

Ep #397: How to Calculate Referrals for 2026

ROADMAP to REFERRALS



Full Episode Transcript

With Your Host

Stacey Brown Randall

Stacey Brown Randall: Hey there! Do you love referrals but hate asking for them? Well, then you've come to the right place. This is the Roadmap to Referrals podcast, and I'm your host, Stacey Brown Randall.

Roadmap to Referrals with Stacey Brown Randall

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Every week I break down why you don't have to ask, pay, be gimmicky, or network all the time to be able to generate referrals for your business.

We take a science backed approach with our methodology, frameworks and strategies. The goal is simple to help you take control of your referrals on your terms.

Okay, so with last week's episode, episode 396, I kind of set the stage for this week's episode, right?

So the question I always get every new year, like clockwork, is how do you figure out what your aim for referrals should be in the new year? Like, how do you figure out what to aim for?

Because we don't want to just pull numbers out of the sky, right? We just want to pull round fat numbers because they sound good and impressive.

So we're going to break it down exactly what you should be aiming for when it comes to referrals for this new year.

Whether you call them referral goals or your referral metrics or your referral KPIs, it doesn't matter to me. The plan is for you to have numbers you are aiming for.

So again, like I said, we started this with last week's episode and then of course we're going to continue it now with this week's episode.

And then that'll lead us into the episode next week, we're going to talk about some must have referral strategies based on what actually matters, your calculations.

Okay, so last week on the episode, I asked you to pull three pieces of data for me. Number one, how many clients do you need in a year to have a good year?

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Maybe you also pulled a number that you need to have in a year to have a great year. Great. One or two numbers there, but it's really just the good year.

Then, how many people, which we call referral sources do you have that are referring you now? So how many referral sources do you have? Remember a referral source has to be a person.

And number three, the third piece of data I asked you to pull was how many referrals, referred prospects, do you typically receive on average in a year?

So if you do that calculation, looking back a couple of years based on how many referrals you've received over the last few years, you're going to divide that by the number of years.

And that's going to give you an average of number of referrals that you receive. So we were taking this from our friend Micah and his situation.

So I'm now going to break down for you the data that he shared and the feedback that I gave him on the formula that I use based on these data points to kind of help him figure out what his goals should be and truly, more importantly, where the numbers would actually come from to cultivate the referrals that he needs and the referral sources he's going to need as well.

All right. So when Micah was telling me about how many clients he needs in a year, he kind of gave a range, which I usually find most people do, but he kind of gave a range.

So one being like a good year versus probably the higher end of that range being a great year. So we're going to go with the range, the bottom of that range that was more of like the good year. And so the range he gave was 80. So 80 new clients in a year.

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Now when he told me how many referral sources he had, he has about 50 centers of influence that could refer, but only around 20 are actually referring.

So we have 20 as that number, even though we have 50, 20 are the actual number of folks that are referring.

And he doesn't receive referrals from his past clients. That means that on average, his number of referrals a year are around 25.

So let me break this down real quick. So he needs 80 clients a year. He has about 20 people a year who are referring him. And from those 20 people a year that are referring him, he's getting, on average, about 25 referrals in a year.

Now, as you know, there is clearly a gap between receiving 25 referrals in a year and wanting to get to 80 clients in a year. He did provide some additional information, which I think is always great, which is his close ratio is pretty good. So congrats Micah.

And he will likely, he's thinking with his close ratio that he has, he's likely thinking to get to 80 clients, he would need probably 100 prospects, which means he has about an 80% close ratio.

And thinking that if he wanted to get to 100 close clients. So like the great year, not just the good year of 80, but the great year of 100, probably thinking he's going to need close to like 120, 130, maybe around that number of referrals to get them to 100 close clients.

But we are focused on the 80, 20 and 25 again. The 80 is the number of clients he needs in a year to have a good year.

20 is the number of folks who are typically referring him on a yearly basis, and he's averaging around 25 referrals in a year.

So this is a very, very simple formula. And it's not like a specific like one plus one equals two.

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It's more of me looking at your numbers and then being like, okay, to go from averaging 25 referrals in a year and trying to get to double that number, or in this case, triple that number or quadruple that number, we have to fill in the gap.

So the way that I look at the formula, when I look at, okay, we have got 25 average referrals in a year coming from 20 people. I'm thinking to myself, okay, well if those 20 can give 25, we have some work to do to get to 80 or more.

Because he obviously wants to receive more referrals than any needs of clients, because you're not going to close every referral you receive. It's just how it works. Or you may close them later than you expect to. A lot of this has to do with your sales cycle.

Some of you have a sales cycle that is very quick, and others of you have a sales cycle that you may have someone in prospect mode, like in the buyer's journey for months, or even over a year before they make the decision to hire you.

So again, this is all subjective based on your business. In Micah's business, the close ratio happens a little bit like the closing process happens a little bit faster.

So here's what I always like to say. For most businesses you're going to receive prospects from more than just one source, right?

So he will be receiving prospects from different sources, I would hope, in addition to referrals. Maybe that's ads or internal leads, or maybe he does networking or SEO, maybe he does speaking engagements.

I generate leads for my two books that are out, so every business is a little bit different, but most businesses receive prospects from a couple of areas.

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You need to be having a couple of things you're pouring into the top of that pipeline funnel, starting at that awareness factor of them becoming aware of you.

Now, of course, I'm selfish. I want referrals to be the biggest piece of everyone's pie in terms of how those prospects are getting in the top of the funnel to consider working with you.

But most businesses, even the ones that tell you there are 100% referral, they are usually never 100% pure referral.

But we want that to be as big a piece of the pie as possible that the majority, or over 50% or whatever your number is that you want of your new prospects and new clients coming in the door, coming from referrals.

Okay. So when you're kind of looking at this from this perspective, and if we're assuming from our example, like we're kind of aiming for like 80 referrals but really closer to 100.

So we're going to kind of break down the math from that and kind of like the concept of like what that looks like if we're really aiming for 80 but closer to 100.

Okay. First, let's address the leap to go from averaging, you know, 20, 25 referrals in a year and then trying to get to 100. That's a 5X growth. Its possibility lies completely in where those referrals are coming from.

To get the majority of prospects coming from referrals, that is going to take time and commitment to following the process, because we only have 20 people currently referring us.

And let me just be quite frank, it's a leap double would be 50 referrals in a year. Triple would be 75 referrals in a year.

Because we're focusing on the 25 average number. You average 25 referrals in a year doubling. That's 50 tripling that is 75.

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So why I think this is a leap though, like with some businesses I look at and I'm like, okay, is it a leap to go from 25 referrals in a year to 80 or 100, which is effectively more than tripling, closer to quadrupling those referrals.

Well, my ability to say, I think will double what you're going to do in a year. I think we'll triple or I think we'll quadruple, has everything to do with who's referring you now and how many of those people that we have right now.

When I'm looking at Micah's numbers, I'm seeing an average of 25 referrals in a year and an average of 20 people referring.

That means almost every single one of his 20 referral sources is giving maybe one referral a year. That's not going to cut it. Not if we want to have some additional growth.

So if he told me, hey, I've got like 30 to 40 referral sources, I would be like, okay, that have referred in the last two years, I'd be like, okay, a little bit more room to work with.

And I don't need you to have more referral sources than the referrals. It's actually the opposite. I want you to have more.

I want you to have people that are giving you more than one referral in a year. But that's not the case for every business.

So I just want you guys to keep all this situational information in mind, because you've got to show some discernment in terms of what this looks like for you.

So why, though I think this is such a leap for Micah is based on who is referring him right now and more importantly, who is not referring him. We've only got 20 people, right?

And cultivating new people to refer you will take longer. It is absolutely one of the strategies that I teach, but it is the strategy that takes longer most of the time to get working for folks.

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Now, if we assume he's got 25 COI partners that refer just one prospect a year, right? We know his average is like, so he's got 20. Excuse me, we've got 20 COI partners that refer just about one prospect a year. That's 25 referrals.

Here's like when you're thinking about where more referrals could be cultivated from. To get to double those referrals, you go from 25 average on a year to 50 referrals.

Those 20 or so existing COI partners that are referring now, maybe one a year. An aim would be to put the right strategy in place to get them to actually increase the number of referrals that they send in a year.

So if they're all giving about one a year, and maybe 1 or 2 of them are giving two a year, they're all giving about one a year, we can get some very quick growth. If we can get that from one a year to two a year or three a year.

So if his 20 folks are giving about one referral a year and we can get them each to give two referrals a year and a couple of them give a few more, that allows us to go from averaging 25 referrals in a year to closer to that 40, 45, 50 range.

So that has the potential to get us to 50 referrals, but to increase past 50 referrals then to get into 75 or more referrals.

Now we're talking about cultivating from the other group. Remember he said he had 50 people that should be referring and only about 20-ish do, take those other 25, the non-referring COIs that could be referring and get some of them to start referring.

There may be a reason some of them don't refer. Maybe they refer to a competitor. Maybe they just don't ask the questions that would uncover that somebody needs what it is that Micah is doing, what he is that he's selling.

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So let's not just assume those 25 who have not referred are just going to automatically start referring. Even if we do cultivate them, not 100% of them will, but maybe we could get 5 to 7 new referral sources out of this group.

So again, let's just be cautious. Let's just say of those 25 non-referring COIs who could refer start referring him and let's say five of them do it. So if five of those people start referring that's five more referrals.

Now I'm hoping that out of that group of 25, we would get more than five people in a year that would start referring. But we're just going to kind of play it safe here, right?

Again, I want to be like instead of padding these numbers, I kind of want to be more cautious with these numbers. I want to set a true expectation.

Now, remember, Micah also said he doesn't have any clients that are referring him. So the next place I would look to get from 50 referrals to 75 would be to cultivate clients to refer.

Maybe we could get ten clients to start referring. That's ten referrals that we would receive. That may actually be too low.

Well, an unknown for me with Micah's data is I don't know how many clients he has. So if he has 80 clients that he's trying to bring on every year, I'm guessing that's 80 new clients every year.

He probably has a ton of clients, but if he's in a high-churn industry and some of those clients aren't around in 2 or 3 years later, or 4 or 5 years later, it definitely is going to reduce the number of folks he probably could cultivate into referral sources.

And that doesn't mean they all just churn off what he does for them, like what his clients are buying from him for.

It could be maybe some of them go out of business, right? Like lots of things change. Sell the business, go out of business, whatever.

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So we're looking at his clients. I don't know exactly how many we're talking about. If we did 80 last year, at least now we've got 80 from 2025, that maybe we can get ten of them to start referring.

I do believe that number is a little low. I do believe that probably he could probably get more. But again, I want to be cautious here. I don't want to over inflate the opportunity because I can't stand it when people do that.

So cultivating clients to refer, maybe we can pick up another ten from there. So now we're at 65. With the remaining ten, because we're trying to get to 75, would come from brand new referral sources.

That means people that aren't in that original group of like they should be referring, but they don't. These are some COI partners that he has within his company. But now we need to look outside of that.

And now we're looking at cultivating new centers of influence, new COIs to refer. And in this case, he's going to want to look at folks who swim upstream from him.

Now, on the podcast we did an episode, Upstream vs Downstream Referrals. And this is specific to referral sources, and it's [episode 332](#).

We'll link to it in the show notes page for this episode, which is StaceyBrownRandall.com/397.

Or if you're watching this on YouTube, of course, the links are below the video. And so you can learn more about what upstream means.

I'm not going to spend a lot of time talking about it, but he's going to have to cultivate new people to start referring him that haven't done it.

In addition to that group within his company that have the potential or could have been referring but chose not to. But they know who he is, right?

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So I actually broke those into two different groups. So that's how we would then get to 75 referrals. So just as a recap, let me just recap this for you really quick.

So we're averaging around 20-ish referrals in a year to get that to 50. We're hoping that the existing 25 referral sources would actually double what they're doing now. And that would get us in that 45 to closer to 50 range.

But to get to 50, to go past 50 to get to 75, now we've got to add out of those additional 25 non-recurring COI partners, we need, let's just say we can get five of them to start referring.

Then we're going to get ten clients to start referring. So now we're going from 50 to 55 to 65. And now we're going to cultivate new referral sources that will get us that remaining ten. So that gets us to 75.

Now, if we wanted more than 75, could be a little bit of a stretch. It's definitely going to take some work in one year for Micah to do this.

The increase would come from increasing referrals from some of those groups that I've mentioned. That's where he's going to dig in and look for referrals to come from.

Now, here's the thing. It's not a perfect formula because we're talking about humans and sometimes things and I mean the referral sources, right?

And sometimes there are things in their life or business that mean they refer more or less from year to year.

If somebody referred you for referrals last year, there's no formula in the world or guarantee or positioning that would say that they're absolutely going to refer you for this year.

You could get three, you could get seven, right? The idea is that when they're in the habit of referring, we want to keep nurturing them so they keep referring.

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But we have to recognize their desire to refer to us is never going to overcompensate for the fact that they may or may not come across opportunity to refer to us, which is why we want to make sure we're picking and strategizing on the right people.

Now, one thing that I would want Micah to focus on is really to look to cultivate what we would call like some power referral sources or kind of like your top-level referral sources.

And these are folks who refer to a lot of prospects in a year, like if Micah had one power referral source that was like could almost count on every year, I'm going to get 8 to 10 referrals from this person. Two power sources would be even better, right?

Like that right there. If you had like 1 or 2 people and they were each giving 8 to 10 referrals in a year themselves, now that means they are uniquely positioned to come across your ideal client a lot. They're not just walking down the street and those opportunities present themselves.

So but that is a goal that I would have and be like, hey, let's figure out within these folks that are already referring you or the folks you want to refer you, do we have the potential for one of them to become a power referral source.

A lot of times you cannot identify that in advance. You just start seeing it happen and then you lean more into that relationship.

So that's how we break this down. We look at where you are, where you want to go, and then I start figuring out, okay, to close that gap it's going to come from groups of humans.

What are the groups of humans. And then we look at how many we think we can get of referrals from each group. That's the goals we set.

If we look at this from this perspective for Micah, yeah, the goal may be to double his referrals to 50-ish or to get him to 75 to double or triple.

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That may be the overall goal, but we have some other metrics in there that we're looking for as well. We're looking to double the number of referrals he gets from people who already refer him.

We're looking to get ten clients to start referring him, or maybe even just five clients. I think it was ten was the number ten clients start referring him.

We're looking to get five people who are part of that COI partners group to start referring that haven't before, and we're going to have to cultivate new referral sources about another ten, in addition to the other three groups.

So that's how we create our metrics. We know, hey, we're aiming to get ten clients to start referring. That's the metric we're going to track.

And so the metric lead up to the overall goal of like the 50 or the 65 referrals that he's looking for, or 75 referrals that he's looking for.

Okay. Now, of course, how you do all that, how you cultivate people who are referring you now to give more, how you cultivate clients into referral sources, how you look at getting new people to start referring you.

That's, of course, what I teach my clients, and that's the work that I do with my clients. But this is the breakdown of how we determine what's possible and what you should be aiming for. And the metrics are the KPIs that you should be tracking.

So run your data through this process, this formula, using some of the assumptions that I made for Micah.

And if you want me to break it down for you live, I know sometimes just hearing me talk about it, or watching a video of me talking about it might not make it all click, then join me on the 20-minute teaching that we have this month for January.

It's going to be next week, where I'm going to show you how to set real referral goals or metrics, and I'm going to do it in only 20 minutes.

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It is our topic for our January 20-minute teaching, and I am breaking down how to set real referral goals for 2026.

Of course, we will put the link to sign up for the 20-minute teaching in the show notes page for this episode.

You can access the transcript for this episode, and of course, any of the other links I mentioned like signing up for the 20-minute teaching on the show notes page at StaceyBrownRandall.com/397.

Thanks for making it to the end. Until next week, take control of your referrals and build a referable business. Bye for now.