

Retention and referrals are a key component of our profits and continued growth and the strategies and techniques contained in *No B.S. Guide to Maximum Referrals and Customer Retention* made a huge impact on our bottom line. If you depend on the continued and repeat business of your current clients to survive, thrive and profit, then this book is a must read book.

—TRAVIS LEE, OWNER OF 3D MAIL RESULTS

Everyone says that referrals are the life-blood of any business but very few people teach *how* to get referrals on a consistent basis. Shaun and Dan have nailed it in this book. If you can follow simple step-by-step instructions you can put an automatic referral machine in place in your business and reap the rewards for years to come. Get this book and more importantly, implement it. It can change your business life forever.

—DAVE DEE, CHIEF MARKETING STRATEGIST OF GKIC

Dan Kennedy and Shaun Buck prove beyond question that multiplying your best customers or clients is the secret to finding new riches in your business. Dan and Shaun lay out a cost-effective, easy-to-follow system for creating evangelists. Written for both retailers and providers of professional services, this book is a must read for us small business owners.

—BEN GLASS, OWNER AND ATTORNEY AT BENGGLASSLAW AND GREAT LEGAL MARKETING

This book is the answer to those who seek new business wealth from smart systematized work and predictable income. I have personally benefitted from Shaun's genius because it played a vital role in the selling of my last business for over \$10 million.

—WALTER BERGERON, SERIAL ENTREPRENEUR AND BESTSELLING AUTHOR

We all know that it's easier and more profitable to keep the customers you have than to get new ones. This book shows you the real-world formulas to actually doing that in your business and is a must-read for anyone who wants to escape the new customer grind.

—CHARLEY MANN, CMO OF GREAT LEGAL MARKETING

Shaun Buck and his team create customized newsletters that engage, build relationships, and form an iron fence around your client/customer/patient base. They provide a format to increase referrals as well as introduce new services all of which drives additional revenue without the additional cost of acquiring new clients. We recommend all our entrepreneurial attorney members use a client newsletter and we direct everyone to Shaun and his team.

—RICHARD JAMES, PRESIDENT OF AUTOMATED BUSINESS RESULTS, LLC

The hundreds of membership programs I've consulted with in the last 20 years have proven there is no better way to create business growth, stability, and certainty than by improving retention. Shaun Buck and Dan Kennedy reveal an excellent step-by-step action plan any business can follow to maximize the value of every new customer through larger transaction sizes, repeat business and increased referrals.

—ROBERT SKROB, PRESIDENT OF ASSOCIATION MARKETING, INC.

Any business serious about growing not only its revenue, but its bottom line, should read this book. Dan Kennedy and Shaun Buck detail not only how to retain customers but how to grow their sales in the most profitable way possible. This is a must-read for any goal-driven business owner.

—KIM WALSH-PHILLIPS, CEO OF ELITE DIGITAL GROUP AND AUTHOR OF
NO B.S. GUIDE TO DIRECT RESPONSE SOCIAL MEDIA MARKETING

Shaun and Dan have gone far beyond generic referral techniques and mechanics about customer/client retention. Referral based marketing, especially through newsletters and properly structured ascension strategies, is the least expensive way to not only acquire new customers but to also keep them for a long time.

—MICHAEL ROZBRUCH, CPA AND FOUNDER OF
MICHAEL ROZBRUCH'S TAX & BUSINESS SOLUTIONS ACADEMY™

NO B.S.



GUIDE TO MAXIMUM REFERRALS & CUSTOMER RETENTION

BY

DAN S. KENNEDY & SHAUN BUCK

WITH

DR. DUSTIN BURLESON, KEITH LEE, SUSIE NELSON,
CRAIG PROCTOR, AND PARTHIV SHAH

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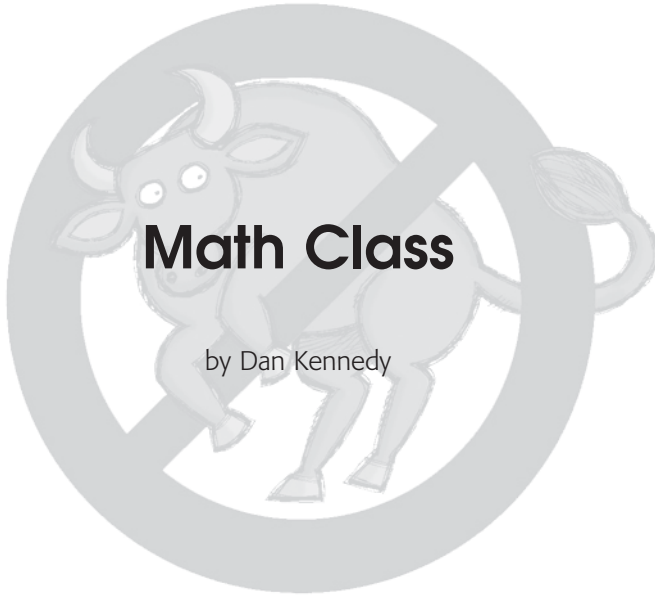
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CHAPTER 2



The best motivation for redirecting your energy and investment from pursuit of new customers to retaining, better monetizing, and multiplying the customers you have is going to a “money math” class. In this book, Shaun Buck does a masterful job of presenting the true math of the lost customer. Frankly, it’s a bit of a slog. You have to stop, think, and calculate. It’s worth it. Please do. Other chapter contributors also point to the math. Here, I’d like to start you with a simple but profound calculation. It requires you to know a number you probably don’t know, and it’d be better if you gathered up some information rather than guesstimating.

The number to know is: What does it cost you to get a new customer?

This is the cost of all your public advertising, marketing, promotion, promotional discounts on first transactions, plus some allocated percentage of your entire overhead—the same percentage as new customers contribute to revenue—added together, then divided by the number of new customers occurring, by month and by year. If, for example, you have three stores of some kind, and you spend \$15,000.00 a month on advertising on radio, TV, print, online, plus 20 hours of yours or an employee’s “doing” social media ($20 \times \$50.00 \text{ hour} = \$1,000.00$), and your rent, light, phone, payroll, taxes and other overhead is \$60,000.00 a month and you find that 30% of your revenue comes from new customers who never return equals \$20,000.00 . . . your total tab for getting new customers works out to \$36,000.00 for the month. If you got 300 new customers, the cost is \$120.00 each.

In “big thumb math,” then, the lost customer costs you \$240.00, because you invested \$120.00 to get him and it’ll cost \$120.00 to replace him.

Getting a grip on these numbers is very important. This is how you make *informed* decisions about your marketing investments.

Most business owners are underinvesting in marketing, by the way, thus stunting and restricting their growth and leaving themselves vulnerable to competition—which can be cured by my advice in Chapter 16. If this hypothetical business is par, the \$120.00 being spent should be \$240.00, thus the lost customer cost is really \$480.00. But it’s even worse. Lost customers can’t refer, and beyond an early customer life surge, every customer should at least bring in one a year. So, in the year you lose one, you lose another \$240.00 to \$480.00, bumping the total to \$480.00 or \$960.00. This is called: attrition cost.

The reason a lot of businesses’ profits fail to increase is that these costs of attrition are outweighing the profits gained from restocking with new customers.

If this business invested \$60.00 a year per customer just “making nice with” their existent customers for purposes of retention, it could avoid spending \$240.00 to replace a lot of wandered-off ones. But, actually, they’d also recoup the money by increased patronage from the retained and happier, more engaged customer.

Investing in reducing attrition is every bit as useful, potentially profitable, and valid as is investing in acquiring new customers, but few business owners treat the two as equals.

I’ll stop. There’s more math to come.

You were already interested in retention and referrals when you got this book. But I want you exiting it persuaded, convinced, and determined about it. So, this book is, in part, a big, long, fat sales presentation for investing in your own very, very robust retention and referral systems. As if we had them out in the back seat of the car in boxes and were in your shop or office selling them.

It’s not that simple.

But, also, pretty much everything you need to construct those systems is here, in these pages, and at online resources you’re directed to, that expand the book.

It all starts, though, with commitment and determination. My speaking colleague of many years, the famous Zig Ziglar, frequently used the old chestnut that to breakfast a chicken contributes, but the pig is committed. The sports term is: all in. Constructing, implementing, and maintaining a retention system and a referral system requires investments: attention, interest, desire, time, energy, and money. If you had \$100,000.00 to spend, which would you be more likely to do: Hire a salesman to go out and get new accounts or hire a retention and referrals director tasked with reducing attrition and boosting referrals? If your schedule got re-arranged to cough up ten hours a week, would you be more likely to invest in marketing,

prospecting, and selling to get new customers or in marketing to retain and raise the value of existent customers? Truthful answers are revealing.



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