Commitments for referrals from clients are rarely actually contractual; they're just something your client will agree to in a verbal fashion.

It's great when they agree to refer you to four or five contacts.

It's even better if they go off and get in touch with those contacts for you so that they'll know you're coming and have a whetted appetite.

It's not so great when your current client agrees to give you referrals and then promptly forgets all about it.

Some clients will just feel as shy as you do when it comes to referrals. Others will just genuinely forget about your agreement.

The problem is that you lose control of the situation once you no longer have your client working to the agenda that you have set. So how do you get some control of the situation back into your hands (and give your client a gentle reminder about the referrals)?

Make a follow-up letter part of your system.

It doesn't have to be long or abrasive in any way. All this letter has to say is that you'd like to pick up where you left off in regards to referrals. In order to get the client back on your side state in the letter that you would rather spend your money on making your services better rather than on marketing so that's why referrals are so important to you and your business.

Remember to state the original incentives you offered them and their contacts.



## Chapter 3 – Set Referral Goals

How will you know if this new referral system is working or if you need to tweak it? Set goals.

Write on a calendar how many new clients or customers you want one year from now. Figure out how many you'll have to win per month.

You're not going to be able to convert all of your referrals, so you should expect to have to attempt to gather at least 50% more referrals than the actual number of clients you want to gain per month. You'll be able to adjust this number depending on your own success rate.

Make sure to share these goals with your team. When you succeed, celebrate. Make it a big deal so your employees want to do it again, or even better themselves. Make asking for referrals a part of your ongoing business culture.





## Section 2 – Building Powerful Referral Alliances

### **Chapter 4 – Tap Into More Markets with Less Marketing Money (Forge Business Referral Alliances)**

There are businesses out there right now who are in contact with your ideal prospect. Companies that have spent a lot of marketing dollars building up that relationship. You can leverage their contacts by developing an alliance with them which we call a host-beneficiary relationship.

#### **The Business Chain**

The first step is to figure out what other businesses are in your “business chain”.

Let’s say your business is a fitness centre. Think of your health club as one link in a chain. Now what other links might there be – what other products or services (that you don’t offer) would your clientele be interested in?

Your clients may very well want athletic wear and proper shoes. Doctors might have patients that they recommend get into better shape. Those are links that come before they get to your club. They may want to head for a relaxing massage, a spa, or maybe a health-conscious restaurant after they visit you – these links come after you in your business chain.

#### **You as the Beneficiary**

When you’re getting in touch with the other links in the chain you’re going to want to show them that you’re worth partnering up with. In the health club example you can offer potential partners a free pass for a month, with a discounted pass for the rest of the year if an alliance is formed.

Your approach is this – tell the CEO or owner of that potential company that you want to do a deal that will offer the chance to make an extra \$10,000, \$20,000, \$30,000 a



year (whatever amount you think is applicable) and they won't have to risk any sort of investment at all. Business owners are going to have a hard time saying no to at least listening to your proposal.

Once you have their attention, hit them up with the following points:

1. Your product or service doesn't compete with their product or service (it may even complement their offerings).
2. They don't really have to do anything. If they do care to become more active in the promotion, all the better.
3. This proposal will in no way risk their current profits. It only stands the chance of adding to their profits.
4. You will create and pay for all the marketing materials (you can offer to let them have approval on the materials). If they want to help pay for the costs then you can offer them a bigger slice of the profits.
5. You'll indemnify their company and they will be held harmless (if there's ever any problem with your product or service you're promising that you'll fix things and that their company won't be held responsible). You'll also guarantee every item or service that you sell.
6. The host company can have all of the orders routed through them for verification.

All of these points take away reasons for the other company to say "no" and show how much confidence you have in the venture.

If possible, make projections. Tell the host that if your projections are correct ("if my projections are correct" is a good phrase to use) then you can expect to be handing them a check for \$20,000 six months from that point.

If this is going to become an ongoing situation, get them thinking about what they can do with that extra \$40,000 a year. This makes the money more concrete, makes it part



of their business plans, and now they'll have a harder time imagining their business without the money that will come from your deal.

Discuss all the things they could do – hire on a new person, get updated equipment or expand their location, or run more ads on television – make the possibilities concrete.

Also try to build in some kind of automatic deal renewal that triggers when your partner receives X amount of money. That way your partner won't be able to shake you off to set up a similar deal of their own or go to one of your competitors for a similar style of deal. If you're the benefactor of the referrals then you want the relationship with the host company to be exclusive.

### **Example**

Below is an email campaign an insurance broker sent to accounting firms.

*Dear X,*

*I know your clients rely on you for financial advice but what about insurance? Do you have a general insurance partner that you can rely on to take care of them and provide insurance advice for their business such as public liability, professional indemnity or property insurance for fire, theft or glass?*

*I'm an insurance broker that has taken the next step of starting my own business and I would like to provide a free review of your clients' business insurance policies. Most clients are time poor and tend to "just pay" their insurance each year without looking to see if there is a better deal elsewhere.*

#### ***The offer***

*I would like to develop a referral partnership with you and reward you if we can bring value add to your clients. An example of this could be a commission split up to 40% and a retention split up to 20% for renewals or a voucher system.*

*If you would like to consider this and discuss further please contact me on the details below.*



## **You as the Host**

You can also reverse the situation – you act as a host company promoting other people's businesses in exchange for a percentage of the profits.

In this case you want to try to get a bigger slice of the residual pie. Offer to pay a quarter or half of upfront costs in exchange for a similar split of residual profits.

This is still a tremendous deal for the company you'll be promoting because they get a boost in their clientele with A-list targeted clients (who are much more likely to convert) for a fraction of the cost of traditional advertising.

Now, with every new client you bring in you not only have the traditional fees you would have made, you also have additional revenue streams coming from the same client. It's like gaining two (or more) clients for every one actual client that you land. The more benefit deals you have in place, the more revenue streams.

Your clients are now worth more to you. You can now afford more marketing to bring in more of these new beefed-up clients.

If you are the referring company (the host) you'll want to avoid exclusivity contract stipulations. You'll have more bargaining power if you're able to end the deal and go to the beneficiary's competition or if you're not locked into a perpetually renewing contract.

## **Make it worthwhile for your customers and clients**

None of these revenue streams are going to work however if the special promoted deals aren't all that special.

Your customers have to feel like you really negotiated one heck of a deal for them.

## **How to Split the Profits**

Make sure that the profit split is in writing.



There is no hard-and-fast rule in how to split the profits; it will depend on the costs of the marketing and on the particular businesses involved.

If you're handling all of the marketing costs then make sure that these costs come off of the top.

It's possible that you may be in a situation where you offer all of the profits to the host company because you intend to make your own money off of further residual sales from the new returning customers that the deal will provide for you.

The percentages can be based on overall sales, or perhaps you pay the host a certain amount for every referral that makes contact with you. (In this case you're rewarding the referrals and not actual conversions into paying customers – just like with your clients' referrals it's up to you to convert, not the other business.)

It could be a fixed fee for doing the promotion.

Whatever the split remember that you're paying a very small fee for access to a database of prospects and clients that the host company has dedicated substantial time and money building up.

## **Countering the Two Main Objections**

Worry #1 – The company you contact is worried you're not going to honour your part of the deal.

One solution is to let them handle all of the money, so that they pay you your cut.

Another is to set up a joint account at a bank that acts as escrow. The account can be set to automatically transfer the proper percentage of every earned dollar to that company's own account.



Worry #2 – You’ll sell their client list to outside parties.

Observing the Australian Privacy Act the promotion should be via their marketing system and you shouldn’t be expecting to get a list of their contact information to import into your marketing database.

### **Validation Makes It Easier to Create More Deals**

The first of these deals you make, whether you’re the beneficiary or the referral company, is a test run. Make sure you document everything you can – the profits, the costs, how much each company benefitted, and so on.

This way you have documented validation of the idea so that when you approach the next company with such a deal you’ll be able to point at your documentation and prove that such a relationship benefits everybody.



## Chapter 5 – Filling in the Sales Gaps

There are more ways in which business referrals can help your own business' sales.

### Be Their Plan B

In this strategy you become Plan B for a business when Plan A (sell their own wares) fails. It's not how they'd prefer things to go, but it's a far sight better than making absolutely no money at all off of a sale which is going to happen somewhere.

For example let's say you make men's business-appropriate jackets. You go to a high-end retailer with its own designer label.

They position themselves as the Rolls Royce of men's jackets. They spend a lot of money on advertising, but of the people that the marketing brings in only 10% are able to afford their line of clothing.

That leaves them with 90% of the people they bring in as complete no-sales. 90% of their marketing money walks out the front door.

So you offer them a deal. When they can't sell their own product, they will then attempt to sell yours. If they can't sell your product then, they'll give you those leads to follow up. They get what is essentially a commission and you get a sale based on being associated with their top tier name.

You're helping them recoup all those lost leads and advertising dollars, and you're getting clients without putting out any marketing money at all.

If they're still hesitant then you can remind them that these people are going to buy a coat somewhere – and if it's not from them then it's going to be from somewhere else. Why not get some revenue from the person who is inevitably going to buy a jacket from someone?



## **Get Your Competition to Make Your Sales**

Oddly enough, you can even get your competition to make sales for you.

Let's go back to the health club example. Your competition doesn't have a swimming pool at their gym, but you do. A potential client says no to your competition because they don't have a pool. But you set up a deal so they still make a commission by sending the prospect to you instead of to another competing club. A discount voucher system would help to encourage the prospect to follow through and so you can track referrals being made by the other gym.

The key phrase here is, "If you can't sell yours, you'll still make some money by selling mine."

## **More Business Referral Examples**

Are you an expert in something? Can you give a lecture or class? Contact businesses in your chain and have them recommend your class to their clients for a percentage of each ticket sold. You get sales from the class and the chance to convert attendees into return customers, as well as positioning yourself in their minds as the go-to person in your field, which will result in even more referrals.

These lectures can also relate back to sales for the referring company.

For example, if you are a financial planner, approach an accounting firm to recommend your lectures for middle-income people who want to start investing. The accounting firm now gets the kudos for arranging financial planning seminars and may get more business from their existing clients who need extra help with organising their finances to invest with the financial planner.

Find even the most tangentially related businesses for partnerships. For example let's say you're involved in home construction. There are a ton of companies that you can form a chain with (possibly offering discounts for grouped buys from clients) –





landscapers, contractors, painters, plumbers, carpenters, furniture sellers, interior designers, architects, pool installers, realtors, and so on.



## Section 3 – Reclaiming Lost Clients

### **Chapter 6 – Why Bother with Lost Clients?**

Say your goal is to gain 30 new ongoing clients within a calendar year.

However, you lost 20 ongoing clients throughout that year, something you take as the normal cost of doing business.

The problem is that you now have to actually gain 50 new clients to reach your goal of the 30 new clients added to your overall number of clients.

Getting those clients back reduces the amount of work you have to do to reach your goals.

But isn't it more work to sell to people who have left your business?

Surprisingly, the answer is no. Companies have a 20 to 40% chance of selling to lost customers, whereas they only have a 5 to 20% chance of selling to new clients.

#### **Restarting a Lapsed Relationship**

Customers or clients will generally stop buying from you for one of three reasons:

1. Something unrelated to you happened in their life, or they just forgot about you (like when we forget to renew a subscription). They might mean to sign back up with you but they just never quite get around to doing it.
2. Your product or service is no longer of any benefit to them.
3. You screwed up and left them with a feeling of dissatisfaction.

There's a good chance that if your business has client relationships that didn't go sour but simply lapsed it's because you entered into an out-of-sight out-of-mind relationship with that client.



Since your business is all about adding some kind of benefit or value to your customers' lives they've had to live their lives at a disadvantage without you being there at their side. It's possible their lives may even have been affected negatively if they've dealt with your less-than-stellar competition and their inferior offerings.

By reconnecting you're going to be doing them the service of making their lives better.

## Reclaiming an Unhappy Client

Let's take a quick look at some stats about customer dissatisfaction. (*Source [www.helpscout.net/75-customer-service-facts-quotes-statistics](http://www.helpscout.net/75-customer-service-facts-quotes-statistics)*)

- 78% of clients or customers who leave a sales transaction before completion do so because of poor service.
- Only about 4% of customers who leave you will ever tell you why without any sort of prompt.
- Loyal customers are worth an average of up to 10 times the amount of their first purchase.
- Existing customers have a 60 to 70% chance of buying, whereas potential first-time clients only have a 5 to 20% chance.
- If your customer or client has a negative experience, they'll need about 12 positive experiences to set things right with them.
- Bad word of mouth spreads to twice as many people as good customer service.
- It's 6 to 7 times more expensive to gain new customers as it is to keep current ones.
- If you have a customer who does bring up complaints it's likely that you have 26 more who aren't saying anything but still have a problem with your business.

What all of this boils down to is that you don't know why you've lost customers.

Without finding out why, you're not fixing the problem, and that is leading to the loss of more customers.



In most of the cases of customer attrition there's a very good chance that the problem is fixable.

So by paying attention to what your customers are saying you can fix your company's service problems thereby stopping further attrition and show that you're a company that cares about its customers. That caring will be your way to bring those lost customers back.

The very act of contacting them will build good will. Expressing this contact as your desire to have them help you build a better service will invest them emotionally in your company (they will have helped in forming the newer, better version of you).

They're also going to tell their friends about how a company went out of their way to get their opinion... and that is a form of referral.

If the attrition occurred not because of a lack of service or problem on your end but because they've had some kind of major life event that leaves them with no use for your product or service, then congratulate or commiserate with them.

If the person left you but it was due to a happy event in their lives don't be afraid to ask for referrals.

The best way to build a well-oiled referral machine is to genuinely care about your customers.



## Chapter 7 - Contacting the Lost Client

Go through your records and see whom you've lost. Arrange them so you get in touch with your A-listers first.

When you get in touch with a lost customer or client make sure that the meeting is about them. Your desire is to be able to have the opportunity to once again help enrich their lives with your product or service. In order to do so you need to know what went wrong in the relationship.

If you lost them just due to their inactivity in renewing with you then the contact alone might be enough to move them into joining with you again. A “welcome back” incentive certainly won't hurt things either.

If there's been some kind of foul-up or lack of service then it's time to up your game and woo them back with a free upgrade, or replacement, or a session of free service... something that shows you're going to invest in earning their trust.

You're not just “bribing” them to come back – you're re-earning their trust. Plus you're investing in their time as they explain to you problems you have in your processes – this feedback is going to help you retain multiples of customers, and that is priceless.

There's another bonus in addition to the feedback – customers you've brought back are likely to be even more loyal and thereby more profitable.

### Examples of How Companies Have Won Back Lapsed Clients

- Vouchers or gift certificates. Half off or a quarter off or a dollar amount off of a purchase is hard to resist, and it gets those customers back into the habit of buying from you.
- Offer a free consultation.
- Offer a free maintenance check or tune-up.
- Is your business subscription-based? Send out a letter just before the subscription expires. And again maybe a week after the expiration. And another



a week after that. Each letter ups the offer a little, offering a little more enticement until it seems ridiculous to the customer that they wouldn't take you up on your offer.

- If you have a drop-in location like a health club or spa and you haven't seen a client for some time send them a note or call with the idea of checking on them to see if everything is alright.

Whatever method you use, the idea is to get back into the client's headspace, to remind them of how awesome your service or product is and how much of a benefit it added to their life.

## One Last Thought

Your company is richer than you think. You're wealthy with potential referrals and enticements that will make other businesses join forces with you.

Putting even a minimal amount of effort into making your clients and other businesses feel like they're part of your company's extended family can pay out in huge dividends, at a mere fraction of the cost of paid advertising.

Let's revisit that statistic from the introduction to this book one last time – 84% hold word-of-mouth as the most trustworthy form of advertising. ***It is the most important form of marketing there is.***

