



Ivan Misner: Networking

Networking Trends: Education and Technology Are Key

The relatively new formal networking arena is poised to grow in importance--and entrepreneurs are still leading the way.

By Ivan Misner | November 14, 2006

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In the early 1980s, John Naisbitt wrote in *Megatrends* about the emerging importance of the formal networking process in society. Later, Tom Peters wrote in *Thriving on Chaos* that this "process can be systematized."

When you stop to think about it, these two statements weren't made all that long ago. Organized networking is a fairly new kid on the block. From the mid 1980s through the '90s, systems and structures began to emerge that shifted a lot of business owners from the single-minded focus of direct selling to a broader scope, which included relationship marketing and networking.

There are several emerging issues and trends surrounding the process of networking that are being created out of the need to find an effective way to develop business for entrepreneurs and salespeople in this new century. I'll address three of the most prominent trends that I believe will become more important in the coming years.

1. Online and face-to-face networking will both continue to flourish. I'm a proponent of online networks like Ecademy.com and others. I think they'll continue to successfully grow and help many of their members. However, they aren't the only answer to business marketing or networking--they're another great tool that helps people connect with others, especially outside their local geographic area.

On my blog, I recently had someone say, "I don't know that it's true anymore that referrals are about relationships." He went on to basically say that technology is changing the rules and that just participating on a website will be good enough. Well, in one word, I'd have to say he's WRONG!

Referrals are, and will be for the foreseeable future, all about relationships. Whether they're relationships built online or face to face, they're still relationships. People refer people they know and trust. They won't regularly refer someone just because they're listed on a website--that's called advertising, not networking.

Online networking works, but relationships must still be part of the process. Using the internet to exchange ideas, share knowledge and increase your visibility will be imperative in the coming years. Virtual networking is a trend that's really catching on in many circles.

Some people involved in face-to-face networking feel threatened, as if online networking is going to replace their tried-and-true system. Those who foretell the demise of face-to-face networking fail to note one important thing--the facts. Face-to-face networking groups continue to expand. The growth rate of my own referral networking organization bears this out. Since the internet first became popular in the mid '90s, my business has experienced a 1,186 percent growth rate. That is *not* a typo.

The more "high tech" business owners become, the more they really need to foster those "high touch" opportunities that face-to-face networking affords. Virtual networking can be an effective way to increase your business, and the internet is a great tool for staying in touch with those with whom you're currently networking, but I don't think it'll replace face-to-face networking in our lifetime.

Technology flattens the communication hierarchy and provides opportunities to improve--not replace--your networking efforts. People who understand this will use technology to take their marketing to new levels in the years to come.

2. Networking and social capital education will gain in popularity. Don't hold your breath for the colleges and universities of the world to begin teaching networking and social capital. At this point, there are only two colleges anywhere that offer regular, core-curriculum college courses on networking and social capital. One is at Davis College in Ohio, and the

other is at the University of Michigan. That's it.

College systems are behemoths of bureaucracy that are so far behind the curve of small-business development that I'm beginning to despair that they'll ever catch on. Most professors have never had a real job in the business world and are completely out of touch with what's happening in real life, especially in small business.

I predict that the current trend in networking and social capital education will continue to grow in the form of private professional training organizations in much the same way that private industry has controlled the educational market on sales techniques (another area that colleges fail miserably). Companies that are offering training series on the techniques and systems of networking, social capital and referral marketing are starting to pop up more and more, and many have very refined, polished slates of seminars and training sessions for business owners who want to learn how to harness the power of word-of-mouth marketing.

3. Small companies will continue to have the edge over big companies in business networking. For the most part, big companies are clueless about building sales through the networking process. They continue to teach salespeople traditional methodologies while relying heavily on advertising to create buzz. Mind you, there's nothing inherently wrong with these strategies. The problem is, big companies don't effectively add referral marketing into their processes.

When it comes to developing social capital and using the networking process, small business is king. Big business is slow to move out of the mind-set of splashy ad campaigns, big dollars spent on traditional marketing and the same-old same-old sales techniques.

If big corporations ever get it, watch out! But so far, they've been slow to act. Even programs like the "Do Not Call" registry haven't moved big companies into understanding how to train their people to network effectively . . . yet.

If big business does ever get it, they'll likely run over the little guys. They'll learn how to develop extensive networks, and they'll teach their salespeople about true relationship marketing. Most big businesses are just a notch or two above the universities in the "you can't tell me anything new" department. For now, there are only a few (and I mean very few) forward-thinking big companies who consistently apply these concepts. For the rest, it's a trend to watch for in the far distant future.

When my book, *The World's Best Known Marketing Secret*, came out in 1994, it was one of the few books that talked about networking. Now there are dozens, if not hundreds, on the subject. An entire industry has been born over the past decade that's now being codified and refined. Over the next several years, you'll see more and more about the importance of networking in building your business. It's developing into a science as well as a way of life.

And these trends are not just an American phenomenon, but an international one. Small-business development through the process of building social capital will continue to grow in the global market. No one has a crystal ball, but based on what I'm seeing and what I've seen in the past, I believe these are some of the key things to look for in the networking and referral marketing arena over the next few years.

