



Connect!

REAL RELATIONSHIP MARKETING IDEAS



Remove the Referral Risk

Though every real estate agent will tell you that they prefer to work by referral, even the most successful real estate agents, those who make more than \$100,000 per year, only get about 25% of their business by referral.

There are two main reasons that number isn't higher. First, most real estate agents do not have a well-thought out and well-implemented referral generation strategy. They happily take the referrals when they come, but haven't actively created a program to ask for and create them. We'll discuss that topic in future articles.

The second reason real estate agents, and most businesses in general, don't receive more referrals is that they haven't made themselves "referral-worthy". Being "referral-worthy" requires more than just doing what you were hired to do, especially in a high-dollar business like residential real estate. Referring a family member, co-worker or friend to a real estate agent requires risk on the part of the referrer. They may be risking their reputation or relationship by referring someone to a real estate agent who doesn't deliver on their promises. It's easier to just avoid the risk and allow that person to select his own agent. Overcoming that risk is the first step in creating referrals.

To remove the risk and become more "referral-worthy" you need to accomplish several things:

1 Be VERY good at what you do.

It sounds like the most common-sensical piece of advice, but you will only be referral-worthy if you are exceptionally competent at your job. Simply passing the real estate exam isn't enough. Continuing education, current market knowledge, ongoing sales training, and emerging technology awareness are keys to success. Never stop learning and improving and share those accomplishments with your sphere. The more someone knows about your experience and credentials, the less risk they feel in referring you.

2 OVER Deliver

If you tell someone you can sell a home for \$250,000 in 6 months and you fail to do so, you've broken a promise and are unlikely to generate a referral from that customer. Even if you accomplish the goal, all you've done is no more than what you said you would. Good, but not great. To generate referrals you have to be great. The first step is to create realistic expectations and goals. Then, not only do you have to deliver on your promises, you need to over deliver in such a way that you've thoroughly impressed your customer. Your mother never called anyone to gush about a straight "C" report card. Your customers won't either.

3 Engender Trust

The number one factor for eliminating the risk in referral is to engender trust in your customers. Be as up-front, straightforward and honest as you can be about every aspect of your business and the transaction. Salespeople often fall into the trap of over-hyping the product. In a recent Gallup poll, only 17% of respondents listed real estate agents as Very High or Highly rated for Honesty and Ethics. To be referral-worthy and remove risk, 100% of your past customers should be in that 17%.

4 Create Some Buzz

Consumers like to talk about their experiences, good and bad. Good and bad experiences are interesting. Boring ones are not. Have some flair, create some buzz, do something different and unusual that will get people talking. We'll discuss that topic in a future article.

5 Turn Your Customers Into Friends

Customers have no vested interest in making your business successful. That's your job. Friends, on the other hand, have an emotional investment in you and want you to succeed. Do your best to create relationships with your customers that go beyond the real estate transaction.

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Creating a referral-based business takes more than just asking for the referral. If you're an exceptionally competent real estate agent who over-delivers on promises, engenders trust and excitement, and creates a relationship that goes beyond the transaction, you've both removed the referral risk and created an environment where customers become friends and want to help you succeed.

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