

LinkedIn or Left Out

Successful Networking in the Digital Age

By Kip Gregory

In the time it takes to read this sentence six new people will have signed up for LinkedIn (www.linkedin.com), 60 will have joined Facebook (www.facebook.com), and 6,000 will have tweeted on Twitter (www.twitter.com). Who cares? You might, if one of the folks involved was a client, top prospect, or important center of influence, and what they posted about themselves online opened a door to conversation and a deeper relationship between you.

Everywhere you turn people are talking about social networking. Seemingly overnight, it has skyrocketed from college campus curiosity to C-level Fortune 500 job responsibility. Today social networking and social media sites are transforming the way people communicate and how business gets done, including within financial services.

Understanding the Big Picture

What exactly is social networking? Simply put, it is a way of using Internet technology to manage relationships with the people who are important to you. Depending on the Web site, that can mean sharing your profile, interests, lists of connections/friends, and a range of other content you designate—not as a replacement for face-to-face conversation and traditional networking, but as a supplement to it.

The hunger among producers, marketers, and others in the business for guidance around leveraging these tools is astonishing. Earlier this year I helped conduct a webcast for *InvestmentNews* titled “Using Social Media to Market Your Practice.” We were hoping for 500 signups. We got 2,000 and shattered the magazine’s previous attendance record.

Yet even as the social networking concept has captured the imagination of forward-thinking advisors, the sites are causing heartburn for the industry’s compliance managers. That’s because while usage is exploding, the development of mechanisms to monitor the communication these tools make possible has lagged. Things are beginning to change, but many firms continue to block access to these sites from their office workstations.

Exposure to regulatory risk isn’t management’s only worry. Some question the underlying value of building and tending an online network. Without concrete goals, a plan for achieving them, and a way to set limits on time spent online, that worry can be well-placed. On the other hand, by using the right set of strategies and tactics you can create a steady flow of business development opportunities in as little as 30 minutes a week.

Anyone who grew up in the business in the “smile and dial” days of prospecting with the phone book will be amazed by the benefits of social networking sites. It is as if those in your network handed you their Rolodexes and invited you to explore them at will. Add the ability to uncover hidden connections that exist with people up to three degrees away from you, and you effectively have the end of cold-call selling.

But where do you start? LinkedIn, Facebook, and Twitter are in the news constantly. Wikipedia lists more than 150 other “major, active” social networking sites (http://en.wikipedia.org/wiki/social_networking_websites). How many do you need to be on, and which ones do you need to be on? The easiest way to decide: Ask your best clients and referral sources which sites they use and let their answers lead you.

Suspect your clients are not using social media? Maybe, but don’t be so sure. With LinkedIn adding a new member every second (with close to 50 million users) and Facebook growing at 10 times that rate (with more than 300 million users), the slice of the population that isn’t networking online shrinks every day. Besides, as you will read later, some advisors are using their social networking acumen to teach other professionals (potential clients or referral sources) how to do the same.

And let’s bust one last myth that all users are teens and 20-somethings; Facebook’s fastest growing demographic is those 35 and older (<http://www.facebook.com/press/info.php?statistics>). According to an August 2009 report by Forrester Research (www.forrester.com), 70 percent of online adults ages 55 and older tap social tools at least once a month, 26 percent use social networks, and 12 percent create social content.

Social networking is here to stay.

Success with Early Adoption

Roey Diefendorf, CIMA®, of Diefendorf Capital Planning in Locust Valley, NY, typifies the older user phenomenon. Diefendorf is a fourth generation, 40-year veteran of the business. He describes his business development strategy as focusing “like a heat-seeking missile” on the people he wants to do business with: “Every year we make a list. We may not know how to reach the people on it at first but that’s what these tools help us figure out.”

Diefendorf’s staff recently completed a lead-generation effort that netted dozens of names of chief financial officers



(CFOs) at local companies, “the ones signing the 5500s.” Working from several sources, his team looked to see who on the list was on LinkedIn. They discovered they had connections to 60 of those CFOs, including two who were already clients. Reaching out systematically through shared contacts, the firm generated a significant number of introductions including “several cases where people walked us into the prospect’s office.”

“People work with people they know and like. I think the closer the relationship is with your client, the better opportunity you have for referrals and ancillary business.”

Diefendorf concentrates his time solely on LinkedIn, not worrying about Facebook or any other sites. “I want to make sure everything I do is professional,” he said. “LinkedIn lets me do that.”

Eric Thurber, CIMA®, echoes Diefendorf’s comments. Thurber recently left Morgan Stanley Smith Barney and opened Three Bridges Wealth Advisors, an independent registered investment advisor in Silicon Valley. Much of the firm’s work is in the local venture capital community. “LinkedIn is a unique channel among the social media sites,” Thurber said. “It’s a great way for us to connect existing clients and friends with others in the marketplace who can help them. At the same time it helps people appreciate the breadth of relationships we maintain.”

While Thurber maintains a Facebook account, he deliberately keeps his profile hidden because he wants to keep his business and personal affairs separate. “We want to ensure that the professional image of the firm remains intact and undiluted.”

Focusing on LinkedIn for its professionalism and emphasis on listening are recurring themes with many advisors. Nearly 90 percent of the *InvestmentNews* webcast attendees indicated they have a LinkedIn account. Facebook was second, with less than half as many.

Still some advisors are enjoying success blending their personal and professional lives on Facebook. Tony Montanari, CIMA®, of Capital Guardian, LLC in Belmont, NC, used the site to reconnect with a childhood friend whose aunt was finalizing a divorce. The friend and the aunt are now bringing Montanari in as an advisor.

“I use Facebook to keep closer tabs on my clients’ personal lives and let them in on mine,” Montanari said. “People work

with people they know and like. I think the closer the relationship is with your client, the better opportunity you have for referrals and ancillary business.”

Concern for Compliance

One thing all agree on is the importance of knowing the ground rules for working with these sites—both the regulations as well as your own firm’s policies. The Financial Industry Regulatory Authority (FINRA) has for years published a “Guide to the Internet for Registered Representatives” that details how e-mail, chat, blogs, and electronic bulletin board postings should be treated (<http://www.finra.org/Industry/Issues/Advertising/p006118>). (There is nothing comparable geared specifically for registered investment advisors.) FINRA has produced a series of podcasts on the subject that are available on its Web site and may be accessed on this same Web page.

Many are calling on FINRA to update those regulations—which categorize virtually all online discussion as advertising and/or sales literature—to better reflect the conversational, dynamic nature of online interaction today. According to its Web site, FINRA is at work on “modernizing” its advertising rules and will share an update at its Advertising Regulation Conference this fall in Washington, DC (<http://www.finra.org/Industry/Education/ConferencesEvents/AdvertisingRegulationConference/index.htm>).

As noted, regulators and large advisory firms have been shy about allowing the use of social networking tools because the technology to supervise and archive online communication across various sites has been slow to develop.

That’s changing. Socialware (www.socialware.com) in Austin, TX, recently introduced a suite of products that enable enterprises to monitor, control, and store electronic conversation from employees through the three most popular social networking sites—LinkedIn, Facebook, and Twitter. According to Chris Richter, Socialware’s founder and chief executive officer, the company is in active conversation with a number of big firms across the industry and recently secured venture capital backing to accelerate its expansion efforts.

In the meantime, the best way to minimize the likelihood of running afoul of regulation is to use pre-approved material wherever possible when posting content, operate in a listening rather than a talking mode, and keep any recommendations (which the Securities and Exchange Commission considers to be testimonials—and forbids) off your profile.

A Goldmine of Data

Even without the outbound communication, the inbound opportunities are enormous. The Network Status section of your LinkedIn home page alone is remarkable. You can use it in real-time to track which of your connections has been promoted or laid off, changed careers, joined a group, asked a question, or posted other information.



You also can monitor transitions across entire organizations through a company's LinkedIn Profile page. You can pinpoint organizations by name or search LinkedIn's database (<http://www.linkedin.com/companies>) for those that match criteria such as location, size, industry, and how closely connected you are to them.

Depending on a company's size, you often will find a description of the firm, employees who are on LinkedIn (including any in your network), former employees, new hires, recent promotions and changes, and popular profiles listed on the company profile. Ten years ago that kind of intelligence was unavailable at any cost. Today LinkedIn makes it accessible for more than 1 million organizations *at no charge*.

Finally, as a CIMA, LinkedIn is the only site where you will find a specific group for exchanging ideas with fellow IMCA members. (To join the site, click on the Groups link on your LinkedIn home page, then on the "Find a Group" button, then search on the keyword "IMCA.") It is one of 400,000 groups available to connect with others who share your interests.

Please understand I am not suggesting that LinkedIn should be your only resource, just a tool of choice. The quality and volume of sales/business intelligence it can help you uncover—at little or no cost—is unmatched.

Standing Out from the Crowd

The other enormous benefit to leveraging social networking sites is that you make it easier for people who need your services to find you—not only within the site(s) you belong to but beyond, through search engines such as Google.

What is the first thing many prospects do after being referred to you? They look you up online. Wouldn't you prefer that they find something you control, not some irrelevant or outdated snippet of content you didn't even know was out there?

Google people even moderately active on LinkedIn (or Facebook) and chances are very good you will find their profiles listed among the top results. What better introduction to anyone searching for your background on the Web than a complete profile (that you have created) describing who you are, what you do, and why and how to get in touch with you.

Aaron Larson, CIMA®, an advisor with The Advocate Group in Minneapolis, MN, shared that his entire firm uses LinkedIn for prospecting and name recognition. They include links to their LinkedIn biographies in their email signatures and direct prospects to those bios before every initial meeting. "We have every word of our profiles compliance-approved by our broker-dealer and there are some limitations such as accepting recommendations that we simply stay away from."

Larson's investment in LinkedIn recently netted him an audience with 15 high-profile attorneys at a prominent firm

in the Twin Cities. The opportunity grew out of a call to his one connection inside the firm to inquire about her relationship with one of *her* connections he saw on LinkedIn. She not only helped Larson connect to that person but after seeing how Larson was working with the site, invited him to share his approach with all of the firm's partners. Talk about a differentiation strategy!

A 5-Step Action Plan

If you are looking to bring your networking online, here's what you need to do to get started.

1. Set up a LinkedIn account. It'll take less than a minute. All that's required is to create a user ID and password, and list your e-mail address, name, and where you currently work.
2. Complete your profile. A comprehensive description of your work experience, skills, and interests makes it easier for people to find you, not only within LinkedIn but also when prospects and others Google your name to see what they can learn about you. Be sure to use biographic material that's already been reviewed and approved by your compliance department. Also check for any company guidelines on using LinkedIn.
3. Put in contact names and e-mails. Put in manually or let LinkedIn find and upload your address book. The site then compares (privately—you're the only one who sees the results) your contacts to LinkedIn's user base and flags people you know who are using the service.
4. Invite people to connect. Personalize your invites. There's nothing worse than sending a stock invitation to everyone you know. If you have a lot of contacts, batch your invitations. Otherwise you may get overwhelmed with responses and miss the opportunity to respond with a quick note or phone call that (re-)establishes a dialogue.
5. Monitor activity across your network. Use the "Network Updates" section on your LinkedIn home page. Treat it like a radar screen and keep an eye on what's happening. Then leverage the stream of intelligence it delivers to reach out to folks who need your help and expertise.

Just keep in mind the old adage: You can't win if you don't play. Make time to capitalize on these tools and they will open doors you never imagined possible. 

Kip Gregory is founder of The Gregory Group and has 25 years of experience in marketing and senior management in the insurance, securities, banking, brokerage, and direct marketing industries, which he uses to help clients find competitive advantage. Contact him via LinkedIn at <http://www.linkedin.com/in/kipgregory>.