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ACCELERATING ENTREPRENEURIAL SUCCESS PODCAST

EPISODE
15

Derek Coburn

Show Notes at: <http://www.aesnation.com/15>

John Bowen and Derek Coburn

AESNATION.COM

Episode #15



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Best of success,



John Bowen
Co-founder, AES Nation

John Bowen: I've got some great content for you today. If you've ever been frustrated, being told to go out there and network, and you go to this event or that event, go to a chamber mixer, go to a conference, collect all these business cards, and your business is going to take off? Well, you and I both know, that's not the case.

I'm John Bowen at AESNation. So we've built a community of like mind entrepreneurs who are accelerating success together.

I got to tell you I have had tremendous success building relationship. Every business I've ever had, if I went to look at the success I've had, it's been due to having great relationships with other top professionals.

So I've always been a real big believer in networking. And a very good friend of mine, Mike Cline who is CEO of Tech Guys Who Get Marketing and he is one of the few guys who does really get marketing, who's got a strong technology background, introduced me to the next guest. And I want to just put up the cover of the book because I think you're going to understand why I brought Derek on. When you look at that book, and I tell you I've really enjoyed reading it, is networking is not working. I mean think about that for a second. Networking is not working. Of course, I mean stop collecting these business cards and start making meaning connections.

Derek, thank you for joining us today because I mean writing that book and sharing what really working and leaving the charge of providing leadership. I wanted to share you with AESNation. So thanks again for joining us today through the magic of Skype.

Derek Coburn: Yeah, thanks for having me John, really excited to be here.

John: You and I have a similar background in the sense that we both started as wealth managers. I found a lot of value in networking and you did too but you took it a little further than I did. Tell me kind of the journey that you've been on and really want to help people understand how networking works when it works.

Derek: Yeah, so I think that there's a couple of primary reasons why my view of networking is not working. And the first is if you were to pull everyone listening to this call and ask them to define networking, you would probably get a different answer from everyone. And not one person would be right or wrong but some people view it as a way to get business. Some people view it as a way to get a new career. And then others, I think like myself and like you, they view it as a way to connect with other successful people and develop a longer term relationship, find ways that we can help each other out.

I do think that one common denominator in most of those definitions would be the idea of attending these larger events that you already mentioned and I think my definition of networking is any activity that increases the value of your network and/or the value you contribute to it and I found that attending these larger events and doing things in a more curated, intimate way on your terms can be a much productive and efficient way to accomplish that definition of networking if you will.

John: I found that when I went to those events early on in my career, I went a lot... and I met people and so on. But there really wasn't much I could do for them and there wasn't much they could do for me. And it wasn't very thoughtful this network. And I'm sure there were thousand people there and in some cases, many thousands. And I just stopped going. When I did is I decided, why not just reach out to the people I actually think I would like to know and maybe build a relationship, just building that value together, I mean it's heck of a lot more fun way to business than hanging out in some big conference hall.

Derek: It sure is and I would actually suggest that if someone is at a point in their business where they have nothing but clients who are a perfect fit, that they enjoy serving, their clients totally get them, and are not paying the butts, they really are appreciative of the services that you're providing... and if you also had a line out the door of prospective clients who wanted to work with you, you would never attend a networking event. Those people don't go.

And so, part of the reason I'm sure why you were not finding the people that you wanted to connect with especially once you're really established and successful in your career, is because those people have less time to attend these events. As the value of your business increases, so does the value of your time. That's probably why you and I ultimately stopped going or hardly ever go to these events. And you're right, I mean as a much better approach as to find different ways that you can get together with the people that you want to develop relationships with. There's a lot of great ways to do that.

John: I know I did a way where I just joined really high end Mastermind Groups with the people I wanted to meet there. And as a matter of fact yesterday I just flew in from Toronto... The Strategic Coach and I was with 50 unbelievable top entrepreneurs. I just write a check and it happens. But you took a little step further. You actually decided that you'd create the group. Tell me kind of that journey.

Derek: So the book walks through the process I went through five, six years ago of creating a, what I'm calling it now, I didn't call this at that time but in Un-Networking Group which consist of about 20 to 25 individuals that I handpicked. It could be considered a Mastermind. It could be considered a networking group. But I wasn't charging for it and I was doing it... it was built around my best clients who owned businesses who would benefit from connecting with those other people, some of their key advisors and relationships and others that I went

out and handpicked that I previously did not know, and I facilitated various ways and various experiences to bring them together both offline and online.

And that got to the point where it never grew beyond 25 but I learned a lot. And of course at that time I wasn't charging for it. It was something I was doing to add value for my Wealth Management business and position myself to get more clients and people I'm looking for there.

John: A lot of people never get to this point. They are uncomfortable bringing the group together because they don't really know how to do it and we're all afraid of rejection. What was the response when you were starting the formation and then as you began getting together? What were some of the reactions that you got from the different entrepreneurs and professionals you brought together?

Derek: Well for my clients, and that's who I started with, it was a pretty easy sell because I approached them initially where I said, "Look, I want to focus my networking activities on ways that can further benefit you and ways that I can do even more for you."

So for example, I called... Networking 1.0 is where you're networking to benefit yourself directly. Networking 2.0 is to benefit this person that you're meeting for the first time, that you really don't know much about and it's only a better approach than Networking 1.0 but it's kind of like going first in the quid pro quo game. And then Networking 3.0 is where you're really focusing on your existing clients and your existing network and how you can find ways to connect them with people where they might be able to solve a problem and get a new client.

And my clients love this idea of course. And for the others that we rounded it out with, the key thing that I was selling is, "Look, you're busy. You have plenty of opportunities to go to different types of events and hang out with different types of people." The main thing here I'm going to vet for individuals that truly have a "pay it forward" mindset. They're successful enough that they don't have to worry about pitching their own stuff, that they can really focus on getting to know you better and how they can help you and vice versa.

John: What was the response of the group, both clients and non-clients?

Derek: For the people who get it, they usually say, "This sounds great." And then there's always going to be some skepticism because since then we now run, I run Cadre with my wife, which is an un-networking community in D.C. that we actually run as a business. We have over a hundred CEO's and business owners who are in it. It's sort of like that initial group I have except on steroids. And when we find people who say, "You know what, this sounds great! I'm a pay it forward person. I'm influential. I believe in word of mouth marketing. And I want to be around people like that." They get it but then they show up and there's still a little

bit of skepticism. This is too good to be true. And I think that's important... it's important to make sure that when they are around people and everyone sort of doing what they said they were going to do it, it goes away pretty quickly I guess in my experience.

John: I think of that when they get to these events, it's a little bit like a Junior High School where the guys are on one side and the gals are on the other. And what we find is really groups don't work if they're really informal or they're not writing a check to get in. There has to be some structure and so. How do you facilitate the guys and the gals getting together type thing?

Derek: Well, the model that we use and we were talking about this earlier... so having been a financial advisor and owning a wealth management firm now for almost 15 years, I really sort of appreciate and see the value, the mutual value of having a recurring revenue model with the business and we applied that to Cadre and so we are not requiring anyone to sign an annual contract with us. It's \$3,000 as a one-time fee and then \$500 a month on a month-to-month basis. And so what that does is it allows people who join, who appear to be a good fit, who pass all of our... we can check off all of the boxes on our application, but then it's not for them, they're not engaged. They are trying to push their own agenda. A lot of times they leave on their own accord and that's great.

It's been a great, naturally built in vetting mechanism but we've also... part of the way that we protect the culture and the way that we give people the confidence to overcome that initial skepticism is we proactively kick out or remove 25 members in the first two years. Probably another 4 or 5 so far this year. So the thing that we're selling more than anything else is that when you show up here, you're around people who are there for the same reasons as you and they want to help you and if people don't stay consistent with that mindset and that philosophy, then we're going to have a conversation with them and ultimately ask them to leave.

John: I'm such a big believer in this Derek. I mean that's what AESNation is all about. I, like you, have been in the wealth management business all my life. My primary business right now is coaching financial advisors and we have a Mastermind Group with about 200 advisors that come to that, that have gone through our coaching programs. And just the magic that happens by sharing ideas is just huge.

Derek: It's a thing of beauty and there's an acronym I use in the book; I use the word "connector." And TOR stands for Trigger Ongoing Reciprocation and it comes last because the idea is that if you are someone who's been adding a lot of value for people in your network in a genuine authentic way, you're going to have a lot of people that really want to help you. And based on my experience, I don't know about you John, but based on my experience, I've never seen anyone set aside time, 30 minutes on their calendar, to sit down and focus, who

can I refer to Derek now to show him how much I appreciate what he's done for me. And there are a number of techniques that I have used that essentially I want to make it as easy as possible for the people that want to help me to be able to do just that.

John: Now let's go to that too because I think that's so important because so many of us get frustrated that we start what we call classic networking and we build a relationship and we sit by the phone and wait for someone to call that 30-minute conversation of "how I'm going to help you" and it doesn't happen and we get frustrated. And it's really, I feel ashamed on us because we have to provide the framework, the structure to make this happen. So how do we do that Derek. How do you make that happen?

Derek: Yeah, so I think that's a great way. You mentioned it as a great ancillary benefit of this but I have a series, a number of email templates that I use and provide to people in a variety of situations to introduce me to other people. So it could be an event that I'm hosting and I want them to consider someone to attend the event. It could be referring somebody in to Cadre or to me at my wealth management business.

And really interesting story, I did this in the wealth management for years but for some reason during the first several months of launching Cadre, we hadn't done this. And we sent an email out to our members saying, "We have a couple of events coming up that are going to be really ideal for introducing new people to our community. And here is an email template, a paragraph or two, that allows you to introduce them to us. Here's a little bit about the group. Here's the events that are coming up. I'd like you to take a look at this page on their website to see if their model resonates with you."

And what happened was we received 60 referrals that month. And what I like to tell people is that our members didn't like a, 60 referrals more in August than they did in July. It's just that they wanted to help us and we made it really easy for them to be able to do so.

And what you touched on is also important because when you do it that way, you're setting up to be introduced to the person in your terms in a way that we can all get to some point where it's like, "Hey, you should talk to John. He's amazing. Here's his phone number." And next thing you know they are calling you. You don't know anything about them where it will be great for them to be able to go to your website to see what you're about before they waste your time or their time.

John: You know there's just so many ways to do it. But what you need to do is facilitate it. Make it easy is one of the key things.

Let's go to the big breakthrough. So really, the very few professionals who have created networking groups. What was the big breakthrough that launched you to where you are now? You now have a hundred CEO's in this group?

Derek: So my big breakthrough that sort of sent me down this entire path occurred before... can I share the breakthrough that sort of got me headed down this direction and then I'll share another breakthrough once we got here?

John: You can do two here.

Derek: Alright, cool. So the really big breakthrough for me was back when I was just running the wealth management business, before I even had this small networking group. A client of mine called me up, I call him David the Landscaper in the book. I changed his name. And he called me up and said, "Derek, a really good client of mine called me up and said that their brother in law is a financial advisor and they wanted me to do them a favor and take a meeting with this guy. I told them how much I liked you and that I wasn't looking to make a change but..." You've seen this before John, they just take the meeting and that will be a big favor to us. So he did and he called me the next day and he said, after about 45 minutes he was presented with a hypothetical portfolio... "My client invested his money with this other firm, instead of with me for the past couple of years. He would've earned an extra 2-3% per year in his portfolio." And my client's response was, "Well Derek's referred me to clients that have generated over \$2 million of business for my company. And technically, Derek could have probably lost half the money in my portfolio, (which I didn't do by the way), and I probably would've been better off working with him."

And that was a really, really big aha moment for me to sort of pave the way for everything that's happened since where I think that for a lot of us, our primary competition is indifference. It's not that we need to be a little bit cheaper or we need to provide a little bit more quality in what we're delivering. If we're really good at what we do, and this is not in place of what we do, but if we're really good at what we do, and on top of that we can find ways to do things that add value and in this case, literally becoming an extension of your client's business development or marketing department, how bad do you have to be at your job to have someone leave you if you're a source of revenue for their company?

John: I want to encourage everyone. I've seen that in my win situation. Sometimes, we all have moments of truth wherein something didn't work. And if I didn't have that strong relationship, where we have been instrumental on big success, it would have fallen apart. Derek, did you have one more breakthrough you wanted to share?

Derek: Sure, sure. And by the way, I call that the ultimate tie breaker because in addition to doing it for your existing clients, I don't say this to everybody but when I talk about overcoming indifference, there are a lot of people working around the time that felt they had a great financial advisor and then they would get introduced to me and that "Derek's a great financial advisor too and you know what he refers me business on top of that." And then all of a sudden, that person's financial advisor isn't as good as they once thought he or she was.

So the second breakthrough really is... it involves something a little more personal. And that is I went and before my first kid was born, so about five years ago, I had a built up this successful wealth management business primarily because I accomplish a lot in like 20 minutes everyday. And that sort of fooled me and fooled everyone else into thinking that I was just really overly productive guy. I went and got checked out for ADD and was diagnosed with it pretty hard core so I've been on medication for almost five years now. And going on medication is what allowed me to, I wrote a 300-page systems manual, created a client service model, hired some additional people. And getting really organized with that business, freed up the time and the space to creatively come up along with my wife with this concept of Cadre and then eventually of course, writing the book.

John: The number one characteristic of an entrepreneur is that they tend to be ADD. We work a lot with a psychologist, Ned Hallowell, who's extremely successful. He shared some great insights. I mean basically what he reminds us as big part of ADD is that you've got a Ferrari engine, your mind, your energy is a Ferrari, you got bicycle brakes. So we just have to create the structures around and we can achieve amazing things.

The Application of the Day. You're out there, you're using a lot of technology to bring people together. What app of the day would you like to share?

Derek: So I use a lot of technology and especially around being productive. Has anyone mentioned or have you heard of Contactually before?

John: I have not. I have no idea what it is.

Derek: It's not as well-known as Evernote but it's not brand new to where it's possible someone may have mentioned it before. So I'm glad that you haven't heard of it. So Contactually does a lot of things and if you have a small enough business, I would say less than 10 employees, it can absolutely be used as a potentially a CRM platform, but it integrates with sales force and what have you for the larger ones.

But first and foremost, here's what it does. It allows you to go in and establish buckets for your clients based on your relationship. So you could have Tier 1 clients, Tier 2 clients,

prospective clients, centers of influence, whatever you want, then you assign a time period, a number of days, weeks, what have you. Or you say, "Okay, I don't want 30 days to go by without me emailing this person or them emailing me." It runs in the background of your email and if that in fact does happen, you'll be notified to say, "This important Tier 1 client of yours, you haven't contacted them in 30 days." And it's just been a great way to make sure that I'm staying in touch with the people that I want to stay in touch with at the appropriate time intervals.

John: And the name again is...

Derek: It's Contactually.

John: We'll put it on the website **AESNation.com** so you can grab it because I love the idea. And you know this is one of the things we need help keeping it together. You've been given a lot of insights. Let's go to the Insight of the Day.

And of all the things, working with networking and un-networking, as I'm listening to this i go, I understand relationships are really good, how can I take them to the next level in my business?

Derek: Yes, so it's sort of sticking with the theme of some of the things that we've already talked about. I was at an event that Seth Godin posted about a year and a half ago. So this quote is not in any of his books. I mentioned it in my book, but he said he thinks that we are entering what he's calling the Connection Revolution. So we've had all these other revolutions at now. This is the beginning of the Connection Revolution where the value of your connections is likely worth more than the value of the service or the widget that you provide.

John: And what I love about your book is that you give the framework to do that which is really powerful.

Derek: Thanks for that.

John: Let me share the key takeaways that I've been getting out of this. What we want to do is take the time to really understand networking.

Second, I've heard this before, from you and Seth Godin and a whole bunch of others, that there is an unbelievable correlation with the number and quality of connections you have and your net worth.

And the third is what I love you talked about Networking 1, 2, and 3. And that really delivering value... keeping, bringing together instead of the classic card, the classic just get groups together, we're actually delivering value on an ongoing basis.

I mean these are some great lessons. I really appreciate you're sharing them with us.

Derek: I'm thrilled to share them with you. I really appreciate the opportunity.

John: Well, let's talk about resources. What's available at your website?

Derek: So Cadre, for now it's just D.C. and Baltimore and that's if anyone is interested in seeing what this larger format looks like and how we operate, there's information there. DerekCoburn.com/book They can download the first chapter of my book and...

John: Oh they should just go to Amazon and buy it. I mean we're talking about a \$10-investment or whatever for the eBook and so on...

Derek: Even though I honest to God I have nothing to sell, it's always good to like get somebody's email too, right?

John: Yes. Yes.

Derek: But I also have I think... its book, book resources, and there's link to Contactually and SaneBox and other pretty cool tools that I use on there. I find it that Twitter... I think Twitter is a great networking platform online and I've had a lot of success suing Twitter to the extent that I'm online and being social. I've had the most success on Twitter and I'm CadreDC there for people that send any time on Twitter.

John: As always, AESNation.com. You can go get a transcription of our conversation as well as all the links that we talked about and one of the big key things is to take this information and not only your current clients and customers are counting on you, but your future ones are counting on you. And they're only going to show up if you go out and build these great relationships.

Derek, thank you for sharing all these insights with us.

Derek: Thanks again, John. I really appreciate it.

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