

Set Up a Strong Referral Network

GREAT 84 IDEA

Unlike the folks at big companies, small business owners are usually eager to help each other out by making referrals. Entrepreneurs really believe that “what goes around, comes around.”

While many referrals are made informally by word-of-mouth, some entrepreneurs take it a step further.

Dana Adkinson, owner of Keepsake Floral Inc. in Orlando, Florida, runs a national floral preservation service. Because her service relies heavily on referrals from florists and wedding consultants, her challenge is getting these folks to recommend her services.

“We put together information so it looks like they’re providing a very needed service for their clients, yet the end result is a valuable referral,” said Adkinson. “We do all the work, then give them a 10 percent commission for each referral.”

The beauty of this cash-incentive system is that Adkinson in effect expands her sale force “for the cost of postage, printing, and phone expenses.”

You don’t have to be in the floral preservation business to share customers. For instance, years ago I wrote about a group of Orange County, California, hardware and software companies that formed a marketing alliance to provide better service. If someone called one of the companies for help, they would inquire if they should also bring along someone from an associated company.

Business owners benefited from the extra service and usually appreciated a turnkey approach to solving their computer problems.

David McLean, with the Institute of Business Excellence in Orlando, suggests faxing a coupon to customers and clients offering them a discount on their next order if they provide three referrals.

Betsy Holtzapple, with Apple Irrigation Inc. in Orlando, also sends coupons to clients offering them a free sprinkler system inspection if they come up with three referrals.

Setting up a strong referral network is a great way to receive a constant stream of new customers.

201 Great Ideas for your Small Business
a book by Jane Applegate
1998, Bloomberg Press
Princeton, New Jersey