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## CUSTOMER RETENTION STRATEGIES FOR OPTIMUM PROFITS

*\*Editor's note: The following is an excerpt from "Real Estate Rainmaker"*

By Dan Gooder Richard

### Knowing What Works Makes Getting More Easy

Where do referrals come from? Do sellers repeat buyers, or first-time buyers tend to depend on referrals more than others do? Once again, let's turn to the NAR survey of buying and selling that asked what advertising media or referral source helped consumers make the first contact with the real estate agent used. The answer is more than half of all business comes from word of mouth.

### Four Secrets to Perfect Customer Care (and More Word-of-Mouth Referrals)

Although it sounds simple, a systematic program of referral generation takes as much planning and implementation as any good marketing plan. There are four fundamental secrets to success.

#### Secret #1: Deliver great service.

It all starts — and ends — here. The rainmaker first must provide service so good all clients tell their friends. But don't assume clients don't have anything better to talk about than your terrific service. That's where the next three steps come in.

#### Secret #2: Maintain long-term contact.

During the critical active service period from listing or buyer's agreement

to closing, make sure to collect detailed personal information about your clients similar in many ways to what your lender requires — and enter it in your customer profile Trophy Database. Gather details such as children's names and birth dates, pets' names, life goals, hobbies, and special causes, then round out the items you first learned from using your rapport-building technique when they were prospects. For the personal touch, after closing, drop off a book of their favorite author or contribute to their favorite charity. You'll be remembered. Stay in touch primarily by mail, but calls and personal visits are a plus. When your client list gets too big to see everyone in person regularly, it may be time for a client appreciation event.

#### Secret #3: Educate customers about referrals.

Teaching prospects about the importance of referrals is your critical mission. One of the biggest mistakes most agents make in regard to referrals is never telling their customers how important referrals are. Everything helps, from being as subtle as mentioning to a client how you helped another client who was referred to you by so-and-so, to publishing your source-of-business pie chart and highlighting how important referrals are to you, to using slogans that say it directly, such as "People who know us recommend us," or "the most talked about name in real estate," or "Do a friend

a favor. Give them my name." In short, educate your clients about how important referrals are to you.

#### Caution: Never pay a bounty for a referral.

That is, don't offer to pay a customer for a referral. Besides the possibility of running afoul of Real Estate Settlement Procedures Act (RESPA) rules or state laws that prohibit sharing a brokerage fee with an unlicensed person, a bounty makes a referral suspect. The referral source is then giving the referral for the wrong reason — personal gain — rather than to help the referral prospect. One of the best ways we've seen the trump of the bounty dilemma is to reinforce the referral by giving your referral sources a valuable coupon or certificate they can give to their friend, who in turn can redeem it when the friend does business with you. All the referred prospect has to do to collect is call you. There is nothing "in it" for the referral source. An evaluation, a critique, a free report, or donation to a charity of their choice at closing, all of these work well.

#### Secret #4: Ask for the referral.

If you don't ask for the business, somebody else will. In your newsletters, in every letter, in your advertising, ask for the referral business. Don't be shy. Ask "Who do you know who is moving?" or "Who do you know who has questions for a real estate professional?"

## Quick Checklist on How to Ask for a Referral the Right Way

Larry Bender, a top professional with Prudential in Tucson, Ariz., drops by his clients new house the day after move-in to present a large wind chime. (Every time the wind blows, they think of me," say Bender.) Then he uses a script something like this: "There you are with your big watermelon smile. You're so happy your ears are about to burst, because you've got a new home. But I'm sad. Why? Because I've lost you as a client. Now you need to help me find another client like you to boost MY spirits." Bender then tells them about referrals and how important they are to his business and asks who they know that is planning to move. When they do come through with a referral, he sends them a bottle of champagne personalized with his own private label as a thank you.

At the end of taking the loan application, Bill Sparkman, a leading

mortgage lender sales and marketing trainer based in San Diego, asks the customer, "Before I leave, I'll need the name of your tax accountant." "Why?" the client asks. "Because now we both share the same client," Sparkman says. "I'll be sending your accountant your HUD-1 Settlement Statement form because he'll need it to do your taxes." Later, Sparkman calls the accountant and says, "The reason for my call is we now share the same clients, Mr. & Mrs. Homebuyer. And I wanted to ask you if you're accepting new clients, too. I meet many new home buyers who don't have an accountant. What type of client would you like me to refer to you?"

In their definitive book, *How to Get Clients*, Jeff & Marc Slutsky suggest you never ask a question that is as easily answered by "no" and by "yes," such as "Do you know anybody who is planning to move?" Instead, ask for *a name*, not a yes or no answer: "Who do you know?" or "Who do you know in your (church, neighborhood, office, etc.) who is thinking about buying or selling?"

The Slutskys also recommend you qualify the names given by the customer to get a better idea of the potential new prospects and their relationships to the referral source. Ask "Why do you recommend this person?"; "May I use your name?"; or "Is there any reason I shouldn't mention your name?" It's always good to be sure. Beyond a name, you must, of course, get their phone number and address if possible: "What is the best way to get in touch with them? Do you have their number?" Knowing the best time to reach them, at home or the office, is a big plus, too.

The Slutskys then suggest this close: "I really appreciate these referrals and I promise I'll contact them right away. Thank you!" or "Thank you for the referral. The more referrals I get, the less time I have to spend cold calling and prospecting. That means I've got more time to devote to my customers. Thank you again." Of course, if no one comes immediately to mind, say "If you think of someone, please call me with their name."

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