



DataStream

"Virtuality"

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Changing Your Tune

Learning Lessons from Network Marketing

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"People buy your music, not your words. Facts tell, stories sell."

— Brad Hager

What if you could adopt a style of marketing in your business, whether designer or contractor, that would virtually ensure a growing demand for your products and services, while simultaneously improving the professional skills and client-focus of all of your staff? Do you know a business owner who might be interested? Would you?

All across the country, people from all walks of life are attending meetings and seminars designed to help them start "home-based" businesses centered on some form of multi-level marketing. Known either positively (by the converts) and negatively (by the skeptics) as "network marketing," these entry-level entrepreneurial programs rely on building demand for products and services by continually expanding the growth of the network. New business owners are recruited into the network, and they in turn, recruit new owners to expand their "down-line." The most successful offer products and services that are consumed because they serve the intrinsic business (or personal) needs of the network, as well as the potential market for new customers, not because they need to be "sold."

Successful contemporary network marketing programs provide leading edge "in-demand" products and

services, and at the same time putting a strong focus on training and development geared toward the core business opportunity associated with the business. Market expansion can come from either "warm market" relationships (i.e., the people you know), but more likely is developed through "common market" connections (i.e., those potential customers who you or your staff interact with regularly as suppliers, sub-contractors, or affiliate businesses), and in developing "cold market" relationships through customer-to-customer communication programs designed to reach out beyond individual contacts.

Combined with a strong sense of community, enthusiastic recognition programs that celebrate both individual and group success, and a technology-enabled infrastructure, this new breed of network marketing groups are quickly building success stories that provide a model that can be applied to almost any traditional professional service in the building industry.

Viral Marketing

Much has been written on the subject of viral marketing; the expansion of the awareness of a product of service through word-of-mouth or referral, resulting in increased demand for

those same offerings. However, very few businesses are applying these concepts to their growth.

Malcolm Gladwell's book, *The Tipping Point* (Boston, Back Bay Books, 2002) provides many analogies through history of how "viral" communication enabled growth, and how certain types of individuals ("Connectors," "Mavens", and "Salesmen") provide important linkages necessary to build market demand. Identifying these key people is critical, but he makes it very clear that a regular discipline of relationship building is ultimately critical to success.

In *Unleashing the IdeaVirus* (Dobbs Ferry, Do You Zoom, Inc., 2000), Seth Godin, contributing editor of *Fast Company* magazine, and former President of Direct Marketing at Yahoo!, postulates that, counter to the conventional wisdom in marketing that attempts to control the dissemination of information in order to measure impact, the new business paradigm should focus on spreading information customer to customer rather than relying on only business to customer dialogue.

Contemporary network marketers use these viral methods to great success by not only building client-to-client

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discourse, but by rewarding their client's loyalty and their referrals. They add a regular discipline of expansion of their message (i.e., having as many people in the organization as possible presenting their opportunity to 3-5 new "potential" customers each week), and by providing on-going, regular sales and marketing (and management and motivation) training for all of their down-line associates (the equivalent of your staff). They leverage the power of positive affirmation and expand their knowledge base through continual learning (e.g., subscribing to a business-oriented "book-of-the-month" program—and actually reading and applying the information learned).

Real-World Lessons

Brad Hager, President of the Hager Marketing Group, is exemplary of this new generation of network marketers. His 5-year old organization currently includes more than 30,000 "independent business owners" and is growing exponentially. Hager's energy and enthusiasm is contagious, but what really sets him apart from other leaders is his humble honesty. "Never ask people to do anything you're not willing to do yourself," Hager commented in a recent seminar. Hager continued, "If I ask someone to do things, and I'm not doing them, then I'm not leading—I'm just telling them what to do. A real leader is a team player on his own team."

Hager points out four key elements to business success that apply equally to any professional service organization.

Learn the business – Ensure that everyone in your organization understands the fundamentals of your services, history, and vision. It is

repeated often, but there is no substitute for having enthusiastic employees who are able to give a 30-second "elevator speech" that describes the value proposition of your firm—and are encouraged (and rewarded) for doing so wherever and whenever they can.

Do the business – Make certain that everyone in your organization understands, and to the greatest extent possible, can articulate the roles and responsibilities of individual team members, whether principal, designer, engineer, project manager, operations and service staff. Cross-training ensures that if there is an unexpected loss of individual talent there is the inherent ability to recover. This is especially true for "front-line" business development staff, where relationships are key to success, and loss of a rainmaker can lead to loss of future work.

Teach the business – Build a learning organization that continually trains leadership development in the operational, financial, marketing as well as technical aspects of the business. Some firms avoid this for fear of losing key employees, but successful organizations embrace building entrepreneurial spirit, knowing it will pay dividends more often than not.

Teach others to teach the business – Create a mentoring environment that continually builds new teachers. This ensures that as you expand, new employees can be trained by skilled employees who understand more than just the technical fundamentals of their line role. If business expansion includes starting new offices (or acquiring other businesses) to foster geographic or service growth, then

existing staff will be better positioned to inculcate your culture with your employee growth as you expand.

The Network Culture

Hager points out that the most successful business people rely on a network of peers and associates, and leverage that network to support and expand their companies. Consciously building a culture that trains, encourages, rewards and celebrated each individual's abilities to build personal networks that support the business goals virtually guarantees success.

Similarly, a culture that fosters both staff (all staff, not just sales) and client referrals through methods as simple as "thank you" to more formal rewards (e.g., gift certificates, mini-vacations, etc.) can generate new opportunities where none existed before. This has the added benefit of encouraging regular dialogue with past and current clients, keeping your firm at their "top of mind" for future work.

Hager concluded with some excellent advice. "Your income growth will never exceed your personal growth. You should always work harder on you than on your business," he cautioned. Carrying that same message to all of your staff can reap great rewards.

The contagious enthusiasm that characterizes most network marketing gathers is by itself worth emulating. Building a "network" marketing culture put equal emphasis on individual efforts to expand their "net" in concert with the organization, as well as understanding the "work" of the business is one of the keys to future success.

About the Author

Craig Park is a Fellow of the Society of Marketing Professional Services (SMPS), an Associate member of the American Institute of Architects, and a regular contributor to SCN. He has worked in the communication technology arena for the building industry for more than 30 years. His book, *Design. Market. Grow!* was published in 2003 by SMPS. He can be reached at craig@craigpark.com. © 2003, Craig Park. All rights reserved