

“Success Step 1 – Start With The Referral”

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It must have been 14 years ago or so when my first one came in. The call went something like this - “Hello, this is John.... I’m getting ready to buy a new home and Roger Smith told me to call. He said that you were the only one to talk to.....”.

Ah, the magical power of the referral. No sales pitches, no advertising, no pricing games, and I even made a decent commission - it seemed too easy! Now as I recall, it wasn’t exactly a \$400,000 deal, but it taught me a powerful lesson that I never forgot. **To maintain long term sales success, you have to develop a strong referral system.**

Of course this revelation comes as no surprise to most of you, until you realize that less than 20% of all salespeople have developed a well structured referral system - and very few have fine tuned it to realize its full potential value. A well-designed referral system includes many components, but let’s start by looking at the first basic one – when to actually ask for the referral. The advanced techniques we’ll discuss here assume two things. First, that you already have some type of referral system in place, and second, that you are extremely good at what you do. Combined with your own personal touch, these ideas will dramatically increase the number and quality of your referrals.

As I travel around the country training and consulting with thousands of mortgage professionals and companies, I find that in most basic personal sales systems, the “referral” is treated more like an afterthought than the number one sales tool it is. You close the sale and the customer graciously thanks you for a job well done. They then promise to tell all their friends about you and your company, and how you “walked on water” to get the deal done. You reply that you’d love to work with their friends, and *maybe* you even ask for a name or two (*they can’t think of any right now, but they’ll be sure to get back to you.....*). The next day you send them a follow-up thank you card or gift, and then wait for “all their friends” to start calling. Sound familiar?

The customer is never any happier than the moment right after the closing - should be the best time to ask for referrals, right? You and the company look good, everyone is all smiles, the sun is shining, and it just *feels* right. **Wrong!** If you wait that long, you’ve lost the referral momentum - and several future paychecks.

In order to expect long term ongoing success, your entire sales presentation must revolve around your referral system, not the other way around. This means asking for the referral starts much sooner - actually, it starts right when you first meet the customer!

Setting the Stage

Human nature has taught us that friends like to work with friends, so use this to your advantage right up front when constructing your presentation. I like to start by gently letting the customer know that I am quite different than most other lenders. The majority of my business comes from working with the friends and business associates of my past clients, and I don’t work with everyone that comes through the door. They soon realize that if we *do* decide to work together, that they are receiving special personal attention - which I will be certain to extend to their friends and associates as well.

You can also sell the fact that by working with referrals, you are able to keep your marketing and advertising costs down, and as a result can offer better personalized service at a lower cost.

An important note - be sure not to oversell yourself. By promising the world, you have to deliver everything just to meet their expectations. Promise the perks and then *deliver* the world, and you create ecstatic lifelong customers. Actually, you create walking, talking sales tools.

Let them know you want to work with their friends, and will be actively requesting their names at some point in the future. While you're not asking for referrals right on the spot, the seed of expectation has been planted, and this approach will set the stage for the entire relationship during and after the transaction.

Keeping the Faith

Now is your chance to shine. Execute your service flawlessly, concentrating on regular customer communication, quick approval, and handle any processing roadblocks in a professional upfront fashion. Explain the entire process as you go along to help educate the client as to the complete nature of your services - then if problems do arise, they are much more understanding and helpful in assisting with the solution.

Another perk that can be used is to reward the client with a \$50-\$100 discount towards their closing costs for referrals received during the process. This keeps them continually thinking of people, but use this with caution and limit the number of referral credits to three or less. Going overboard will only undermine your long-term referral objectives.

The overall objective is that a well-informed and educated client will faithfully follow you through the process and easily in to the next phase.

Cashing In

Within a few days of the closing, call the customer and make sure everything went well and to answer any questions they still might have. This is an important step, as you must make sure there are no lingering problems and that they are completely satisfied before continuing on.

Once you have confirmed their pleasurable experience, reassure them that you are there to service them for the future and that they can continue to call on you for service or questions at anytime. Remind them that you have enjoyed working with them as well, and that since you prefer to work with friends, you would like them to think about anyone who might benefit from your services. Don't make it a general statement, use specifics - 5 people in their neighborhood that might benefit from the current low interest rates, or 5 friends from the church group that might also be looking for their first home. If the client has been prepared correctly, you won't be asking for the referrals - they'll assume they were obligated to give them to you from the start - all as a standard part of your business practice.

Don't rush this and put them on the spot, it won't work. Instead, indicate that you will give them a chance to think about it, and will call back at a convenient time, say on Friday at 3:00pm. This gives their sub-conscience a chance to kick in a few possibilities. Then an amazing thing then happens.....

They will come up with names, addresses and phone numbers! Maybe not five, but they will have gone through more than five possibilities, and actually have pre-qualified these people for you! When you call back on Friday, go wild. Thank them profusely for providing the two names they did give you, and how valuable their help is, since most clients simply forget or put it off. This reinforces their good feeling of helping you out, and sets you up for the final punch.....

Explain that you know the risk they're taking by giving out these names to a salesperson, but put them at ease by reassuring them that you will treat the information in a confidential manner, and would never jeopardize their relationship with these people or embarrass them in any way. You will simply be offering these friends the availability of your services in a "no pressure" helpful approach. Inform the client that you will be calling these friends next Friday, and to mention it them if they should happen to see them before then.

Chances are, the client will contact these friends and "pre-sell" you to these people even before you get the chance to call. There are no better sales calls than warm friendly referral calls to people that are expecting your call with anticipation!

Running on Autopilot

Once you have the first step to the basic referral system in place, it is just as important to continually review and refine your techniques to fit your personal style. Technology will allow you to systematize your thank-you's and follow-ups, and track all your leads and referral system results. Fine tune only one technique at a time, so you can fully judge its effectiveness on your presentation and the end results.

Although this is only the first step of many in developing and running a professional referral marketing system, it's the most important – start early. This dynamic approach requires practice, but the rewards are more than worth it. Let the referrals become a natural part of your presentation right from the start, and the process will become so smooth that your clients will actually seek you out to help their friends and associates!

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