

# SUMMARY

## THE REFERRAL ENGINE

JOHN JANTSCH



# **Summary of “The Referral Engine” by John Jantsch**

Written by Lea Schullery

Learn how to teach your business to market itself.

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# QuickRead

F R E E B O O K S U M M A R I E S

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# Introduction

If you're wondering about the secret to success, then you're looking in the wrong place. In fact, there are no real secrets in business, just truths that you haven't figured out yet how to apply. Luckily, John Jantsch is here to help you understand one of the most effective ways to make your business grow: referrals. We know it works, we know word-of-mouth is powerful, but why? Well, there's this part of your brain called the hypothalamus and it regulates things like sexual urges, thirst, hunger, aggression, and even your natural tendency to make referrals. In other words, human beings are wired to make referrals. Think about it. What happens when someone asks you for a referral to a good restaurant in town? If you know one, then you tell them all about it. If you don't, then you might reach out to people who do know. And when someone asks for directions, we eagerly offer up our favorite route to avoid traffic and get there even quicker, right? As humans, we love to connect and share ideas, which is why utilizing referrals in business is the best way to grow. Through *The Referral Engine*, Jantsch aims to teach you how to build your own referral engine and utilize one of the most powerful marketing tools in the business.

# Humans are Wired to Make Referrals

What if I told you that making referrals was a form of survival? While it sounds crazy, this notion about making referrals as a form of survival can be traced back to our roots when people relied on reliable hunting and fishing tips. If they didn't receive those good tips, it could mean life or death. Today, we don't necessarily need referrals to physically survive, but we certainly still rely on them to connect with others. Think about it. Why do you think social networking sites have become so popular? Well, we as humans crave interactions and connections with others, which is why referrals for business can be so incredibly powerful.

Of course, referrals come with risk but that risk varies depending on the referral. For instance, referring a friend to a good accountant is certainly riskier than referring them to a restaurant for authentic Thai. So how can we reduce that risk and remove the fear that referrers feel in these scenarios? The best way to remove risk is to build a business or product that connects with customers on both logical and emotional levels.

The problem is that many businesses focus on logical elements like price, features and benefits, and the desired result; however, these businesses ignore the emotional rewards that are essential for the customer experience. In other words, people need to become emotional and passionate about your product and business to trust it enough to make that referral. What is going to motivate the consumer to talk about you? Nona Jordan, a life coach and yoga instructor in Italy, shared her experience when ordering a singing bowl from Fabeku before heading on vacation. During her vacation, she received a wonderful e-mail from him thanking her for her purchase and informing her that he had sent the bowl. Then, when she went to pick up the package, she was shocked to find a handwritten card and a package of incense that he added to her order. Then, she finally got to the bowl and was happy to find it wrapped like a gift, it made her smile and was an experience that she will always remember.

Fabeku went above and beyond the expectations of simply sending a package. He took the time to e-mail, write a handwritten card, and even give an extra gift for her business. In the end, Jordan's experience with Fabeku motivated her to talk about it because it incited an emotional response within her and excited her to share her experience with others. Another way to get people to talk about your business is by *not being boring*.

Nobody talks about boring business. Author and speaker Scott Ginsberg learned this after attending a social event that required him to wear a name tag. Afterward, he went about his day but forgot to remove the nametag. He found that he became much more approachable, and he decided he would wear a nametag every day from then on. Ginsberg kept up the commitment for over eight years, and his nametag became somewhat of a personal brand. He gave people something to talk about and his commitment to wearing a nametag earned him the trust of others as an expert in approachability.

# Create a Core Talkable Difference

As a customer, you want a positive experience. When you receive that positive experience, you become excited and want to talk about it, right? So before you begin generating consistent referrals, you'll need to begin designing your referral system. First, think about what will make you stand out above the rest. Think about your core talkable difference that will incite your customers to talk about you and refer you to their friends. Genuine talkable differences don't have to be the next innovative product like the next iPod; instead, it's simply a new way to look at your business, a new way to talk about results, or even a new way to give exceptional service to a narrow target audience.

For example, the Cheeseboard Pizza Collective in Berkeley, California has a core talkable difference that makes them stand out among other generic pizza companies. Instead of offering a menu of different pizza variations, the restaurant only offers one unique pizza each day as the only menu item. Customers can order as many pizzas as they want for a fixed price of twenty dollars per pizza. This approach has led to a cult-like following and the line to buy pizzas is usually out the door and around the block. Oh, and their differentiation becomes even more talkable since they cater to a niche market by providing only vegetarian, high-end ingredients like cremini mushrooms and goat cheese.

Another great example of this is the insurance giant Aflac who created a talkable reputation by using a quacking duck in their advertising campaigns. People began talking about the company, as they recognized the iconic duck that became endearing to customers. Of course, creating a talkable difference is both uncomfortable and can even be risky. Therefore, it needs to be authentic so people will want to connect and talk about the business. One way to do this is by identifying a purpose and communicating it through everything you do.



For instance, businesses with a social mission like TOMS shoes is a great example of creating a business around a true purpose that people can connect to. TOMS donates a pair of shoes to a child in need for every pair that it sells; this business strategy makes them different from other shoe brands and has led them to great success. If you want to create an authentic business, then research other businesses that have created change, observe what they do, and find inspiration for creating your own core talkable difference.

# Engaging Your Ideal Customer

Once you have discovered your core talkable difference, you can begin to build your ideal customer profile. The truth is that not every customer is an ideal customer so you'll need to determine the right kind of customer. To help you identify your ideal customer, you can begin with a traditional sales funnel and think about everyone (with money) as a potential customer. Of course, that is not ideal, so you should begin filtering through your ideal customers by asking questions, "What challenges does your ideal customer face?" "Why do they trust you?" and "What about my business makes my customer want to make a referral?"

For example, a home renovation company might create a customer profile for married homeowners with a combined income of over \$100,000. Perhaps they have renovated before and have no plans to move because they are involved in their local community and have planted roots in the house they currently live in. From here, you can begin to create a company story to give your customers an emotional connection. The company story is the narrative that you will convey through advertising, marketing and branding. The narrative is aimed to acknowledge your ideal customer's emotions and find ways to grab their attention and inspire them.

As you create your story, you'll want to keep your ideal customer in mind and determine what connects best. Additionally, you'll want to keep this story under one-page long and make it personal, honest, and revealing. Communicate things like who you are, what you do, what you fear, what your passion is and how you want to change the world. Avoid telling the chronological story of your company, but try to keep it memorable. You see, people are attracted to stories that are both true and relevant to their needs and requirements. So mold your story and stand out above the rest.

# Building an Effective Content Plan

Once you have built your ideal customer profile and discovered how to stand out, it's time to create a content plan that will offer valuable content to your consumers. You'll need triggers that cause customers to not only talk about you but also rave about you. The first way to do this is by creating an educational white paper that details the core principles of your business. While a conventional white paper may sound boring and generic, yours is going to be memorable and educational.

An effective white paper should have several aspects, but the first is an attention-grabbing title. Your title should read much like the headline of an ad. Then, it should have a short, one-paragraph executive summary; some engaging stories and memorable quotes from your customers; insert images, graphics, and charts to back any claims you make; and lastly, include a definitive call to action which will serve as some advice at the end of your white paper. An example of a successful white paper is one that author Jantsch wrote about a previous book called *Duct Tape Marketing*. By turning that book into a seven-step white paper about strategy-differentiation, he has now sold hundreds of thousands of copies that are used as a primary lead conversion tool.

Now that you have a white paper with an education-based approach, you can begin to reformat it in ways that will appeal to potential customers. You can turn it into seminars or presentations, how-to-guides, and e-books. By repurposing your content across other formats, you can continue to reinvent your content without creating something new. Through your new formats, be sure to keep education at the forefront without giving everything away and ensure that you are telling your customers to contact you to learn more. You should also offer a follow-up to gather a list of e-mail addresses.

Finally, client testimonials are basically like gold. When people see others have positive experiences, they become motivated to experience the same.

One way you can gather testimonials is by hosting a testimonial gathering event. Have a photographer on hand and a video camera and have guests tell their stories in front of the camera. You can use these testimonies and even utilize them in new marketing materials. For example, the pictures and videos you gather from the event can become a collection of testimonials that you can integrate into marketing materials in the future.

# The Advantages of Online Marketing

When it comes to marketing, you'll want to ensure that you use every tool at your disposal, this includes the opportunities of online advertising. Taking your company online has the power to spread your message quickly and direct traffic to your valuable content. And when you have quality content, you have the power to turn visitors into customers.

The first way to utilize online advertising is to make your website search engine friendly. You can do this by adding a blog that you keep updated regularly, uploading customer testimonials on YouTube, and releasing articles and press releases. Next, you can set up a Facebook page where you advise people about new content on your website, events coming up, announcements, offerings, etc. You'll also want to set up a Twitter account where you actively engage with customers by answering questions and commenting on tweets. There are many ways to utilize the world of the online marketplace to generate buzz about your company.

Speaking of generating buzz, press coverage is a great way to provide awareness and build trust among potential consumers. In order to do this, you'll need to begin by building relationships with journalists you can trust who might be interested in your story. Start by creating a list of journalists who you think will be influential with your ideal clients, subscribe to their e-mail alerts, follow their social media accounts, and read everything they have put out including their own published materials. Finally, begin passing your relevant content to the journalists. When you follow these steps, you'll seem reliable and credible without harassing and pushing these journalists for a story.

Lastly, one of the best ways to bring everything together is by running an active blog. According to Jantsch, "A blog is by far the easiest way to create content that ranks well in the search engines." Instead of thinking about a blog as a publication or a journal that people will sit down and read, think of it as a management system for your content that's automatically search

engine friendly. Jantsch goes on to say, “I’ve personally written a blog for quite some time now, and I can state without hesitation that it’s the single greatest business asset I own. It’s led to countless interviews with national publications, my first book deal, and interactions with thousands of small business owners.”

As you navigate the world of blogging, begin by following relevant bloggers and actively commenting on their content. Next, try to write a minimum of three posts a week and incorporate relevant keywords that can be found using tools like Wordtracker or Google’s Keyword Tool. Finally, try to work with guest bloggers and invite them to write posts for your site and vice versa to help network and gain an outsider’s perspective.

# Create a Direct Customer Network Plan

Now that you've learned all how to collect valuable referrals, it's time to create a direct customer network action plan. This plan will make it easier and more interesting for existing customers to provide you with referrals. One way to start is to give every new client a customer bill of rights. Think of this document as an owner's manual, which specifies what customers should expect of you and vice versa.

Your bill of rights document should be delivered in the form of a new customer kit and contain information about the following:

- What the customer has purchased
- The guarantees and warranties you provide
- Who customers should contact with questions
- How problems will be resolved
- Your expectations that they will provide referrals
- What is needed to get started

Additionally, the kit should exceed the expectations of your customers and offer tips, complimentary phone consultations, or even a free product that might be unexpected. Surprise your customers and pack in the value. For instance, if your company sells a logo design to a client, perhaps you can add 200 free business cards that feature the new design. If you can find something that will put a smile on your client's face, they will feel more inclined to tell others about you.

Next, you'll want to come up with ways to reward your referral champions, these are the people who provide you with the most high-quality referrals. Make them feel special by sending them flowers, movie tickets, or candy. Maybe even host an exclusive event just for these clients and make them feel special by introducing them to partners and even asking for their opinions. Let them beta test new products and if they dabble in the industry

and create products, offer to sell them! Additionally, you'll want to use these customers as your customer profile for your marketing materials.

Lastly, you'll want to make sure that your customers have the tools to make easy referrals. To do this, you can start by giving out gift certificates or referral cards that your clients can pass out to family, friends, and colleagues. Personalize the cards so that you can give credit to the customer that makes a referral.



# Create Your Indirect Partner Network

While customer referrals are crucial for any business, another crucial group of people that you need to focus on is your partners. Your partners are businesses that share your ideal customer profile and who are selling non-competing products and services. You'll want to reach out to these companies and create an indirect partner network where you can share leads and referrals and create a mutual relationship. Jantsch shares the power of an indirect partner network by stating, "A happy customer might know three or four ideal referrals, but a large, indirect network partner may have the trust of several hundred." In other words, the opportunities become endless.

First, you'll need to identify suitable partners. There are likely plenty of companies that share the same kind of customer you do, so begin by making a list of those companies you would feel comfortable referring to your best customers, either based on reputation or first-hand experience. Next, you'll want to invite and groom each potential partner by writing a letter of introduction indicating that you have customers who might be interested and would like to learn more about the company and potentially share leads.

To make it easy for them to agree to your network, you should ask them a few questions, including "How would I spot your ideal customer?" "How should I describe your products or services?" "What might customers say to trigger a referral to you?" If you can answer these questions about your own business, you can begin to build trust with your potential partner and gain an understanding of what it would mean to work together.

Finally, you'll want to activate your network by deciding how you and your partner want to work together. There are several ways to create great partnership opportunities, including cobranding. Cobranding can mean putting together any white papers, e-books, or reports that you've completed and then distributing it to their customers. For instance, if you

have a white paper called, “The Top Five Referral Marketing Tips” which would be relevant to your partner’s customers, you can offer to distribute it to their customers for free and perhaps pair it with a special offer that benefits you both.

You could also offer an informational workshop or presentation that you are offering to their customers or vice versa. Or you could even include high-value samples or trial products from your network partners with your core offerings. Find a way to bundle the products and services that will make the customer happy and mutually benefit each partner. The benefit of activating an indirect partner network is that you gain referrals while also learning how to generate even more. You can even think outside the box to create something buzzworthy. For instance, the IT company that once offered free massages during its recruitment presentation gained attention while recruiting the top accountants it was seeking. Additionally, the massage therapists found new regular clients!

## Create Your Ready-to-Receive Plan

Once you've created the outlets for receiving referrals, it's time to create a plan for actually receiving them. This can be somewhat of an art as you frame your request as a benefit for the customer rather than a plea for help. The first step in perfecting the art of referral is learning the ideal time to ask for one. Usually when a customer states that your product or service is "great," or when they give an unsolicited testimonial is the best time to ask for a referral. Make sure you train your employees to identify these signals and ensure they know how to make the process natural and easy.

Next, you'll need a plan of how to receive referrals. You'll want to start by openly thanking them and then look at what kind of bonus you can give them that will make them feel appreciated. The bonus can be anything from a tip of free information or a simple box of chocolates. The goal is to make your referral feel special and reward them for their work even if it doesn't lead to a sale. A general rule is that the bigger the incentive and the more public your expression of thanks, the better they will be received.

Secondly, you'll want to follow through and nurture the referrals you do receive. Even if your referral is not ready to buy just yet, make an effort to allow them to get to know you better and learn to trust you. If you keep feeding your referrals free information, samples, reports, and more, you can begin building a strong connection. While they may not be ready to bite the bullet in becoming a customer, the fact that their friend or associate has introduced them to you is a great start for building a strong foundation. For instance, Omaha Steaks utilized a Ready-to-Receive plan by offering customers to invite their friends to try Omaha Steaks and they would throw in a dozen free burgers! Additionally, for every two friends who tried them out, Omaha Steaks sent a \$20 Reward e-gift towards their next purchase of \$80 or more. They currently run this entire campaign through a landing page called "[shareomahasteaks.com](http://shareomahasteaks.com)"

So if you're looking to build a referral engine, Jantsch has some final advice: "Building the ultimate referable business is not a weekend project. It will require you to look at your business and marketing in an entirely different way. If you come along for this ride, you will need to completely rethink your current marketing strategy, dispense with much widely accepted business 'wisdom,' and possibly alter the foundations of your business model. In a larger sense, it proposes a new and better way of doing business."

## **Final Summary**

One of the best marketing strategies today is utilizing the power of word-of-mouth referrals. Unfortunately, many businesses understand this power but fail to understand how to use it. Thankfully, Jantsch lays out an exact marketing strategy for turning your business into a referral-making machine. By first determining your ideal customer and creating a core talkable difference, you can then begin to create plans that lead to referrals and lots of them. Referrals can be made even stronger by partnering with other businesses and working together to make each other bigger and better. Finally, the key to referrals is creating trust and deep connections with your customers. Make them feel special and provide them with valuable, educational content that will better their lives.



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