FIVE STEPS TO NETWORKING SUCCESS

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Few things are more frustrating than investing the time to network with prospective clients without any results to show for your efforts. But there is good news: a few simple steps to rethink your expectations and change your approach can dramatically improve the outcome from networking activity.

Why networking fails

Over the years, I’ve heard many advisers complain about the lack of results from networking. In the last month, three different conversations have brought these complaints into sharp focus:

1. A financial adviser joined the chamber of commerce in his community a year ago and has attended three meetings since. Despite striking up conversations with other members, he has struggled to convert this into a discussion of his work as a financial adviser. In his experience “the people I run into are much more interested in talking about what they do and pitching their business than asking what I do.”

2. A successful producer in the life insurance industry was asked by a client to buy a ticket for a fundraising reception for a high profile politician. The result: “The cost of the event was more than I would normally spend, but I agreed because I thought that it would be a chance to connect with the serious money in my community. This was a big disappointment – I tried to engage with the people there but most of the guests seemed to know each other and spent the two hours of the reception chatting with people they already knew. And when I tried to join in these conversations, it was quite uncomfortable - I very much felt like a fifth wheel.”

3. An MBA student at the University of Toronto, where I’ve taught for many years, is a CFA and recently attended a lunch put on by the local chapter of the CFA society in the hopes of meeting prospective employers. His comment: “Rather than meeting people who could potentially offer me a job, most of the attendees I talk to are analysts at investment firms trying to connect with employers themselves.” A student with a background in HR who attended a meeting of the local association for human resources professionals made a similar comment – a disproportionate number of the attendees were job hunters rather than those in a position to provide leads on getting jobs.

Examples of successful outcomes

When meeting new people at industry events, there are some necessary first steps to create the opportunity for productive conversations. In looking at the networking attempts failed described above, there are three major reasons that they failed:

1. In all but one instance they were one-time efforts – and even the adviser who attended three chamber of commerce meetings did it over a 12 month period.
2. Within the networking events that were selected, there was limited opportunity to engage in a longer and more in-depth conversation that would create the opportunity to get to know another attendee better – and to allow them to get to know you better in return.
3. In all three cases, the participants were clearly motivated by short term self-interest – it wasn’t the topic of the meeting or the cause that attracted them but the opportunity to get leads for new clients or for jobs.

Fortunately, there are cases of successful networking that we can learn from. When advisers who have been successful in attracting prospects through networking activity talk about their approaches, there are five common themes.
Step One: Start with the right mindset
The first thing that advisers who aspire to attract clients via networking activity has to understand is that they need to be in it for the long term, suppressing their instincts to try to get short term business. In recent conversation, an adviser who was President of her local Rotary chapter talked about the fact that new members have to prove themselves before existing members will be inclined to do business with them. Many of us have had the experience of seeing someone at a meeting whose goal seemed to be to hand out and collect as many business cards as possible – not only does that smack of desperation, but nothing will turn other people off faster.

Step Two: Pick the right cause
Given that you have to be in it for at least the mid term to get results, choose a cause that you’re passionate about. Unless the cause is one for which you can summon up enthusiasm, you won’t be able to sustain continued commitment. And that enthusiasm has to pertain not just to the cause itself but also to the other people who are involved – given that you won’t see short term returns in terms of new business, unless you like spending time with the other members chances are you won’t be able to sustain your interest.

Establishing a common bond with other members of your group was highlighted in a New York Times article titled “How to find a job with meditation and mindfulness” that described how having a common interest in meditation had led to successful networking among high tech entrepreneurs in Silicon Valley and a disparate group of young professionals in Manhattan. Along similar lines, Merrill Lynch encourages advisers to pursue “passion prospecting” in which they seek out groups that share their passions.

Step Three: Take a leadership role
In talking to advisers who have turned networking activity into clients, perhaps the theme that recurred the most was that they had taken leadership roles in the organization that they had selected. Few organizations will turn down an offer to volunteer on the fundraising or membership committee – and the process will establish your credibility and build deeper bonds with the other members of that committee.

I’ve talked to an adviser who after years of active involvement with the United Way in his community was invited to chair the annual campaign and found himself interacting with his city’s business elite as a result. But you don’t have to chair a campaign to take a leadership role. An adviser who worked with two different auto dealers offered to be on the committee that organized the annual auto dealership golf fundraiser in his community; as a result he got to know other dealers on personal terms, something that over the course of several years (remember, this takes time) led to auto dealers being a core niche in his practice. And that’s exactly what another student of mine at the University of Toronto who held his CFA did a few years ago – rather than simply attending meetings, he offered to serve on the young members committee (almost every organization has attracting younger members as a key goal). He ended up being invited to interview with a firm where another member of the committee worked and was offered a job as a result.

Step Four: Focus on quality over quantity
Everyone has a limited amount of time and has to make choices about how to spend that time. As a general rule, when it comes to networking you should always pick quality over quantity:

• Rather than belong to three or four organizations and attend meetings sporadically, you’re better off to pick one organization and really get involved.
• When you go to an event, rather than try to talk to as many people as possible, your goal should be to have in depth conversation with two or three of the right people.

And where possible seek out opportunities to have extended conversations over time – it’s those continuing conversations that build trust and rapport. One adviser described how years ago he and his wife had sprung for a high end one week cooking class in Italy organized by a boutique travel agency in his community; even though there were only a dozen participants, as a result of building bonds over that week several became clients. Last spring, an adviser who’s an avid cyclist joined a high end bike club – as a result of chatting with other cyclists on their weekly rides, a couple of other members have begun talking to him about moving their accounts over. Another adviser described how organizing one week golf outings to Ireland and Scotland had led to new clients.

Step Five: Convert contacts into leads
All that networking does is create a predisposition to do business with you – in most instances you still need to find a way to invite prospects to make the final step. The good news is that once you’ve built the foundation of trust, rapport, credibility and likeability, that final step can be surprisingly easy. The key is to find low key ways to send a signal to people you’ve come to know of your interest in doing business – invite them to a lunch for clients to discuss tax planning strategies or offer to add people you’ve come to know to the emails you send clients. Of course not everyone will say yes – this is after all still a numbers game – but by building the foundation through the right kind of patient activity in the right organizations, you can over time attract new clients to your business.

One final suggestion on successful networking is to ensure that you are there to give rather than take. 

The quote
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