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The Dynamics of Running a Network

I truly believe there is a science—however inexact—of keeping a successful networking group powerful. It's something that requires a lot of thought from its members and a steady and creative input of energy and new ideas. Ideally, the members have to feel a devout passion for the platform. The meetings have to be fresh, moving, insightful, and attended by guests who can bring value. A networking group is organic, and it is constantly evolving. How it evolves has to do with the intellectual capital and effort of its lifeblood—the members themselves.

Many small business groups don't understand what it takes to form a team that networks its members. Their meetings are loose, disjointed, and unfocused, and, in many cases, attended by individuals whose orientation is geared principally toward aggressive solicitation. It's essential to fully understand what works and what doesn't.

GET RIGHT TO THE POINT—BREVITY RULES THE WORLD OF CONTACTS

There is a group called the International Executive Resource Group, or IERG. It has a membership of more than three hundred individuals, all of whom held senior positions at internationally

based companies, mostly Fortune 100 firms. Many members served in venues such as India or China or Britain, all over the world. I was asked to speak to the group, and the day I appeared, there were about sixty people in the room. One was formerly the CEO of Eastman Kodak's metal division in Great Britain. Another was head of sales for IBM's laptop division in China. And so on. These men and women all were experienced businesspeople, but they were now all looking for jobs.

But at the meeting, I realized that while all these people came from a sophisticated corporate environment, they had an extremely narrow view of the networking world. Mostly, they had lived in a world of corporate executives, replete with the commensurate business perks. Few had been out on their own, functioning as entrepreneurs, meeting a payroll, lying awake at night, worrying about where their business was going. Perhaps they had a list of contacts, but it was narrow casted, skewed toward their specialty. Few had ever had the need to become real rainmakers, real networkers. Their mentality was that they were the hubs of the wheel, and people looking for business always solicited them—not the other way around. They had probably burned bridges in the past, and now that they were in transition—or more bluntly, out of work—they were no longer the hubs. Just shaky spokes in the wheel. Now they were the ones hoping someone in power would take their phone calls.

Before I even addressed the group, I discovered a sense of desperation in the room. The attendees were so hungry to find jobs that they did not have a good sense of how they were selling themselves. I knew they hadn't organized or updated their databases; indeed, if they even had them at all. I knew they had no sense of collecting business cards and putting them to use by carefully organizing and amending them.

At the end of my speech, I mentioned that anyone could chat with me, and I'd be glad to listen to what they do and to help open

up some doors. The following day, I received about seventy résumés via e-mail. Well, I wasn't going to read everyone's curriculum vitae. I didn't have the bandwidth to do it, nor the interest. So I began thinking, "These executives really don't have any idea how to organize themselves. They barrage people with their résumés, and people just don't read résumés."

So the next day, I called up the fellow who ran the organization, and I said, with my usual directness, "I hope you aren't offended by my being so forward, but I don't think your group is anywhere near as effective as it should be. I came up with an idea for your group. For what I believe will be a very effective marketing tool. If you agree, and you do what I suggest, I will take that tool, and I will send it out to my database."

He was still listening. I asked him to put together two pieces of paper for me. And on the two pieces of paper, I wanted the following headings: CEO, CIO, COO, CFO, CTO, Head of Sales, Senior VP, and so on. I was careful to warn him that under those headings, I didn't want names, addresses, e-mail addresses. I didn't want to know how many dogs these people had, or where they lived, or how many kids they had, or their weekend hobbies. All I wanted to know was, for example, if under CEO, you had that gentleman from Eastman Kodak. Then you would put him under CEO: The listing would read, "Eastman Kodak, Metal Division, Great Britain." And then you had the guy who was head of sales for IBM. He'd be listed under the Head of Sales category, "IBM, Laptop Division, China."

When he was finished, I was going to have a list of fifty former CEOs, forty-nine former CFOs, forty-nine former Head of Sales—a very succinct list, based on their affiliation. I then sent out that list to my database with the following note:

"I recently had the pleasure to speak in front of a very engaging, very accomplished group of business professionals that were associated with Fortune 100 companies at the most senior

of levels. All these individuals are currently looking to buy a company, reside on a board, and/or get back into the game. I thought I'd share this list with everyone in my database, and if there's anyone who would like to meet any of these individuals, I'd be glad to facilitate an introduction."

I received 250 responses. Two people were hired as CEOs from it. Some people wound up on boards. And then I got calls from people, like a lawyer in Florida, who said to me, "Jeff, this is such a great idea; this is amazing. Do you mind if I send it out to my database?" I said, "Mind? Of course not. It makes you look good—you're going out of your way, you're trying to connect people." He did it. He got an excellent rate of response.

I have been asked, "Why do you do these things? Why do you go out of your way?" My answer is, "Think about it for a second. First of all, the effort was nominal. The others did all the work. All I did was write a little paragraph, I pushed the send button on my computer, and it went out to all these people. Also, the fact that all this good stuff happened means that all these accomplished people that had great affiliations probably think well of me. In the future, when I send them something via e-mail, they're going to read it. And perhaps if they hear of a financing deal, or a financial transaction, they will give me a call. I've created opportunity, and if nothing comes my way, I enjoyed doing it anyway. I did the right thing. And, in the end, I created a positive perception of myself."

VETTING THE MEMBERSHIP—AND HELPING MEMBERS STAY MOTIVATED

It would seem glaringly obvious that to be part of a good network you need good members. What is expected from someone

to be a good member? It is sometimes very difficult to predict whether a member will be effective and will contribute. The board and the existing members try to ascertain commitment by asking some perfunctory questions during the admissions process. The three basic questions commonly asked are:

- Will you attend meetings?
- Will you introduce other members to your business contacts?
- Will you bring qualified guests?

Of course, prospective members always say yes; however, many don't deliver. I often reflect on why some individuals perform worse than others do and have concluded that reasons range from selfishness to simply not understanding the power of the team. Me-oriented thinkers are usually suspect when it comes to networking skills, and in many cases, are too selfish to be taught. Whereas, the better performer is sensitive to others' needs, is a long-term thinker, and will always consider the possibilities.

**Rule
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Engage in we-thinking and not me-thinking.

The basic questions for a potential network member are better framed in this manner:

- How serious are you about making a commitment—in both time and energy—to this group?
- Will you be generous in making introductions between the group and your business associates?
- Do you have enough contacts in your business circle to

bring guests who may have a significant impact on our group, and possibly even join at some point?

Some of the answers to these questions might be self-evident by the individual's degree of success. What isn't obvious, however, is the willingness to share.

Some of my fellow board members emphasize the company over the individual. Their theory is that big-name companies automatically produce great members. This is a dangerous assumption when it comes to building a networking group. In practice, the size of the company does not matter; it is always the individual who participates at the meetings who distinguishes a good member from a bad member. I've seen terrific people from small firms and terrible ones from large firms. There seems to be no particular pattern.

At one time Turner Construction was a member of the Metropolitan Business Network and one of their senior executives was the participant in the group. Turner is a highly regarded construction management firm with substantial building projects all over the country. One would think that it would be a real advantage to have a company like this one represented in your group. It's the equivalent to landing a Wal-Mart as an anchor tenant in a shopping center. But the reality was that the firm was a significant underperformer. The senior executive representing Turner rarely attended meetings. He was remiss in returning phone calls and wasn't great in making introductions. Perhaps a different senior executive from Turner would have been a better choice.

After many years of being on the board of a networking group, I have learned many of the key principles of evaluating a potential member.

If you already are a part of a group or you're considering start-

ing one, you should consider the following points when evaluating new applicants:

- ▶ Did the person go out on his or her own to meet with the membership? If you have to prod the individual, then he really isn't interested enough.
- ▶ After the applicant met with members, did he make any introductions? It may seem presumptuous to assume that after a single meeting the individual will begin to make introductions. However, if they do, it's already a positive sign. I often make introductions after I meet somebody for the first time. Some people believe that you take a big risk by introducing someone you don't know. The fear is understandable because the person is thinking, "*What happens if it doesn't work out? They will blame me. It probably isn't worth it.*" Many times I have had advisers tell me that making introductions is a no-win situation. If something good comes from it, the client won't appreciate it; and if something goes wrong, they will take the blame. This type of thinking is just wrong, narrow-minded, and completely contrary to the basic precepts of networking.

When I introduce someone I only know casually, but have a positive gut sense of his personality, I generally qualify the introduction by saying that I *believe* there is the possibility for synergy between the two of you.

Rule
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Don't be hesitant to introduce two people who appear to have synergy. If your gut feeling is positive, go with it. Savvy businessmen will vet each other's credentials on their own.

Essentially, I make the introduction with disclaimers and mitigate the risk to me if it doesn't work out. If you're candid when you introduce people, then both parties will remember it.

- Does the prospective member have a credible background? Is he well regarded in the business world? (Finding out what boards and charities the person serves on is usually a good indicator of how much outside energy and time the applicant will have for your group. The very best performers have an insatiable appetite for this kind of work, and the "busiest" people often are able to make time for additional causes without complaining.)
- Does he or she have a reputation for delivering quality service?
- Is the applicant in a position to make valuable referrals to other group members?
- Does the applicant voice his or her opinions? Will he make suggestions to improve the group or help it run more smoothly and efficiently?

MONITORING THE MEMBERSHIP ON A CONTINUING BASIS

Being a member of a networking group is like being a member of a team. In baseball, the individual's batting average, RBIs, on-base percentage, and how well he fields his position are the criteria that distinguish a great player from a mediocre one.

In networking groups, the evaluation starts with attendance at the meetings, contribution by bringing valuable guests, business contacts introduced, and business conduct.

On a baseball team, there are the heavy hitters (the top of the order and cleanup), and then there are the average and light hit-

ters that bat eighth or ninth. In networking groups, there are a few cleanup hitters and many average batters. The group's effectiveness is predicated upon making trades or not renewing members that don't contribute. The board must formulate definitive rules and membership criteria.

The process of not renewing a member can be difficult and at times awkward. It is essential that the members understand the expectations and obligations of the group. If they are not performing to the mandated standards, there should be a methodology in place whereby they are met with and advised of their subpar performance. If they do not raise the level of their contribution within an agreed amount of time, then they should not be renewed. Interestingly enough, the very person who has not attended meetings and has shown an overall lack of interest may be extremely disappointed when asked to leave the group. Hopefully, the warning meeting will mitigate hard feelings.

BOARD MEETINGS

If a member accepts a board position, he or she has to be a cleanup hitter. It is a much greater commitment, and the individual has to really understand the dynamics of networking. Prior to every meeting, we conduct a board meeting. We plan the agenda, evaluate the membership, and are constantly trying to think of ways to improve our overall performance.

The board carefully monitors the members' performance. If a member misses multiple meetings and isn't contributing, the member is asked to come to a future board meeting to discuss their performance.

I am proud to say that my networking group—the Strategic Forum—has become a paradigm of a flourishing, well-managed organization.

THE STRATEGIC FORUM (SOUTH FLORIDA CHAPTER)

It's very funny how things sometimes develop in life. I move to Florida and start commuting back and forth. When I'm there, I spend my time running around meeting people, shaking hands, and developing relationships.

I started collecting some great talent. Florida is full of entrepreneurs who sold their companies and now are looking for a lifestyle that's better. I decided to throw a dinner forum and sort of created a similar venue as the Strategic Forum in New York. Morton's had a great private room and on three separate occasions I organized this event. One of the guests introduced me to his brother, Seth Werner.

About a year and a half ago, Seth Werner came to New York and attended one of our meetings. Seth was formerly CEO and founder of Mortgage.com and is currently the CEO of Cypress Creek Capital, a company affiliated with Bank Atlantic in South Florida.

Seth, a former "YPO-er" (Young Republican Organization), was really taken by the dynamics of our meeting. In fact, he coined the phrase "the Strategic Forum is YPO on steroids." Seth suggested to me that we have to start a chapter in South Florida and that he would like to be a founder with me. I was considering a Florida branch, but I definitely needed help to make it happen. Shortly thereafter Seth called me. He took it on his own to contact Dr. Randy Pohlman, the dean of the Nova Business School. Seth was able to convince Randy to have the school donate its brand-new conference room for our meetings. The give-back to the school would be that once we had a significant membership, students would be able to audit our meetings and learn about networking as a curriculum add-on for the first time in a collegiate setting. I said to myself, *Wow!*

Seth created a nucleus around five individuals, including myself, to be on the board and turned this idea into a reality. One year later, we have twenty-five members. Their résumés are truly impressive—i.e., former president of Continental Airlines, former CEO of Office Depot, former CEO of GNC, publisher of *The Miami Herald*, and two prominent authors to name a few. The business transactions that had been introduced have been substantive.

One example that resonates with me involves an introduction that I created. I was introduced by one of our members to a gentleman named Bob Diener. Interestingly, Bob and his partner started a small travel company with \$1,200 and, ultimately, sold it. You may be familiar with it: Hotels.com. Anyway, coincidence would have it that Michael Rapp, the chairman of Broadband (a New York Strategic Forum member), was retained by a company in China (Elong) that happens to be in the same space as Hotels.com, and Michael was engaged to raise \$15 million to fund growth.

During my meeting, I mentioned Elong to Bob, thinking there may be a synergy. I created the introduction. E-mails ensued, and a year and a half later Barry Diller's company, which acquired Hotels.com, bought Elong, which ultimately turned a \$100-million-plus transaction.

Twenty students filled out applications for the South Florida chapter and wrote an essay to participate. Fifteen were picked. The meetings were lively, and students learned some things they were not taught before.

The alliance with Nova University has been so successful that we currently are talking to some New York universities to create a similar dynamic. Recently, a good friend of mine was so impressed by our group dynamics that we are planning to start a chapter in Philadelphia.

The group is now accomplished enough that a new member begins with a “provisional” membership, which typically lasts a year. This is not our arrogance showing; it’s merely a way to send a message that you’re expected to be an active contributor. If you’re not, you’re not helping yourself or anyone else, and you’ll be asked to leave.

THE FACILITATOR AND THE ADMINISTRATOR— TWO KEYS TO AN EFFECTIVE NETWORKING GROUP

One of the more difficult tasks is to find an individual who can both run the meeting well and nurture the membership. Since the members all have their own businesses, it is ideal if there is a paid facilitator. The facilitator’s skill set should include having an outgoing personality, being well organized, and being sensitive to monitoring the members’ performance. The facilitator should periodically meet with each member and gather his or her opinions and issues about the group’s performance. The administrator performs the housekeeping chores (e-mails, scheduling, news, and so on), and the board delegates to the administrator all the day-to-day operations of the group.

An effective facilitator would know how to prepare and lead guest presentations as well as to cut them off when the guest is speaking too long or is not on point or stimulating. If a member is ineffective or isn’t meeting the expectations of the group, the facilitator should be dispatched to motivate the member. However, in most cases an unmotivated member generally doesn’t get better. Remember that the facilitator is paid by the group and should be directed by the board. A facilitator who insists on doing things his own way is not serving the board or the members and should be replaced.

MINIMEETINGS HELP MEMBERS STAY CURRENT

At the Metropolitan Business Network, we frequently break the group into minimeetings. These meetings are in addition to the regular meetings. Usually a minimeeting will involve six to eight members, but it can be as few as three or four. (The number of participants doesn't matter, *if* the meetings are run properly, if there's a facilitator that makes sure that you're pulling people out, that you're getting them to speak, and that you're engaging people so that nobody is left out. That's why a facilitator is beyond essential to make a group work.) These smaller groups facilitate an open and more intimate give-and-take between the members. Individual members can articulate what they are getting from the group. It can also be a forum to critique how the network is generally working. Whoever is running the minimeeting (generally a board member) records all the observations and reports this information at the next board meeting. Minimeetings are a great way for a member to air grievances and to suggest improvements. The dynamics and interaction in a smaller group are more intimate and provide an opportunity for individual members to get to know each other better. Generally it is a good idea to select the attendees of the minimeetings from dissimilar business categories. Network groups have a tendency to break up in cliques where business synergies exist. The minimeetings are an opportunity to cross-pollinate among members who usually don't interact.

PREPARING GUEST SPEAKERS

One of the best ways to keep your membership engaged and motivated is to schedule luncheon or meeting speakers who are

dynamic at the podium. It's important to opt for candidates who are good presenters, rather than to simply invite name speakers who may not be motivated to prepare crisp, clear, well-organized presentations.

There is a reason the heads of major corporations have speechwriters. There is a reason that CEOs—and other senior managers—of public companies hire expensive training consultants to teach them the rudiments of presentation and speaking skills. Surprisingly, many successful people present poorly. One reason is that they've never taken the time to learn how to reach hundreds, or even thousands, in a single audience. Why? It's not on the list of executive skill sets, and it's probably not a priority at Wharton or Harvard Business School. (In fact, I know of only one course in speechwriting, which is taught at the graduate level at Columbia.) These people are so busy climbing the corporate ladder that they never wonder whether they can speak effectively in front of a large group. It's just not a requirement of a high-level job description, though after watching dozens of terrible speakers drone on for hours, I think it should be.

At one of my network group's meetings, all our guests are briefed in advance by their host. We want to be sure he or she knows what our audience is interested in and that they should stay on message. Despite hearing this sermon, when the curtain goes up some guests still speak ineffectively. A group must have somebody that leads the guest during their presentation and frames or steers them to maximize their effect on the room.

Recently, I invited a guest who was a pioneer in the cell phone industry and is currently a venture capitalist. I told him that when he presented he should tell the story of the genesis of the cell phone and then elaborate on what he is looking for now. I told him to be prepared to answer tough, probing questions.

Instead, he gave his audience an itemized list of all his investments over the years. There was no story line, and the atmo-

sphere in the room was deflating. I immediately jumped in and said, "Irv, excuse me. I have had the pleasure of knowing you for

member's business. Lastly, each member at the podium often gives a surprisingly accurate picture of the larger economy's ebbs and flows. Often, these snapshots are better indicators of what's to come than the many pundits who are quoted in the nation's business media.

THE ANNUAL CHRISTMAS EVENT

It is important to put some fun in your work, especially your networking work. Every year our networking group has a holiday party, and it is one that makes a difference. In addition to being a relaxing and happy affair, it is also very productive. The board picks a member who has been an outstanding contributor to the group during the year and asks him to choose a New York-based charity he has a particular affection for. Essentially, a productive member is being rewarded for all of his or her efforts.

The board asks the entire membership to reach out to their contacts to solicit donations for prizes to be auctioned off. The items have ranged from airline tickets to free dinners at prominent restaurants. One year, I came up with an offbeat raffle idea: The members would submit a picture of themselves as a child. The pictures were numbered and placed on a large easel. Members filled out a ballot, guessing which picture aligned with each member. The one who had the most correct guesses won a pair of airline tickets. The Christmas event is a nice way to end a productive year.

THE YEAR-END REVIEW AND TALLY

During the last regular meeting of the year of the Metropolitan Business Network, all of the members are asked to recall busi-

ness created through introductions from the group. They are also asked to specifically acknowledge the individual who introduced that business to them and the total revenues received for the year. Every year since I have been a member the amount has increased. Last year, the total reported was \$20 million. Formal networking really works.

