

A Referral Machine

The Power of Structured Networking Groups

Ask any entrepreneur, sales representative or professional and they will tell you that the best source of business is referrals. These little nuggets of business gold are far more reliable and far less expensive than any other source of business.

Ask these same business people and they will also tell you that finding a reliable source of referrals, however, can be one of the biggest obstacles to growing a successful enterprise – probably second only to finding good help. This is not to say that referrals never occur. They do. But they do not always occur with the consistency upon which one can rely.

The initial problem for today's businessperson is that our society tends to be more transient. Our grandparents lived in a world where everyone was intimately tied to the same few city blocks for literally generations. People watched the young child grow, marry, become a parent, and then a grandparent all in the same neighborhood. Today, we can live in a house for years and have neighbors we will never meet.

Additionally, society is now naturally more disconnected. Years ago, business was conducted on Main Street America, where the attorney, banker and baker all were in tune with everyone's lives. Today, with improved highway systems and consolidating businesses, our lives – both personally and professionally – tend to be 'far flung.' Business people can wake up in a bedroom community and, after a quick cup of coffee, scatter to the four corners of the compass without knowing that potential business is two doors down.

To rectify the situation, business people have attempted to actively network themselves – endeavoring to circulate themselves among like-minded others.

But these efforts are difficult to sustain, as it is nearly impossible to coordinate consistent connections among various similarly situated business professionals. Although these efforts may yield results, often business people complain that the results are simply not commensurate with the effort expended.

To overcome uncoordinated business lives, business people join civic or trade organizations. In droves they become part of the local chamber, trade associations, Rotary, Kiwanis and other similar groups. These are all wonderful organizations and great for coordinating the schedule of today's busy entrepreneurs, sales representatives and professionals. The problem, however, is that these organizations, as great as they may be, are not geared to facilitate the generation of referrals amongst the membership. As a result, oftentimes business people become frustrated as their expectations are not in alignment with the objective of the organization.

“Structured networking works. Individuals can and do build their entire marketing plans around referrals from their fellow members in these groups.” - Frank Agin, AmSpirit Business Connections

Finding a consistent, reliable source of referrals is perhaps just one of those daunting and seldom conquered business challenges, right? Not necessarily. Enter the concept of the structured networking group. A structured networking group is an association of entrepreneurs, sales representatives and professionals that meets periodically, usually weekly. These business people assemble in an organized setting for the purpose of learning about one another's business and respective clients on an anonymous basis.

In this environment, professional relationships are forged. That is, members get to know, like and trust one another. And as a result, referrals are exchanged among participants. For example, the accountant's clients are also potential clients for the attorney, banker, realtor and financial advisor. He or she can refer them on to these other professionals when the opportunity presents itself. In exchange, these other professionals endeavor to do the same for the accountant with their clients.

Almost equally interesting with the concept of structured networking is that businesses actually exist to assist business people in establishing and maintaining groups – charging a fee for membership. One such business is Columbus, Ohio-based AmSpirit Business Connections, headed by former business attorney and consultant, Frank Agin. Agin and his team of Area Directors have a combined 25-plus years of assisting business people to establish and maintain structured networking groups.

According to Agin, the success of a structured networking group hinges on a couple key factors. The first is structure. “These meetings are not simply another open house or mixer,” states Agin. “They follow a prescribed meeting format where

everyone is provided an opportunity to talk about their business and the referrals they seek.”

Equally important to structure is accountability. Agin remarks that “members commit to consistent attendance, doing business with each other whenever possible and aggressively promoting one another amongst their respective networks.” Those not able to comply with these guidelines are politely asked to discontinue their membership.



According to Agin, however, this happens less often than one might expect. “Structured networking works. Individuals can and do build their entire marketing plans around referrals from their fellow members in these groups. Given that, it is in everyone’s best interest to ‘play by the rules.’”

Can one start his or her own group without the assistance of an organization like AmSpirit? “People ask me this all the time,” Agin replies. “The simple answer is, certainly.” In summary, just as one can sell their own house or invest their own money, anyone can create and maintain his or her own structured networking group. Agin is quick to point out, however, “Just like selling a house or investing money, people generally fair much better with professional assistance.”

Is the cost of membership worthwhile? The average cost to participate in a proprietary organization, such as AmSpirit runs from \$20 to \$30 per month for each member. Certainly at this level, the cost is far more competitive than most any other form of marketing. In addition, for most business people, an entire year’s membership fees could be more than recouped by business from a single referral.

Organizations such as AmSpirit cite some remarkable results. Some of their groups have been in existence for well over a decade. While the average group size is approximately 15 non-competing business professionals, many groups have memberships that exceed 25.

Most impressive is that several members boast that they receive so many referrals that membership in their structured networking group is the only real marketing they employ. No Yellow Pages advertisement. No telemarketing. No direct mail campaigns. All their business is generated through referrals.

Whether or not you consider aligning with a proprietary organization like AmSpirit or forming one on your own, the tremendous power to becoming involved in a structured networking group is something to consider. For more information on structured networking groups, conduct a search on the Internet. For more information on AmSpirit Business Connections visit www.amspirit.com or e-mail Frank Agin at frankagin@amspirit.com.

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