



5.0 Creating a Referral Network

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5.0 Creating a Referral Network

Learning Objective

- Identify the benefits and best practices of making recommendations and referrals for complementary energy retrofits and creating a referral network

Overview

Two of the most common challenges homeowners have when they are aiming to improve the energy efficiency of their homes are that they do not know where to start or how to find and select a good contractor. The other challenge homeowners have, but are generally unaware of, is that most likely their home will require multiple energy retrofits (likely performed by multiple contractors or installers) to achieve the performance they are looking for due to the interconnections we have explored in this course.

While your company may only sell one type of product or service, it is important to communicate to your clients that multiple complementary home energy improvements may be important for them to realize the full benefits of an energy efficient home. This may require you to refer another contractor

to the homeowner, to complete energy retrofits that your company does not offer. A referral is the act of officially directing, recommending, or otherwise sending someone to a person or business that is qualified to provide them a service or product. Effective referrals will ultimately increase customer satisfaction with your products and services, as we understand from this course content, by avoiding unintended consequences of isolated retrofits and maximizing the benefits of each retrofit.

The HAAS approach works well for companies with multiple in-house trades or with established relationships with subcontractors. But what if your company is not accustomed to coordinating and implementing larger renovations, does not have an existing network of sub trades, or does not have agreement with the homeowner to bring in another contractor to support 'your job'? As a contractor you may ask yourself: "Why would I recommend my potential client to call another contractor? What happens if they decide to spend their money on the insulation rather than the heating system, I am trying to sell them?" Let us answer this question by exploring the benefits to your customers and your business, of making retrofit referrals.

How Referrals can Help Homeowners

SUPPORT HOMEOWNER NEEDS FOR MAKING THEIR HOME BETTER

Many homeowners will be unaware of the implications of isolated retrofits or the benefits of multiple retrofits. Homeowners of older homes are often aware that their home may need multiple home energy improvements, but still, they usually do not know which improvements may be needed. Homeowners want to hear the honest and professional advice of an experienced and knowledgeable contractor. Taking the time to explain why a home might need an insulation or ventilation retrofit is helping the homeowner make their home safer, healthier, more comfortable, and more efficient.

HELP HOMEOWNERS FIND A CONTRACTOR

Homeowners typically do not know how to find a good contractor and value recommendations from another contractor. It is a more positive and trustworthy experience for the homeowner if a contractor willingly provides appropriate referrals.

How Referrals Help Your Business

AVOIDS UNINTENDED CONSEQUENCES AND SUPPORT YOUR COMPANY'S REPUTATION FOR QUALITY

Referring another contractor to complete complementary energy retrofits can prevent unintended consequences of your products and services. This builds your companies reputation for delivering quality services.

MAXIMIZES THE BENEFITS OF THE PRODUCT YOU ARE SELLING

One product or service alone cannot make a home energy efficient, dramatically reduce energy bills, or keep the homeowner comfortable. By referring to another contractor to implement a complementary retrofit, you are helping to increase the homeowner's overall satisfaction, including how satisfied they are with your product or service.

BUILDS YOUR COMPANY REPUTATION FOR CUSTOMER SERVICE

Retrofitting with a HAAS approach and referring other contractors for complementary retrofits requires honesty and transparency. Homeowners will see that you are looking out for their best interest and providing outstanding customer service. Your approach will help build trust with your

clients and possibly lead to your company generating positive online reviews and receiving future referrals to their friends, family, and colleagues.

HELPS YOUR COMPANY RECEIVE REFERRALS FROM OTHER COMPANIES

What goes around comes around. Getting into the practice of regularly referring to other contractors will, in turn, lead to other contractors referring to your company. Getting referrals to generate new business is the most cost-effective marketing strategy to effectively grow business for your contracting business. This section will further elaborate on reciprocal referrals.

5.1 Referral Options

When making referrals you have several different options, as shown in table 3.

Table 3 Referral Options

Type of Recommendation	Example of What You Can Say to Your Clients	Benefits of Referral Approach
Open Ended Referral	"I recommend finding a contractor to come take a look at your attic and wall insulation. The CleanBC Better Homes website as a great search tool to find qualified contractors. Here's the website: https://betterhomesbc.ca/prc/ . Let them know that Joe from Joe's Heating and Cooling suggested you call."	• You are giving a recommendation on where the homeowner can find a contractor. • You are not formally endorsing any one contractor. • You are getting your company name out there as a company that is recommending insulators. • Open ended referrals are a good place to start with referring.
Referral - Single Contractor	"Call Jill from Jill's Insulation, they do good work. Let them know that Joe from Joe's Heating and Cooling recommended they take a look at your attic and wall insulation. Here's her business card."	• You are giving the homeowners a specific recommendation and they are clear on who to call. • Jill's insulation will be motivated to also make referrals to your company.
Referral - Multiple Contractors	"You have several good contractors to choose from. Try calling Pro-Insulation, Quality Insulation, or All Insulation. I can send you their contact information. Let them know that Joe from Joe's Heating and Cooling recommended they take a look at your attic and wall insulation. "	• You are giving the homeowners a few good options to find a contractor and they can make their choice on which contractor(s) they call. • You are potentially getting your company name out to multiple different companies who may also be motivated to recommend your company.
Reciprocal Referral	<i>Same as single or multiple contractor referral above depending on your reciprocal referral agreement(s).</i>	A reciprocal referral is when two, or more people or businesses refer one another, either informally or as part of a more formalized agreement or partnership.

Reciprocal Referral Network	Same as single or multiple contractor referral above depending on your reciprocal referral agreement(s).	A reciprocal referral network is the idea of building multiple reciprocal referral agreements/partnerships with different people or businesses in your industry.
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5.2 When to Make Referrals

This section provides examples of real-world applications for referrals.

Practical Referral Opportunities

Table 4 summarizes common referral opportunities based on the type of retrofit you are completing.

Table 4 Practical Referral Opportunities

When Retrofitting...	Referral Opportunities to Maximize Benefits of your Products and Services
Heating and Cooling Systems	Pre-work referrals: Air Sealing, Insulation, Windows, Ventilation
Ventilation Systems	Pre-work referrals: Air Sealing, Insulation, Windows
Windows and doors	Air Sealing, Insulation, Heating and Cooling, Ventilation
Insulation	Pre-work referrals: Air sealing, Ventilation Post-work referrals: Windows, Heating and Cooling
Air sealing	Post-work referrals: Insulation, Windows, Heating and Cooling, Ventilation

Example with Speaking Points

In this example, heat load calculations are a trigger for making a referral. Heat load calculations are a process that every heating system contractor should be utilizing to size a heating system. As part of conducting this calculation, the contractor collects information about the windows and estimated insulation and [air leakage](#) levels. With this information in hand, the contractor has the perfect opportunity to open a conversation with the homeowner about the options for complementary retrofits to their home that could follow their heating system installation.

For example, if your company is selling a heating system and you know the home is under-insulated you can explain:

"Our company has the right heating system for your home. But to fully maximize the benefits of this heating system, make your home as comfortable as possible, and keep your energy bills low I would encourage you to also consider upgrading your insulation in your walls and attic. There are currently rebates available for this work and I would be happy to recommend a qualified insulation company."

You suggest that ideally, insulation upgrades would take place before, or around the same time as, upgrading the heating system and explain the potential unintended consequences of not retrofitting, or waiting to retrofit, insulation. The three scenarios below provide example speaking points based on the homeowner's decision.

Scenario 1

The homeowner is interested in completing insulation retrofits before upgrading the heating system.

"Great, I know you will be happy with the final result. I recommend [referral company]; would you like me to pass along your contact information so they can get in touch?"

Scenario 2

The homeowner would like to upgrade their insulation but want to plan for this down the road, or their existing heating system is no longer working and they need a replacement as soon as possible.

"Let me know if you plan to complete the insulation upgrades in the next year so I can ensure I am sizing the right heating system for your home. I recommend completing the insulation work before the next heating season to ensure you are happy with the result. I recommend contacting [referral company] when you're ready, here's their business card."

Scenario 3

The homeowner is not interested/does not intend to complete insulation upgrades in the near future.

"I will size your heating system based on the current heat load calculations and you should be much more comfortable. If you continue to experience discomfort or do not see as large a decrease in your energy bills as you might want it would be worthwhile contacting an insulation contactor to get a quote. It is important to note, that if you do upgrade your insulation in the future, there is a possibility that the heating system I am installing now may become oversized for your home".

5.3 Creating and Successfully Making Use of your Referral Network

Referrals and reciprocal referral networks work best for your clients and your company when all three of the following criteria are met:

Relevance

If your customer does not require the services of a referral, do not refer them to another contractor. Your customer may lose trust in your judgement and your efforts will backfire. Similarly, if a contractor arrives to provide a quote at a home that does not require their services, they will not be keen on following up on the next referral they receive from your business.

Quality

Never refer a business or person you do not know or trust, or do not have confirmed knowledge that they deliver quality retrofits. You should have confidence in the quality of the company's work before referring them. If you do not know who to recommend, or do not want to recommend one specific contractor - make an open-ended referral by recommending that your client select a contractor from [CleanBC Better Homes contractor search tool](#).

Mutually Beneficial

In the case of reciprocal referrals, the partnership is supposed to be a two-way relationship and be mutually beneficial to everyone involved (including your customers).

If there will be an imbalance in potential for referrals by one of the partners - it will be important to discuss it up front to clarify interests and expectations for everyone involved.

There may be some good reasons for a potential imbalance in the number of referrals coming from one partner to another. For example, a heating system contractor may be regularly referring to insulation companies because their heat load calculations are identifying that the home would benefit from insulation upgrades. Insulation upgrades can cost effectively occur at any time. On the other hand, the insulation companies' clients may not need a heating system upgrade, may have recently upgraded or may not need a heating system upgrade for many years, and this may limit the opportunities for the insulation company to consistently refer to the heating system company. Understanding there will be this imbalance is important. The referral to the insulation company is in the best interest of the customer and the heating system contractor as the customer will be happier with their new heating system in a better insulated home.

Selecting Reciprocal Referral Partners

Choose your referral partners carefully. Before getting started, it is important to assess each potential referral partner and decide if they are a good fit to send suitable referral prospects your way and receive your referrals. Ask yourself the following questions as you consider a potential referral partner³⁵:

- Do you want to partner with this company?
- Do they have similar values?
- Are they geographically convenient?
- Do they have the volume of clients to make it feasible for you?
- Will they be responsive and follow up with the referrals you are sending their way?
- Will they commit to making it happen? Are they interested in making it a success?

In many cases, companies may already have businesses they know in the community; this is a great place to start for potential partners.

Tips for a Successful Reciprocal Referral Network

Document the commitment

Documenting the reciprocal referral relationship is optional, but recommended. You do not need a fancy agreement but rather something that confirms the intent of both parties and outlines how the relationship will work³⁶.

determine the process for information sharing

Consider establishing a process where you send your clients' contact information to each other rather than leaving it up to the customer to follow up. It is important to note that as per Canadian privacy laws you must get the permission of the homeowner before passing on their contact information. For example: "As I mentioned earlier, I recommend that you have your heating system accessed by an HVAC contractor. I know Jill's Heating works in this area and they do quality work. With your permission, I could pass along your contact information so Jill can give you a call."

Agree on how to share referrals

Will the referrals be sent by email or text? Who should receive the referrals: reception, the salesperson or estimator, someone else?

Inform your staff

Inform everyone in your company about the referral process you are using. Keep everyone up to date on how it is working and if any changes in the process are made.

Keep track

Consider keeping track of the referrals you receive and send. This can be used to assess how the referral partnership is working. Remember not all reciprocal relationships will be equal in the volume of customers that are being referred. What is important is that your customer's needs are being met and you are receiving more business because of your participation in the partnership.

Communicate

Keep the communication lines open. All partnerships work best if there is good communication.

Trust your gut

If you have concerns at any point in a reciprocal or potential reciprocal referral agreement, you can professionally end the business relationship.

Remember the Importance of Referrals

If establishing a reciprocal referral network seems like too much work, or your company does not want to formally partner with another company, remember that making open ended or one-way referrals to other contractors for retrofits is still a good idea, as it is in your customers' best interests and can still help you receive more referrals in return.

If you are uncomfortable with recommending specific companies, or are unsure about which company to recommend, a good option is to direct the homeowner to a publicly available contractor search tool with pre-vetted companies such as the [CleanBC contractor search tool](#).

Making referrals for homeowners to undertake complementary home energy retrofits demonstrates that your company understands that homes operate as a system, that there can be unintended consequences of retrofits, and that multiple retrofits are often important for homeowners to realize the full benefits of an energy efficient home.

Within the home performance industry, there is room for all contractors to make recommendations or become part of a reciprocal referral network!



³⁵ "How to create a referral network to get more leads for your small business:" Peter Sandeen, [2012]. URL: <https://www.rightmixmarketing.com/right-mix-blog/creating-a-referral-network/>

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Note

This module's quiz is the final quiz for this course. Upon successful completion, you will have the opportunity to download a Certificate of Completion for your records (for example, to request CPD points through BC Housing). You will NOT be required to upload this certificate for your participation in the HPCN - your progress is automatically tracked for you.