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Managing Your Network

The greatest wisdom not applied to action is meaningless data.

—Peter Drucker¹

Your first goal in networking is to meet new people or to stay in touch with existing contacts. Your second goal is to access the networks of your contacts. Even though you might stay in touch with a few hundred people, each of them is in touch with hundreds more. When you add up the networks of your contacts, it can be tens of thousands of people. The easiest way to build trust with your networking contacts is to take the initiative to stay in touch with them. The biggest waste in networking is when you meet people but don't have a system to follow up with them.

I learned this the hard way. After I attended a networking event, I had two choices: I could (1) hope that the interesting prospects to whom I gave my business card would call me or (2) plan a communication strategy for keeping in touch with them. I knew that I should be the one to keep in touch, but I selected option (1) because it was easier. What happened was, no one with whom I wanted to do business ever called me. A few people did call, but they were not the right types of client for me. So today I have a strategy to keep in touch with my network.

Managing all of the information about your network of clients, prospects, and other business contacts is absolutely critical to business success, but it also can be overwhelming. Many accounting firms are run like separate businesses sharing overhead. Each partner has her clients and network of contacts. Sharing your network with others in your firm is a strong indication that you have a vital business. You can add significant value to your practice when you and your colleagues manage your network of clients, prospects, and referral sources together.

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Using a database, you can classify your contacts by their potential. Once you begin to classify your prospects, you will be able to manage your communications with people in your network.

The main reason for building a strong communication program with your network is to meet the needs of your prospects. Think about this question: How many prospects will you meet today who will have a need for your services? Probably not many. But of the prospects whom you meet today, what percentage may have a need for your services over the next one, two, three, four, or five years? The answer depends on the quality of the group with whom you are networking.

I would say that fewer than 1 in 20 people I meet has a need for my services the day that we meet. But over the next five years, if I meet them in a qualified context, over 50 percent may experience a need. A qualified context is a business setting. Certainly chambers of commerce and civic clubs count. Trade groups and specific interest groups often have an even higher percentage of qualified leads.

Terry Orr, whom you met in Chapter 5, describes his approach to network management in this way: "A system that I developed during my early years was to go to the Dallas Chamber of Commerce. I would meet and listen to people from whom I really wasn't going to get business. But I learned how to network, how to meet people, and how to screen all of those cards. I wanted

PORTRAIT OF A SALES LEADER

GREG ANTON, partner with Anton, Collins & Mitchell, in Denver, Colorado, manages his network extremely well. Serious minded, goal oriented, and intense, Greg initially considered a career in selling. But a need for professionalism in his life, as well as building long-term relationships and loyalty, steered him into public accounting rather than sales. As audit partner, he is the Assurance and Business Line Leader and heads up his firm's SEC practice.

Anton said, "One thing that allowed me to become a partner at a relatively accelerated clip was not sales directly, but providing good technical advice to clients. The clients' satisfaction was crucial, and that has a lot to do with getting referrals or extended services."

Anton has a selling system that is unique in public accounting. Founded in strong technical skills and excellent relationships with SEC

to learn which ones were prospects. Some of them were immediate and some were for later.”

A qualified lead is a prospect who has a need for your service, can make or influence the decision to hire you, and has the money to pay for your services. Most groups eventually will produce a qualified prospect, but the pickings are much slimmer in some groups than others. You must evaluate every group you attend as to its quantity of qualified prospects. Give a group at least two tries, but if it isn't producing qualified prospects, move on to another group. The important thing is to make a commitment to gather a certain number of leads every year.

Setting Up a Communications Program

Now we are going to review a communications program for CPAs to follow with a qualified lead.

Say that you met someone at the state manufacturers association meeting who told you that she was the CFO of a medium-size business in a community about 50 miles from your office. You swap cards. Immediately after the event, make as many notes as possible about your prospect's needs, role, size of the business, products, names of any others in a decision-making capacity, and so forth.

experts around the country, Anton attracts companies that are public or that are considering raising funds from the public. He teaches a course on SEC matters for the Colorado Society of CPAs. "From that course, I come in contact with many accountants in industry who are charged with the responsibility of helping take their companies public," explains Anton. Meeting prospects in a professional environment is important to help him qualify his leads. He knows if someone is taking his course, he or she is serious about matters of the SEC.

During the class, Anton offers his students additional information not found in the class materials. If participants ask for additional material, he sends it to them. Anton enters each participant into a database of contacts. Doing this allows Anton to communicate with the group periodically, and they continue to provide him information, additional leads, and referrals.

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First thing the next morning, send a nice-to-meet-you letter that is very short and to the point. I'd say something like this:

Dear Carol,

Thank you for spending a few moments with me at the state manufacturers association meeting last evening. I enjoyed meeting you and learning more about your successes at Rutherford Enterprises. As I mentioned, I focus much of my practice serving many businesses just like yours. Keeping that in mind, I have taken the liberty of adding you to my mailing list and from time to time will keep in touch with you. Best wishes for a successful year.

*Warmest regards,
Troy Waugh*

Also send along a small written article on your firm. You may want to have as many as 10 to 20 written items to select from when sending out marketing material, so you can match the material to the prospect.

It is very important *not* to send a package of information at this time. Most people who receive a package of material in the mail, even if they ordered it, tend to set it aside for future consumption. Then it gets buried. By sending a package, you are also demonstrating your lack of marketing savvy and may even irritate the prospect. All you want to do at this point is to make another impression. A short note with or without a brief article on your firm is perfect for this.

This is the time to evaluate the type of prospect and put him or her in line for an appropriate communications program. For example, you'll place most prospects you meet into category C (based on the letter-grade ranking of A, B, or C we discussed in Day 10). In this program, they will receive 30 communications over a five-year period, most through the mail and over the phone. Some prospects deserve to be placed in category B, the communications program which is a little more intense and should result in closure within two years. And, of course, category A prospects have an immediate need; jump on these quickly.

Build for the Long Term

Thirty or more communications with a prospect may seem like a lot of contact and a lot of money for a "shot in the dark" with an uncertain five-year payoff.

Think about it this way. What would it cost you to take someone to lunch? Depending, of course, on where you go, the cost will vary. You certainly

want it to be a memorable occasion. Realistically, you might spend \$60 out of pocket.

Now calculate how much it would cost to send a letter and a copy of an article. About a dollar? How much would it cost to send a brochure? Not much if you have them printed in quantity. (They aren't doing you any good in your storage room—send them out!) How much would it cost to add someone to your newsletter mailing list, assuming that you send out a newsletter? Adding one more newsletter would cost only the postage and the incremental printing charge—probably less than \$1 for each calendar quarter.

So, for \$5 a year per prospect, you can stay in touch with many prospects through your newsletter. For about the cost of one lunch, you can send your newsletter and a variety of other communications during a five-year period. And although any one of these communications will not have the impact of a luncheon, together they will keep your prospects from forgetting who you are. The cumulative effect will definitely add up. What you are trying to do is increase your odds of being in front of your prospect when the need for your services arises.

For C prospects, you might call them once a year, send a quarterly newsletter, and send another relevant piece of information (a brochure or article), so that over a period of five years they will have had numerous opportunities to interact with you.

Bob Gaida, whom you'll meet in Day 15, manages his 2,479 prospects using a similar method. He describes it this way: "Prospects are separated into sub-categories of gold, silver, and bronze, so that I know out of that 2,479, the gold ones are definitely being managed. The bronze ones may not need to be managed. A gold prospect is a person who had given us business, that we want, that met our profile—and can give us more. It could be a client. It could be a referral source. It could be a person who is the gatekeeper to the prospect or referral source. A law firm may give me the kind of work I want only because of the political environment that is represented between us. So I make sure that the gatekeeper is the one I'm focusing on, because he can open that door."

Rate Your Prospects

Let's look at the qualifiers that differentiate C prospects from Bs. If prospects were decision influencers and expressed no immediate dissatisfaction with their current accounting services, they would be rated Cs. If the potential fees from the account would be under a certain size, they would be rated Cs. Read the Day 10 chapter for more information on qualifying prospects. Using

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the 10-point scale from that chapter, some people will classify 8 to 10s as As, 6 to 7s as Bs, 4 to 5s as Cs, and 1 to 3s as Fs.

If prospects were over a certain size in annual billings, were the decision makers, or expressed any dissatisfaction with their current accounting provider, they would be classified as B prospects. With Bs, you want to move the process along a little faster, but you do not want to be pushy—assertive, yes, not pushy. With B prospects, your letter might be a little meatier; for example, you might mention that you focus your practice in their industry or that you have dealt extensively with the problem they had discussed with you.

Your second correspondence might include a brochure, newsletter article, or reprint of something that you have written or read on the subject discussed. In that letter, you may want to request a meeting or mention that you will call for a meeting. A category B prospect will be one with whom you want to develop a relationship. Call the prospect and, during your chat, determine that the information mailed had been received and whether you can set up a meeting. A breakfast or lunch would be appropriate in this situation. Don't wait until a lunch date opens up; you can just have coffee and see the prospect's operations, offices, or plant. At this point, early in the relationship, often just a 20- to 30-minute meeting is all you need to stay in touch and improve your visibility with the prospect. Typically it's not appropriate to ask a B prospect if you can present a proposal until you have laid a solid foundation of interest over a period of a few months, maybe even as long as 18 months. Out of every 20 prospects you meet, one may be an A, two or three may be Bs, and all the rest will be Cs.

Sam Sommerville, partner in Simpson & Osborne in Charleston, West Virginia, recently captured an A account that was a C just a few years ago. A \$1,000 tax-return client has grown into a six-figure client. This poses the question: How do you efficiently stay in touch with Cs and Bs who might turn into As? If you design a solid communications program to all of your prospects, over time you will experience a dramatic increase in your new business. In most cases, the real impact will not be felt for two to three years. That is when the C prospects start turning into Bs and As.

Systems Simplify Marketing

You may be thinking, "This long-term marketing business sounds expensive and complicated." But if the system is well planned, an administrative assistant can run it. And there are numerous resources to help you with the material. PDI in Chicago, Newkirk in Albany, New York, and Mostad & Christensen in Washington state have numerous industry- and service-specific newsletters

that can make you look as if you are an industry expert in your region. All of these newsletters can be printed with your logo and letterhead. You can purchase these newsletters with geographical protection at very reasonable rates. You could not publish these materials yourself for the small prices you'd pay one of these good firms.

If you will use some of the available resources, it will make your job much easier.

Method goes far to prevent trouble in business; for it makes the task easy, hinders confusion, saves abundance of time, and instructs those who have business depending, what to do and what to hope.

—William Penn²

Now, let's look at your investment. If you maintain communications with 500 prospects, you can purchase and mail quarterly newsletters to them for less than \$4,000 per year. You can send them two pieces of mail each for about another \$800 annually. Begin with 500 prospects and move up to 1,000 over a period of time, say one to five years. As you increase your number of contacts each year, you might even delete a few on a very selective basis. But evaluate the potential return: If out of 20 prospects, 1 is an A prospect who you are able to convert into immediate business, 2 are B prospects who produce business within two years, and 17 are C prospects, only half of whom develop a need and only half of those are converted, your new client return will be six times greater than if you only converted the one hot prospect. If you will work this system, the system will work for you.

The revenue impact will be different for every practice. A practice that focuses on executive tax returns, for example, at \$1,500 each would be an ideal candidate for this program. Say you convert 5 As, 10 Bs, and 21 Cs for a total of 36 new clients at \$1,500 each, or \$54,000 in recurring annual fees (that's \$250,000 of revenue over five years). Your acquisition cost is less than \$5,000 invested over five years. If your average sale is larger, say for consulting engagements, audits, installing computer systems, or monthly write-up work, the profit potential grows. The leverage is great for CPAs because you are very likely to keep the client year after year and also are likely to add services along the way.

You may have heard CPAs say that newsletters and brochures don't work. One CPA told me he sent out 200 newsletters last year and didn't get one client. He probably didn't. Newsletters and brochures don't work by themselves. To

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be effective, they must be a part of a coordinated marketing and sales program. What typically happens is that the marketing material is filed away in the storeroom—or it is sent to nonqualified lists—or it is not used in conjunction with a coordinated networking program.

Newsletters and brochures are tools that give you credibility, add impact to your sales message, sell for you when you are not there, and allow your prospect to carry your message to an associate or a family member. But, like any tools, to be effective, they must be used properly.

Make Mondays and Fridays your days to call prospects. Starting and ending your week strong gives you momentum.

Patience, Patience, Patience

The person who networks regularly will have good success just by picking off the A prospects. But if you are really going to respond to the needs of the marketplace and get some leverage working for you, you must have the patience to correspond with non-A prospects until either a need arises or you can create a need.

Marketing expert Jay Conrad Levinson says that a large number of businesspeople network for a few weeks or months, then stand back so as not to be stampeded by their new clients. When nothing happens, they change their tactics. Again, nothing happens.

All of the research I've seen indicates that consumers of accounting or any other service require about nine positive marketing interactions, including about five personal meetings, in order to move from apathy to a readiness to engage you. In fact, over 80 percent of all sales in this country are made after the fifth sales call. Working through this communications program will keep your prospects moving positively along the path from encounter to engagement.

Contact Management Software

Put what you've learned into practice. Networking is a contact sport. You can't learn it by reading a book or listening to an audiotape.

Do you wake up at 4 A.M. with this frightening thought: "When was I supposed to call Bill about that proposal?" Do you have sticky notes all over your files? Do you have difficulty keeping up with all the clients, prospects, and referral sources who are in your network? Do you always have a scary feeling that you have missed something that you promised or should have done? Do you manage your network or does your network manage you?

Contact management software (CMS) is a powerful solution to these common problems. CMS enables you to maintain a database, history, to-do list, contact plan, marketing strategy, word processor, and tickler file all in one system.

If you are new to contact management, buy a single-user version of ACT, Goldmine, or Telemagic and start using it. It may cost you \$200 at the software dealer, but it will be one of the most helpful items you have ever used. Then, a year from now, investigate an upgrade to a network or more sophisticated version.

An extra payoff will come when you are able to leverage your experience by installing the system in your clients' businesses. The consulting, installation, training, and support you can learn to provide will make CMS a profit center for you. Consider how many of your clients have sales organizations or contact networks they want to manage. CMS can enable you to be a *value-added* advisor.

Summary

Meeting people is only the starting point of networking. The most important thing you can do to achieve the benefits of networking is to develop a system to keep in touch with your contacts. Allocate a certain amount of time every week to working your network. Find the groups that work for you, and keep in regular contact with people you meet through those groups. It may take many contacts before people trust you or have a need for your services. The key is to not stop. Allocate at least one hour every week to contacting your network. If you do, you can be assured that your business will increase more every year.