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## Networking key to growing a new business

By Mike Scott

Janine Schroeder worked in the legal field for both law firms and corporations for more than 15 years. When she was offered a buyout by **Ford Motor Co.** last year, she jumped at the chance. It was a way to help fund a startup business she had already been thinking about.

"I just didn't know how to find customers," Schroeder said.

With the help of business networking resources, she learned. As founder and president of **Equilibria L.L.C.**, a Mt. Clemens-based research and information services firm, Schroeder has built her business largely on referrals through a number of groups such as **Business Network International**.

Equilibria is one of many businesses started from buyout capital that laud the benefits of networking groups. A big perk, they say, is the opportunity to compare notes with other entrepreneurs.

"To be a good networker you need to learn how to be a great listener and not feel the need to talk only about yourself," Schroeder said. "Knowing that there are hundreds of other networking groups with thousands of professionals in the same position as me is comforting."

Russ Cuthrell, owner and sole proprietor of **Spyder Byte Web Design** in

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Utica, reports direct business wins from good networking. His company has seen its revenue rise nearly 500 percent to more than \$100,000 in three years. After being laid off by Sun Microsystems in 2004, Cuthrell formed his business.

One of his first steps was joining the Sterling Heights, Utica, Shelby Township Chamber of Commerce and becoming involved with a networking group.

"I had no client base, and I wanted to reach out to other small business owners," Cuthrell said. "I soon found that networking groups allowed me to build a sales team of referral contacts."

Cuthrell has been involved with as many as three professional networking groups simultaneously through local chambers of commerce and Business Network International chapters. He spends an average of five to six hours per week in networking meetings and meeting or communicating with fellow entrepreneurs. The time is well spent.

"I can comfortably say that about 70 percent of my business has come directly from fellow networking group members or referrals from them to other (professionals)," Cuthrell said. "I spend nothing on advertising, and my only real marketing is being involved with networking groups; and now I'm hoping to earn \$200,000 in revenue for 2008."

There are an estimated 500-plus such networking groups in the region, including national networking concepts with local chapters, chambers of commerce groups, and professional and trade association groups, according to the **Get Networked Detroit Guide**, a publication on area networking groups. For Schroeder, networking settings allow her to gain new customers while perfecting her "elevator pitch" and branding strategies.

"What I didn't realize when I first started my business is that you don't just have to sell your services and concept, but you have to sell yourself," Schroeder said. "My initial reaction to being in a networking setting was apprehension, but today it's become second nature."

Benjamin Rosenzweig, a representative with **Detroit Financial Group** in Farmington Hills, and another active member of networking groups, said picking the right groups and events is critical.

Rosenzweig has served as vice president of the Royal Oak Chapter of Local Business Network for six months, a member on the business development subcommittee for Automation Alley for one year, and is a member of Network Pods and other groups.

"I try to only go to networking meetings that I know will be effective," Rosenzweig said. "My first referral when I joined LBN turned out to be a \$9,700 commission. I now get calls out of the blue for business from networking contacts I met and cultivated relationships with several months ago."

Rosenzweig said effective networking is a learned skill, not an automatic right. The biggest misconception people have about networking is that they are going to walk into a room, hand out their business cards and triple their business the next day.

"It's not a numbers game in networking, it's all about quality," Rosenzweig said. "You need to really get to know people."

Most chambers or networking groups cost \$300-400 a year to join, so the biggest investment for entrepreneurs is their time, business owners report. Meeting time should be spent focusing on creating relationships rather than constantly trying to sell products and services.

"One of the real benefits of being active in networking groups is that you are spending time with successful, smart entrepreneurs that you are constantly learning from," Spyder Byte's Cuthrell said. "If you build those relationships, eventually you will get new business but, if nothing else, you learn a lot about being an entrepreneur from interacting with other small business owners."

Networking group best practices:

- Don't expect leads will be derived soon after joining a networking group. Getting business is about building relationships. This takes time.
- Successful networkers look for ways to refer business to their fellow group members. The more you give, the more you get in return.
- Develop relationships outside of the weekly networking group meeting. An occasional lunch or social activity helps.
- Don't miss networking meetings unless necessary; and if you do, get a substitute to take your spot. Just like with advertising, repetition is a key.
- Always be prepared to give your 10-30 second "elevator pitch" that gives fellow networkers a quick idea of your business and the value it provides. Most groups begin every meeting by having members give a concise statement about their businesses.