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Get Your Net Working

If everyone in your network is the same as you, it isn't a network, it's an anthill.

—Harvey Mackay¹

Many accountants think that “networking” is a frill that they can ignore while they do the “important” technical work. In fact, networking—building contacts and relationships with people so that they like and trust you—is the most important thing you can do to develop yourself as a complete professional. Let's take just two examples.

In the 1980s, Bill and Joe graduated from the same top accounting school of a major university. They went to work for the same accounting firm. The two were the same age, had similar backgrounds, and had worked their ways through school with 3.5 averages. They seemed to have very similar prospects for advancement. But today Bill is earning about \$80,000 per year as controller for a company and Joe, now a partner in a CPA firm, is earning over \$200,000—more than twice as much as Joe.

What happened? Did Joe work harder? No. Was Joe smarter or did he get some lucky breaks? No, for the first five years, it was hard to tell them apart. They worked the same hours, had very similar assignments, took the same CPE courses, and performed excellent technical work. The major difference was how Joe spent about one-and-a-half hours per week. Bill ate three meals a day, at home, at his desk in the office, or with his buddies from the firm. Joe spent about one-and-a-half hours per week networking with young businesspeople outside his accounting firm, primarily during breakfast and lunch.

In a similar sort of situation, CPAs Sara and Melanie had been at a Big Four accounting firm together. Five years ago they decided to start their own separate practices in different sections of town. Five years later, Sara has two partners and a multimillion-dollar practice. Melanie is still a sole practitioner barely getting by. The only difference was that Sara focused some of her time

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on networking within the business community whereas Melanie just waited for business to come in the door.

Networking isn't just meeting people, although that's the first big step. Networking develops you as a professional in another big way. Being an accountant has a technical component. But what clients really want is an accountant who knows about their situation, cares about them, and can help them. The more you're out there meeting people from diverse businesses, the more you'll learn. Some of the networking will make you a more interesting person in general. Some of it will improve your knowledge that you use to understand and advise clients. Networking develops you socially and business-wise.

High-performance networkers gain endorsements for reasons that go beyond the basic product or service. They do extraordinary things.

—Thomas J. Stanley,
*Networking with the Affluent and Their Advisors*²

Schedule Networking Time

Networking is one of the best business-building techniques in the public accounting profession, and yet less than 10 percent of CPAs are successful networkers. Networking is so powerful because it uses the principle of leverage, a concept that is powerful in investing and in marketing. Using leverage, you are able to invest a small amount of time and money, and, over time, you will reap a substantial return. Below, I'll show you how to create a \$90,000 revenue stream from a \$3,000 marketing investment using the principles of networking and leverage.

If networking is that powerful, why don't all CPAs invest in it? There are two basic reasons: (1) many CPAs do not understand how to network, and (2) many do not have the patience necessary to reap the rewards of a well-built network. That is why this Day 10 discussion is so important for every practicing CPA, whether you are in a large firm or practicing solo. If you will review the networking plan described here and implement what you learn, you will build one of the more successful accounting practices in your city.

You've probably heard that the best jobs are never advertised in the newspaper. That's because most people prefer to hire someone who has been personally recommended by someone they know and trust. The same is true for businesses and individuals wanting to change accountants. They rarely advertise for proposals. Let's get inside the heads of accounting service consumers for a few moments to try to understand the process they use in selecting CPAs.

PORTRAIT OF A SALES LEADER

JACK AMUNDSON has built a strong client and referral base because of his dedication to community service. Jack's mom was a legal secretary and taught him to type when he was 5. By age 10, he began working for a CPA in Glendive, Montana, typing tax returns during tax season. When he started high school, Jack worked at another CPA firm every afternoon for four years. At age 27, with 17 years of experience in public accounting, Jack had an opportunity to become managing partner of an office of a Minnesota CPA firm.

Amundson later became a named partner in the firm McMahon, Hartmann, Amundson & Co. Amundson's firm merged with Larson Allen Weisher a few years ago because of the availability of a wide variety of nontraditional services at Larson Allen Weisher (LAWCO).

Amundson has built his business with his personal-time investment in community activities.

"I always wanted to be a CPA. There was never any other profession in which I was interested. A CPA has such an opportunity to help people," says Amundson.

Amundson's former partners were much older than he. Those partners stressed the importance of getting involved in the community. He learned this lesson well. Amundson has been chairman or president of numerous foundations, including the Boy Scouts, the St. Cloud Area Chamber of Commerce, and the College of St. Benedict. Last year Amundson was recognized with the Professional Leadership Award by the Central Minnesota Community Foundation. He had helped his clients give over \$10 million to various charities.

Jack has built a "pull marketing" system as a result of his community involvement. He says, "I want a client who also wants me. I will invest a great deal in building a relationship with a prospect. When that prospect develops a need, I want him to call upon me. When the prospect calls me, usually fee is not an issue." Getting involved in the community is a powerful way to build relationships with people who are making a difference. The movers and shakers in any community are usually highly visible in community activities and boards.

When a need for accounting services arises, most consumers contact a CPA they know personally. If they do not know one, they will ask someone in their family or their business or one of their other business advisors, such as a lawyer or banker, for a recommendation.

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Up the proverbial creek? If you've got a network, you've always got a paddle.

—Harvey Mackay, *Dig Your Well Before You're Thirsty*³

Most individuals and small business owners hire the first CPA with whom they meet. Larger businesses usually interview three to five CPAs, or firms of CPAs, and then make a selection. Usually the CPA who is chosen from this process has had a personal acquaintance or friendship with a key decision maker in the client's business for an extended period of time.

Build Your Contacts

Edward D. Jones, the St. Louis-based stock brokerage, has one of the most successful sales training programs in the financial services business. One of the keys to the success of the training program is the requirement that all new brokers obtain the business cards of 1,000 people before they execute their first stock trade.

Once the brokers obtain the business cards, if they work those prospects, they will be successful. But the first step is to get the 1,000 cards.

The thought of having to develop a network of 1,000 people would frighten most CPAs. But, come to think of it, that is exactly what the successful young CPA who made partner did. He did it over a 10-year period, and the impact has been enormous for him.

And that is what Sara, the successful CPA in the earlier example, did as well. She had been networking in her Big Four firm, and for the first two years after starting her own firm, she really focused on networking within the business community.

The main thing to keep in mind is that marketing is a numbers game. For your numbers to work, you should keep prospects in the marketing pipeline at all times. And one of the best ways to obtain a continuous flow of prospects is through networking. Networking is a great prospecting tool. Even when economic times are soft, a good network will provide you a steady flow of new business.

Five Steps to Networking Success

There are five key ingredients to building a powerful network for your accounting practice:

1. **Set a target of obtaining 1,000 names in your personal prospect database.** You can do this over a 10-year period. In fact, if you are

beginning your accounting career with a firm, you may set a target of only 25 names during your first year. Then you may wish to expand the number each year. If you are beginning your accounting practice from scratch, you might want to gather between 200 and 250 prospect names right away. Terry Orr teaches younger CPAs to sell. Before he will invest any time with them, he requires each person to obtain 100 business cards to show that he or she is serious.

2. **Use a system to manage your names so that you can maintain the necessary information on them.** Certainly name, address, phone and fax numbers, and business affiliations are vital. As you improve your management of the system, you will accumulate additional relevant information on file. In Day 11, I discuss more ways to manage an effective system.
3. **Develop a sound communication plan for your prospects.** If you obtain 100 business cards and do not stay in touch, over half of them will be useless within a year. They will have changed businesses or moved, or will have forgotten who you are.
4. **Practice patience in the development and harvesting of your network.** Some seeds you plant in your network will germinate quickly. Others may take years. In fact, the best ones usually take years.
5. **Plan to allocate one to two hours per week to your network.** You work your network by meeting new people and adding new names. You work it by updating the information. You work it by communicating with your prospects.

Mackay's 66

Harvey Mackay, author of How to Swim with the Sharks . . . and Dig Your Well Before You're Thirsty, is noted for his "Mackay's 66," a series of 66 questions detailing prospects' lives. You may not need to collect 66 items, but most people collect too little information about prospects. The more you know about prospects and their interests, the more ways you have to build relationships with them.

Here are just a few categories of information you might want to collect: college attended, military service, hobbies, hometown, children's ages and interests, favorite restaurants, favorite foods, and spouse's occupation.

Power Networking

It's easy to set a target number, but you really need to know how to go about getting names that are of a quality that will one day benefit you.

Power networking is a skill much like playing tennis or golf. A few years ago I took up tennis. I was so enthusiastic that I wanted to play Jimmy Connors right away! After getting my brains beat in by several people, I decided to take a few lessons. The pro started by having me hit forehand shots in volume. In fact, after my first lesson, he assigned me to a ball machine and told me to work with the machine every day for a week, just on my forehand.

 *Relationships determine success.*

— Philip B. Crosby, *Quality Is Free*⁴

The same strategy is true for networking. Successful power networkers will go for a volume of networking contacts first, because they really don't know enough about the game yet to determine quality. Successful marketing focuses on the needs of prospects, and new acquaintances probably will not have a need at the time you meet them. In fact, over 90 percent of the businesspeople you meet will not have an awareness of any need for your services when you meet them. But, rest assured, almost all of them will have a need for accounting or tax services within the next ten years.

Build for the Future

When I first joined PriceWaterhouseCoopers, I became involved with the Junior Chamber of Commerce, commonly known as the Jaycees. Now, 20 years later, those young Jaycees are the leaders of our business community. One is the CEO of a \$5 billion bank. One is the largest shareholder in another major bank. Several of them are in key commercial lending positions in our city's banks. One is a congressman. One is head of a large insurance brokerage. Several others are senior partners in accounting, law, engineering, real estate, and marketing firms.

The Junior Chamber had a membership of over 300 young businesspeople. When I joined, I received a directory that had the names, addresses, telephone numbers, business affiliations, and spouses' names of every member.

Over a two-year period, I met over 200 of those members just by attending the meetings and participating in a few interesting projects. You might think that it took a lot of time. Not really. The monthly membership meeting took about two hours. Normally I would sit at a table with 7 to 10 other

people, and many of them would be new acquaintances to me each month. Then we sponsored a golf tournament and a high school football playoff game every year. I usually worked the events but could not afford to invest the time to be on the planning committee for the project. The real networking came between the meetings, when I followed up with people I had met and when some followed up with me. Over lunch or breakfast, friendships developed.

Mingling is like going fishing. You cast out your line, and if they aren't biting, you move to another spot.

—Don Gabor⁵

The really sad thing I find in too many CPA firms today is the lack of emphasis early in one's career on developing a network of acquaintances and friends. After a bright young person has been with a firm for five or six years, the partners say, "If you want to continue to advance with our firm and become an owner or partner, you must start bringing in some business." By this time, the task seems too overwhelming.

The same is true for the sole practitioner who hangs out a shingle to start providing services. Typically, enough clients come through the door to pay the rent and the receptionist, with very little left over for the professional.

I spoke to one sole practitioner who had been in business for a few years with very little growth in his revenue. He grossed a little over \$70,000 and netted only half of that. Some con artist talked him into spending \$10,000 on various advertising and marketing schemes that increased his revenue only slightly and didn't even pay for the programs. He found that he could be a lot more effective when he worked his network of acquaintances and friends.

Networking Techniques

During the 1990s, two of every three new businesses were owned by women. In the United States today, there are over 5 million women-owned businesses. The National Association of Women Business Owners (NAWBO) is one of the most beneficial organizations from which you can tap into this growth business segment. NAWBO is a great place for female CPAs to network with female decision makers and owners in business. It is also a good place for a male CPA to offer to give an annual tax update or write a column for their newsletter.

I have developed a lot of networking techniques through trial and error, but I also received some help from Terri Mandell's book *Power Schmoozing*.⁶ I've found that there are ways to meet a lot of people really fast. First, on

The Odds Are Up for This “Bookie”

One accountant combines his love of reading with networking.

The accountant segmented his referral sources into A, B, and C. The dozen As are lawyers and bankers who refer to him regularly. He knows their interests well. One way he keeps in touch is by sending them books on topics that fit their individual interests. He puts a sticker in the books saying they are thank-yous from him.

Two or three times a year he sends the same book to his complete list of 50+ contacts. (He buys at a discount from the publisher.) Referral business increased almost 20 percent in six months.

—Rick Crandall, *1001 Ways to Market Your Services: Even If You Hate to Sell*⁷

joining a new organization, I would volunteer to be a host for the regular meeting. I would either stand or sit at the registration table and record the attendance of all the members as they came in. I would greet them and their guest on arrival, and many of them would want to get to know me. They would ask me questions, and within a few months, I would know all the regular attendees and they would know me. I developed the habit of dropping the nonattenders a note letting them know that we missed them, and I would call a few of them every month.

Resist the temptation to become your organization’s treasurer. Most organizations recruit a CPA as treasurer. If pressed, agree to be treasurer for a short period only. Sometimes the treasurer’s job becomes that of a bookkeeper. However, as treasurer, you do become well acquainted with the board of directors, the officers, and the paid executive director. You can utilize this position to gain professional respect if you can make some dramatic improvements in the accounting systems. But if it’s just going to be a bookkeeping job, let someone else do it.

Small increases in the size of your network can double your odds of success, according to a Stanford study by Joe Podolny and James Baron. If your existing network is not producing many referrals, try to add 10 percent more quality contacts. That 10 percent can double your results.

Another great networking job is that of program chair. When I volunteered to be program chair for about 12 meetings, everyone came to know me. I also utilized my position to meet some of my target prospects within the community who were not members of my organization.

Typically, I would canvass the membership and ask for suggestions for speakers. Doing this would put me in touch with a number of the active members. Then I would prepare a list of potential speakers within the community who were on my prospect list and whom I had not met. I would write prospective speakers a letter on my letterhead and ask if they would speak to my club.

Most of them hadn't responded by the time I would call to see if they had received my letter. If you wait for people to respond in today's fast-paced world, you'll fail. So, about a week after the letter goes out, I call them. Invariably, 80 percent of the people I invite end up speaking. I make it a point to stop by and meet the person at least a month before the event. At this time I review with them the composition of our membership and answer any questions they may have as to our member interests. I also make it a point to pick them up a half hour to an hour before the meeting to see that they get to the meeting on time and that they don't have to hassle with directions, parking, and so forth. Doing this gives me some great time to get to know them on a personal basis in the car before and after the meeting.

Most chambers of commerce have business mixers for their members. I always come back from mixers with a few business cards. But I have found the best place for meeting new people is new member committees. When I was on the new member committee for the chamber, I had access to the new businesses coming to town before anyone else. That is particularly helpful for a CPA.

Susan RoAne's book, *How to Work a Room*,⁸ is an excellent resource. It changed the way that I attend organization meetings. RoAne talks about "a host versus a guest" mentality. This advice to act like a host has been the best advice I've gotten. Whether I am an officer of the organization or not, I don't wait to be taken care of when I go to any event. I stand near the entrance and the traffic flows to see if there is something I can do to help out. I act like a host. I don't take over from the real hosts, but they always appreciate my helpfulness.

One of my goals is to meet two to four new people a month. I find that at least one of those new contacts will end up doing business with me within five years.

Another little technique is to approach people who are standing alone. I introduce myself and then introduce them to someone else in the room who may share one of their interests. Believe me, these folks will not forget you; they will remember you as being their positive link to your group.

Some people are really outgoing. It seems easy for them to meet people. Others are somewhat shy and reluctant to socialize. How can this networking

advice apply to them? As I mentioned earlier, I believe that an *interested* introvert can be a better marketer than an *interesting* extrovert. Too often people who are the life of the party, the interesting extroverts, come away from networking opportunities with nothing. They have no information on the people they met. All they did was talk about themselves and their interests. Interested introverts are curious. Of course, they have to get up the nerve to approach or be approached. To help them, introverts should develop a list of questions that they can ask the people they meet. The answers to the questions should tell a lot about the people and their businesses.

Three Networking Tips

- 1** Don't spend time at an event talking to people you already know. It's easier, but you lose the value of new contacts.
- 2** Be positive—nobody wants to hear about your problems.
- 3** Stay as long as there are people you haven't met.

If you can maintain strong eye contact and ask good questions, you will make a great impression. Anyone can learn these techniques. They are not something that people are born with. An interested introvert can learn rapport building, questioning, and listening skills. That is why introverts are better networkers than extroverts.

Advanced Networking Techniques

Once you have become accomplished at meeting people and become comfortable with doing so, you can find ways to be more productive in networking. Trade associations are excellent places for accountants to network with prospects. Many trade associations charge an admission fee; this fee limits membership to only those who are serious about being a member of the association. Also, every community has organizations that require participants to invest a major amount of time and money. For example, the Boy Scouts council, the arts council, and the symphony board may require members to contribute \$5,000 to \$25,000 to belong. Although the investment may be high, the other people on the board are also capable of investing this amount. This fact will work as a screening device for you.

Dr. Tom Stanley's excellent book *Networking with the Affluent and Their Advisors*,⁹ is a classic in this regard. Dr. Stanley formed the Affluent Marketing

Institute in the 1980s. He has devoted his life to the study of marketing and selling to the affluent and has written a number of books, including *The Millionaire Next Door*, *Marketing to the Affluent*, *Selling to the Affluent*, and *The Mind of the Millionaire*.

Dr. Stanley has developed eight excellent and practical ways to network with the affluent. All of them apply to CPAs. As a matter of fact, one of Dr. Stanley's prime examples is a very successful Atlanta CPA, Art Gifford, partner of Gifford, Hillegass & Ingwersen, who uses all eight of the techniques.

One of the techniques that Stanley has observed is that of "purchasing agent." Your clients purchase many things. Every CPA can be knowledgeable in certain key areas, such as computers, software, communication systems, office furniture and equipment, and leasing. To the extent that you network with these suppliers and introduce them to your clients, you will build a strong network.

Another technique is that of "revenue enhancer." As a CPA, you can develop a list of 5 or 10 attorneys with different specialties to whom you will refer your clients. When you enhance the attorney's revenue, you have created a moral obligation for him or her to reciprocate. Make it a habit to always refer to three attorneys and send them each a letter. You will create a "due bill" even with those who do not actually get the work.

The most powerful way to network is to enhance the revenue of opinion leaders. Realize that before receiving business-related endorsements, you must first "send business."

—Thomas J. Stanley, *Networking with the Affluent and Their Advisors*¹⁰

A third technique is that of a "loan broker." As we all know, there are myriad financing vehicles in the market today. Sometimes they are bewildering even to sophisticated businesspeople. At a minimum, good CPAs will keep in touch with the key lending institutions in their areas—the mortgage brokers and bankers, the investment bankers—to always be in a position to provide their clients and prospects with a source of credit.

Some other techniques are those of "talent scout," "family advisor," "mentor," and "advocate." These techniques are self-descriptive and worth reading about in Stanley's book.

Summary

Many people put off networking as an optional activity they can take up after they establish their businesses. This is a mistake—networking is serious

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business. Most aggressive businesspeople attend networking events for the purpose of creating new business. I view networking as a very serious business game. My attitude is: "I've spent \$25 to attend this function and I have one hour to find a good prospect. I didn't come to eat or drink or listen to the speaker. I came to find prospects for my business." Now, I try to work the room so smoothly that you would never know that's what I'm doing. I try to look like a lamb and sell like a lion. You can too.