

The Smart Way to Prospect to Generate New Business

We prospect to generate more business yet there are salespeople who don't. We have found that there are four main reasons why:

- They don't feel comfortable
- They don't know how to ask
- It's not measured by their company
- It isn't part of their sales process

Working with only existing customers over time reduces revenues. The reasons vary from businesses closing or merging to replacement buyers/decision makers preferring to deal with other suppliers.

Prospecting requires sorting sales opportunities that are genuine from those that are a waste of time.

Your success in prospecting lies in being consistent. There are many ways to prospect but the fact is the colder the situation, for example phone canvassing, the more people you need to speak to, the more time is consumed and the selling cycle tends to be considerably longer.

Referrals are an effective and an enjoyable way to acquire new customers and grow sales. Competition is reduced and referral business is more profitable. In fact referrals can create a new customer 50-95% of the time. The reason why a referral has this impact is because it is personal. The creditability and trustworthiness of the person who referred you has now been transferred to you.

As outlined earlier there are salespeople that don't develop their referral business yet the opportunities are huge. For example, a major US stock broker surveyed its best customers and asked if they would be willing to refer their stock broker. The response was yes in 84% of cases. When the firm asked their brokers the percentage of time they asked their customers for referrals the answer was 15%.

How to get started?

Make a list of everyone you know - customers, sort through dormant accounts, social media such as contacts on LinkedIn and friends on Facebook.

1. Prioritise the list from best to least known
2. Diarise an equal number of people to contact every week and aim to meet them in person wherever possible
3. Let them know you would like to grow your sales through referrals and briefly describe the profile of your ideal customer. Then ask for 1-2 names that fit the profile
4. Ask qualifying questions and contact details

Examples: *"Why do you think they would be interested?...Who is their current supplier?...Who makes the decisions?"*

5. Ask the referee to make the introduction by phone, email or in person if appropriate

Example: *“Sam would you mind calling Mary and introducing me so she will expect my call and know what it is about?”*

6. Thank them

7. After you have contacted the referral let the person who referred you know the outcome. This shows courtesy and can lead to you been given more referrals.

When a prospect becomes a customer the customer will tend to refer others to you because that is how they were introduced to you.

If you only ask for a name and phone number you have a cold referral. You don't know enough about them and their business, and they are not expecting your call. A referral becomes warm or hot when you ask qualifying questions and the referral knows who you are and is expecting your call.

Growing sales through referrals saves time, is an enjoyable way to work and develop new business. It's also more profitable.



Kurt's expertise is in sales strategy, sales management development; group structured sales training and infield sales coaching. As a sales person he has successfully sold products and services in 4 major market/product segments: new product sales, consultative sales, relationship sales and retail. During his selling career he created sales records for three companies in two industries and won many sales awards for outstanding performance.