



REFERRALS AND INTRODUCTIONS

THE EFFICIENT & EFFECTIVE ROUTE TO NEW BUSINESS

A Mercuri International White Paper

Why?

Referrals work because they involve a transmission of trust. The trust that your client has in you and your organisation is transferred quickly to the new contact. Conversion ratios are improved (in one case better than 3:1 from first contact) and time lags are reduced. Referrals are probably the most effective and efficient way of developing business – low effort for high reward.

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Think about it from your contacts' point of view. Here are a few reasons that people give for being willing to make introductions:

- They believe you and your business will benefit their contact.
- They want a favour in return.
- It's an easy (and inexpensive) way to build the relationship with you.
- They want to seem well connected.
- They want to be seen as a good corporate citizen.
- They simply want to help you.

Who?

The sorts of people you want to give you introductions are:

- Positive about you as a professional – they see you as part of their “relevant set” and a trusted advisor.
- Positive about your organisation – they are more than friends. They are convinced your business delivers.
- Well connected – they know the sort of people you want to approach.
- Good reputations – when they speak on your behalf people will take them seriously.
- Professional – when they agree to do something they do what they promise.

The sort of people you want to be introduced to are:

- Decision makers in your target clients
- Decision influencers in your target clients
- Those who can act as guides and coaches, pointing you in the right direction even though they don't decide or even influence in your field.
- People whom your contact thinks it would be useful for you to meet. It's OK to be flexible with your selected prospects from time to time and just go with the flow!

There are broadly two types of contact your client will be able to refer you to. Both provide good opportunities:

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The efficient & effective route to new business. *CONT.*

- **Internal:** You ask your contact to refer you to others in the organisation who might find it useful to know what you do and who could use your services. For example the COO of Operating Division A refers you to her opposite number in Division B.
- **External**
 - Horizontal:** A horizontal introduction is one that puts you in touch with your contact's peer group e.g. alumni of the same accountancy firm or members of a trade association.
 - Vertical:** A vertical referral is an introduction to someone in the contact's supply chain or distribution chain. Vertical referrals are particularly powerful because here is a real benefit to your contact when they do something positive for a supplier or distributor.

When?

By far the best time to ask is when you have just completed an excellent piece of work or when your contact has expressed appreciation. It's the most natural thing in the world to ask for an introduction at this point.

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How?

Here are a few practical guidelines on the how of asking for referrals.

- Be clear – explain what you want and why.
- Only choose people who are positive about you.
- Make it plain you are not expecting them to do your selling for you – just make the introduction.
- Agree whether this is a commercial or a professional introduction – in other words are they expecting a fee. Fees are not always appropriate or possible and usually it is best to

be referred because someone believes in you and not because they are getting paid for it.

- Explain exactly what you want them to do. Do you want them to call or e-mail their contact saying you will be getting in touch? Or would it better to set up a three-way meeting (coffee or a conference call)? Maybe you prefer to make the contact yourself and explain who has recommended you? In any case agree the timing and agree what you want them to say. If you are not sure which approach to take, ask their advice or preference.

What if?

If your contact does not do what they promised, then chase them – check whether they are just too busy or are now reluctant.

If you get a negative response or a delay from the new contact, keep your original contact informed. See if they can do anything to help you. Make sure that their relationship with their contact has not been damaged. Thank them for their efforts.

If you get a positive response then tell your contact what is happening. Thank them and (if appropriate) offer them something in return.

Next steps

Here are some practical ideas for making this happen.

1. Ask yourself who among your clients thinks well enough of you to be willing to provide a referral.
2. Set yourself a plan to gain x referrals over the coming 3 months
3. Work out why these people would want to refer you and to whom you would like them to refer you.
4. Monitor your progress against this target.
5. Measure the conversion ratios:
 - a. Contacts asked : agree to refer
 - b. Number of referrals per contact
 - c. Referrals : first meetings
 - d. First meetings : Opportunities won
 - e. Value of new business

The efficient & effective route to new business. CONT.

This is probably the easiest and most effective way to win new business. All it takes is overcoming a bit of embarrassment and asking; and then having the discipline to keep putting this all in to practice on a regular basis.

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