Referrals

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Key takeaways

- Referrals = word of mouth; customers only refer when they believe their friend will have a good experience because referring risks their goodwill.
- Leverage: getting others to tell people about your offer multiplies lead generation far beyond what you can do alone.
- Four types of lead getters that can generate referrals/leads: customers, employees, agencies, affiliates.
- Build referrals by maximizing benefits for referrers and minimizing perceived costs/risks of referring.
- Identify customers with the highest positive experience, interview them, find shared actions that led to success, require those actions for new customers, measure results, and align guarantees to those actions.
- Decrease time delay to deliver results faster (break large outcomes into milestones, communicate micro-wins frequently, choreograph the first 28 days).
- “Book a meeting from a meeting” (bam-bam): always tell customers what happens next to avoid leaving them in no-man’s-land.
- Continuously improve the product by using customer service data, implementing fixes, testing with struggling customers, and rolling out validated improvements.
- Use clear next-offer calls to action so customers know what to buy next; internal purchases increase retention and fuel word-of-mouth.
- Consider incentives and status for referrers (example: gift-card-style incentives that make referrers look generous and reduce risk for the referees).
- Measure referral and churn percentages to set a baseline before optimizing.

Checklist

1. Find your happiest customers
    - Identify customers who had the highest positive experience or best results from your service.
    - Why: These customers are most likely to refer because they believe friends will also get a great outcome, reducing perceived risk of referring.
2. Interview top customers to discover differences
    - Ask those customers what they did differently and what qualifications or behaviors set them apart from poor results.
    - Why: Understanding specific actions reveals what you can replicate and require in future customers to increase success rates and referral confidence.

3. Extract common actions and engineer the experience
   - Analyze interviews to list the actions all top customers shared; design your service delivery to create those same conditions for everyone.
   - Why: Reproducing the behaviors that drove success increases average outcomes, making referrals more likely and defensible.
4. Require the actions as part of onboarding/guarantee conditions
   - Force new customers to repeat the identified successful actions and make those actions conditions for any guarantee.
   - Why: Aligning guarantees to proven actions reduces sales friction (guarantee becomes data-backed) and increases conversions while ensuring better outcomes.
5. Measure improvements in speed and outcome
   - Track changes in average customer results (speed to outcome and quality) after enforcing the actions.
   - Why: Quantifying improvement validates the approach, justifies guarantees, and strengthens the case for customers to refer.
6. Decrease time delay (break outcome into fast milestones)
   - Re-design delivery to shorten time to initial wins; break large outcomes into daily/weekly milestones and communicate each micro-win.
   - Why: Faster, frequent wins increase perceived value and trust, dramatically increasing the likelihood customers will refer.
7. Choreograph first 28 days and use bam-bam
   - Map precise communications and handoffs for the first 28 days; always tell customers what happens next after any interaction.
   - Why: Early impressions determine referral likelihood; consistent micro-promises met build trust and prevent cancellations/negative reviews.
8. Increase reward frequency (communicate progress daily/weekly)
   - Send frequent updates showing small wins (e.g., daily notes of progress or weekly breakdowns of completed tasks).
   - Why: More reinforcement points make customers feel faster progress and increase satisfaction and word-of-mouth.
9. Use customer-service data to find product problems
   - Collect complaints, survey answers, and reviews to identify the most common issues.
   - Why: Fixing common pain points reduces friction for customers and increases likelihood of positive referrals.
10. Back-end product improvement loop (6-step cadence)
    - 1. Use support data/surveys/reviews to find common problems.
    - 2. Devise a fix for the problem.
    - 3. Implement the change in the product/service.
    - 4. Give the new version to a small group of struggling or representative customers.
    - 5. Gather feedback; if solved, roll out to all customers, if not, iterate.

- 6. Move on to the next common complaint and repeat continuously.
- Why: Continuous iterative fixes increase long-term satisfaction and referrals by systematically reducing sources of dissatisfaction.

11. Match guarantees to proven actions
    - Create guarantees that are conditional on customers performing the identified successful actions.
    - Why: Guarantees backed by data convert more customers (not a sales pitch) and motivate customers to follow steps that produce results, boosting referrals.
12. Tell customers what to buy next (clear CTA)
    - Always present the next logical offer and criteria for qualification; be clear rather than clever.
    - Why: Getting customers to buy additional offerings raises lifetime gross profit and fuels more word-of-mouth because successful customers recommend you.
13. Design referrer incentives and status rewards
    - Create bonuses for referrers (e.g., gift, credit, high-value discount) that make the referrer look generous and reduce risk for the friend.
    - Why: Incentives increase the perceived benefit for the referrer and the referee, lowering the social risk of recommending you and increasing referral volume.
14. Create “paid-to-get-new-customers” promotions (example approach)
    - Consider offers where the referrer or referee gets a disproportionate value (e.g., a high-value gift card sold at deep discount, limited per person).
    - Why: Scarcity and generous referee benefits make customers eager to share and feel good introducing friends; you get paid upfront to acquire these customers.
15. Measure referral and churn percentages to set baseline
    - Calculate current referral rate and churn before implementing changes.
    - Why: Baseline metrics let you track impact of referral initiatives and product improvements.
16. Ask for referrals using structured methods
    - Use one or more of the “ways to ask for referrals” (referenced in the training) after you’ve built goodwill and improved outcomes.
    - Why: Timing requests after delivering results and building trust dramatically increases success; structured asks convert goodwill into referrals.

Examples:

- Gift-card referral: sell gift cards at deep discount (example: $2,000 value for $100), limit per person to create scarcity; referrer looks like a great friend and referees get large value.

Notes:

- Referring is a social risk — minimize that risk by improving outcomes, making experiences faster, rewarding referrers, and communicating clearly; then ask for referrals after you've built measurable goodwill.