



CAPRICORN
...it's just easier!™

Other resources in step 2b:

- A sample referral certificate
- A sample letter of reward
- Short video explanation

Referral program

Just imagine if every one of your existing customers referred one new customer to you.

Your business would double overnight. If you wanted to achieve this via conventional marketing you would have to spend thousands of dollars. So why, when referrals cost very little, do the majority of workshops have nothing in place that actually encourages and rewards customers to send referrals?

What follows are the fundamentals of a great referral program which will show how you can implement a referral project in your business. It's nothing radical, just a proven system that has worked with other automotive workshops.

What is a referral program?

A referral program introduces new customers to your workshop by encouraging your existing customers to promote your business for you. Essentially your customers do your advertising for you. A number of critical elements need to be understood to ensure a successful program.

The fundamentals :

1. *You must provide exceptional service.*

Without doubt, the most important prerequisite of a referral program is that you provide exceptional service. Just satisfying your customer is not good enough. When was the last time you talked about a restaurant when the food just satisfied you? Never. It

would not happen. ***People expect satisfaction but they only talk about it when they get more than they expected.*** If you want people to talk about your business you are going to have to provide exceptional service.

Taking this one step further, you are asking your customers not only to talk about your workshop, but to actively recommend the workshop to others. For this to happen your customers have to become ***raving fans*** who are proud and confident to refer you to their friends. This rarely happens in reality in most workshops. So before you even begin to think about implementing a referral program, you need to ask yourself 'are we just satisfying our customers?' or 'are they walking away as raving fans?'

2. *Your offer*

Your offer is a bit like a soft bribe designed to encourage people to take the action you want. The last thing you want to do is force the action because that will never work. Remember that volunteers are the best people to carry out any job – because they care and they want to help others. Workshop operators who just don't like giving things away need to consider the lifetime value of their customers. For many workshops, the lifetime value of their customers amounts to many thousands of dollars. What would you be willing to give away in return for a customer worth \$5000?

Original customer: Not every customer needs to be cajoled into handing out your referrals. Some are happy to do it, because many people get great satisfaction out of telling friends about this awesome business they have found. It's a great talking point over lunch. However, some will need some form of encouragement. You need to give them a good reason. If they still think, '*What's in it for me?*' your program will fail. The incentive simply has to be good enough that it doesn't cross their mind to ask, '*What's in it for me?*' When you devise your incentive plan, ask yourself '*Would I refer someone for that reason?*'

Referred customer: Not every new customer needs an incentive to come into your workshop. For many of them, the fact that their friend has recommended you will be enough to get them across the line. However, there will be many who need some form of incentive to actually take up the offer and try you out. When you devise your incentive plan, ask yourself '*Would I try a new workshop for that reason?*'

3. *Pick your targets*

You really do have to consider what kind of customers you would like to have referred to you. As a general rule of thumb, people tend to seek the company of like people. Therefore, millionaires who just want it fixed and don't care about the price, hang out with millionaires. Price shoppers who want to beat you down on price and supply their

own parts will be best mates with similar types. So don't offer it to everyone. Be picky and only offer it those you are comfortable with and like dealing with.

4. *Presenting it to customers*

How you present your offer will have a big impact on whether it succeeds. You need to ensure that you get your point across to the customer in an efficient and effective manner. The last thing your customer wants at 5 o'clock when he's picking up his car to go home, is a speech from you about how you would like some referrals. Stapling an offer to the back of an invoice also won't work. You need to plan out and document how you will present your offer and train your staff so they know how to do it. A great way to get your customers interested is to ask them a question:

- 'Mrs Jones, I know you have sent us referrals in the past. We really appreciate that, and I would like to reward you for doing this for us.'
- 'Mrs Jones, can I show you how you can get your next service for free?'
- 'Mrs Jones, do you mind if I take a minute to outline our referral rewards program?'

The presentation of your voucher or card is also very important. If it looks cheap it will probably just go straight in the bin. I recommend that you get it professionally designed and printed to ensure it is consistent with your branding. Another option is available on the special Capricorn/TaT Biz web page www.tatbiz.net.au/capricorn, where Orange Dog, a Capricorn design and print supplier that specialises in automotive is offering a range of templates which you can adapt for your own workshop.

5. *Keep a record and thank your customers*

In business, what gets measured gets improved. So to get the most out of your referral program you will need to measure its effectiveness. Try different incentives, different presentation styles and different vouchers until you find the combination that works best for your workshop.

You also need to keep a record so that you can thank and reward those people who are sending you referrals. We know from experience that if someone is sent a thank-you letter/phone call/SMS when they have referred a new customer to you, they will be much more likely to do more referrals. They actually get enormous pleasure out of knowing that a friend has taken their advice about where to take their car for repair. Sometimes a simple 'thank you' is all it takes.

Implementing your referral program

As a service to Capricorn members, TaT Biz has prepared two referral programs designed to help you generate referrals. These are examples only and you are encouraged to design a system that

works for you. Apply the five fundamentals discussed above to give your program the best chance of success.

Go to www.tatbiz.net.au/capricorn, and login to find these aids.

To help even further, the Capricorn approved supplier Orange Dog, who are specialist printers and marketing providers to the automotive repair industry, has developed some great templates which they can adapt to your chosen brand image.

So here's the challenge. In the next four weeks, give yourself a target to develop your referral program to help attract new customers and reward those who send you business.

The place to start is www.tatbiz.net.au/capricorn.

Just go for it!