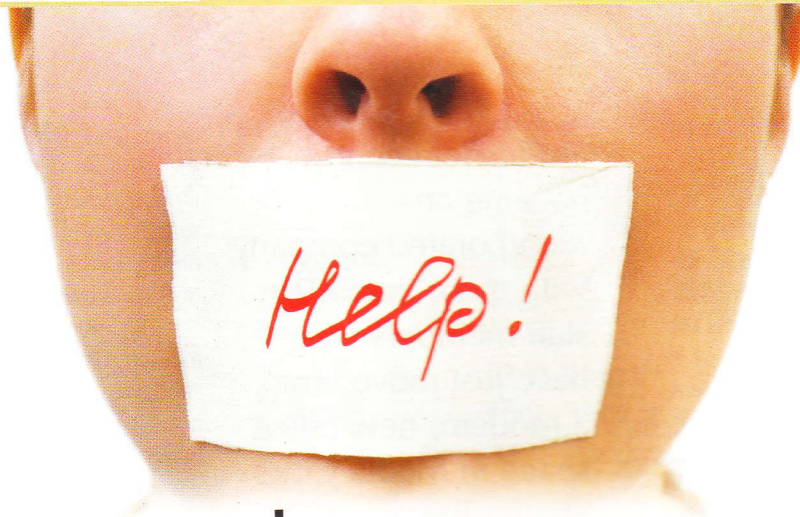




Harness the power of 'word of mouth'

■ Word of mouth is one of the most powerful weapons in the arsenal of a small to medium-sized business yet few SMEs know how to use this to their advantage, says **Phil Bedford** of Referral Institute Consulting ■

"About 85 per cent of businesses say referrals are a large part of their new business and income stream and yet only three per cent have any kind of plan in place to get this business," says Phil Bedford, the Managing Director of Referral Institute Consulting.

"The interesting thing is, even companies that have large budgets still get business by referral but because they've got the money to spend on advertising, they tend to think of referral business as a kind of bonus and leave it to chance but the crazy thing is, referrals are the most efficient of business leads, so even a company with a big marketing budget should be putting in a plan to build referrals."

The reason is often that people assume 'word of mouth' is something you can't control, says Bedford. "That it's haphazard, random and just a 'nice to have' add on but that's the misconception because referral business can be controlled and when between 40 to 100 per cent of your

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business comes from word of mouth, you shouldn't be leaving it to chance.

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advertising. So if you ask them where they generate their business from, they'll nearly always tell you 'word of mouth'," Bedford says.

"I recently got a testimonial from a guy who attended my course, he said, 'one of the big discoveries was that I get 100 per cent of my business by referral and I didn't realise it.' Now that's a powerful statement. If you're getting 100 per cent of your business by chance, that's scary."

"In a nutshell, I'm talking about harnessing the power of 'word of mouth', as opposed to just leaving it to chance because it's part of the marketing mix. All parts are important such as sales, advertising, marketing, and PR but while people plan for the other stuff, they leave 'word of mouth' to work itself out."

COLD CALLING CON

A lot of businesses and sales people rely heavily on cold calling for generating new business, says Bedford but in fact this is one of the most expensive and least productive methods.

"With 'cold calling' you can expect a one in 20 success rate. But when that client is referred to you by someone around one day and saying to a friend or colleague, 'I need this' so they say 'ooh, guess what, I had brilliant service from these guys, give them a call' and, great. It increases your chances of doing business because you've been referred by someone who knows you, likes and trusts you. The challenge is of course, if you're trying to grow your business, you don't know when the next referral is going to come. So it's not like you can have a plan to generate new business, well, yes you can actually. There is a system that helps you predict the number of referrals you will receive from your network which in effect takes the chance out of your referral business."

THE POWER OF EIGHT

Everyone knows about 250 to 2000 people, says Bedford. The trick is whittling this number right down to eight ideal people. And those eight ideal people will be people in comparative professions idea but how do you actually do it?

Ok, so you're convinced. Putting some effort into generating referrals is a great idea but how do you actually do it?

PAY IT FORWARD

to what they know.

developing a referral marketing plan, they will often dismiss this and go back new that they haven't heard about, like "But if you offer them something this investment.

people have no idea of the return on (\$2,200 to \$5,450) a month and often between AED 8,000 and AED 20,000 phones to cold call. This can cost recruit a new salesperson or hit the will put an advert in the paper or you want new business many people to do things a certain way. When humans is that we have been trained "One of our biggest challenges as closing the business," Bedford says.

"The whole concept of 'word of mouth' naturally evolves from someone walking around one day and saying to a friend or colleague, 'I need this' so they say 'ooh, guess what, I had brilliant service from these guys, give them a call' and, great. It increases your chances of doing business because you've been referred by someone who knows you, likes and trusts you. The challenge is of course, if you're trying to grow your business, you don't know when the next referral is going to come. So it's not like you can have a plan to generate new business, well, yes you can actually. There is a system that helps you predict the number of referrals you will receive from your network which in effect takes the chance out of your referral business."

"One of the courses I run over 12 weeks takes people through this process of elimination, using a set of parameters to identify your ideal referral partners that includes who are they, what's their profession, who are their clients, do they have the right mindset, are they the right ones to help... all the way down till we find eight people. The reason we say eight is that if it's more than that, you end up running around too much. However, you may not even need eight, if you have a couple of ideal referral partners, you may only need one or two.

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Three must-dos for building referrals

1. **Real networking is not cold calling to someone's face**
Some people think 'networking' is walking into a room full of people they don't know and handing out business cards after a 30 second conversation. That's not networking, that's cold calling face to face. And it's why most people don't like networking. Real networking is completely different, it's visibility marketing, which is letting people know you exist and leaving them with a favourable impression. How are you going to leave people with a favourable impression when all you're doing is jumping on them and try and sell them something? Networking is about helping people so when I go into a networking room, I'm not thinking, 'how can these people help me?' I'm thinking, 'how can I help the people I meet?' That's a different dynamic. If I can help you, what are you going to think of me?
2. **Stay engaged with the process**
It's a bit like going to the gym. You work hard for a few months to get your little six-pack then you think, 'well, I've got it now, I know it all' and you start eating doughnuts again and your six-pack vanishes. So not only do you need to go to the gym, you've got to stay there and you do that by staying engaged, by continuing to learn and by being accountable to yourself.
3. **What goes around comes around**
David Beckham is not going to play soccer for Satwa United when he can go and play for England, because the people at Satwa United are not trained to his level. Why would he waste his time? He's going to surround himself with the best because otherwise he's going to be kicking the ball and not getting it back. Similarly, there's no point me going out and getting educated, being accountable and passing on really high-quality referrals if my network and the people around me don't know how to give them back to me. So get your network trained.

Phil Bedford
Managing Director,
Referral Institute Consulting

