



## How to Combat a Slow Economy

by Dr. Ivan Misner

It's been about 10 years since our last recession in the United States. For the most part, the economy has been strong, and business has been good for the past decade. However, the fact is that the economy goes through cycles, and business has slowed down for many people. Unfortunately, every time it takes a downturn, the fallout is felt strongly by salespeople, business owners and professionals alike.

Successful business owners learn from the past. What can we learn from previous economic downturns? In the early '90s, right in the middle of a nasty recession, I was at a business mixer in Connecticut where I was meeting many local business professionals. It seemed that everyone was feeling the crunch from the slow economy. Throughout the entire event, the favorite topic of discussion was how bad the economy was and how things were getting worse. The whole affair was depressing, because nearly everyone was obsessed with the problems of the economy and its impact on their businesses.

I was introduced to one of the many real estate agents in attendance. Given the decrease in property values in the state, I was leery of asking this gentleman the standard "How's business?" question. I didn't want to hear yet another variation of how bad business was. He shared with me, though, that he was having a great year. Naturally, I was surprised and asked, "You did say you were in real estate, didn't you?"

"Yes," he said.

I asked, "We are in Connecticut, aren't we?"

"Yes," he said with a slight grin.

"And you're having a good year?" I asked.

"I'm actually having my best year ever!" he said.

"Your best year!" I said in amazement. After thinking for a moment, I asked him, "Is this your first year in real estate?"



*Don't join the ranks  
of miserable  
complainers.  
Instead, use this  
time to improve  
your networking  
skills.*

"No," he replied with a laugh, "I've been in real estate for almost 10 years."

I asked him how he could be doing so well, given the conditions of the economy and the stiff competition. He reached into his pocket and pulled out a blue-and-white badge that read: "I Absolutely Refuse to Participate in the Recession!"

"That's your secret?" I asked. "You refuse to participate in the recession, so business is booming?"

"That's correct," he said. "While most of my competitors are crying the blues about how bad business is, I'm out drumming up a ton of business networking with my contacts and generating referrals by talking about the great opportunity that exists right now to purchase real estate."

Considering what he said, I looked around the room and listened in on people for awhile as they complained about how bad business was. While nearly all were commiserating with one another, I concluded that very few were actually networking and working on seeking new business. As a result, very little business was actually being accomplished.

If you want to do well in business, you must understand that it does absolutely no good to complain to people about how tough things are. When you complain about how bad business is, half the people you tell don't care, and the other half are glad that you're worse off than they are!

While you cannot control the economy or your competition, you can control your response to the economy. Referrals can keep your business alive and well during times of economic uncertainty.

During the last economic downturn, I watched thousands of business owners grow and prosper. They were successful because they consciously made the decision to refuse to participate in the recession. They did so by developing their networking skills and learning how to build their businesses through word-of-mouth. You can do the same during a slow economy by:

**Diversifying your networks.**

You need both breadth and depth in your network. Participate in different kinds of groups. You need networks that give you



contacts with many different people and you need to participate in networks that allow you to develop strong relationships with other people. The key is to participate in two or three different types of networking groups.

### **Refusing to be a "cave-dweller."**

I believe that most business people are basically cave dwellers. They wake up in the morning and they in this large cave with a big screen T.V., they go out to the garage and they get into this little cave with four wheels called their car. They drive to this really big cave with computers called their office. They stay there all day long and at the end of the day, they get back in their little cave with four wheels and they drive back to their large cave with their big screen T.V. and they can't figure out why no one is referring them. Networking is a contact sport. You've got to get belly-to-belly with other business professionals if you want to build your business through word of mouth.

### **Learning how to work the meetings you attend.**

It's not called "net-sit" or "net-eat," it's called "net-work." Learn networking systems and techniques that apply to the different kinds of organizations you attend. There is a whole different set of networking techniques that you would apply to a Chamber of Commerce and how to work a business mixer than there would be in working a referral network group like BNI where you meet every week and are getting to know these people very well. So learn the different techniques that apply to the different kinds of groups that you belong to.

### **Being prepared.**

Prepare effective introductions and presentations to give to other business professionals at networking events and meetings. It always amazes me when people are unable to describe what business they're in and how others can refer them. This is something you need to practice and the more you practice it the better you become at it. You must be prepared to explain what you do and how people can refer you if you hope to get business. Remember that when you're teaching people about what you do you're trying to educate a sales force, not trying to close a sale. It's important that you teach people how to refer you.

### **Developing your contact spheres.**

These are groups of business professionals who have a symbiotic or compatible, noncompetitive relationship with you: a lawyer, a financial planner, a CPA and a banker. If you put those four people



in a room for an hour they are going to do business. Here's my favorite one... the caterer, the florist, the photographer and the travel agent. I call that the "wedding mafia," once they bring you in they don't let you out. These people are great at referring one another and sharing business with one another because they all have clients who have a need that one another can provide for a different product or service. So develop your contact spheres in order to combat an economic downturn.

### **Knowing your goal.**

Perhaps most important, understand that networking is more about farming than it is about hunting. It's about building relationships with other businesspeople. It's important that you sit down and create a word-of-mouth marketing plan that takes a look at these characteristics and others and establishes a game plan for you to build your business through referrals and through word of mouth. The basis of that needs to be the concept that it's about building relationships with people. This is not a get rich quick scheme. It's a long-term way to build a strong business by cultivating connections with other business professionals.

Don't let a bad economy be your excuse for failure. Instead, make it your opportunity to succeed. It's not what you know or who you know, it's how well you know people that counts. In a tough economy, it's your social capital that has value. Make good use of it, and you'll thrive while others struggle.

### **QUESTIONS:**

**Ivan, you have contact with hundreds, if not thousands, of businesspeople throughout the world in the course of a year. Do you have a good story that applies to the current economic situation where business can be hard to come by?**

Yes. One of my favorite stories is about three business owners in a strip mall. They all sold furniture, side by side. Business was pretty tough, and, of course, their competition was right there. So, one of them decided that he was going to do something to compete with the two people next to him. His business was on the far left of the strip mall. He put up a great big sign right over the door to his furniture store that said "Semi-Annual Sale." Of course, when people pulled into the parking lot they saw this big sign and went to his store first. It worked. It really drew in a lot of people.



Now, the guy on the far right sees that he now is losing a lot of business, so he decides that he too will put up a sign. His sign said “Annual Close Out.” Now, people pull into this parking lot and go to one of these two businesses because they have these sales and close outs going on.

The guy in the middle thinks long and hard and decides that he too is going to put up a sign. His is just a little bit bigger than theirs and it says “Main Entrance.”

As I said earlier, you can't control the economy. There's nothing you can do; the economy is going to be what the economy is going to be. The truth is, you can't control your competition. Your competition is going to do what your competition is going to do. What you can control is your response to the economy. What you can control is your response to the competition.

Observe what's happening and be creative. Apply these concepts of word-of-mouth marketing, and they truly transcend economic downturns. I think if you want to be successful you have to advertise; word-of-mouth is one form of advertising. But most people don't plan and structure it like they do their traditional mediums of advertising. So if you plan and structure your word-of-mouth, when times are tough, other people will have to increase their traditional advertising in order to stay on top. You don't because you're getting a fair percentage of business from referrals and word-of-mouth. I have seen it happen several times: the economy slows down, yet people who had built their business through referrals continued to thrive while others went out of business.



*Called the father of modern networking by CNN, Dr. Ivan Misner is a New York Times bestselling author. He is the Founder and Chairman of BNI ([www.bni.com](http://www.bni.com)), the world's largest business networking organization. His latest book, *Truth or Delusion*, can be viewed at [www.TruthorDelusion.com](http://www.TruthorDelusion.com). Dr. Misner is also the Sr. Partner for the Referral Institute, an international referral training company ([www.referralinstitute.com](http://www.referralinstitute.com)).*