



BUILD YOUR
NETWORK
BUILD YOUR
BOTTOM LINE

AN EBOOK SHORT FROM

**NETWORKING LIKE A PRO:
TURNING CONTACTS INTO CONNECTIONS**

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1



How Deep Is Your Network?

In Southern California, there are many tall, lush eucalyptus trees that topple over fairly easily in strong winds. Every year, some are uprooted and blown over, and you can then see that their root system is broad but not at all deep. Trees with deep taproots, such as pecan and mesquite, are less vulnerable.

To be strong and resilient, your network should be like a deep-rooted tree. Sure, when you're first growing your network, you're interested in making it broader so it will have more connections, but when it comes to making it work for you, your network needs to have depth as well as breadth.

When you're considering asking someone in your personal network for a favor, ask yourself if she's a contact or a connection.



A contact is someone you know but with whom you haven't fully established a strong relationship; a connection is someone who knows you and trusts you because you've taken the time to establish credibility with her. Among the most important connections you can make are those with your referral sources, with prospects these referral sources bring you, and with customers you recruit from the prospects.

You may have a lot of contacts, but how well do you know them, and how well do they know you? It's unrealistic to expect help from contacts who don't know you well and feel no loyalty to you. If you're spending a lot of time going out and meeting new contacts, think about how much more profitably your time might be spent if you devoted more of it to turning existing contacts into connections.

The more people you know, the broader your network; the better you know them, the deeper. You can't know everybody equally well, of course. Just as some of your friends are closer to you than others, you will have deeper relationships with some of your networking partners than with others. These are the people you know best, people you believe and trust, people to whom you don't hesitate to offer help and referrals whenever you see the opportunity, and they are people you trust and count on to promote your business to their clients, to cross-market your products or services, and to give you high-quality referrals.

BUILDING QUALITY RELATIONSHIPS

How do you make your network deep? By developing and nurturing trusting relationships with a number of your closest networking partners. This is a long-term goal; you need to have a strong, deep network in place well before you can depend on it for the bulk of your business.

Like all of us, you're busier than a cross-eyed Frisbee dog; even so, it will pay off in the end if you use some of your time to deepen your relationships with your referral sources. Go beyond the normal business interactions; get to know them away from work; invite them



to backyard barbecues and ball games. The better your friendship, the more you can expect from each other's networking.

There are proven ways to deepen the roots of your network, and most of them hinge on your attitude toward your networking partners. It all comes down to this: Focusing on others is the most powerful way of deepening and widening your network. Go into each interaction with one thought uppermost in your mind: What can I do for this person? Do whatever you can to bring business and contacts to your networking partners. Share information with them, invite them to business meetings where they can meet potential clients, and be generous with your time, your knowledge, and your referrals. Plant in their minds the idea that whenever you call or show up, good things will swiftly follow.

Any successful relationship, whether personal or business, is unique to every pair of individuals and evolves over time. It starts out tentative, fragile, full of unfulfilled possibilities and expectations. It grows stronger with experience and familiarity. It matures into trust and commitment. As it deepens, it evolves through three phases: visibility, credibility, and profitability. We call this the VCP Process®.

VISIBILITY TO CREDIBILITY TO PROFITABILITY

The VCP Process describes the creation, growth, and strengthening of business, professional, and personal relationships; it is useful for assessing the status of a relationship and where it fits in the process of getting referrals. It can be used to nurture the growth of an effective and rewarding relationship with a prospective friend, client, co-worker, vendor, colleague, or family member. When fully realized, such a relationship is mutually rewarding and thus self-perpetuating.

Visibility

In the first phase of growing a relationship, you and another individual become aware of each other—that is, visible to each other.



In business terms, a potential source of referrals or a potential customer becomes aware of the nature of your business, perhaps because of your PR and advertising efforts or perhaps through someone you both know. This person may observe you in the act of conducting business or relating with the people around you. The two of you begin to communicate and establish links—perhaps a question or two over the phone about product availability. You may become personally acquainted and work on a first-name basis, but you know little about each other. A combination of many such relationships forms a casual-contact network, a sort of *de facto* association based on one or more shared interests.

The visibility phase is important because it creates recognition and awareness. The greater your visibility, the more widely known you will be, the more information you will obtain about others, the more opportunities you will be exposed to, and the greater will be your chances of being accepted by other individuals or groups as someone to whom they can or should refer business. Visibility must be actively maintained and developed; without it, you cannot move on to the next level, credibility.

Credibility

Once you and your new acquaintance begin to form expectations of each other and the expectations are fulfilled, your relationship can enter the credibility stage. If each person is confident of gaining satisfaction from the relationship, then it will continue to strengthen.

Credibility is the quality of being reliable, worthy of confidence. Credibility grows when appointments are kept, promises are acted upon, facts are verified, and services are rendered. The old saying that results speak louder than words is true. Failure to live up to expectations—to keep both explicit and implicit promises—can kill a budding relationship before it breaks the surface of the ground and can create visibility of a kind you don't want.



To determine how credible you are, people often turn to third parties. They ask someone they know who has known you longer or perhaps has done business with you. Will that person vouch for you? Are you honest? Are your products and services effective? Are you someone who can be counted on in a crunch?

Profitability

The mature relationship, whether business or personal, can be defined in terms of its profitability. Is it mutually rewarding? Do both partners gain satisfaction from it? Does it maintain itself by providing benefits to both? If it doesn't profit both partners to keep it going, it probably will not endure.

BE PATIENT

The time it takes to pass through the phases of a developing relationship is highly variable. It's not always easy to determine when profitability has been achieved: A week? A month? A year? In a time of urgent need, you and a client may proceed from visibility to credibility overnight. The same is true of profitability; it may happen quickly, or it may take years, but most likely it will be somewhere in between. It will depend on the frequency and quality of the contacts and especially on the desire of both parties to move the relationship forward.

Shortsightedness can impede the full development of the relationship. Perhaps you're a customer who has done business with a certain vendor off and on for several months, but to save pennies, you keep hunting around for the lowest price, ignoring the value this vendor provides in terms of service, hours, goodwill, and reliability. Are you really profiting from the relationship, or are you stunting its growth? Perhaps if you gave this vendor all your business, you could work out terms that would benefit both of you. Profitability is not found by bargain hunting. It must be cultivated, and, like farming, it takes patience.



Visibility and credibility are important in the relationship-building stages of the referral marketing process. But when you have established an effective referral generation system, you will have entered the profitability stage of your relationships with many people—the people who send you referrals and the customers you recruit as a result. It's an essential part of successful relationship marketing and networking.



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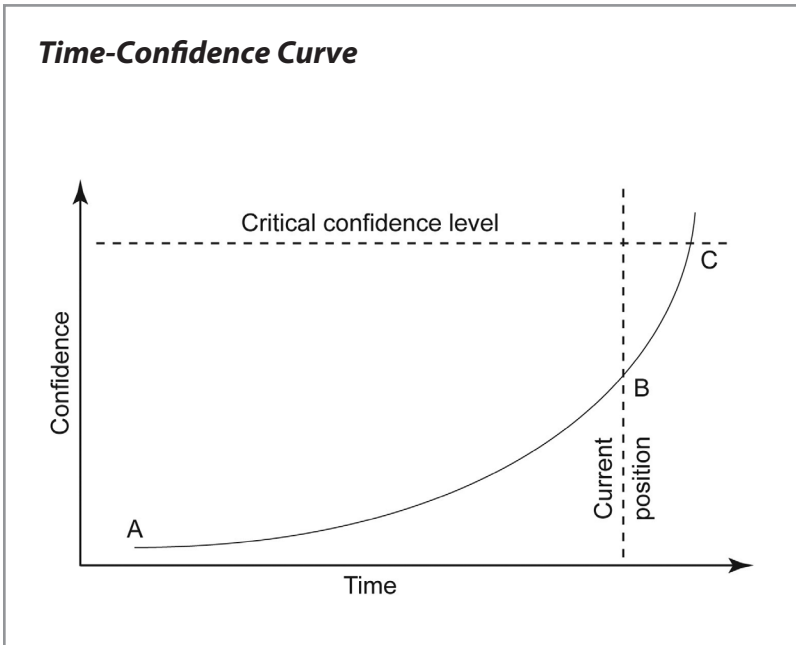
Gaining Their Confidence

When it comes to getting referrals from your network, confidence is a vital component—not your confidence, but the confidence your fellow network members have in you. None of them wants to risk her personal reputation by referring business, information, or contacts to a stranger. And even though you may have known many of your fellow networkers for quite some time, until they’ve gained a certain level of confidence that referring contacts to you will not harm their reputation with their clients, associates, friends, or family, you’re still a stranger.

What exactly is this level of confidence? The “Time Confidence” curve shown below illustrates the dynamics of the process. Your success in getting referrals depends partly on your



competence, of course, but more on how far up the confidence curve the referrer’s confidence in you has progressed. If you’re at point B in the relationship, you’ve known each other for a while but you still haven’t quite achieved the necessary confidence level with this person to get a referral from her. When you reach point C, she’ll feel comfortable recommending you to friends.



The shape of the curve shows why planning referral-based marketing means cultivating long-term relationships. Confidence grows slowly at first, then more quickly as the relationship matures. The level of confidence required reflects the level of risk perceived by the referrer.

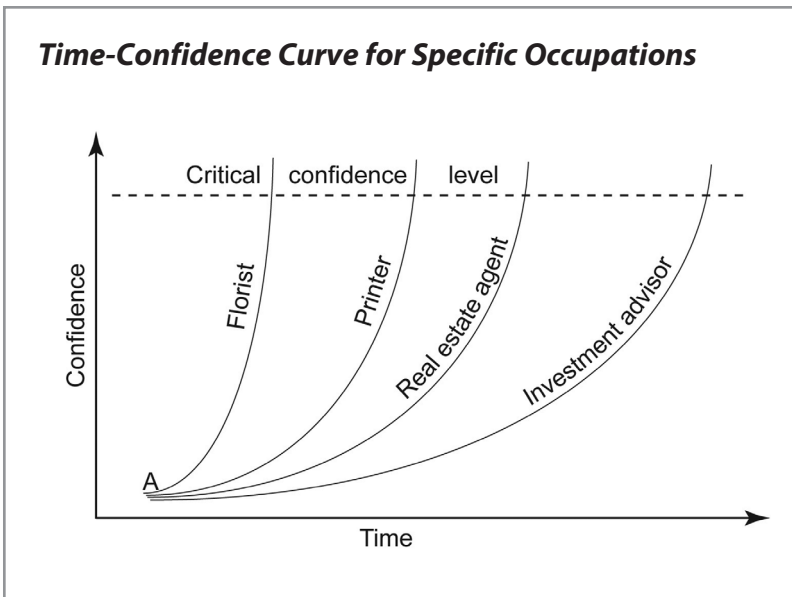
GETTING THERE

How long will it take you to reach the critical level of confidence with your networking friends? Aside from the quality of your products or services, this depends on four main factors.



1. Your Profession

The more significant the business being referred, the greater the risk to the referrer's reputation. If you're a florist, it may take only a week or two for people who try your services to recommend you on the basis of their experience with you. The risk associated with referring a florist is usually small, unless you're bidding on a large corporate account that also may be your referrer's top client. If you're a lawyer, accountant, or investment advisor, it may take you six months or a year to reach the critical confidence level. However, since the stakes are higher, your referrer stands to gain more if the results are successful (see the illustration below). She will enhance her reputation as someone who knows the right people to get things done.



No matter what line of work you're in, if you don't perform well, your referrer will learn of it and your progress on the confidence curve will drop back to zero. You may not get another referral from



that source, but if you do, it will take longer the second time. Third time? Don't ask.

2. How Well You Educate Others About Your Business

Don't assume that your fellow networkers understand your company or industry well enough to refer you confidently. Most have enough of a job keeping up with their own business and personal concerns. You have to educate them and keep on educating them as long as you're in business. The best way is to speak to large, receptive groups; a networking group is ideal, because everybody is expected to address the group at regular intervals. Make your presentation interesting and stimulating. Tell them how your product or service improves business or life. Tell them who, what, when, where, and how. Each time you speak, present a new aspect of your business. Let your knowledge and eloquence persuade them that you are very good at what you do. They will grow confident that you cannot seriously injure their reputations with their contacts, and your name will come to mind whenever a referral opportunity arises.

3. The Help You Give Others in Moving Up Their Own Referral Confidence Curves

If you can endorse the quality of products or services offered by a networking partner—that is, increase others' confidence in him—your partner will be disposed to return the favor. Testimonials from one or two of your partners may, in turn, trigger a much larger and more valuable referral from another partner who was waiting for more evidence before taking a risk on you.

4. The Time You Invest in Learning About Others' Businesses

If you want someone to learn about the value of your products or services, you have to spend time learning about the value of his. The



best way to do this is one-on-one: “John, I’d like to be able to refer more business to you, but I need a deeper understanding of what your company does and how you operate. Could we get together one day next week to discuss this?” Although you don’t say so, John understands that he will learn something more about your business at the same time. Serious master networkers meet regularly to raise each other’s understanding of their businesses.

STAYING FOR THE LONG HAUL

It’s not always easy to know how far you’ve progressed up your confidence curve. Many networkers spend a lot of time and effort trying to build others’ confidence in them, then, on the brink of success, grow discouraged and stop attending meetings. How would you feel if someone found you a terrific referral about two weeks after you dropped out of sight?

Here’s what you can do to gain perspective on your efforts and the results they are producing. Ask yourself the following four questions, and keep asking them over and over until you have attained success and the answers become obvious.

1. Am I being realistic about the time it will take, in my profession, to gain the critical level of confidence?
2. Am I regularly making stimulating, educational presentations to my fellow networkers about the value I provide to my clients?
3. Am I doing business with others in my group so I can give them dynamic testimonials and steer business to them in hopes they will return the favor?
4. Am I meeting regularly with my networking colleagues to learn about their businesses so I can confidently refer my contacts to them?

If you’re following these simple tactics, then you’re well along the road to getting all the referrals from others’ networks that you deserve.



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Leveraging New Contacts

We go to networking events to meet new people and generate interest in our firm. Meeting people is an essential part of the networking process. If you're just getting started, it's where you'll spend most of your networking time, but even in a mature network, you'll devote some of your time to adding new contacts to your network—people who can help your business, put you in touch with other people they know, or simply provide valuable information.

But for a true networker, meeting people is only the first step in a long, continuing process.

Ultimately, your objective as a networker is to have a broad network of contacts that you can call on to help you solve



problems and rustle up new business. If you intend to achieve that objective consistently, reliably, and profitably for as long as your business lasts, many of your relationships will have to be deep, trusting, mutually beneficial associations.

At the event itself, it's tough to have a conversation that lasts longer than a couple of minutes. That's why you should never expect to do much business at a networking event, especially with people you've just met. Nevertheless, you don't have to wait until your relationships are mature in order to begin discovering business opportunities for your new contacts and yourself. In fact, it's often a good way to kick-start a new relationship.

The secret is in the follow-through.

GETTING TO THE NEXT STAGE

How can you move a relationship with someone you just met to the point where she feels comfortable passing you a referral? It depends in part on how you came into contact with her in the first place. Let's say you did so while giving a brief presentation to a group of people who are in your target market. Assuming you did a good job, then you absolutely have the possibility of receiving a referral, even though you just met. Why? Because the presentation moved you from visibility to credibility in her mind, and now she's probably willing to risk her reputation and recommend you to someone she knows.

The same thing is true when you're out networking. If you have a good conversation with someone and truly add value to the conversation, then moving from visibility to credibility isn't that difficult, and you'll be in great shape for getting some referral-based business. What's more, it's not terribly important whether the person is someone you might do business with directly. Even if your businesses don't match up, the other person might have information that's useful or might know other people you'd like to get in contact with. It's often worthwhile developing a networking relationship



with people who have little in common with you, because they can bring an entirely new network into contact with yours and broaden your business horizons.

Just bear in mind that even if there is a strong possibility that you're going to do business with this new contact, it's probably not going to happen there at the networking event, where conversations last anywhere from an eye-blink three minutes to a long-winded seven. Instant business is not likely to be had. But if you follow up with a quick note a few days later, you can make some one-to-one time and come up with ways the two of you can help each other. That meeting is where you'll have your best opportunity for a quick referral.

SORTING OUT WHO'S WHO

Here's how the process can work:

The first order of business, after you've met a lot of new people and come home with a pocketful of business cards, is to perform a little triage. You need to separate the people you think might become new clients or referral partners right now from the ones who might be valuable contacts sometime in the future but not right away. Let's call the first group your A list, the rest your B list. (Sounds kind of Hollywood, doesn't it?) When you enter them into your database, this would be one good criterion to include (along with type of business, address, phone number, event where you met, and others).

Now that you've got your contacts filed away neatly, take a look first at your B list. You want these folks to know you enjoyed meeting them, and you want to keep the door open for doing business with them later on if a good opportunity arises. You can do this with a quick note by either email or snail mail:

Jim—

My name is John Smith, and I'm the consultant who met you the other day over at the chamber. I just wanted to say that I really enjoyed our



conversation—and it sounds like you’re really doing well and staying busy.

Anyway, it was good talking to you, and if I can help you out in any way, please let me know.

John

See how easy that was? If you find you need to reconnect with this person at some later time, you’ll at least have some traction in the relationship simply because you followed up with a quick email.

Now, what about your A list? These are people who have immediate potential as referral partners. You need to follow up quickly—within a few days, before you drop off their radar.

First, initiate a “coffee connection” with each of your new contacts, a follow-up meeting where you can get to know her and find out how you can help her. That’s right—you’re going to offer help. Anything short of trying to find ways to help her will generally be treated as a sales call instead of a relationship-building contact. To ask for this first meeting, either a handwritten note or an email is acceptable.

Handwritten notes are traditional, but they’re going the way of the dinosaur in today’s instant-messaging, thumbs-on-a-BlackBerry world, which of course means that writing your invitation on paper will make you stand out from the crowd. On the other hand, who has time to buy a card, find a stamp, look up the address, fill the inkwell, pluck an ostrich plume, and scratch out the message? Not us. We go with email, which is fast, easy, efficient, and perfectly acceptable if it doesn’t get caught in a spam filter (but keep an eye on your spelling). The best approach is whatever one you can commit to using consistently.

Whether you settle on using paper or electrons, you’ll want to send out a note along the following lines a day or two after the event.



Subject: Nice to Meet You—Chamber Event (1/23)

Jim—

My name is Jane Smith, and I'm the consultant who met you the other day at the chamber event. Hey listen, I just wanted to say I really enjoyed our conversation and was hoping I could learn a little bit more about what you do.

I'm thinking we can get together for a quick cup of coffee. That way, if I run into someone who could use your services, I can point him in your direction.

I'm pretty booked this week, but how does next Tuesday morning sound for something over at Starbucks?

Again, great talking to you, and if I can help your business in any way, please let me know.

Jane

Let's take a look at this email and see exactly what you're doing. First, you're reminding the person who you are and where you met. You do this with the subject line (if sending an email) and the first sentence. You include the date of the event to remind him which meeting you're talking about. This keeps your message from being inadvertently deleted if he doesn't recognize your name immediately.

Second, you're positively acknowledging your conversation and asking to get together so you can learn more about what he does. That way, you point out, if you run into someone who could use his services, you can direct that person to your new contact.

You may ask, "What if I meet someone who isn't a potential client and isn't in a field that can refer business to me? Should I follow up with him anyway?" Absolutely! You never know whom other people know; even a quick little "Nice to meet you" email, is better than not doing anything at all and hoping he remembers you later when you discover a need to do business with him.



MAKING THE MOST OF FACE TIME

Warming Up

What do you do when you meet your new contact at the coffeehouse? Get there first and pick out a good table. When he arrives, smile, shake hands, and make sure he's seated in a good spot, not in the glare of that car windshield. Chat a bit about small stuff (weather, traffic) to get the conversation started. After a couple of minutes of this, suggest going to the counter to order. As you're standing in line, you can chat about your coffee preferences or perhaps what you'd recommend.

After coming back to the table, here's what you say: "Now, I remember in our last conversation you said you were a [occupation]. I know we talked a little about it before, but maybe you could fill in the blanks and tell me more about what you do."

That is an absolute can't-miss, knock-it-out-of-the-park opening, guaranteed to get him talking about himself and his business. So far, so good. After he's done with answering the initial volley, here are some good follow-up questions:

- So, how long have you been doing this?
- How did you get into this line of work?
- Where are your favorite places to network?
- How do you go about getting new business?

That last one might seem a little odd, but it's absolutely vital to the meeting. It gets him thinking about the ways new customers come to know about him, including referrals. So, later on in the discussion when you ask for business, either with him or with someone he knows, it won't seem like you're coming out of left field. At this point your contact will probably say that most of his business comes from word-of-mouth.

"Interesting," you say. "Tell me a little bit about your typical client. Do you work mostly with consumers, businesses . . . ?" You're trying to get a feel for his client profile. What does his typical client



look like? Does he work primarily with businesses or consumers? Small companies or large? Locally or nationally?

Fork in the Road

Fifteen or 20 minutes into the conversation, you should have a pretty good picture of his ideal client. You now have three choices:

OPTION 1

If you know someone who can use his services directly, you say, “Well, you know, I have a friend who can really use your services. Would it be okay if I gave her a call and the two of you exchanged information? I think she’d get a lot out of meeting you.”

OPTION 2

If you don’t know someone who can use his services directly, don’t panic. This happens more often than not, but you can still help him out. Let’s say your new contact targets small to midsize technology companies. You might not know of a director who fits that prospect profile, but perhaps you do know of someone who’s involved in the National Association of Technology Directors. (There’s an association for everything.) You could give your new contact this person’s name and offer to try to arrange a meeting or maybe even an opportunity to give a presentation at one of the group’s conferences. Even though you might not know of someone directly who could use your contact’s services, you might know of someone who could clearly move this person’s business forward.

OPTION 3

If you don’t know anyone at all who can help, that’s fine, too. Just say, “You know, Jim, I can’t think of anyone off the top of my head who could use your services, but if I do, is it all right for me to get back to you?” As long as you show you’re genuinely interested in helping him out, your new contact should be pleased with that.



Now tell your contact what you do and ask for a referral (finally). Yes, it seems we've been talking about how you can help this person a lot more than how you can get new business yourself. And that's absolutely true.

Unfortunately, our society has become so skeptical and distrustful that most people are looking out only for themselves. Even though this person agreed to meet with you for coffee, you need to demonstrate that you have his business interests in mind as well.

How do you do that with someone you just met and who doesn't really know you? By spending the first 25 minutes of the meeting listening to his situation and actively trying to help him get more business. Most people love getting new business but rarely spend time learning about someone else's so they can help out with a referral of their own.

We've been doing this for a long time now, and we've seen again and again that actions speak louder than words. So if you spend some quality time with someone, helping him get more business, that speaks volumes for your sincerity.

Cementing the Connection

Now that you've done all of that, how do you get new business? Give this a try:

Well, as you know, Jim, I help organizations get the word out about their business through a coordinated word-of-mouth program. So, as you get to know more about me, if you know of a small to medium-size business such as a credit union, insurance company, or community bank that has a sales force looking to generate more word-of-mouth business, that would be a great referral for me.

See how easy that was?

First, you stated what you do and the area you specialize in. This defines your target market.



After that, you asked him to consider you for a referral. Notice how we're not focused on getting business from that person? If it works out that way, great, but our primary objective is to get business from other people he knows.

We're taking a page out of the recruiter's playbook with this one. As anyone who has worked in corporate America knows, when a recruiter calls, it's never to find you a job, because she knows, of course, that you're deliriously happy where you are and would never think of leaving. Instead, she describes a position that might dovetail nicely with your career, then asks whether you know "anyone who might be interested," knowing full well, of course, that the first person you think of will be yourself.

You're doing the same thing here with your contact. You're not asking for his business, but if he volunteers himself as a possible candidate for your services, you'll certainly welcome it, just as you'll be happy to help anyone he refers to you. At this point, he might ask some questions about you and your business; after all, most of the time so far has been spent talking about his business. Answer calmly and professionally, ideally with a story or two that illustrates how you've helped previous clients. Once he's gotten comfortable with you and you see an opening, feel free to ask for the business again ("If you happen to know someone . . .").

The key is to make the person feel comfortable in putting his name on the line by giving you a referral. Under no circumstances is he to feel you're directly asking him for his business. That's one of the biggest mistakes most people make, and it will have the exact opposite effect. He also shouldn't feel pressured into making a decision right there. If he doesn't have anyone in mind (which will happen), simply say something like this: "Well, I have an online newsletter that I email to a select list of professionals every two weeks. It talks about marketing and advertising and some different ways to get the word out about your business. Is it all right if I include you on our next distribution?"



If you ask it correctly, 95 percent of the people you have a good conversation with will have no problem saying yes to a question like this. If you don't actually have an electronic newsletter yet, let him know it's in the works. It's never too early to get people's email addresses and start building your database.



4



The Power of Your Database

Here are some numbers that will curl your hair. Did you know that the average businessperson's contact database contains 859 names? Well, it's true, according to a study conducted by AT&T Labs, the New Jersey Institute of Technology, and the University of Minnesota.

Think about that for a minute. Do you have close to 1,000 contacts at your fingertips? Can you name 100? 50?

OK, open all the drawers in your desk where you have tossed the business cards you've accumulated over the last few years. Now does it look more like 1,000? We thought so. And this doesn't even count the hundreds or thousands of people



you've shaken hands with, talked with on the phone, or otherwise met without exchanging business cards.

"Not guilty," you say. "I've got a card file right here in front of me that contains hundreds of cards, complete with telephone numbers."

Yes, that's right. And if you're the average, well-organized card filer with 859 contacts, how many of them have you actually contacted in the last year or two? About 20 percent.

So even if you're the typical organized card filer, you haven't been taking advantage of most of the contacts you've made. You haven't followed up, for one reason or another. Maybe you wanted to or intended to but didn't know what to say or how to start. Or maybe you took a look at the pile of cards and decided it was hopeless.

Look, if you're an enterprising businessperson who expects to build your word-of-mouth business, you can't afford to ignore 80 percent of the people you meet. Besides, consider this: If you can harness this untapped resource, you may never again need to make a cold call. Doesn't that give you some incentive? Good.

POWERING UP YOUR DATABASE

The first step is the big one: enter all your contact information in an electronic database. We can hear your screams already, and here's how we answer them:

- "I don't like computers. I prefer the personal touch." We like the personal touch, too, but first you have to figure out which of the hundreds of people you've met that you want to approach personally, and when, and how, and why. In the end, it's all personal contact. The database just gives you an orderly way of staying in personal touch with hundreds of contacts, rather than 10 or 20.



- “My card holder is easier to carry around.” If you can run a thriving business on the names you carry in your pocket, more power to you. You don’t need this book; you need to write your own.
- “Hey, I’ve got everything in my card file already. I can look up anybody with a few flips of my finger. Why do I need a computer database?” Well, pull up a chair and we’ll explain.

If you’re meeting three to five new people each week, and you’ve been in the business (or plan to be) for more than a year, then you’re looking at 150 to 250 new contacts every year. Multiply that by the number of years you plan on being in business, and you’ll get an idea as to the volume we’re talking about.

Now put your hands on your card file. What’s the name of that CPA you met at the Phoenix conference who liked skydiving and was an expert on sports gear retail? Ready, set, go!

Got it yet? No, your card file doesn’t even give you a hint as to where to start looking. But with our computer database, we’ve already done a quick search and come up with the name.

Yes, you can scribble some code on the corners of your cards, but that’s still a slow, primitive, and limited way to search for one needle in a haystack of names. If you’ve got lots of time on your hands, tons of patience, a boutique business, or total recall, perhaps you can do without an electronic database. Otherwise, you’re driving a horse and buggy on a ten-lane freeway.

There are many good database programs available. One that we recommend is Relate2Profit (www.relate2profit.com), but you can also use Microsoft Outlook, ACT!, or any other database that suits your computer, your work style, and your personal preferences. The important thing is to have the capability to search and sort by many categories—not just name, but type of business, networking event, age, and so on.



One of the reasons we like Relate2Profit is that it has integrated the “VCP Process” (with our permission) into its system (see Chapter 1 for more details). The database has been set up to allow users to easily identify where they are in the VCP Process with, and communicate the appropriate information to, each contact. Where you are in the relationship should help determine the type and frequency of your touch points with your contacts. For example, you should send different information to people depending on whether you are at visibility or credibility or especially profitability with them.

Any contact database will allow you to enter basic information such as business name, business type, street address, telephone number, email, website, and so forth. What you really want to look for, if you’re not using Relate2Profit, is a database that is flexible enough to let you add your own sorting categories—criteria that mean something to you but perhaps not to most people who would purchase and use the software. For example, you should be able to set up a field where you can categorize each contact as V, C, or P.

Here are some other custom sorting criteria that you may find useful as a networker:

- Date first met
- Event first met
- Date last contacted
- Last referral sent
- Date last referral sent
- Last referral received
- Date last referral received
- Organization membership or attendance
- Age
- Sex



- Single or married
- Number of children
- Personal interests or hobbies

Using criteria such as these, you can quickly sort out, for example, all the investment bankers you met at chamber mixers within the last six months, or you can find that elusive Mandarin-speaking landscape architect you met at some conference three years ago but whose name or city you can't remember. You can print out a list of names, addresses, and telephone numbers of new contacts you have made in the last two months but haven't followed up with. And you can quickly list all networking associates who have given you referrals within the past six months but have received none from you for at least three.

There's one other category that you might want to include in your database sorting criteria. Is the contact an A contact (someone you think might become a new client or referral partner right away) or a B (someone you'd like to consider further down the line)? (See Chapter 3 for more details.)

PUTTING YOUR DATABASE TO WORK

Once you've got all your contacts entered and the relevant data in the correct fields, you can begin to create the magic that a good electronic database puts at your fingertips. There are as many ways to use a database for networking as there are networkers, but we discuss here a couple of ways your database can become a powerful tool in your networking activities.

First, let's say you want to want to organize your newest contacts and identify a number of them you think are most likely to become valued networking partners. You can start by sorting your database into the three categories we've already talked about: V, C, and P.



Those in the P (profitability) group are contacts you've already established a profitable relationship with, through either direct business dealings or referrals. This group probably includes your oldest and closest associates. You can set these aside for now.

The C (credibility) group are people you know well enough to be confident in their ability and integrity, and who in turn are confident in yours. You haven't necessarily done business with them, but you've established a good relationship and are prepared to swap referrals when the opportunity arises. Set these aside as well.

It's the V (visibility) group you're interested in today. These are people you've met but don't yet know much about, other than what business they're in. They know who you are and perhaps a few facts about your business. Some you've met recently, others a while back. You haven't sat down and had a good face-to-face discussion with any of them. They are people with unknown potential for your network.

Now it's time to sort the V records—that is, to break this group down into other subgroups. You've identified each contact as an A-list contact or a B-list contact, right? We described these categories in Chapter 3. Your A list includes people you believe to have immediate potential as referral partners.

Once you've produced your A list, sort it next by date—say, contacts from this week and contacts from more than a week ago. As we recommended earlier, you should try to arrange a coffee connection as soon as possible with the most recent contacts. For those you've let go more than a week or two, start your email with a quick introduction and an apology for not contacting them sooner (“I meant to catch up with you earlier, but things got really busy here after the conference”), then go straight into an invitation for coffee.



Now, what about your B list, the ones left over after you've sorted out the A contacts? As described in Chapter 3, write the recent ones a nice follow-up letter in case you change your mind and decide to get together with them later. B contacts that are more than a few weeks old are best forgotten, since they didn't warrant a face-to-face with you in the first place; a follow-up note weeks after the event probably won't cut it. File them away and promise yourself you'll be more diligent next time.

This is only one of many ways to use your automated database. Another good idea is to sort out a list of credibility contacts and try to meet at least one of them each week. If it hasn't been too long since your last meeting, a quick email or phone call might be enough to suggest a coffee break or lunch where you can ask how things are going and let him know what's new with you. If it's been longer than a few months, however, a phone call might seem to be coming out of left field. An email like the following might be more appropriate:

Jim—

This is Sally. We met at the Greater Heights chamber a few months ago. How are you?

Hey listen, things have been super busy over here so I apologize for not contacting you earlier, but I just wanted to touch base and see what your calendar looked like over the next couple of weeks.

As you know I meet many different people and would like to learn more about what you do, so if I meet someone who could use your services, I can point him or her in your direction.

I was thinking about a quick cup of coffee or something, 20 to 30 minutes max. So just let me know what dates work best for you.

I look forward to keeping in touch. Talk to you soon.

Sally Sue



That should be good enough for 40 or 50 percent of your contacts to respond, and you'll be off and running.

The third way to make your database work for you is through an online newsletter. Newsletters are great ways to stay in front of people you meet when networking, while simultaneously enhancing your credibility . . . if it's done correctly. In other words, a monthly "update" to your database about your latest sale items is not our idea of enhancing creditability.

Eric Groves, senior vice president of global market development at Constant Contact (www.constantcontact.com), has four tips for marketing to your folks via email:

1. Build a quality list of people who know and trust you: they're the ones who open your mail.
2. Take the time out of your day to create a strategy for your email. What do you want to have happen when people read your message?
3. Execute on your strategy by writing content that's not about you, but shares what you know. People will forward messages that make them seem smart.
4. Ask for feedback and engage your customers in the process. Recognize people who give you insight.

Groves summarizes the secret of great e-zine content: "Be brief, be bright, and be gone."

The bottom line is that while your database may take some work to put together, having ways to put it into action as discussed in this chapter, will go a long way toward your long-term business success.



5



The Referral Process

A lot of what we've said so far emphasizes the circuitous, sometimes mysterious nature of referral networking. In a deep, broad-based, mature referral network, where you spend a lot of time doing good things for others without looking for a direct reward, and where the good that you do winds its way through the system and eventually comes back to you in the form of referrals, it may seem odd to describe referral networking as a system. But that is what it is, and when it comes to the actions of generating, developing, and closing a business deal through a referral, there is a well-defined, systematic process.

What is a referral? It's not as simple as it's sometimes made out to be. We leave college and go into business knowing little

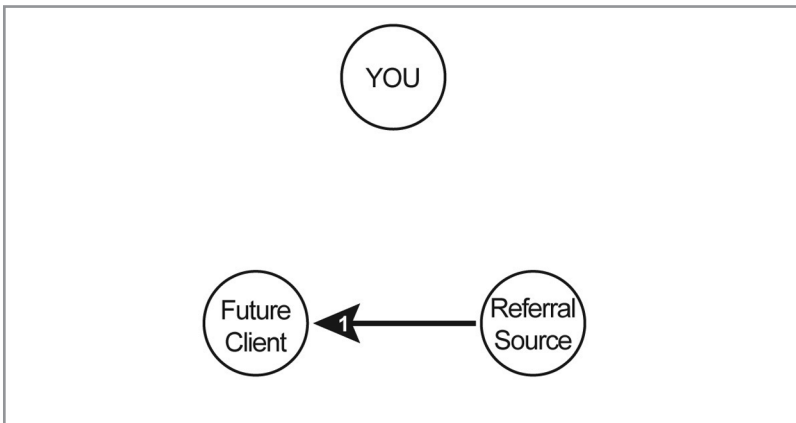


about referrals, because referral marketing is rarely part of the curriculum. We know what a great thing it is to get a referral, because it generally means lucrative business with a reliable client. We often think of it simply as a connection to someone we can call on to do business with or, if it's not our kind of business, someone we can refer to someone else.

We understand that referrals are the best kind of business. What we don't understand is how to make them happen when we want them and, when they come in, how to get the best results from them and make them last.

The referral process is a system that has a lot of feedback built into it. If you follow it for every referral, you will get predictable results: more closed business deals and a never-ending supply of referrals. We have broken it down into eight easy steps.

STEP 1. YOUR SOURCE DISCOVERS A REFERRAL

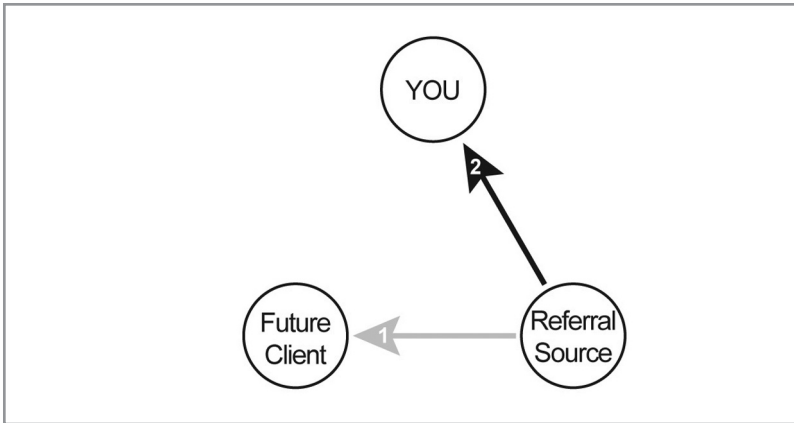


The referral begins with an event that is outside your direct involvement: your referral source uncovers a referral opportunity for you. This occurs without your direct involvement, but it happens because you have laid the groundwork for it by cultivating a mutually beneficial relationship with the person who is going to be motivated



to bring you the referral and by making sure she can inform the prospect about the benefits your business can provide.

STEP 2. RESEARCH THE REFERRAL

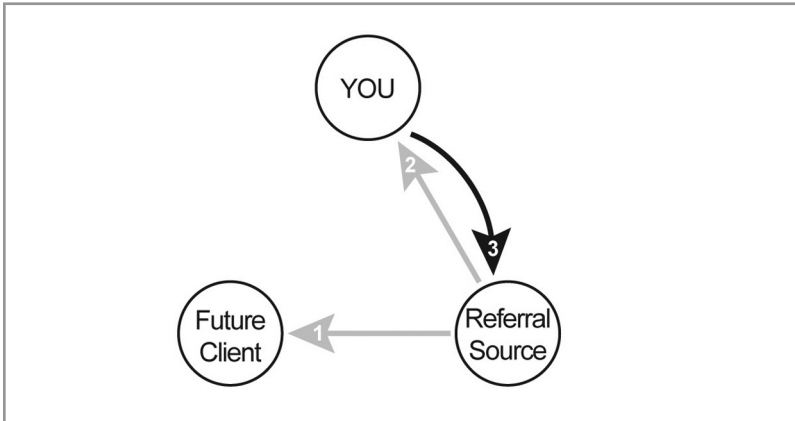


Your referral source tells you she has a referral for you. At this stage, your impulse might be to call the prospect immediately—you know, strike while the iron is hot! But that would be a mistake. In fact, it's the most common mistake people make, and in many cases it's referral suicide.

Don't let your excitement cloud your judgment about the opportunity. As soon as you get the call from your referral source, and before you even think of picking up the phone and calling the prospect, you should start digging to find out everything you can about your prospect and his company. How old is the company? What is the prospect's main line of business? How successfully does it compete? What is the company's market valuation? What products or services of yours might be of most use or interest to the company? What is its track record with vendors? Does it deal fairly and straightforwardly with suppliers and clients? Is it in good financial condition? Will you be competing with other vendors for its business?



STEP 3. CHECK BACK IN WITH YOUR REFERRAL SOURCE



After learning all you can about the prospect’s company through your outside research, it’s a good idea, especially if the referral appears to be complex or of very high value, to call your referral source back to confirm or refine what you’ve learned about the prospect’s company.

You need to keep your referral source in the loop and out of trouble. Making her look good is a primary objective, perhaps even more important than the immediate sale, because you want this referral relationship to continue and to benefit both of you far into the future.

More important for your approach to the prospect, you need to know more about him personally, which is something you can assume your referral source is particularly well positioned to help you with.

Try to learn about what sort of individual you’ll be dealing with. What’s his personality type? Is he detail oriented? If so, he might want to see a lot of collateral material or samples. Is he hard driving and results oriented? He might just want to talk about your offerings, see your track record, and make a quick judgment. Does he like to have

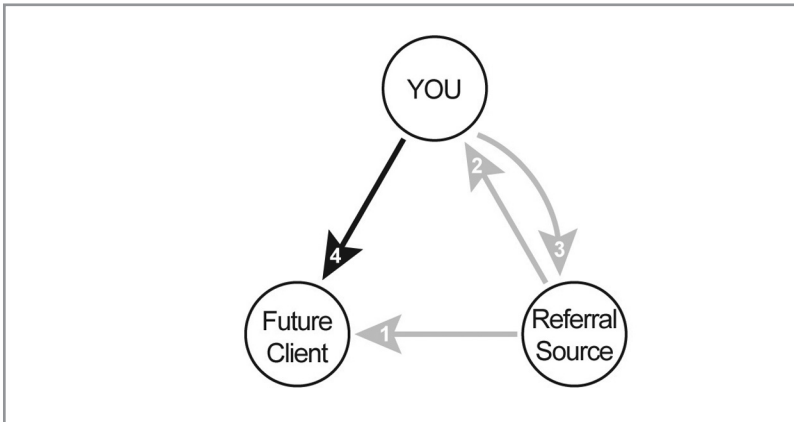


fun while doing business? Perhaps you'll join him on the golf course. If he's all business, the office environment is probably better.

What are the prospect's goals? Why is he interested in your products or services? Is he happy with his current provider or looking for a change? Is he ready to do business with you immediately based on the referral, or is he sending out requests for proposals to other companies?

What you don't want to do is charge at the prospect with no idea of what is expected or desired. Having some certainty about these factors will help you put together a powerful presentation that is tailored to the individual and his company. This will help you accomplish your two most important objectives: closing the sale quickly and making your referral source look good.

STEP 4. MEET WITH THE REFERRAL



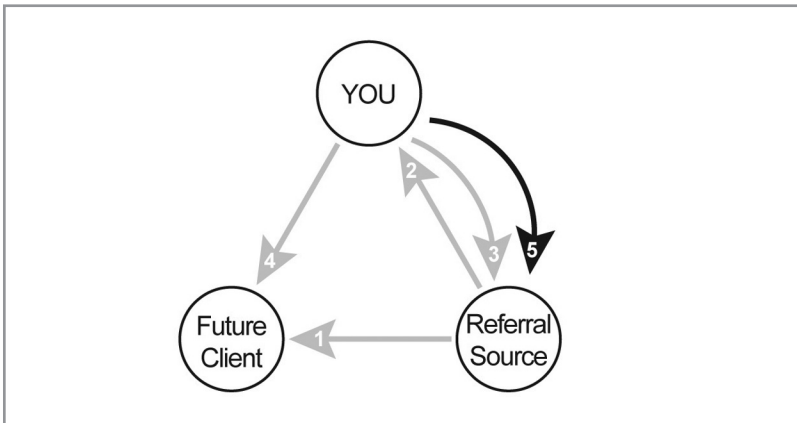
Now comes the move you've been waiting for: your first meeting. You might close the deal on your first call, but it's unlikely. Instead, you're probably going to be getting acquainted with your potential new customer and gathering information to help you prepare a proposal. Now, what if you could get your referral source to go along? That would make it a real powerhouse meeting. It would add



to your credibility and instantly deepen your relationship with the prospect.

If you do close the deal at your first meeting, you might think the referral process is over, but in fact it's just started. Before you start turning cartwheels on your way out of the building, call your referral source, tell her what a great referral it was, and thank her for it. Then, when you're back in your office, set your "thank you for the referral" program in motion (see Chapter 10 for more details).

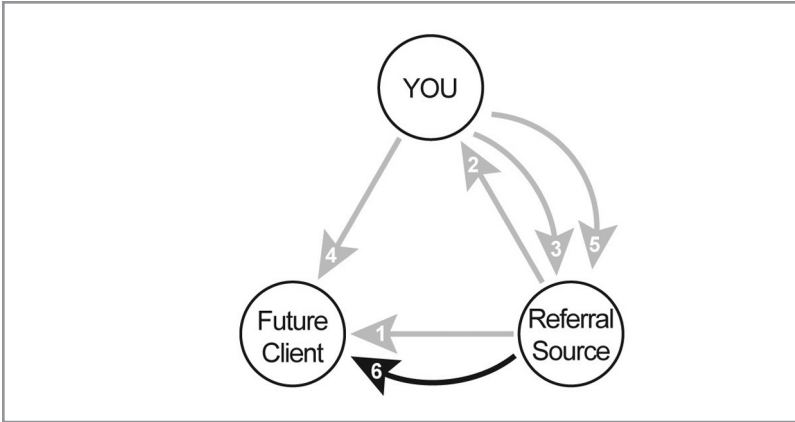
STEP 5. REPORT BACK TO YOUR SOURCE



Report back to your referral source and let her know the outcome of your meeting (unless, of course, she went along with you). Ask her to follow up with the prospect to find out about his impression of you. Let her know how important it is for you to make her look good to the prospect.

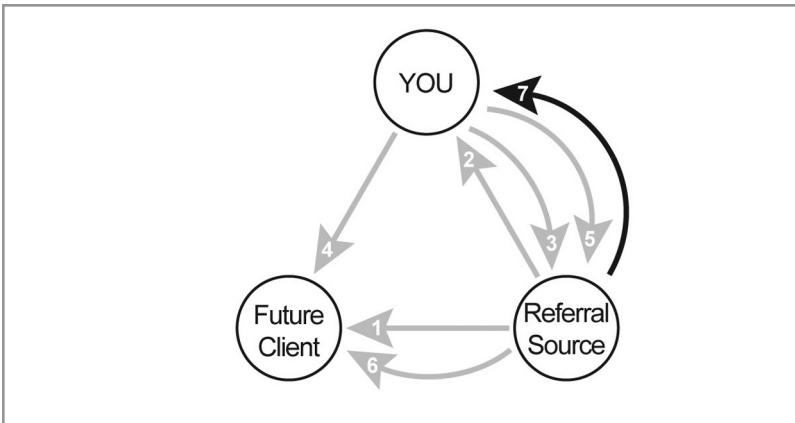
STEP 6. YOUR SOURCE GETS FEEDBACK FROM THE REFERRAL

The referral source calls your prospect on your behalf to get information that you can use to address any concerns for your



next meeting. Since the prospect is likely to tell your source of any concerns that he may not have expressed to you, this is the best way to find out what your prospect is thinking.

STEP 7. YOUR SOURCE REPORTS BACK TO YOU

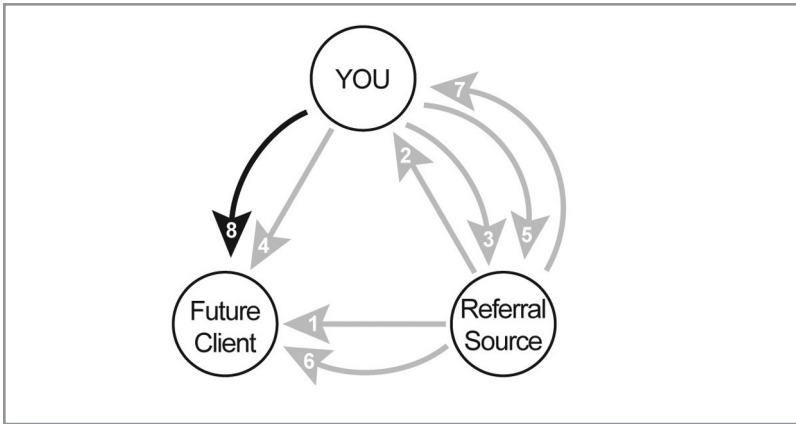


Your source reports back to you with more information about the prospect. This increases your chances of closing the sale on the next call or, if the prospect is already under contract or not currently in the market, perhaps at the next available opportunity. With this



information, you can contact the prospect at a more appropriate time and be first in line with a proposal and sales plan ready to go.

STEP 8. CLOSE THE DEAL



Now that you have your proposal done and know all the details, go back to the prospect and close that deal! Once that’s done, don’t forget to implement your referral thank-you program to inspire your source to continue referring business to you.

You’ve probably been told that you have to contact most prospects 20 times or more before they will buy. That may be true in ordinary marketing strategies, but in the referral process we’ve just outlined, the sale often happens in as few as two calls. Didn’t close on step 8? No sweat. Just repeat steps 5 through 7 until it’s a done deal.

The procedure we’ve outlined here is a formal, comprehensive referral process, including all the steps you might need to take to fully and properly develop a first-time referral. Many referrals, especially those you make with established contacts, are much simpler; for example, some don’t involve a referral source and so require only a couple of steps.



6



Becoming the Knowledgeable Expert

Most businesspeople are at their best in face-to-face meetings with prospects, when they've got notes and sales materials with them and are prepared for the individual they know they'll be meeting. But how can you differentiate yourself during a networking event, when time is short and the next person you meet will be a stranger?

Easy. Think of yourself as the knowledgeable expert—the kind of person who knows a good bit about a particular subject but isn't stingy with that information. A conversation with you about your business should be like talking to your neighbor about his lawn.



“Boy, your lawn looks great,” you might say to your neighbor. “What are you using on it?”

“Well, I picked up a bag of Scott’s last month and it’s really doing the trick. I used to go with the cheaper brand, but it just didn’t seem to be working. Anyway, I’ve been using Scott’s for a few weeks now and it’s got this lawn looking as good as new. And the best part is it also gets rid of fire ants.”

“Really?” you ask.

“Yeah. It was \$5.99 a bag down the street. Real easy to put on, too.”

“Huh.” (Pause.) “So how do you keep all of those weeds back anyway?”

“Well I ran across a product I’m really impressed with,” says your neighbor, and he’s off describing something else.

Notice how he provided valuable information without overwhelming you. Suppose that in the middle of the conversation, he had casually let drop that he was in the lawn-care business. You’d probably consider his company the next time your yard needed work. Why? Because he obviously knew his stuff, and who wouldn’t want to work with an expert in his field? Now imagine yourself doing the same thing when talking to people about challenges in their business that relate to your field.

We call such people knowledgeable experts, and they’re absolute pros in their field. They’re the people who know a thing or two about their industry and are happy to share it. They also provide their expertise without saying (or even implying), “What’s preventing you from making a decision today?” Nobody likes thinly veiled sales questions, and very few prospects ever respond favorably to them.

People are always looking for specific help for specific problems. As a knowledgeable expert with years of experience in your field, you know the challenges your target audience is facing and how best to handle them. You’re intimately familiar with what works and what doesn’t. Most of all, you know what it takes to get stuff done.



But how do you demonstrate this to prospects while networking, before you've asked for a sit-down meeting or even followed up over the phone? Easy: by staying on top of the industry news.

A good way to become the knowledgeable expert in the eyes of your potential prospects is to have a feel for some of the other networking events around town and how those events might relate to their business. Let's say that during a conversation at a chamber event one evening a photographer tells you she's trying to meet people in advertising and public relations. You might mention that the local business owners' association holds networking events once a month and that, even though you haven't been there personally, you understand this is where ad people and marketing directors go to network. This is valuable information for your prospect—and it's valuable for you, too, because it makes you a knowledgeable resource and makes you stand out from the crowd.

Another way to parlay good information into your day-to-day networking is to become versed on a few statistics that are relevant to your prospects. For example, if you're a financial planner and you're talking with someone who expresses concern about her retirement plan, it might be good to know that three out of five working professionals won't have enough money to retire on by the age of 65, according to Randy Brunson, Certified Financial Planner (CFP), Centurion Advisor Group. Then you can follow up with a personal anecdote on how you helped a client overcome similar challenges toward securing his own financial peace of mind (notice the choice of words). Now you're well on your way to becoming the knowledgeable expert in your prospect's eyes. Why? Because you're giving her good information on how she can personally overcome a situation that's affecting millions of people each day.

Another way to become a knowledgeable expert is to be familiar with your prospect's issues. What are her concerns? What are her specific challenges? As a financial planner, you might learn that your prospect doesn't understand the stock market and generally



distrusts the financial information that companies publish. Like the rest of us, she's seen how millions of stockholders have been defrauded by corporate malfeasance and stock manipulation. She might have real concerns about investing. This is where you can help by providing reliable information to allay her concerns:

That's an excellent point, Mrs. Smith, and believe it or not, according to a recent survey by the Centurion Advisory Group, financially fraudulent information was only involved in less than 1 percent of the total transactions conducted last year. Couple that with our firm's strict policy of full disclosure on all financial transactions, and you can see how we've worked hard to gain the trust of all our clients.

Stating facts this way can give your prospect the peace of mind she's looking for, since it shows an understanding for her concern along with a willingness to allay that fear with good, sound data. One simple statistic can help ratchet up your credibility with a relatively new contact, and it all starts by having an understanding of what your prospect's true concerns are.

Or suppose that you're a mortgage broker, and someone at a chamber asks, "So what is it you do?"

"I specialize in helping people get into the home of their dreams, regardless of past credit history," you say.

"Really," he responds. "Regardless of history, huh? I always thought credit was everything when it came to financing a home."

"Well, sure, great credit is going to make my job a whole lot easier. But there are lots of ways to finance a home, without necessarily having the best credit in the world. Something I advise my clients to close out any unnecessary credit cards. Even if they have a zero balance, they can hurt your credit score when it comes to getting a loan. That, plus a solid payment history on the cards you do have, is usually enough to get you in the door—literally and figuratively."

"Is that so?"



“Oh, yes. As a matter of fact, I was working a file the other day where a couple were coming out of a bankruptcy, and because of that they were having a tough time finding financing. A mutual friend of ours knew about the situation, referred me in, and within a couple of weeks we were working on a program I think will do the trick.”

“Really?” (Pause.) “Let me get your card. I’ve got someone you might want to meet.”

And there you go.

Notice how you were able to clearly demonstrate your expertise in a subtle, yet powerful manner? The conversation didn’t feel like a pitch, just a comfortable exchange of good information in which you clearly showed that you know what you’re doing. This, needless to say, will make that prospect feel more inclined to work with you.

One of the questions we often get in workshops is this: “Is it possible that I will give away too much good information and wind up not converting this new contact into a client?” Great question, since that obviously defeats the purpose of networking in the first place. Here’s what we recommend: When networking, focus on demonstrating your ability to handle the problem, without giving your prospect everything he needs to know to solve it.

It’s not that hard to become a knowledgeable expert. Just take a minute to read an article about your industry once a day, perhaps online where you can easily keep up with current developments. Familiarize yourself with it; remember a specific fact or statistic that you can work into a networking conversation. Then you’re good to go.

With buyers’ skepticism at an all-time high, people are going to give you business only after you’ve made them comfortable with your expertise. The way to do that is to fill yourself up with as much knowledge as possible about your prospects’ challenges, along with stories demonstrating how you’ve helped others in the past. When you’re the knowledgeable expert, you’re the go-to guy (or gal)!



7



Networking at Non-Networking Events

Most of what we've discussed so far is about networking in traditional networking venues. But if you think that's all networking is about, then you're not using its power to its fullest.

You can network anywhere, including events where it might not at first occur to you to try it—and, paradoxically, it's at these nontraditional networking settings where you'll get the most bang for your buck. Why? Because not many people think of it.

You've got the field to yourself, with many opportunities to develop lasting relationships with potential referral partners.



PERSON TO PERSON

What nontraditional settings are we referring to? Well, everybody goes to parties, and the holiday season is full of them. It's also a business slowdown season for many of us who are not in retail. Although networking is not just a New Year's Day-to-Thanksgiving activity—it's year-round—holiday parties and other social mixers bring new opportunities to network, even more than the rest of the year.

When we tell people this, we usually get strange looks. They think of boorish sharpies selling time-shares to your aunt and uncle at your grandparents' 50th wedding anniversary or trying to round up business at funerals. But networking is not just trying to sell something or passing business referrals; it's building meaningful relationships and social capital. Master networkers understand this. That's why they're always networking.

You're already in a relationship with everybody you know. The only question is how developed that relationship is. Is it a relationship of visibility, in which you know each other but haven't had dealings? Is it one of credibility, in which you've interacted enough to have established a degree of mutual trust? Or has it deepened over time to the point of profitability, with both parties receiving mutual benefits as a result of assistance, business referrals, or other interactions?

In today's environment, it's easy for us to lose that personal touch when we do so much of our communicating via email and cell phone. The fact is, most relationships develop through physical presence in one-to-one interactions and get stronger every time we meet face-to-face. The holidays are times when we are more likely to see people in a social setting, and this setting definitely lends itself to building relationships. There are, however, some things that are important when networking at a holiday social—or at any event, for that matter.



ASK, “HOW CAN I HELP?”

You should always be thinking, “How can I help this person?” Many of us know this and try to apply it to our relationships, but we’re more inclined to do it instinctively with those in the profitability category. How can we apply it to the relationships that are in the visibility and credibility categories?

At a social event, you usually ask somebody, “How’s it going?” What’s the typical reply? Probably something like “Great; things couldn’t be better.” That’s a canned response that people give because they want to be polite and because they know nobody really wants to hear their troubles. But it’s not usually the whole truth.

BE SINCERE

If you’re networking successfully at a non-networking event, people won’t even know it. You’re genuinely looking for ways to help other people, and your concern for the person you’re talking with is plainly apparent. Anyone who is networking exclusively for personal gain comes across as shallow and insincere.

A good networker doesn’t have to work at sincerity. She really cares about making connections for others, not just for herself. Some people are so accomplished and successful at networking that they are able to network virtually anywhere. No one minds your using an opportunity to share information that will benefit others, even when that exchange takes the form of a business card at a bar mitzvah.

HONOR THE EVENT

Always remember to respect the event you’re attending. This one should be a no-brainer, but we all know some scorched-earth, overzealous networkers who trawl the room at a party in pursuit of a sale, any sale. They may do the same, less blatantly, at family and purely social events, but this is still the exact opposite of what



networking is all about. Remember, relationships are the name of the game. Socials are a great place to get visibility and credibility, so focus on building these aspects of relationships.



8



Becoming a Referral Gatekeeper

After you've been networking for a while, you begin to see that there's a pattern to the all those connections you've been making. It's as if you're sitting in the middle of a spider web, with all the lines running outward connected to other lines, and whenever someone you're connected to makes a connection for you, you can feel the vibrations coming in from that direction. What's really happening, though, is that each person you're connected to is at the center of a web of his own.

Once you visualize how complex this web really is, you may begin to think, "What if I could be more directly connected to all those other webs out there? Would I get more referrals? Would I get a greater variety of referrals? Would I get higher-quality



referrals? Is there a species of supernetworker who is in direct contact with those other networkers, the ones who are connected to me only through intermediaries?”

The answer is yes, there is a special type of networker who is more connected than most: the referral gatekeeper.

When I (Ivan) started my first business, I knew I wanted referrals to play a key part in my overall growth strategy. The only problem was I didn’t know exactly what I needed to do to accomplish that goal. So I joined some business associations, started networking more, and did everything I could to generate more word-of-mouth marketing. Though all of that worked to a large extent, it finally dawned on me how I could supercharge the whole process.

I began to realize that I wasn’t the only one trying to get more sales through referrals; a lot of other business professionals were trying to do the same thing. But it also occurred to me that the people I knew were different from the people the next person knew, who were different from the next person’s contacts, and so on. I might get a few referrals from my own network, but I could probably get a few more referrals from the other person’s network, and the ones beyond that, almost without limit.

So I thought, “What if I became the hub?” If all the other people out there were trying to do the same thing as I was, why couldn’t I position myself as a gatekeeper of sorts between other people’s networks? Then, if someone was buying a new home and needed a real estate agent but didn’t have one in her own network, she would come to me to see whom I knew.

How did that help my business?

First, it encouraged me to continue building and deepening my relationships with others, even if I didn’t think they could help me right away. Let’s face it: we are all limited on time, and our natural tendency is to build relationships with those we feel can help us the most. No problem, except for one thing: you never know whom the other person knows.



Even though it might not appear that way on the surface, it's always a good idea to have a lot of contacts. Becoming a gatekeeper gave me another good reason to do just that. Bob Smith might not be a good referral partner for me, but he could be ideal for Jane Doe, another person I know.

The second reason I thought this would be good for my business was the positive effect it would have on my credibility. I wanted to be the go-to guy in the business community—the person others came to if they needed a referral for anything. This meant that I would be deepening relationships with people I might not otherwise have gotten to know. Furthermore, since we all know people do business with others they like and trust, who do you think is going to get their business when they need someone like me? You got it.

With all this in mind, I drafted the following letter:

Dear _____:

I really believe in the process of referrals, and so part of the service I provide is to be sure to refer my clients and associates to other qualified businesspeople in the community.

Attached is a list of areas in which I know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area I've listed, please feel free to contact me. I will be glad to put you in touch with the people I know who provide these services.

Sincerely,

Dr. Ivan Misner

Notice, when reading this letter, that I listed only professions; I didn't list names and phone numbers. I wanted my clients to contact me so I could put the referral and the contact together. I wanted to build relationships, not to become a glorified phone directory. I wanted to become known as an effective networker, and that would happen only if I made the connections myself.



Essentially, I wanted to deepen the relationships I had with my clients so they would be more likely to keep me as their service provider of choice. We say that every relationship is in one of three phases—visibility, credibility, or profitability. Obviously you want to move as many people as quickly as possible into the profitability phase. And that’s what this letter enabled me to do. I mailed it to all my clients (and prospects) four times in the first year. I didn’t get a single reply until the third time, but after that, the floodgates opened and I got responses every time I sent it out.

Over time, I cultivated a reputation as a gatekeeper by doing this. I no longer had to send out my letter several times a year. People came to see me because they heard I knew a great number of businesspeople in the community. Others would ask people on my client list, “Whom do you know who does XYZ?” If my contacts didn’t know anyone, they would send the questioner to me.

If you’re a businessperson seeking to grow your business by word-of-mouth marketing, becoming a gatekeeper will give you an enormous advantage. It’s a strategy that not only gets people to contact you for referrals but also opens up a dialogue with them about your business and how it can help them. This, in turn, leads to more business with existing clients and new business with prospects.

On the other side of the process, the people on my list of professions, the ones to whom I referred potential customers, were impressed and grateful. They reciprocated by sending people my way, and they began to come to me when they needed a referral. It helped, of course, that I had sent each of them a copy of my letter to tell them I would be sending business their way.

As I developed my mailing list, I would drop certain people off it with whom I didn’t have any further contact. One time someone who had been dropped from my list called to tell me he missed the letters! He needed a referral and had to look up an old letter of mine he had kept on file. I actually ended up doing some business with him as a result of this incident.



This is just one technique to consider when building your business through referrals. It's a touch point that puts you in contact with your clients and prospects in a way that fosters different dynamics than when you're trying to sell to them. You have something they need: referrals and contacts. Allow this to open the door for reciprocal sharing and giving. You'll be amazed at how much more business you can do with each other as a result.

HUB OF THE WHEEL

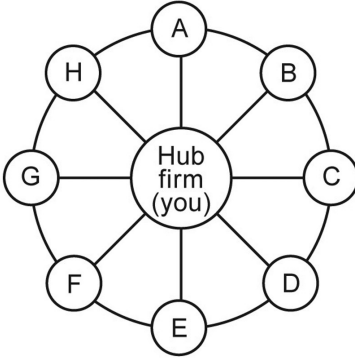
Another way to be a referral gatekeeper is to position your business as a hub firm. This is a familiar concept to experienced business networkers and is a good way to take advantage of the nature of your business if your line of work involves routine contact with other businesses. If you're a financial planner, for instance, your work with a client might involve putting him in contact with an investment counselor, a stockbroker, an insurance agent, a tax planner, and so forth. A building contractor is another familiar example; among the firms that orbit this hub are plumbers, electricians, air conditioner installers, cement companies, roofers, and many others.

Here's another example: Suppose you're a wedding planner. Your business puts you in constant contact with a number of other businesses that relate to weddings: caterers, bakers, florists, photographers, jewelers, wedding chapels, and others. You can envision your business as the hub of a wheel, as illustrated on page 54.

Depending on the size and cost of the wedding, you may be in touch with different combinations of these other businesses. An expensive wedding might have you signing contracts with businesses A, C, D, E, G, and H; a less elaborate ceremony might involve only companies B, D, and F. Even though you work with business that compete with each other, you become a referral partner with every one of them because you refer businesses to all of them over time.



Hub Wheel



- Hub firm = wedding planner
- A = caterer (\$\$\$\$)
- B = caterer (\$\$)
- C = baker (\$\$\$)
- D = florist (\$\$)
- E = photographer (\$\$\$)
- F = photographer (\$\$)
- G = jeweler (\$\$\$)
- H = wedding chapel (\$\$\$)

Being a hub firm makes you a very powerful networker. In fact, putting yourself at the center of any network can make you a master networker in short order, able to choose the cream of the high-quality clients that will come your way.



9



Being Your Own Chief Networking Officer

A chief networking officer (CNO) is the person who handles many corporations' business networking and community-related activities. The role or position of CNO has changed over the years. In the past, the CNO could have been the person responsible for such things as running the computer or IT department. And while CNOs are still tech related, these days, we're seeing many executives with that title in charge of completely different functions, handling business networking activities such as these:

- Community involvement
- Diversity



- Internal communication
- Client/customer relationships
- External communication
- Developing a word-of-mouth campaign
- Public relations
- Departmental collaboration
- Corporate culture
- Relationship advertising and marketing
- Social capital
- Improving vendor relationships
- Human resources
- Referral generation strategies

As you can see, a CNO's responsibilities can be broad and complex. We focus on just two here: 1) word-of-mouth campaigns and 2) referral generation strategies. These roles should be top of mind if you're going to network like a pro. They should be the principal job focus of your CNO.

First, however, let's address the thought that's probably just popped into your head: "Hey, it's just a 10-person (four-person/one-person) organization; how can I afford to hire a CNO to do my networking?"

As business professionals ourselves, we remember what it was like trying to get a company off the ground. And quite frankly, there never seemed to be enough resources to take care of all the things the business needed, let alone hire an executive-level person.

What we're suggesting is creating a CNO position in your company and then filling it yourself, at least in the beginning. In other words, don't hire a CNO; just take on a CNO mind-set.

How do you create a CNO mind-set? Start off by getting in the spirit of finding ways to help others while simultaneously overcoming the scarcity mentality that can creep into your thinking. Lay out a clear set of guidelines and action items that you'd like the CNO to take, and then fill that position yourself for two or three hours a week.



Here are some actions you can take day to day:

1. Attend a Few Networking Events Each Month and Follow Up

As a smart, enterprising businessperson, you already know the importance of networking and how vital it is to meet new people. (We recommend attending two to three events each month to generate new contacts.) However, one of the biggest mistakes people make is failing to follow up. (Yes, we know you have places to go and things to do.)

By adopting a CNO mind-set, you recognize that meeting new folks while networking is just the first step toward generating more word-of-mouth business. The second step is meeting them later over coffee or lunch to learn more about their business and how you can help them. When you do that, you pave the way for future referral business. (For more on what to say when following up with someone you just met, see Chapter 3.)

2. Regularly Touch Base With Past Business Contacts

We suggest keeping in touch with past business contacts by making two personal phone calls each week. Again, if you're like us, you've got so much going on that the thought of making two more phone calls is almost too much. But remember, a CNO's job is maintaining relationships and generating referrals. And that can't happen unless you stay in touch.

3. Use Cards to Stay in Touch Throughout the Year

A good time to send postcards or greeting cards is on annual holidays—and not just Christmas or New Year's, but also St. Patrick's Day (March), Memorial Day (May), Independence Day (July), Labor Day (September), and Halloween (October), when a card can be an unexpected surprise.



You can start off by buying a pack of 20 cards and sending them to people you've fallen out of touch with or with whom you'd like to reconnect—past clients, past vendors, a friend of a friend, another business owner you chatted with at your local coffee shop a few months ago. Doing this will keep you top of mind with these people in a unique way. Your note could read something like this:

John—

We met a few months ago at the chamber of commerce. Things have been really busy here lately, but I wanted to take a minute and wish you and your family a safe and happy July Fourth.

As a matter of fact, how about I give you a call in a week or two and see what our calendars look like? I'd be interested in learning more about your business and, who knows, I might even be able to refer you some clients. I look forward to catching up.

Joe Smith

4. Take Good Care of Your Database.

With all this talk about phone calls and greeting cards, it makes sense that a CNO should have a top-flight contact database and contact management system (CMS) to help her stay organized and on top of things. A contact database is simply a storage facility enabling you to keep track of all the people you've met. It can be as simple as a physical card file or as high-tech as an online data site. It just needs to be something you can use so business cards aren't falling off your desk and onto the floor.

Using database management software can streamline and supercharge your referral generation system. Because there are data entry fields for many different kinds of information (e-mail address, phone number, profession, where you met the contact, etc.), you can sort contacts by many different criteria and target emails to particular segments of your database with a few clicks of the mouse.



We have experience with several such systems, including ACT, Microsoft Outlook, and Relate2Profit.

The reason these systems are so important for a CNO is because his contacts are his business! You can't get referrals unless you have relationships, and you can't have relationships unless you stay in touch and up-to-date with contacts. Having a good contact database and contact management system enables you to do both while creating a powerful word-of-mouth marketing campaign.

5. Always Thank Your Referral Partners.

A referral partner is not simply a contact who gives you referrals every once in a while; a referral partner is someone with whom you have entered into a relationship that is mutually trusting, respectful, and beneficial. Maintaining that relationship means, among other things, thanking your contact for referrals. It's not only good manners but also good for keeping the benefits mutual.

Thanks can and often should take the form of reciprocation, of course; get a referral, give a referral. The law of reciprocity, however, doesn't require such a quid pro quo response, and indeed it might even seem a bit artificial if it happened as a matter of course. The person being thanked might be inclined to think, "If my partner can send me one referral every time I send him a referral, how many might he be able to send me if he sent me all the business he knows I could use? Is he, in other words, holding back? Is he doling them out like dog treats every time I perform a trick?"

Rather than foster such ideas, make sure you send your partner a referral every time you have the opportunity; chances are the ones you receive from him (and others) will balance out in the long run. Gratitude by reciprocity should be given freely and abundantly and not in measured response to the number of referrals received. A referral partnership should never be viewed as a simple accountancy.

A simple "thank you" is always appreciated and should always be the first response given. It's probably the single biggest action a CNO



can take to maximize the number of referrals he gets. It will typically double the amount of referral business he gets from an existing referral partner.

This simple thanks can take many forms other than a voiced “thank you.” For other ideas on how you can express your thanks, read Chapter 10: “Creative Rewards.” For the present, simply understand that thanking the person who gave you a referral in the first place is just as important as getting that referral. When you do, that person will be more likely to do it again and provide another revenue boost for your business.



10



Creative Rewards

Most people would agree that one of the best ways to consistently generate referrals is to have a system that rewards your referral partners. There are many ways you can do this, but the best way is to design creative incentives for them. However, of all the techniques for making the system work, this one seems to frustrate people the most.

The most common incentive for referrals is a finder's fee. Although a finder's fee can work in some situations, it might not be best approach with every referral partner. Why? Because when a trusted referral partner gives you a referral, it's usually the by-product of your good relationship, and an offer of money



would tend to cheapen the experience; it might even be considered an insult.

However, this doesn't mean generosity should go unrewarded. You just need to find a more creative way to say thanks.

One enterprising business professional offered clients who brought him good referrals a \$500 discount on their next purchase. This was a bargain. A new customer is worth many times that amount in business, and the cost of advertising, printed literature, and time spent on telephone calls, meetings, appointments, and sales calls that are typically needed to bring in a new customer can far exceed the cost of such a referral incentive. You can afford to be generous with a good referral partner, who can readily bring you more business. Incentive programs also help you sell more products or services to your existing customer base with little effort or marketing cost.

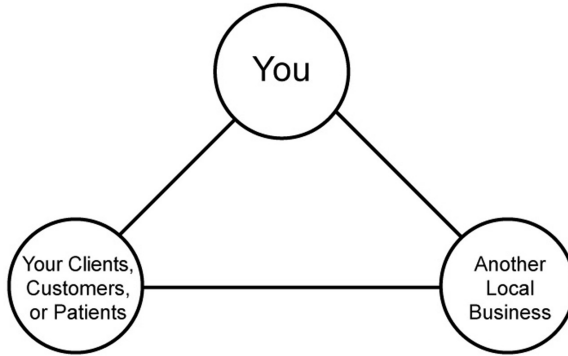
Some businesspeople use a technique known as incentive triangulation, a powerful way of leveraging other people's services to benefit your customers, clients, or patients. The concept is simple and can be designed to fit the needs or requirements of almost any business.

Here's how it works. First, you negotiate an arrangement with another local business—printer, massage therapist, jeweler, florist—to give a discount to any of your clients you send its way. Then, whenever one of your clients gives you a referral, you reward that person with your usual incentive, plus a coupon good for your prearranged discount at the other business. See the illustration below for more details.

This form of joint venture is beneficial for all three parties. You benefit because you are providing another incentive for people to give you referrals. The other business benefits because you are recommending it to your clients. Your referrer benefits because she gets recognition for her efforts, as well as an additional product or service at a reduced rate. Granted, this type of incentive may not be appropriate for all professions, but when it works, it works well.



Incentive Triangulation



No matter what form of incentive program you use, the fact that you offer incentives increases your potential for generating word-of-mouth business. The question is, what type of incentive will work for you? To meet the challenge of finding the right incentive program, tap into the assistance and insights of other people. An effective way to do this is to invite about ten people you know to meet with you over lunch or dinner. Include a representative sample of your customers (or clients or patients), business associates, partners, and friends. Tell them their assignment is to think up incentives you could offer to increase your word-of-mouth-based business.

Prepare yourself well in advance. Be prepared to take copious notes or to tape-record the meeting. Think about the topic and its ramifications; have an idea of the limits you may need to set for an incentive program, such as cost, duration, and appropriateness. Have soft drinks, note pads, a preliminary questionnaire, sample materials, a flip chart, and even a few ideas to get the ball rolling. If you're going to discuss a product, bring samples to give the group a point of reference.

Begin the session by clearly stating a specific problem. Make sure your group understands that the incentive has to be geared to the



group you've targeted. Explain that you are looking for a variety of ideas and that you won't make any immediate decisions.

When your group meets, the first step is to brainstorm ideas. The concept of brainstorming was originated by Alex F. Osborn to help trigger creative ideas in advertising. Following the meal, you or a designated party can lead a brainstorming session to generate ideas on an effective incentive program for your business. For maximum creativity, everyone must fully understand and follow four basic principles. To paraphrase Osborn:

1. *Encourage freewheeling.* The wilder the ideas, the better; it's easier to tame down ideas than to think them up. Wild ideas often lead to creative solutions, but the way an idea is first presented by its originator doesn't always register with others. With a twist and turn, however, ideas seemingly from Mars are brought back to Earth and become eminently workable.
2. *The more, the better.* The greater the number of ideas people think of, the better the likelihood of a winner coming out of the selection. Don't be afraid to go to the second or third page of a flip chart. You want at least 12 ideas so you'll have plenty to work with once everyone runs out of steam.
3. *Don't rush to judgment.* Criticism of ideas must be withheld until later; otherwise you run the risk of shutting down the idea pipeline. Not only does criticism stifle creativity, but it can make the session deteriorate to a nitpicking session that goes on forever without accomplishing anything.
4. *Combine and refine.* In addition to contributing ideas of their own, participants should suggest how ideas of others could be turned into better ideas, or how two or more ideas could be combined into still another idea. Some ideas that aren't workable alone become quite effective in combination.

Once you've run out of new ideas for possible incentives, review the list item by item and try to narrow it down to a manageable



number. Don't worry about how you're going to do something until you've determined all the options. After most of the ideas are eliminated, spend time discussing those that are left and get feedback on which ones may be most effective. Last, select the idea or ideas you'll put into practice.

At the end of the session, if the ideas were really flying, suggest the group meet again soon. Instead of having a one- or two-time session, your group might even become an advisory board, meeting at regular intervals. Even if you meet only quarterly or semiannually, there is great value in having reconvened to discuss the challenges you're working on.

Creativity is the key to any good incentive program. People just naturally like to help each other, especially when they know their efforts are successful. Let your contact know when a referral he has made comes through, and be as creative as you can. There are many creative ways businesspeople reward those who send them referrals. A female consultant sends bouquets of flowers to men; a music store owner sends concert tickets; a financial planner sends change purses and money clips.

An accountant in St. Louis thanks those who successfully refer a client to him by paying for a dinner for two at an exclusive restaurant that's at least an hour's drive from their homes. This approach firmly plants the accountant in the minds of his referral sources: They won't be able to use the reward right away, because the distance requires that they plan for it. As the date approaches, because it has been planned, they'll be talking about it and probably about the accountant. Later, when the referring party runs into someone else who might need an accountant, whom do you think he'll recommend?

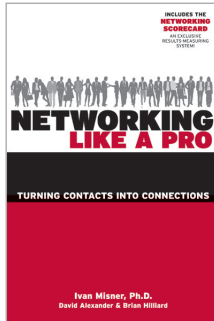
Another option to keep in mind is to offer different kinds of incentives for different groups of people. Are there employees, co-workers, friends, or relatives who might be able to refer you business? It always surprises us when people forget to provide



incentives for the individuals working with them. You may choose to offer something completely different for your employees than you would for your clients or networking associates. Bonuses and vacation days are always a good idea, but the important thing is you need to offer something for them as well.

Remember, finding the right incentive is considered the biggest challenge by most individuals who want to build their word-of-mouth business. To make it easier on yourself, be sure to get opinions and feedback from others who have a significant interest in your success.

This ebook short was developed from
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by Ivan Misner, Ph.D., David Alexander, and Brian Hilliard
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