

## intelligence vault MARKETING

### how to build a referral networking strategy

~ Mark Healy / Partner / Torque

A good friend of mine just returned from four days in Vegas. He looks like hell. Pallid, haggard, broke. You get the picture. I asked him what he was doing there (stag party) – he said “networking”.

Networking. Fewer terms are bandied about so frequently yet carry so many meanings. I dare you ask the next 10 marketing folks you run into to tell you what they think networking means. I bet you will hear something along the lines of:

- Taking clients to hockey games
- Joining a professional club or network group
- Working the cocktail party circuit
- Volunteering as a board member

For smaller businesses, networking is vital. I think this is generally accepted as truth. Ask most SMB owners and they'll tell you that some large percentage of their business comes in through their network. However – this is the big but – if you dig, you'll find that most of the time, the business didn't come in 'cold' from the 'networking'. Someone made a phone call. Or sent an email. Someone who had already worked with that SMB. And probably not of their own accord – they were prompted. So was it really network that landed the business? It was referral networking. It was marketing.

The business owners I know who are very good at drawing in new business via directed networking have two things in common:

1. They ask their current customers for referrals. Actively, not passively.
2. They have a top-notch (conscious or unconscious) referral networking strategy in place.

Which brings us to, as they say at the Cineplex, our feature presentation (note to feature movie sponsor – I am not richer than I think): the elements of a good referral networking strategy for SMBs.

We need a framework for the strategy discussion. How about: if your end goal is to ask a current customer to refer you to a prospective customer (“Hey Larry, could you call Sue and get the door open for me over there?”), then all of the elements of the strategy should build toward being able to confidently make The Ask. There are 5 elements to a solid referral networking strategy. Let's work backwards.

#### Element 5: Fantastic Customer Experience

Think about it. What is the one piece of the puzzle you need to have solved before you call Larry to make The Ask. It's great customer experience, no? If Larry had a poor or even average experience with you, are you going to make the call? No. Larry had to have had a really positive customer experience. What goes into engineering a great experience for customers? Depends on the industry or the product/service, but some basics usually include:

- relationship building,
- customer service, and
- a memorable differentiator. Don't underestimate how important it is to be *memorably* different.

The bottom line is that if you don't have confidence in the customer experience you are providing, this is the first thing to fix in your referral networking strategy.



**Element 4: Product/Service Quality**

So you need to create an environment for fantastic customer experiences before you can make the referral ask. What comes before customer experience? What needs to be in place before even the opportunity to provide a great experience can manifest? Well it likely has something to do with your product/service and its related quality. It's difficult to imagine a scenario where your product/service sucks, or is even average, and yet customers come away willing to say very positive things about you. This is one of those zero-sum games – like table stakes for my buddy in Vegas – product/service quality is expected. If you deliver, then people will focus on the intangibles (like great customer experience), but if you don't, then the recommendation will always be made with an asterisk. There are so many factors that affect quality, but not all that many that affect perception of quality:

- pricing, which ultimately leads to a judgment about value,
- purchase environment, whether a store, an office or a website – the details matter here, and
- guarantees/after-sales support.

You have to get the check-mark here.

**Element 3: Experience and Credibility**

People can't give you the thumbs up on quality in order to move on to raving about customer experience and thereby agree to make a referral for you if they don't have an opportunity to buy/trial/otherwise experience your product or service in the first place. And the purchase criterion or step in the purchase process that normally comes right before actually pulling the trigger is a check by the customer on your experience/credibility. "Have you catered an event this larger before?" "Have you done any work in telecom before?" You can't cheat here. But you can put yourself in better light when it comes to experience and credibility. Some of the most effective methods of communicating know-how are:

- awards + client lists and testimonials,
- partnerships with known/branded entities, and
- case studies, published articles/white papers, etc.

If you have weapons, don't hide them in the cellar. Pull them out and put them to work.

**Element 2: Awareness and Relevance**

One step removed from experience/credibility is awareness and relevance. In other words, if experience is judged just before purchase, this means the customer is already engaged in a decision process about you and must therefore be aware of not only who you are but also what you do, and must think you are relevant to their current need. So how the heck do you create awareness of product/service and communicate relevance? We almost back to the basics of marketing now:

- a well constructed website that clearly articulates the value proposition and covers the basics,
- effective marketing collateral, designed around your different customer segments, and
- normally most important for SMBs with lower brand equity – legitimate PR.

It's more important to be accurately known to your target segments than widely known to all.

**Element 1: Brand**

Before you can be known for what you are all about, and get the chance to prove your product/service is relevant, you have to be known, period – to your prospective customers. People have to have heard of you before they can hear of what you are good at. Obvious, but none-the-less true. Getting known involves building a brand. Maybe not the Nike brand or the Lululemon brand, but a differentiated and clear brand. These days, building a good brand involves, among other things:

- a thorough understanding of customer behaviours/needs/wants



- sharp internal understanding of the brand promise: everyone must sing from the same sheet, and
- crystal clear and consistent messaging and manifestations of the brand promise.

It doesn't have to be whizbangy, it has to be real and it has to be reiterated a lot.

A solid referral networking strategy is like an upside-down triangle, with slices cut across it like layers in a trifle. At the very top is brand – getting known; which leads to awareness and relevance – building an understanding of what you are good at and matching it to the customer need; which then drills down into experience and credibility – proving out that you are worthy of the purchase; which in turn leads to product/service quality – a necessary check point on the road to a great experience; and ends at fantastic customer experience – the most important and last element in the chain that leads to a referral.

If you have done a reasonable job of building a brand, communicating awareness and relevance, demonstrating experience and credibility, ensuring high quality and creating a positive, memorable customer experience – you are in great shape to ask your customers for referrals. And to tell people you get a lot of business from networking.

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