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## MEDIA RELEASE

# Relationship Capital: an Advice Practice's Most Valuable Balance Sheet Asset

### **Building relationship capital**

Developing strong relationship capital is a business strategy that's often overlooked and even approached in a superficial or tokenistic manner.

But the effort put into building good relationship capital is one of the most cost effective strategies with potential to deliver extraordinary outcomes.

It takes thought, practice, and the right attitude to get it right with the key focus being trust, sincerity, honesty, integrity and dependability – that when combined create the business culture, and in turn the reputation capital.

The practice principal and key personnel of an advice business build culture over time, as a result of their daily activities and interactions. **It's the relationship capital of your people that combine to become the reputational capital of your business.**

When people think of 'networking', they often do so through a very narrow prism of networking events, adding contacts to a database, having meetings, etc.

In order to build relationship and reputational capital, a broader view is required.

With every P2P interaction – client, employee, the local café cashier – you're engaging with people in your network and the manner in which you speak and engage with each and every one is either contributing to or deducting from, your relationship capital.

Therefore, choose words, topics, and your thoughts carefully.

How many interactions have we all experienced with people that were lazy, argumentative or patronising in the way they sought or articulated information? Those people are undermining their personal and commercial capital, one careless and thoughtless interaction at a time.

We are all brokers of information, and the quality of the information is determined by us, and how well we deliver it.

Networking and engaging with other people is something that deserves more thought and preparation than many people give it. To be successful and effective it must be strategic and tactical in its application and purpose.

Think about how you network and the effort you put into it. Do you contact the event organiser beforehand and request a list of attendees? If not, why not? If you are taking the time to go to an event, maximise that time by deciding ahead of time who you would most like to speak with.

Have you contacted any networking organisations to find out more about them or how you could get involved? Are there volunteer opportunities, potential to donate items for prize draws? Are there opportunities to speak at or host future events, or perhaps to contribute an article to an organisation's blog or member magazine?

If you're going to put time into networking, you must also put in the effort required to maximise the opportunities and outcomes.

### **Time isn't money – relationships are money**

Reflect on those significant client win successes: was it related to the number of hours worked each week on the proposal, or was it the rapport and depth of relationship and trust developed with the client?

Developing relationships demands a significant time investment, but it's the quality of the relationships – and the amount of relationship capital developed – that you'll be able to take to the bank!

The extent to which positive, trusting and solid relationships are built will ultimately be reflected in the balance sheet.

Remember, people can open doors for you, but you must walk through them to find the opportunity. No matter how many networking events you attend, only you can build relationships with the people you meet.

### **Creating an impression – who are you?**

When you attend any event, like it or not, your actions, appearance, and communication, both verbal and non-verbal, will give others an impression of you.

Are you conscious of the impression you create?

How do you conduct yourself at an event? Do you arrive late and leave early, or plan well so that you can stay, enjoy and immerse yourself in the event?

How do you go about obtaining information from others? Do you structure your questions to obtain quality information, or do you ask generic questions that may give the impression you're being polite rather than genuinely interested?

The quality of information you gather will depend on the quality of your questions.

When you're interested in finding out more from someone you speak to, do you leave them with a card? Do you talk about your card to them, for example, your address, or a qualification it mentions? Do you ask for their card?

Importantly, do you set clear expectations about getting in contact with them to find out more? And do you follow up and do what you've said you would do?

When you've prepared well for the event, it's easier to have the type of quality conversations that progress a relationship.

As a financial adviser, I used to spend a lot of time looking at various company websites to get an understanding of what they did, so that I could talk to their representatives at the event. It's those small things that make a big difference to the quality and depth of your conversations.

### **Are you a giver or a taker?**

Are you the person people gravitate towards at events or the person they avoid? Reflect very seriously on the quality of your interactions at events, and on how others may see you.

Far too often people at networking events immediately go into their spiel and pitch on handing over the business card. In doing so, they are deducting from their relationship capital and ultimately wasting their time and squandering the commercial potential such events have to offer.

### **The cost of not getting it right**

Some might say that it's difficult to measure the success of networking and building relationship capital. I would argue that measuring your success in these areas is as easy as looking at the financial statements of your advice practice.

It takes time to develop good relationship capital, but **it's important to understand the opportunity cost to you of not networking well** and failing to develop that capital.

Relationship capital grows into reputation capital for your advice business over time. If you view this type of capital as an asset, you'll see the sense in growing and protecting it. And as it starts to increase, you'll see a corresponding increase in opportunities, and in your financial statements.

If you're a reluctant networker, let me leave you with these two quotes:

"Life isn't about finding yourself. Life is about creating yourself." (George Bernard Shaw)

"Death is not the greatest loss in life. The greatest loss is what dies inside us while we live."  
(Norman Cousins)

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**About Dr. Jim Taggart, OAM, UND Adjunct Professor and Chairman of Mentor Education**

*Mentor Education is delighted to have Adjunct Professor Dr. Jim Taggart OMA as the Chairman and independent director of the Mentor Board, past president of the Association of Financial Advisers, and who sits on the board of TAFE NSW.*

*Jim Taggart has over 20 years of board level experience across the public (local & state), private (finance planning, investment, development) and not for profit (church, community & fundraising) sectors. At board level, highlights include being a member of the Asia Pacific Financial Services Association, Investment Board for the Parramatta Diocese; (Chairman) Salvation Army Advisory Board (Business Appeal); Audit Committee Member, Hills Shire Council; Parramatta Stadium and TAFE NSW Western Sydney Institute.*

*In an executive capacity, Jim established the highly successful Taggart Group in 1987 and is currently Director, Western Sydney Institute of Sport. Jim has a Doctorate of Business Administration (DBA) and is also a recipient of the Medal of the Order of Australia (OAM) and won the Association of Financial Advisers, Financial Advisor of the Year Award in 2005.*