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The rise of word of mouth

 Written by [Entrepreneur Country](#) on Wednesday, 04 April 2012 18:51

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It's 7am and 15,000 business people have woken up extra to attend a breakfast meeting where they pass business referrals with one another. This is how they sell and market their businesses, by giving other businesses opportunities to do business with other people they know, have met, or come by. Does giving referrals seem like a strange way to grow your business? Yet, how many times have you bought a product or service which has been recommended by a friend or colleague? The answer is often because of the credibility attached to referral. "I highly recommend having a chat with John, he's given us good mortgage advice over the years and saved us money" or "it's a superb restaurant, we've been there a number of times, know the owners well, here is their number to book a table."

In the UK, ninety eight per cent of businesses rely on referrals to gain new business, yet only three per cent actually have a set strategy in place for gaining 'word of mouth' referrals.

For the majority of British SMEs, marketing their products and services can be their biggest ongoing challenge and cost. This is the point at which many SMEs fail simply because of lack of additional capital, but there is a growing trend among small businesses to invest a larger per centage of their time into networking, taking it more seriously, and using 'word-of-mouth' to gain new business. Since 2008, the recession has also escalated this trend.

Charlie Lawson who is the national director of BNI (Business Network International), the UK and the world's largest business networking organisation, in 48 countries, with more than 13 000 SME members around the UK who meet weekly at breakfast meetings, has reported that since the onset of the recession, while the organisation's membership hasn't grown substantially, the amount of business transacted between their members has had an incremental rise.

BNI operates in such a way that members of a group pass qualified business referrals to one another - the opportunity to do business with someone their colleague has referred them to. For example, an accountant in one group might give a referral to the group's plumber if he knew someone (outside the group) needed the plumber's services. The idea being if everyone gives, everyone gains. BNI, however, tracks every business referral to ensure they have resulted in a qualified invoiced piece of business. In 2008 the annual amount of total business passed between members was £185million. In 2011 this rose to £269 million - an increase of 45 per cent. This is the biggest rise in the organisation's sixteen years in the UK and demonstrates members are taking networking much more seriously.

Charlie Lawson commented: "British people don't like to be 'hard sold' to yet the reality is that word-of-mouth business referrals, which cost nothing, have proven to be hugely valuable to businesses over the course of the recession - in some cases making or breaking an SME's ability to continue trading. What has changed is that many entrepreneurs and businesspeople are realising the basics of getting networking right. It's not about selling, it's about building relationships."

The future?

Charlie Lawson commented: "We live in the age of 'joined up networking'. We build relationships with other people



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whether at breakfast meetings, general events, the pub, and online through a multitude of increasing mediums. The trick is how to maintain your brand, customer offering whether through your website, business card, when meeting in person, and even conduct on Twitter or state of your LinkedIn profile."

On the effect of social media on networking, the world's leading business networking guru, Dr Ivan Misner who has written many best selling books on networking has warns against the rise of 'premature solicitation'. Misner has said that the misuse of internet self-publicising tools such as LinkedIn and Twitter is fuelling a backlash against business networking. He said too many people are now being 'tapped up' for business by people they did not really know or trust. "It comes from people who either practice premature solicitation or receive it and are frustrated," he said. "They think hitting on people to do business is networking. And people don't like it. There is this backlash against bad networking."

Dr Misner, believes social media sites can be as effective in drumming up business as local chambers of commerce or rotary clubs. But he warned that the web exposes the amateur networker mercilessly: "I say absolutely do social media. It substantially builds the visibility side of your business. But everything is faster online. If you are a really bad at networking you are bad at light speed."

"There's still a lot of misunderstanding with networking. Most people think that it's walking around, handing out cards. Networking is more about farming than it is about hunting. It's about cultivating business relationships."

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