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Make investment in referral strategy, and watch that pay off

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There are thousands of dollars invested every year to create a compelling brand. Once created, well-designed pieces of collateral hit the streets through different venues, such as email newsletters, direct-mail postcards and brochures. All are important strategies for generating qualified opportunities.

There is one more important strategy, and it requires a lot of money. It's called a "referral strategy" and requires the willingness to invest in people and relationships.

People are bombarded and overloaded with information. Now, more than ever, it's important to develop referral partners and strategic alliances in order to push past the clutter and be considered for the next opportunity.

Unfortunately, most salespeople and companies don't execute a referral strategy very well. The intentions are good, but the methodology is poor. Let's take a look at the top three mistakes made in building referral partners.

- No alignment -- When looking for potential referral partners, put on your sales hat. Good partners are like good prospects; they must be qualified or disqualified. One key qualifier for referral partners is how well they align company values, goals and objectives. Ask yourself the following:

How does your potential partner treat its customers? Does it create raving fans, or is it just in business to collect commissions?

Who is your potential referral partner target? If you need connections in the Fortune 500 world and your potential partner calls on midmarket, there's just not going to be a lot of opportunities for exchanging information.

Is there a match on the target prospects? If your company sells on value and your potential referral partners sells on price, you can be assured the only opportunities generated will be cheap and negotiated.

Take a look at the relationship your potential partner has with its clients. Is it treated like a vendor or as a trusted advisor? If it's treated like a vendor, chances are you're getting introduced into companies where there's not a values match.

Companies that treat vendors like vendors generally have a corporate culture where people aren't valued. As a result, relationships are not a value-add in the selling proposition.

- No match on partnership philosophy -- Think about good friendships and marriages. They're grounded in trust, plenty of give and take, and a real concern about the other person's welfare. Business partnerships are no different.

The problem is most salespeople operate in efficiency mode and don't take the time to get to know their potential referral partner's business. Go beyond the basics such as size, demographics and problems solved for clients.

Why are you in business? (And don't settle for the money reason.) What's the No. 1 reason clients do business with you over your competitor? What have you done or changed at your company to add more value for your customers?

Good referral partnerships are based on give and take. When a good referral partner walks into a networking event, they're always looking for two opportunities --one for themselves and one for their partners.

Good partners are willing to do the work in building relationships. Instead of shooting off an email that says, "Call Joe and use my name," a good partner will pick up the phone, call Joe, deliver your 30-second commercial, and qualify or disqualify the opportunity for you. It takes time, and it's the willingness to invest time that separates the salesperson with contacts from the one with relationships.

Here's a rule: Processes and systems are efficient. People aren't.

- No follow-up -- An introduction to a referral partner's best client or colleague is a gift wrapped with a nice bow. Research shows the increase in close ratios for referrals is double that of a cold call or leads generated by marketing.

Don't be a stranger after receiving an introduction. Ask your referral partner how they'd like you to stay in touch regarding the account. Some partners like to be included on all emails, others in a monthly progress report and others in just a final recap.

Qualify your partners and be a good partner. It's a great marketing strategy.

About the Author

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