Five Steps to Networking Success
November 25, 2014
by Dan Richards

Join Dan Richards on Wednesday, December 2, as he presents a webinar on how to propel your business forward in 2015. To register, click here.

Few things are more frustrating than when the time you spend networking with prospective clients produces no results. But I will share some good news: A few simple steps to rethink your expectations and change your approach will dramatically improve the outcome from networking activity.

Why networking fails

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

90 days to propel your practice forward: New research on making your resolutions stick

Tuesday, December 2, 2014
4:15 pm ET

Register Today!

We've all had the experience of starting off the New Year with good intentions only to find ourselves quickly abandoning our resolutions. In this webinar, you'll learn about new research that will allow you to stick to resolutions and build momentum in the first quarter of 2015 that will propel your business throughout the entire year.

What this webinar will cover:

- Research on why good ideas and good intentions don't translate into change
- Proven best practices to make change happen
- A five-step plan to build 90 day momentum in your practice

Dan Richards is an award-winning faculty member in the MBA program at the University of Toronto. His book Getting Clients, Keeping Clients: The Essential Guide for Tomorrow's Financial Advisor is an international best seller that was recognized by LIMRA as the best resource for financial advisors on the subject of client communication. Dan holds a degree in economics from McGill University and an MBA from Harvard Business School.

- A financial advisor 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 them into discussions of his work as a financial advisor. 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.”

- 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 during 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. ”

- 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 to get jobs.

**Examples of successful outcomes**

There’s a fair amount of guidance on how to turn people with whom you’ve struck up conversations into clients – for example, here are two of my articles: How to follow up without being a pest and Turning casual contacts into clients.

But in thinking about these conversations, it’s clear that there are some necessary first steps to create the opportunity for those conversations. There are three major reasons that the networking attempts described above failed:

1. In all but one instance they were one-time efforts – and even the advisor 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 from which we can learn. In fact, after last fall’s article Four ways to attract affluent clients I heard from several advisors about their success in getting inside HNW prospects’ social circles.

When advisors who have been successful in attracting prospects through networking activity, there are five common steps:

**Step one: Start with the right mindset**

The first thing that advisors who aspire to attract clients via networking activity have 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 this video, The mindset that works in community activity the former president of her local Rotary chapter talks 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 off other people faster.

**Step two: Pick the right cause**

Given that you have to be in it for at least the medium 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 on 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 advisors to pursue “passion prospecting” in which they seek out groups that share their passions.

**Step three: Take a leadership role**

In talking to advisors who have turned networking activity into clients, 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 in the process you’ll establish your credibility and build deeper bonds with the other members of that committee.

I’ve talked to an advisor who after years of active involvement with the United Way in his community was invited to chair its 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 advisor 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 with a 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 conversations 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 advisor 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 advisor 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. And last spring I wrote *A golf outing that led to a $2 million client* in which an advisor 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. *Low-Pressure Ways to Follow Up With Prospects* outlined some low key ways to send a signal to people you’ve come to know of your interest in doing business. 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.

Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written commentaries, go to [www.danrichards.com](http://www.danrichards.com) or [here](http://www.danrichards.com) for his videos.