

MI Ivan Misner

Jaime: Welcome to Millionaire Insiders. I'm Jaime Tardy and I'm really excited to have Doctor Ivan Misner back on the show. He is the referral king - he knows everything about referrals considering he runs and founded BNI, Business Networking International, with 6,700 groups all across the world. Thank you so much for being on today.

Ivan: Thank you. My pleasure. BNI stands for Business Network International.

Jaime: What did I say?

Ivan: Business Networking.

Jaime: Darn. Business Network International. Thanks for clarifying. We were just talking a minute ago and I was telling you a story because, since you know referrals really well, and I've used both not so good ways at getting referrals when I first started and much better ways now, I want to find out what your tactics are and I was telling you this story about something my mentor made me do. Now, I love my mentor so much, he gave me so much great advice - he made me cold call and get out of my comfort zone - but one of the things he made me do was icky.

Ivan: That's the technical term?

Jaime: That's the technical term, exactly. You know that feeling where you're like 'I don't want to do this.' Not the discomfort, but the feeling that you're going to put somebody else off if you do it. I invited a friend and he said 'You need to get them to write down three names that could be possible referrals with their phone numbers.' I'm going 'That doesn't feel comfortable to me. I would feel bad if I was put in that spot.' So what I want from you is to find out what are some natural ways to ask for referrals that aren't going to put off your friends, because the whole point is having this relationship?

Ivan: Well you're right, you hit the nail on the head with the relationship. You really have to have the relationship. In the previous interview we did we talked about VCP so I won't talk much about that, but it's Visibility, Credibility, Profitability - you have to be visible and you have to establish credibility and you must be at credibility before you can get referrals. If you're not at credibility, if there isn't trust, people aren't going to give you that referral. Your mentor's suggestion is a good one but it was at the wrong time. I have people, all the time, say to me 'It never hurts to ask, right?' Yeah, it does hurt to ask - if you ask too early, it hurts to ask, because you're not only going to get a 'No' but they'll be thinking 'This is not going to be a good relationship because they're going for the sale before there's a relationship. They're asking for me to refer to a friend and I haven't even used them myself yet.' So it is possible to ask too early. I wrote a book called "The 29% Solution" which is an unusual title but you know the concept of six degrees of separation, how the whole world is separated by six degrees? By the way, it's not true - even the person who did the study found that only 29% of the participants were connected by six degrees.

Jaime: I saw Kevin Bacon and the guy who created that at South By Southwest a month ago. That's so funny, he didn't say that in the presentation. Keep going.

Ivan: You were at South By Southwest?

Jaime: Yeah.

Ivan: I live in Austin, you should have called me.

Jaime: I live in Austin. That's hilarious. We'll talk after about that.

Ivan: So it's about the six degrees of separation and even Stanley Milgram realized that only 29% of the participants were actually separated by six degrees. So what does it take to be part of that 29%? In the book it's week by week - what do you do week one, week two, week three? For 52 weeks. We say that you've got to ask for the referral - but do you know what week? It's like week number 42.

Jaime: Wow.

Ivan: Yeah. So what happens is it's week number one - 'Hi, my name is Ivan. It would be great if you could refer me.' You're asking too early. You don't always have to wait until week number 42 but you have to wait until there's a relationship, until you're at credibility, because if you ask for referrals before you're at credibility you're not going to get the referral, you're going to get the exact opposite reaction of what you want. So you've got to wait until you've got the credibility, then when you ask for the referral you absolutely will get it. Let me give you an example - I have a friend whose name is Alex. Alex understand the importance of investing in the relationship. There's a thing called social capital theory and it's really the process of networking and building relationships and social capital is like financial capital - you have to invest in the relationship before you can take a withdrawal. Alex gets social capital so for about a year he would just reach out to me and give me some ideas and give me some support and I kept saying to him 'Alex, how can I help you?' and he would say 'Nothing. I just had this idea. I thought I would run it by you and see if it was of any value to you,' and I would say 'Yeah, that's a good idea.' He would do that every couple of months for a year and he ended up giving me some good ideas and he actually also gave me some services. I said 'Alex, I'm not after anything for free,' and he said 'No, this will help you,' and he gave and he gave and he gave. One day he called me up out of the blue and he said 'Ivan, listen - I have a favor to ask you.' I said 'Alex, stop.' He said 'What?' I said 'The answer is yes.' He didn't even tell me what the favor is. I said 'Two things - first, I know you well enough that I can't imagine you would ask me for anything that was unreasonable, and the second is that you've done nothing but invest in this relationship. You've given, you've given, you've given. This is the first time you've said 'Could you do me a favor?' The answer is yes - what do you want me to do?' He was shocked and I said 'You shouldn't be shocked. You've been investing in this relationship. What is it?' He told me what it was and I was like 'Are you kidding? I would love to do that for you. I'd be happy to do that.' That's the difference between 'Hi - would you give me three names? I know we just met but could you give me three names?' versus investing in the relationship. It's a whole different mindset.

Jaime: Definitely. The hard thing, though, is that entrepreneurs want everything now so when we start, especially when someone comes in and goes 'Okay, I need to grow the business, let's figure this stuff out,' and you said it doesn't have to be week 42 so what tips do you have for shortening the curve? I know getting to credibility is the point but is there any way we can get to credibility faster or better?

Ivan: Yes, there are things that you can do. I'll give you the longer term but then let me give you a shorter term thing. The long term thing is train referral partners - so when you're going to network events, teach people how to refer you. Don't ask for referrals yet;

teach them how to refer you so that they can be thinking ‘Oh, wait, I know someone who does that,’ and they can give that referral. So the process is about training referral partners, not closing sales. If you want to expedite the referral process, there are a few things you can do, one of which is when you’re meeting people for the first time, and we talked about this in our first interview, ask them questions, get them to open up. But here’s the one question to ask that I think will help expedite the process - when you meet someone and you say ‘Tell me about what you do. What’s your target market? What’s an ideal referral for you?’ once you’ve had a conversation going for a little while - don’t lead with this question ever - when you get towards the end of your conversation, say ‘What are some of the challenges that you have in your business?’ Now, if you start with that, people are going to go ‘Who are you and why are you asking me this question?’ but if you end with that, you’ll be shocked - people will actually tell you some of the challenges they have in their business. Now here’s your opportunity - it’s not going to work every time, by far - but here’s your opportunity to help them. they’ll tell you ‘One of the biggest challenges I’ve got right now is this,’ and if you’re a good networker you’re a connector, you have all of these contacts and connections in the world that you could put in touch with that person, so you can say ‘I think I may know someone who might be able to help you with that, their name is so-and-so, this is what they do, would you like me to make an introduction?’ If you are in fact connecting them, don’t use this to sell to them - ‘I can help you with that if you just buy my product,’ that’s not what I’m talking about. If you can actually connect them with someone it works. Let me give you an example - I was at a church function. I grew up and have lived most of my life in southern California. I’m a reasonably new Austin transplant. I was in southern California, it was a beautiful, sunny day in the summer, I was at a church event - I shouldn’t be networking at church, right? I’ll sidetrack - I think you should network any time, any place, but you must always honor the event. You must honor the event. So don’t walk around in church passing out your business cards - it’s not appropriate. But I’m at this church potluck function and I met a guy who I’d really been wanting to get to know, he was a very successful local businessman, so I started asking him questions. We got to the end of the discussion and I said ‘So what are some of the challenges you have in this business?’ and he said to me ‘You know, Ivan, one of the biggest challenges I have is I’m looking for a way to do charitable giving without having to create my own foundation because some years I have a lot of extra net profit and some years I don’t and I looked at creating a foundation but it’s so expensive to have your own foundation so I’m not quite sure what to do, I don’t want to have to give away all the money in a great year, I’d like to keep some of it back to use in a year that’s slower.’ I said ‘Have you ever heard of a community foundation?’ He said ‘What’s that?’ I said ‘Community foundations are big foundations and you can create a fund in that foundation and when you have a great year you can put as much money in it as you want and give it away over time,’ and he said ‘Oh my goodness, I have never heard of a foundation like that. Do you know of one?’ I said ‘As a matter of fact, my company is part of a community foundation,’ and he pulls out his business card, he gives me his business card, and he says ‘Could you introduce me to someone at that foundation?’ and I said ‘Yeah, I’d be happy to do that.’ So that week I connected him with the vice president of development of the California Community Foundation. Now here’s my question - if, a week or two later, I picked up the phone and called him and asked to meet, would he take my call and would he meet with me?

Jaime: Totally. In a week. There we go.

Ivan: That’s it. Because I did something that helped him. What we try to do in networking is we look at what’s in it for us, how can I increase my business, how can I make a sale? If

we look at it as ‘How can I help that person?’ it’s a whole different mindset and you’re much more likely to build a relationship by helping someone than by selling to someone.

Jaime: I love this, and I love the fact that you’re telling stories and you’re using it too. It’s not just us going ‘Well, what people should do is this, this and this.’ It’s ‘It works for me, so you should do it too.’ I really appreciate this. I know we have to wrap up so what’s one last tip or tactic you have for the ask of the referral? What words do we use? ‘Hey, will you help me?’ Do you ask ‘Hey, can I have a favor?’ because that, depending on where your credibility is, puts people on the defensive. Tell me more about that.

Ivan: The truth is that if you’re training people how to refer you, people are going to think I’m crazy, but often you don’t have to ask for the referral - because if you’re teaching them how to refer you, they’re out there listening and they’re going to come to you. Let’s say you’ve given people business, you’ve supported them, you’ve helped them, you’ve taught them how to refer you by talking about the kinds of referrals that are good for you and they still haven’t given you a referral. What I do is I sit down with the person and I’ll go through with them the referral’s that I have given them or the business I have sent their way and I’ll do it like this - I’ll say ‘I referred Charlie to you. How did that work out?’ I may know the answer to it but I want them to talk about it. ‘What about that connection I made for you? Has that been good for you?’ I would just go through two, three or four connections and let them share. Once they’ve shared the kinds of things that I have done to help them then, tactfully, I would say things like ‘You know, if possible, it would be great if you could find a couple of ways to maybe send some business my way or to support me. So here’s a couple of three things that would be of value to me - are you willing to do something reciprocal, if possible?’ At that point, you’ve just laid the ground work where you’ve shown them that you’ve been a good friend to them and you lay out a few things that they could do for you. It might be that they have a contact that you’re trying to get into - ‘A really good connection for me would be so-and-so, who I believe you know. If you could make that introduction, that would be really good for me.’ Laying it out like that is kind of a no-brainer and it will also tell you if they’re a giver or a taker because at that point, if they say ‘Oh my goodness, yeah, I don’t know why I never thought of that, I apologize. I’d be happy to do that,’ then you know you’ve got somebody who’s a giver. Sometimes we just get busy in our own world and we don’t think. If they say ‘No, I don’t think I can make that connection,’ then you’re giving business to somebody who’s never going to give business back to you, so find someone who will, who’s good at what they do - find someone to build that kind of relationship with.

Jaime: Beautiful. I said that was the last question but I have one more that came up - do you pay for referrals? I know some people give 10% or whatever - what’s your stance on that?

Ivan: I have a strong stance on that but some people think that it works and they want to do it, so who am I to judge? I never pay for referrals and I recommend that people never pay for referrals because then it becomes very mercenary. If somebody is giving me a referral only because then they get a kickback I can’t trust that it’s really a good referral. I tell members of BNI that it’s your business, you can do what you want, but I don’t recommend that you pay for referrals because you should be doing it not out of the kindness of your own heart but because of the relationship that you establish.

Jaime: It’s social capital.

Ivan: Yeah, it's that social capital. What clicked it for me for sure was seeing a real estate agent who used to give finder's fees to people. He was going to give the finder's fee from this great referral he got and the person said 'No, no, no - don't give me the money. I don't need the money. What I need you to do is take care of this guy because he's my best customer so I want him to get the red carpet service and if he's happy with my referral you make me look good and that's way better than \$100 or whatever it was.'

Jaime: Exactly. I have a story - I refer somebody who helps people with podcasts all the time and he's like 'Let me pay you!' I don't need your money - I love the fact that I have someone who I can refer constantly. Poor guy, I'm overloading him, but I love the fact that he takes care of everybody, no problem at all, and everybody loves him. I'm like 'Just do that, don't worry about me, I'll just keep sending them your way.' It makes me feel good, too, because I can help him out without having to worry about a couple hundred bucks in my pocket.

Ivan: Right. I also say sometimes 'If you know anybody who can also use my services I would appreciate a reciprocal referral if it works out,' and, guess what? It often works out because they know you're not in it just for cold, hard cash - you're in it for the love of what you do, helping other people, and you're helping them, no strings attached.

Jaime: I love this - we're bringing humanity to networking so that people know that it's fun.

Ivan: That's why I say that BNI is changing the way that the world does business, because when you think of American companies you don't think of collaboration, cooperation and giver's game.

Jaime: But we are, we totally are now. I remember when I was in BNI, that's the feeling that you get. Thank you for setting it up all those years back. So tell us where we can find out more about you and BNI - where we can find you online and all of that fun stuff.

Ivan: Your viewers can go to my blog - BusinessNetworking.com. I have hundreds and hundreds of posts up there, it's all free content, and of course BNI.com. You can get information on BNI and of course on Facebook and Twitter. I'd love to have your viewers come and stay connected with the stuff that I'm doing.

Jaime: We'll link up to everything so that they just have to click on a link and not have to remember anything. Thanks so much for coming on the show today, Ivan. I really appreciate it.

Ivan: My pleasure.