



# Networking is Dead

by John D. Callos

Many bankers will readily spend their weekends doing extensive credit write-ups and industry risk analysis, but ask them to develop new business and their prickly glare says it all: “I didn’t go to school to be a salesperson!”

## Attrition is inevitable

Face it. Despite our best efforts at retention, there will always be client attrition. Certain industries become high risk and must be exited. Clients move out of the area. The new CFO decides to bring her previous banker along with her and now you’re out. The need to add new clients—not just getting more business from the same ones, but actually adding new names to your client roster—is both universal and perpetual; we can never stop developing new clients. Without a steady stream of new clients in addition to repeat business from existing clients, banks are subject to the same economic reality as any other business

enterprise. Due to the inevitability of client attrition, if your bank isn’t growing, then it’s slowly dying. If your portfolio is declining, what should be done?

## Rally the troops?

Most relationship managers go to the bank’s annual planning offsite and listen intently to the requisite business development speaker to get them fired up about ‘networking’ and other means to beat the bushes for new business. These one-time inspirational pep talks are predictable if nothing else: they fail to consistently produce any lasting, meaningful results. Why? Because these polished pep talks don’t result in any significant change other than a momentary motivational ripple that quickly dissipates. When Monday morning rolls along, the handouts, along with all those great intentions, disappear under a pile of credit write-ups, compliance circulars, and urgent phone messages.

So what should one do to motivate bankers who bristle at the slightest mention that they are responsible for helping develop new business?

The answer is simple. Don't try to "motivate" them and please, don't send them to traditional sales training classes. Forget about the conventional 'networking' events and social mixers as a core strategy for developing new business. Sure, everyone stumbles upon some business from time to time, but the overall results from these activities will rarely justify the cost in terms of dollars or time.

### **Referral Building is the answer**

Now let's be clear: referral building is not networking, bank-sponsored wine tastings, luxury sports boxes, golf outings or genteel mixers in your conference room with estate planning attorneys and CPAs. It's much more personal than that.

While many bankers find cold calling to be distasteful and undignified, they absolutely love referrals from clients, friends and colleagues since they are passed along with the implied endorsement of the referrer.

Before we take the plunge on many key decisions, we often seek to mitigate the risk of a blind, untested experience. We want the opinion, the advice and the referral of a trusted friend or colleague. There's no debating that referrals are the best source of new client relationships. But how do we ensure that people will remember to refer us when they learn of an opportunity?

### **Start with your clients**

Networking and collecting business cards simply does not work. It's a very low return on time—in fact—usually a total waste of time. Instead, start with current clients. The lowest hanging fruit is ripe for the picking and it's in plain sight. Yet most professionals make only a half-hearted attempt at harvesting the mother lode of all new business opportunities.

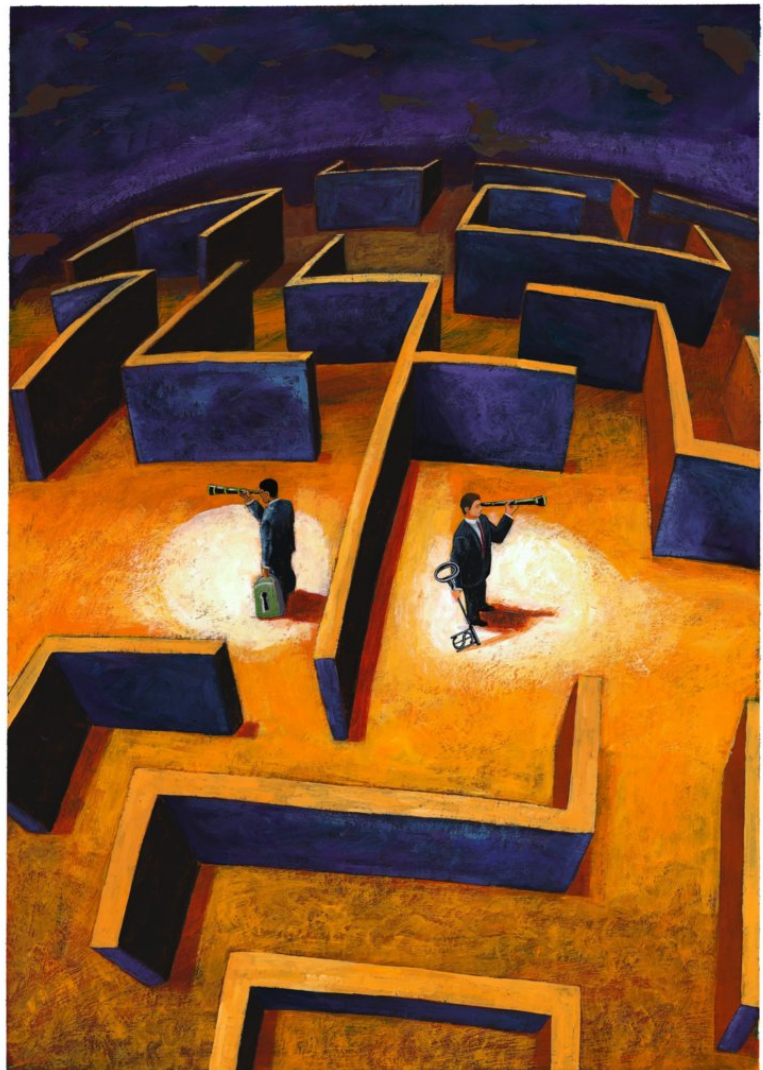
### **The best (quick) source of new business**

The best source of new business is always going to be a referral from a delighted client. These client relationships can be easily leveraged into referral relationships. In fact, 86% of clients surveyed said that they'd gladly make a referral, yet only 12% recall being asked

within the past year. Therefore, before one leaps in pursuit of numerous networking and referral building strategies, the first thing you should do is to pay attention to your existing clients. Once existing clients have been effectively mined for opportunities, it's time to start the external referral building process.

### **Referral building is the answer**

Referral building is the process of developing relationships with a group of like-minded professionals that share a common level of trust and respect. So much so, that they are happy to attach their name and reputation to the person they are referring. This endorsement serves as an implied stamp of approval and results in an opportunity that has a significantly greater chance of converting into a new client than does a 'hot tip' or a 'lead' from a networking contact. The masters of referral building are called Referral Rainmakers<sup>SM</sup>.



## So what's a Referral Rainmaker?

We've all seen them. They're the ones who develop more business than they alone can handle. Typically, they consistently create enough new business to keep several other people busy. And they do this year in and year out. And when it comes to their Rolodex, they don't operate under the misguided notion that bigger is better. They understand that more business cards does not equate to more referrals.

Referral Rainmakers<sup>SM</sup> are the most highly evolved and specialized business development practitioners in the banking industry. Referral Rainmakers<sup>SM</sup> share some common traits.

- They are the primary developers of new business for their region. Year after year, they will consistently develop more new opportunities than 90% of all other relationship managers in the region.
- They are some of the highest paid in the bank.
- They are relentless at follow-up.

## A timid request or a candid discussion?

The key to referral building is to develop a group of people who understand what we do, how we are different and why others should be doing business with us. But referrals won't happen simply by making a timid hint at the end of a 90-minute lunch to "keep me in mind." Sure, they say they will, but this rarely works. It's time to stop kidding ourselves and to start focusing on a high-leverage, high return-on-time (ROT) approach to business development. It's time to have a conversation with each of your referral sources about their role in helping you build your business and your commitment to helping them build theirs.

## Guard your time

Referral Rainmakers<sup>SM</sup> don't waste time with referral wannabes seeking free lunches, golf and good times. These are all fine for friends and family, but don't delude yourself into believing that outings with these Good Time Charlies are a "referral source call." They are not.

Who are these good time free loaders? Good Time Charlies will rarely, if ever, deliver a solid business referral. Here's the acid test: in the past two years of actively working with this referral source, have they presented you with an opportunity that you ultimately landed as a new bank client? If not, then you should seriously reconsider whether or not the relationship should be continued. We argue that in most cases, such people should be eliminated from your Rolodex of referral sources.

## Not all referrals are created equal

Some referrals are not referrals at all. In fact, often they can be a total waste of your time. You'll know if it's a bad referral because you'll start to squirm in your chair. Your mind will be wandering during the meeting and you'll be wondering how you ever got into this mess and how quickly you can get out! The best referrals are from people who really understand your background and skills, why you are different and how you've helped others in the past. Referral Rainmakers<sup>SM</sup> don't make time for meetings that aren't a good fit, and they don't feel that they owe it to anybody to go on a meeting simply because it was a referral.



### Are they a bon fide referral source?

Ask yourself these questions: Have they given you a warm referral in the past year? Do they send you referrals that are a good fit or have they been a waste of your time? How many actual client relationships have resulted from this person? How much time have you been investing in this person? Has there been an adequate return on your time? Do they really go the extra mile to personally introduce you? Do they offer a “warm endorsement” or just an introduction?

### First steps

So before you ask someone to start planning for the firm’s next wine tasting event and social mixer, the

first thing you should do is to focus everyone on referral building efforts within your existing client base. And rather than a meek reference to “keep us in mind,” one must specifically engage the client in a referral building conversation.

This conversation should include agreement around mutual expectations for referrals that fit within your target market, your current credit box as well as the expectation for a personal introduction and a warm endorsement.

This strategy is not only on the most direct critical path to quickly landing new clients—you just may save a couple of cases of wine for your celebration dinner!

