



How To Build A Referral Partner Network

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7 Tips To Developing A Referral Partner Network

To help you quickly create a network of referral partners, e.g., accountants, benefit brokers, etc., I have listed below some key points to consider:

- 1. Why Most Payroll Service Bureaus Fail To Develop A Network Of Referral Partners:** Although most payroll service bureaus want to develop a network of referral partners, few can actually achieve any type of success due to the following reasons:
 - They lack an ACTIVE sales leader.
 - They never created a formal referral partner program. Remember, you just can't tell a salesperson to *"go out there and develop some referral partners."*
 - The sales leader never made an effort (or helped a salesperson) to create an up-to-date or large enough database of referral partners for his or her salespeople.
 - Their sales leader never trained his or her salespeople on the things that made their payroll service any better or different from everyone else's.
 - Their sales leader never measured how many referral partner meetings they were having each week.
- 2. Start Building A List Of Referral Partners:** Most payroll service salespeople, on average, do a poor job at developing an up-to-date or large enough database of referral partners. Although you can tell your salespeople to create a database of referral partners, most salespeople don't know where to start or how many referral partners they should have in their database. Therefore, it is up to you, the sales leader to build a database for them.
- 3. Get Your Sales Team To Be More Proactive:** To accelerate the number of referrals your payroll service receives from its network of referral partners, your salespeople needs to be in continuous contact with them (phone calls, drop-bys, direct mail campaigns, and personal e-mails). By the way, if you don't measure how many phone calls, drop-bys or the size of a salesperson's referral partner database, he or she will not make it a priority either.
- 4. Continuously Market Your Payroll Service To Its Database Of Referral Partners:** By staying in continuous contact with your database of referral partners, you will:
 - Position your payroll service as an industry and subject matter expert.
 - Build trust, credibility and brand recognition (which is the key components to getting a referral).
- 5. Consider Paying A Finder's Fee:** If you want to generate more leads from a referral partner, and it is acceptable in your market, you may want to pay a finder's fee for every recommendation that results in a sale. If you don't want to pay a finder's fee, you should at least want to send a "thank you for your referral" card and a gift card. Always keep this phrase in mind: *Reward the things that you want done.*

6. **Create A Referral Partner Presentation Kit:** Having a printed sales kit will help you and your salespeople create a visual story for a referral partner. When developing your initial run of presentation kits, print about 25 or so as you will know doubt want to change and/or refine the message after seeing the kit in its final format. Also, don't be cheap when it comes to printing as it will give a bad reflection of your business.
7. **Getting A Referral Won't Happen Overnight** – Keep in mind that your network of referral partners, mainly CPAs, have seen dozens of payroll salespeople come and go. Because of this, they tend to be reluctant to hand over a referral the first time a salesperson asks for a referral or drop something off like a plate of cookies or donuts.

Developing a network of CPAs or other referral partners starts with an organized plan of attack; without one, your efforts will be disjointed at best.

To your success!



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P.S. When reading this document, use a highlighter to highlight all areas of interest!

“A Goal Without A Plan Is Just A Wish.”

Antoine de Saint-Exupéry

Revenue Potential From One CPA

If one CPA recommends one of his or her business clients to your payroll service every 90 days (that results in a sale) for the next three years, your payroll service will generate ~\$40,618 in revenue.

- **Year 1 = \$7,000**
 - 4 new payroll clients x \$1,750* in annual payroll processing revenue
 - $4 \times \$1,750 = \$7,000$

- **Year 2 = \$13,650**
 - $\$7,000 + \$6,650$
 - 4 new clients in year two x \$1,750* = \$7,000
 - 95% of year one's clients repeat ($\$7,000 \times .95$ retention rate) = \$6,650

- **Year 3 = \$19,968**
 - $\$7,000 + \$6,650 + \$6,318$
 - 4 new clients in year three x \$1,750* = \$7,000
 - 95% of year two's clients repeating ($\$7,000 \times .95$ from year two's clients repeating) = \$6,650
 - Year one's clients repeating ($(\$7,000 \times .95) \times .95$) = \$6,318

3-Year Sales Revenue Total For:

- 1 Referral Partner = \$40,618
- 10 Referral Partners = \$406,180
- 25 Referral Partners = \$1,015,450
- 50 Referral Partners = \$2,030,900

*National average annual revenue per payroll client; change this number to reflect your actual average payroll processing revenue.

Now that you know the potential of one referral partner, you now need to ask yourself this one question: How much money would I be willing to spend acquire one referral partner?