

3 Phases of Relationship Marketing & Networking

By Dr. Ivan Misner

Effective networking is all about relationship building. Successful businesspeople understand that networking and relationship marketing are more about “farming” than they are about “hunting”. It’s about building long-lasting connections with other professionals.

Relationship marketing involves building deep networks strongly rooted in a bond or connection that is developed over time with other people. Among the most important connections are those with your referral sources, with prospects these referral sources bring you, and with customers you recruit from the prospects. These relationships don’t just spring up full grown; they must be nurtured. As they grow, fed by mutual trust and shared benefits, they evolve through three phases: visibility, credibility, and profitability. We call this evolution the VCP model.

Any successful relationship, whether a personal or a business relationship, is unique to every pair of individuals, and it evolves over time. It starts out tentative, fragile, full of unfulfilled possibilities and expectations. It grows stronger with experience and familiarity. It matures into trust and commitment. The VCP model describes the process of creation, growth, and strengthening of business, professional, and personal relationships; it is useful for assessing the status of a relationship and where it fits in the process of getting referrals. It can be used to nurture the growth of an effective and rewarding relationship with a prospective friend, client, co-worker, vendor, colleague, or family member. When fully realized, such a relationship is mutually rewarding and thus self-perpetuating.

The first phase of growing a relationship is **visibility**: you and another individual become aware of each other. In business terms, a potential source of referrals or a potential customer becomes aware of the nature of your business – perhaps because of your public relations and advertising efforts, or perhaps through someone you both know. This person may observe you in the act of conducting business or relating with the people around you. The two of you begin to communicate and establish links – perhaps a question or two over the phone about product availability. You may become personally acquainted and work on a first-name basis, but you know little about each other. A combination of many such relationships forms a casual-contact network, a sort of de facto association based on one or more shared interests.

The visibility phase is important because it creates recognition and awareness. The greater your visibility, the more widely known you will be, the more information you will obtain about others, the more opportunities you will be exposed to, and the greater will be your chances of being accepted by other individuals or groups as someone to whom they can or should refer business. Visibility must be actively maintained and developed; without it, you cannot move on to the next level, credibility.

Credibility is the quality of being reliable, worthy of confidence. Once you and your new acquaintance begin to form expectations of each other – and the expectations are fulfilled– your relationship can enter the credibility stage. If each person is confident of gaining satisfaction from the relationship, then it will continue to strengthen.

Credibility grows when appointments are kept, promises are acted upon, facts are verified, services are rendered. The old saying that results speak louder than words is true. This is very important. Failure to live up to expectations – to keep both explicit and implicit promises – can kill a budding relationship before it breaks through the ground and can create visibility of a kind you don't want.

To determine how credible you are, people often turn to third parties. They ask someone they know who has known you longer, perhaps done business with you. Will she vouch for you? Are you honest? Are your products and services effective? Are you someone who can be counted on in a crunch?

The mature relationship, whether business or personal, can be defined in terms of its “**profitability**.” Is it mutually rewarding? Do both partners gain satisfaction from it? Does it maintain itself by providing benefits to both? If it doesn't profit both partners to keep it going, it probably will not endure.

The time it takes to pass through the phases of a developing relationship is highly variable. It's not always easy to determine when profitability has been achieved – a week? a month? one year? In a time of urgent need, you and a client may proceed from visibility to credibility overnight. The same is true of profitability; it may happen quickly, or it may take years – most likely, somewhere in between. It depends on the frequency and quality of the contacts, and especially on the desire of both parties to move the relationship forward.

Shortsightedness can impede full development of the relationship. Perhaps you're a customer who has done business with a certain vendor off and on for several months, but to save pennies you keep hunting around for the lowest price, ignoring the value this vendor provides in terms of service, hours, goodwill, and reliability. Are you really profiting from the relationship, or are you stunting its growth? Perhaps if you gave this vendor all your business, you could work out terms that would benefit both of you. Profitability is not found by bargain hunting. It must be cultivated, and, like farming, it takes patience.

Visibility and credibility are important in the relationship-building stages of the referral marketing process. But when you have established an effective referral-generation system, you will have entered the profitability stage of your relationships with many people– the people who send you referrals and the customers you recruit as a result. All of this is critical to successful relationship marketing and networking.

Dr. Ivan Misner is a New York Times bestselling author and founder and CEO of BNI <<http://www.bni.com/>>, the world's largest referral organization with over 3,200 chapters in 18 countries around the world. His new book, Masters of Success, can be viewed at www.MastersofSuccess.biz. Misner teaches business at Cal Poly University, Pomona and resides in Southern California with his wife and three children.