

Key Networking Skills

(Updated: June 16, 2017)

The definition of "networking" is: "interacting with other people to exchange information and develop contacts, especially to further one's career."

Networking is a critical skill for entrepreneurs and small business leaders. They use networking to find new business, meet potential advisors and investors, to find resources (like a great accountant or lawyer), and to build brand value for their enterprise.

There are five benefits to effective networking:

- 1) Experience Booster - while it's valuable to learn from your mistakes, sometimes it's more effective to learn from the mistakes of others. Networking holds the promise of introducing you to individuals who've done what you're attempting to do. They can give you the benefit of their experience, providing counsel that helps you avoid predictable pitfalls that you might encounter. There is probably no more cost-effective way to get free input (some of which may be *quite* valuable) than by networking.
- 2) Business Opportunity Radar - as you meet new people, you may come across people who could be customers . . . or who know prospective customers . . . or who are aware of bidding opportunities for your business. There's an old expression: "If you shake the coconut tree, one of those coconuts might fall and hit you on the head." That's a really corny way of saying: "If you go out and meet enough new people, some of them may represent a way for your venture to find and capitalize on opportunities you'd otherwise never find."
- 3) Resource Connector - people are always happy to reward others who've served them particularly well. If you're working in a small venture, someone you meet while networking may refer you to a vendor, a service provider or even a government agency that might prove very helpful to your new venture.
- 4) Confidence Builder - the more you present yourself to others, the more confident you will become in being proactive. Having the confidence to meet and establish relationships with strangers is a critical skill that will help you become an effective salesperson, and confidently ask investors for funding.
- 5) Profile Expander - similarly, the more you're "out there" and meeting people, the more well-known your enterprise will become. Especially if you're working with a cause-related enterprise, enhancing your venture's profile is an important benefit of relentless, effective networking.

Five Benefits of Networking

- 1) Experience Booster
- 2) Business Opportunity Radar
- 3) Resource Connector
- 4) Confidence Builder
- 5) Profile Expander

There are three rules for effective networking:

- 1) **Get out of your comfort zone** - most people are not comfortable meeting strangers. That's fine in your social life, but not optimal for small venture leaders. If you're at an event where there are networking opportunities, you need to overcome any reluctance to spend time making contacts.
- 2) **Wear rejection as a badge of honor** - if you haven't met someone who is totally unenthusiastic about meeting you, you probably haven't been brave enough. This is not an encouragement for anyone to act outrageously.

Three Rules for Effective Networking

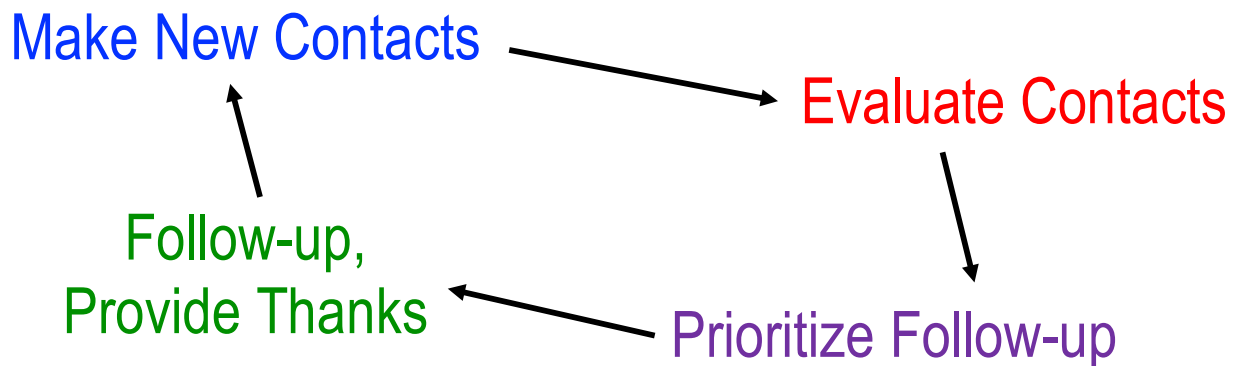
- 1) Get out of your comfort zone.
- 2) Wear rejection as a badge of honor.
- 3) Regard networking as a freestyle treasure hunt

Instead, it's simply an acknowledgement that a tepid reaction from someone you meet isn't fatal. In fact, the best networkers use rejection as a motivator, a badge of honor that doesn't deter them from making more contacts.


3) **Regard networking as a freestyle treasure hunt.** Networking isn't a rehearsed activity, it's improvisation. You're out there trying to meet people, in the hope that you make connections that end up providing value to your enterprise (and maybe make some friends along the way!). That being said, it's O.K. to give yourself "networking goals" like: a) I'm going to meet a new accountant this month." or b) I'm going to meet a new vendor this week." You can even give yourself goals that make your networking efforts sort of like a treasure hunt - at the end of the month you can go back to determine: "Did I meet all the different type of people I wanted to me?"

The most effective networkers regard networking as a perpetual cycle, as the figure below suggests.

The "Effective Networking Cycle"



After you make new contacts, Camelback Ventures suggests you evaluate the contact using the following factors.

Factor	Description	Rating (1 - 5)
Connection	Would this person respond positively if you followed up after your initial contact?	
Interest	Does this person have a positive interest in your venture?	
Potential Support	How likely is it that this person could provide positive, helpful support?	
Influence	How influential is this person in areas that could have an impact on your venture?	
Timeframe	How urgently do you feel you should follow-up with this person?	
	Action Plan (simple steps to accomplish your Networking goals)	Total Points

You can use rating points (5 - most positive; 1 - most negative) and then make the determination that you'll develop a follow-up action plan for all contacts with a rating above a certain total.

Getting Started with Networking

If you're forming a new enterprise - or simply want to "re-boot" your current small business - the best way to start is by finding essential advisors and resources via networking.

Basic networking contacts start with the types of services that every enterprise needs: accountants, bankers, insurance agents and lawyers.

Small business leaders and entrepreneurs should feel comfortable calling on business leaders they respect to get referrals for essential advisors that help every enterprise.

Basic Networking Referrals

- Accountant / Accounting System
- Banker / Bank
- Insurance Agent
- Legal Counsel

As you will learn, these advisors often become more than just business associates to entrepreneurs and small business owners - accountants, bankers, insurance agents and lawyers who help these leaders often become personal friends. The business leaders you contact when you're networking will respond positively when you ask for references to the advisors they use, because this could be an opportunity for their friends to generate more business for themselves. *Business leaders you contact as part of your initial networking efforts will be delighted to put you in contact with the advisors who have helped them succeed.*

Because this is true - because business leaders are typically only-too-happy to refer their friends who are their accountants, insurance agents and lawyers to potential new clients - you should feel empowered to contact the business people you respect the most in your community to ask them for referrals. This is the easiest "cold call" to make - even if you've never met this business leader, you'll find that most often they will respond with a referral.

Not only will this give a list of appealing referrals to key advisors - this positive interaction with the business leader you respect will create a new network contact, one that you can then use for more advanced networking.

More Advanced Networking

Once you're comfortable with your networking skills, you can move to more advanced networking. More advanced networking typically has a business-building motivation:

- meeting prospective customers;
- learning about prospective business opportunities;
- meeting prospective joint venture partners;
- meeting prospective acquisition targets; and/or
- meeting prospective investors.

This type of networking typically requires you to bravely "get out of your comfort zone" - although, as we just reviewed, there are ways you can create a "warm contact" with respected business leader that provides you with an opening to complete this more advanced networking.

As indicated above, the critical component of successful advanced networking is prompt, proactive follow-up. You are more likely to get a positive response from your networking contacts if you are diligent about following up with a "Thank You" . . . and by maintaining positive contacts over time (including responding to their requests for your contacts!).

(Note: please make sure your Thank You notes / emails are mistake-free. Proofreading is essential!)