

Ep #401: Importance of Referral Sources



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.

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Ep #401: Importance of Referral Sources

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

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

Our next 20-minute teaching is coming up. Have you signed up? Yes. It's true, I actually can teach a topic in 20 minutes. I'm actually quite impressed every time I prove it to myself.

But of course, we are looking at one piece of referrals and making very narrow approach so we can go deep on it. I would love to have you join us for the February 20th minute teaching.

You can sign up at StaceyBrownRandall.com/teaching. Of course, we'll link to that below the video or in the show notes page for this episode.

And if you're curious on the topic, in February, I'm going to break down how to identify your referral MVP's.

Speaking of referral MVP's being your most valuable people, we're actually going to be doing a little bit of talking about them today. I want you to understand why they are so important.

So first, who are your most valuable people? Who are your referral MVP's? Well, if you've been around for a while, you've probably already figured out this answer.

You know that it is your existing referral sources. It's the people who've already referred you. Now, that doesn't mean people in the future who will refer you aren't important.

It doesn't mean your clients who have yet to refer you aren't important, of course, but we're just talking about the most valuable people. Not the only valuable people, but the most valuable people when it comes to more referrals.

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And that is truly your existing referral sources. So that's who your MVP's for referrals actually are. They are your existing referral sources.

Okay. So let's talk about why they're important, and then a few things you've got to understand about them.

So why are your referral sources your MVP's? Why are they so important? Well, referral sources for us is just the label that we give people that refer people to us.

So referral source, some people say referral partner. We just say, and some people will say like the referrer. Which, I don't like that because I think the referee and referrer and referee, see, I just did it.

It sounds too similar for people to understand. So we always have just said referral source. That is the person who is referring people to you, people being prospects to you.

So why are they so important? Well, it kind of goes without saying why they're important to your business. Why I think that anytime you want to generate more referrals for your business, focusing on these groups of humans is the fastest way.

I usually call it your low hanging fruit. It's the group I would want you to focus on first if you were trying to increase your referrals. And that's just because they've referred before, so they're more likely to refer again.

Now, of course there are reasons maybe someone wouldn't refer again. And it's never a guarantee that somebody who's referred in the past, even if it was like last week, doesn't mean they'll actually refer in the future, which is why it's so important to have a strategy in place to cultivate and care for these people.

But they're so important because they've already referred you, which means they are more likely to refer again. So they're more likely to refer a prospect, a potential new client to you. So that's why they are so important.

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The next thing I need you to understand about your referral MVP's, right? About understanding the importance behind your referral sources, is that to really, truly understand your referral sources, you really have to know their names.

I know that sounds kind of elementary. You're like, well, of course, right. But you'd be surprised how many people tell me, oh yeah, I've got people who refer me and I'm like, great.

I'm like, how many do you have? They don't know. They give me a range. Oh, like 10 to 15. I'm like, great. Can you give me ten names? Can you give me five of those ten names?

And usually they can't because they're, you know, you're probably getting some referrals in your business, right? Most of you, not all are getting referrals in your business. So you know what's happening.

But what you're doing is you're remembering the recency bias of the last few people who referred someone to you. But you may have forgotten the person who referred someone to you six months ago.

So it's important we know their names. We have to have our referral sources, our existing referral sources. We got to have their names. We've got to have it written down.

It's also a pretty good idea to have their contact information too. And it's okay to ask for it if you don't have it.

But when someone's actually putting the reputation on the line and they are referring someone to you, which is one of the reasons why we love our referral sources, it's usually okay to ask them for their mailing address, if you don't have it.

So it's important that you know their names, you have them written down and also that you have their contact information as well.

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So understanding the importance of our referral sources. Right? Because they've referred before, they're more likely to do it again.

Understanding that means that they put the reputation on the line and referred someone to you. There's a trust factor there that is so very important.

But we have to go further than that trust factor. We have to go further than just knowing their names. We need a strategy and a system for how we take care of them.

When we think about how we're going to take care of our existing referral sources, there's two other things I really want you to have in place as well that helps you truly define your referral sources.

The first one is, I need you to know what type they are. So you need to label the type that is your referral source.

So more likely the type of your referral source is going to be a client, right? Clients can refer and do; clients refer you or a center of influence.

And we define a center of influence as somebody who knows what you do but doesn't do what you do. So there's no competitive overlap.

And, and this is most important, they actually come across your ideal client with some level of regularity.

So if you have centers of influence referring you, it's not like the 300, 3000, or 30,000 people that you know on LinkedIn, or you're connected to on LinkedIn.

It's probably a much smaller subset of folks who can refer to you. And these are folks who actually come across your ideal client, making it more likely that they would refer.

This is not pulling a needle out of a haystack and just wanting this person to refer you, even if they don't even know what you do and you don't have

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a relationship with them, and they don't actually come across your ideal clients.

Which is why I spend a lot of time with my clients, talking about the first step. And everything we do is the identification step. You have to be able to identify your referral sources.

You have to be able to identify them by name, and then you need to be able to label them by type. Are they a client or are they a center of influence?

The next one, of course, is are they family or friends? Some of you that are more B2C, so you're selling to consumers. You may have family and friends that actually refer to you.

That doesn't mean if you're B2B you can't have family and friends referring you. It just usually happens a little less often.

But the one thing I always like to say is if you're a real estate agent or interior designer, there's a very good chance you have family and friends that are referring potential clients to you.

But if you're a change management consultant, your family and friends may not even understand what you do, so they're probably not referring to you.

But that doesn't mean they're not. So label them by their type. So we've got clients, we've got center of influence, and we have family and friends.

There's also a fourth type which are strangers, which kind of sounds crazy, like how can a stranger refer to me if we're not in relationship. And they don't know me to trust me because I don't know them.

Well by definition of a stranger here, I'm talking about for some reason they do know you, right? And that means your reputation usually precedes you.

And in that case, you may have people who know of you, and for whatever reason, they have feelings of goodwill, and they decide to refer to you.

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But strangers are hard because we don't build a strategy around them, because we don't know who they are till they identify themselves.

But, pro tip, when somebody refers to you and you don't know who they are, it may be a good idea to go actually say thank you and hello and actually try to connect with them, even if you're just looking them up on the internet, figuring out who they are and how you can reach out.

So it's important to understand what is the type with that existing referral source. Are they a client or are they a center of influence or are they family or friend? Or are they a stranger? Always apply one of the four types as their label.

And then the other thing I want you to be able to label is their status. Are they active or inactive? For my clients, we define active as they've referred you in the last two years. They're inactive if it's been longer than two years since they've referred you.

Now you may determine the time frame for that is different. And that's cool. I have some people who choose to do it within the last year, and some folks who are more like we're more general when we do.

It is actually two years, so two years or less since they've referred you, active. Two years or more since they've referred, inactive.

So why do I think it's so important that you know all this information about your referral sources? I need you to know their names. I need you to have their contact information. I need you to know what type they are. Client COI, I need you to know their status. Active. Inactive.

Why is it so important for that? Well, the first thing I talked about is understanding that this is your low hanging fruit.

These are the people who have referred you before, already taken the step to put their reputation on the line, to refer someone to you, which means they are typically more likely to refer again.

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It is not a guarantee, but if we're going to start with any group of humans to get more referrals for you. If you're a client of mine, this is the group I want to start with if you have them.

There's also nothing wrong with your business if you don't have a group of folks who are referring to you.

You may be newer in business, or you may have just focused on other growth modes in the past when you were running or starting your business, and it doesn't mean you can't shift at any point to start cultivating referral sources.

But if you have people referring you now, just keep something in mind. They're your low hanging fruit. They are typically our fastest way to start increasing, maybe doubling or more your referrals.

And of course they've already done it once, so they show a propensity to do it again. They're more likely to refer again because they're already used to putting their reputation on the line to refer someone to you, which means they have a high level of trust in you.

So that's why they're so important. It's why it's so important that you know who they are. You probably have their contact information, and you recognize what type they are, client or COI, family or friends, or stranger.

And of course, you understand their status, if they're active or inactive. And the active and inactive matters when we're starting to determine the strategy we want to deploy to actually cultivate more referrals from them.

Now, if you're sitting here listening to this episode right now and you're thinking to yourself, I need to know who these people are, like, I really need to know and be able to identify who are my referral MVP's, who are my referral sources, the people who have been referring me.

That is what we're talking about in our 20-minute teaching this month, the month of February. So I invite you to sign up for the 20-minute teaching.

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Yes, I do knock this out in 20 minutes. We set a timer and everything, and you can sign up at StaceyBrownRandall.com/teaching.

Sign up for our February 20-minute teaching, and I'm going to walk you through and 20 minutes or less exactly how to identify your referral MVP's, meaning your existing referral sources.

Because what you think or what you kind of remember, or off the top of your head is one of the most dangerous ways to create a list of referral sources. We need exactly what your data tells us.

You can access the transcripts for this episode and any resources mentioned on the show notes page at StaceyBrownRandall.com/401.

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