



Sales and Marketing

Prospecting Pointers: Why Aren't We Asking More Customers for Referrals?

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Bankers have been getting way too much bad press lately. You have been called on the carpet for taking TARP money and then not paying it back fast enough. Your Saturday paper has a weekly feature tallying the number of banks that the FDIC has closed this year. You can hear cable news pundits opining on the host of sins the industry has committed, some real, some imagined.

Let us try some good news for a change. Start with this: More than 80 percent of small business owners would recommend their bank to another business owner. This should not be a surprise. Research shows that most business customers are happy with their primary bank and give high marks to their Relationship Managers.

The next snippet of good tidings is that referrals from customers are roughly three times more likely to turn into a piece of booked business than a referral from your friendly local accountants and attorneys. Again, not exactly a banner headline. Usually, when a savvy CPA steers one of his clients your way there are at least two other bankers also being mentioned in the conversation. That, coupled with the fact that professional Centers-of-Influence (COI's) are almost always willing to critique (translation: tear apart) your proposals makes it tougher to close business. Do not misinterpret this: A good COI can be extremely valuable, and cultivating and expanding your professional network probably deserves serious effort.

However, let us think about customer referrals for a minute. Everybody knows that they beat "cold calling" hands down. With an introduction from one of your best customers, you have no trouble scheduling that first appointment. Gatekeepers seem considerably less intimidating when you can say, "Bill's fraternity brother/ golfing buddy/ neighbor/ top supplier Andy Miller suggested that I set up a time to meet with him." An added bonus is often the information that Andy willingly supplied about Bill's company, his current situation, and oh, yes, why he thinks that you and Bill will hit it off.

So every well-beloved Relationship Manager in the world is asking his best customers for referrals all the time, right? No, for reasons which might surprise you. Here are representative responses from a group of business bankers and branch managers that I met with recently:

- I'm too busy reacting to customer requests.
- I'm not comfortable asking for referrals.
- It shouldn't be necessary-- satisfied customers should give us referrals without our having to ask.
- I'm not sure how to approach a customer on this.
- It's not part of our normal sales process.
- It's not something that is emphasized here.
- What will I do if a customer doesn't want to refer anybody to me?
- I'm not clear when the best time to ask is.
- It might be awkward for the customer.
- It could jeopardize my relationship with the customer.

If any of these are deterring you from asking customers for referrals, there are three things you should do:

1. Get some coaching on how to ask for referrals. See the sample scripts below.
2. Break the process down into its key elements: (a) Identify which 15 to 20 satisfied customers to target; (b) Plan the approach (when to ask, how to position the request, whether to show all or part of your prospect list, etc.); and (c) Execute the plan deliberately.
3. Try this out for the next few weeks. Commit to asking a certain number of customers for referrals in that period.

This may not work for everybody. Bankers who are blazing trails in markets where they have few loyal customers may not be the best candidates for this approach. But for many RMs (and here I would also include Branch Managers, Private Bankers, Trust Officers, Cash Management Sales Representatives, and other product partners too) this is a better way to tackle new client acquisition. And if 80 percent of your bank's business customers really are inclined to refer you to their friends, suppliers and customers, there's a lot of referral gold to mine.

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Sample Scripts

If you are not sure how to ask for referrals from customers (or the prospect who really likes you), these sample scripts may help get you started. Remember that you have to earn these referrals first!

You have just finished **resolving a problem** for your customer Jack Smith. He thanks you for your help and you respond:

"I'm glad I could help you out. If you have minute I could use some help too. (Wait for a response.) Over the last few months I've been working to build my customer base. To get things moving I built a prospect list of 20 names of businesses in the area that would be a good match for me and the bank. As you know, getting in front of good prospects is tough going. Would you be willing to take a minute and look over my list? Any insights or help you could give me would be a great help."

You have just finished **closing a loan** or **completing a cash management installation** for your customer Jane Doe. She thanks you for all your help and you respond:

"If you have minute I was hoping you could help me out on a project I've been working on." (Wait for a response.) Over the last few months I've been focusing on building my customer base. To get things moving I built a prospect list of 20 names of businesses in the area that would be a good fit for me given my background and expertise. Since you have been doing business in the area for over a decade I thought you might know some of the businesses on my prospect list. Would you be willing to take a minute and look over my list? I would be grateful for any insights or help you could provide."

You have just completed a third call on a prospect. This call and the previous calls on this prospect have been very well received. At the end of the call, the **prospect thanks you for some of the ideas** that were discussed on the call. You decide to ask him for a referral.

"Do you have another minute? I could use some help with my prospecting. (Wait for a positive response.) At the beginning of the year I made a personal goal to bring in 10 new customers this year. I consistently maintain a prospect list of 30 names of businesses in the area that I would like to have as customers. Since you have an extensive network here I thought you might know some of the businesses on my prospect list. Would you be willing to take a minute and look over my list? I would be grateful for any insights or help you could provide."