

# Networkers “R” Us

Learn how networking can provide a true return on investment, one that can (sometimes) even be calculated down to the penny.

By Monika Miles, CPA

As most of us know, return on investment (ROI) is an accounting valuation ratio comparing the net benefits of a project to its total costs. Generally ROI is defined as “book income as a proportion of net book value.” In accounting terms, it is “net income/book value of assets.” A simplified approach might be to evaluate ROI as “earnings/cost” of a particular project. Despite how it is ultimately calculated, ROI is a concept that most accountants can identify with.

Most of us learned about the mechanics of ROI many years ago during undergraduate studies. Like many people practicing in the tax world, I haven’t had to apply them recently in the mechanical sense. However, as a small business owner, I have re-visited the concept in terms of investments I make – in both time and money – to further my business. There are so many places to spend money, time and other resources, so the opportunity costs are very

real. As accounting professionals and business owners, it is important to periodically evaluate the return on investment in fixed assets, expenses, time, opportunities and even people. That analysis can sometimes be tricky.

For instance, what is the true return on time and money investment in attending continuing professional education (CPE)? If a CPA spends money on qualifying courses, she keeps her license to practice. If she takes the right kind of CPE, she'll learn skills that will make her better at her job and perhaps better able to answer clients' technical questions. Perhaps she'll learn a new skill or even product line that can be added to her firm's consulting services. If, instead, she chooses and pays for the wrong type of CPE, it still furthers the initial goal – to maintain the required hours to renew the license, but she may not benefit from the other advantages.

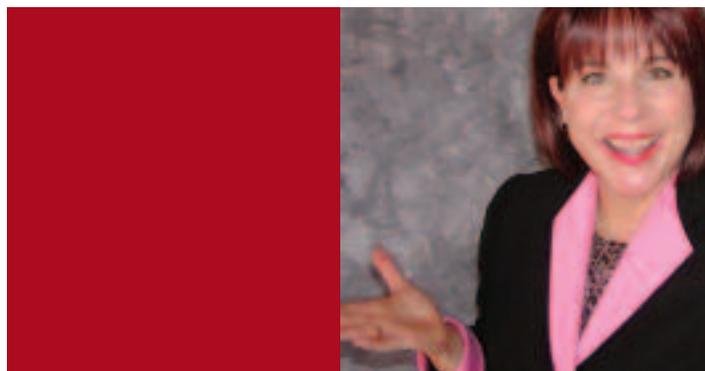
### The Networking Line Item

One of the hardest things to measure are the investments we make in networking. As with the CPE example above, it is often hard to pick the right kind of networking to bring value. We know intuitively (or from years of preaching from college professors, bosses and any books on increasing sales) that one of the best ways to generate business is to join networking groups. But it's so much more than simply paying the annual dues and attending a few meetings. We can quickly calculate the ROI in joining a networking group. Let's say we pay our dues of \$150 per year, attend eight dinner meetings at an average of \$40 per meeting and perhaps contribute \$50 to the group's fundraising efforts. We've spent \$520. If this new membership generates just one new client for a project of \$1,000, that's probably viewed as a successful ROI.

But, let's complicate the calculation. Suppose you also join the group's board of directors, which results in added responsibility in the organization, more exposure and possibly more clients. Now you're spending three or four additional hours per month attending board meetings and doing board work. Let's say that time is worth \$600 per month in billable hours. Now your investment has become more significant. You'll need a bigger client "win" to generate positive ROI. The analysis seems to get bleak as you remain a member because, truly, how many clients can you really hope to win from this one organization? Might as well quit and move on to the next one. Right?

Wrong, says Kathleen Ronald of Speaktacular. Many people forget that every new happy client gleaned in your networking efforts with one group is now another source for referrals. Further, even though someone in the group may not be able to use your services today, she'll tell others in her circle of influence about your services. Seeing you at meetings and interacting regularly keeps you "top of mind" when referral opportunities arise.

But for some people, regardless of how important they know it might be to their businesses, the word "networking" causes their hearts to race and stomachs to churn. The thought of preparing hundreds of tax returns the week before April 15th is even more appealing than being forced to network. If you're one of those people who'd rather work 20-hour days than network, Ronald



## Secret Strategies of a Networking Queen

Which would you rather do? Go to the dentist for a root canal or go to a networking event? Using humor, Neuro-Linguistic Programming (NLP) and her extensive business background, Kathleen Ronald empowers, inspires and challenges people to change their thinking about networking via NLP. NLP is a science that helps you identify your beliefs, which affects your communication and behavior. If you want to change your behavior, you must first identify and change your limiting beliefs.

Ronald recommends using a transformational NLP technique to substitute powerful, fun words to replace words that paralyze us. Rather than say "I'm stressed," say, "I'm highly stimulated." Rather than "I'm frustrated," it's, "I'm fascinated." Rather than, "I'm networking," try, "I'm connecting."

To learn more secrets from this networking queen, attend the ASWA/AWSCPA Joint National Conference in Las Vegas, Sept. 18-20, 2006, where Ronald will deliver the opening keynote address.

For more information, check out the conference schedule, available on the "Events" page at [www.aswa.org](http://www.aswa.org).

suggests you use a transformational technique and think of it as “connecting” instead, which may be much more enjoyable.

Clearly ROI from networking is a complex calculation that includes hard-to-measure things such as building relationships, gaining leadership skills, honing public speaking and writing skills and building self-confidence and esteem. How can we possibly measure those?

## Relationship Building

Good professional relationships, like friendships, often take years to build. Sometimes, however, we’re lucky and that “special someone” comes along in a networking situation. However, as with any relationship, the first effort must come from within. We must give before we can receive.

Kathy Klotz-Guest of Powerfully Funny is a business owner and MBA who specializes in helping businesses use humor and creativity to make their marketing stand out in a crowded world. She says, “ROI measures must consider many things a purely financial approach omits, such as friendships, a network of colleagues to bounce business issues/concerns off of and a resource for personal mentoring. Personal growth should be factored in, as should the personal and emotional investments required to yield a return. However it is important that ROI does not leave off the financial

impact because time and money have supply constraints.”

The time and money invested in networking will pay back, as evidenced by a personal example I’d like to share with you. My business has had several milestones in the last year. First, we enlisted the services of a marketing manager, who helps us contact prospective clients and follow-up. As part of his direct efforts, we attended our first industry conference as a sponsor. Suddenly, we needed a booth and marketing collateral. My network yielded someone who could assist me with banners for a booth. She, in turn, helped me find a wonderful graphic designer who designed our new brochures, updated logo, business cards, etc. Attending the conference – and having good collateral and professional presence – helped us to land seven new clients. I can directly calculate the ROI of that. As a result of those new clients, we needed to strengthen our computer network and security. We engaged another networking partner to perform those duties and other IT functions for us and some of our clients. During this time, we’ve also outgrown our Web site and have now hired a fellow networker and graphic artist to revamp it to reflect our growth and updated image.

This example illustrates the power of networking. While the string of events happened over the course of 12 months, these relationships and addition of new clients did not happen

# Peace of Mind

*it's not just a cliché*

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overnight. I had spent much of the previous three years meeting people, showing up to networking events, being present. Each of the people mentioned above had been in my networking circle, either directly or indirectly, for a few years before we had a chance to really do business together. But through that networking and getting to know each other, the timing was finally right to engage in business together. The seven new clients – were they directly part of that networking? Absolutely!

## Leadership

Serving as a director or committee chair on an organization's board builds character and leadership. Many people take on increased levels of leadership in their jobs, but few get to be partners, CEOs or even top-level managers – at least not early in their careers. As in real life, volunteer board members may encounter political issues, agendas and personality differences. They will also face working in a team environment to deal with budgeting, revenue generation and fiscal management concerns. If it sounds like many of the things we do in our jobs (or in our families), it's no coincidence. What better environment to test drive leadership and other business skills than a supportive networking group? In such an organization, we can often learn by doing in a relatively safe environment where our job or career is not on the line.

Organizations also give us the opportunity to be a mentor and perhaps make a difference in someone else's life. Members often call upon one another to share experiences, get advice or to be an objective party.

Before starting my company, I worked in Big Four public accounting for 11 years. The firm paid my ASWA dues every year and also paid for a few annual conferences. I made the time investment. Over those years, I was never able to bring in a client directly because of my membership affiliations. However, I know the soft skills I learned in ASWA and other groups helped me to better interact with existing and prospective clients, made me more knowledgeable about business issues and a better leader as a senior manager, which all benefited the company. Again it is hard to measure how much a particular leadership experience might shape us, yet we know intuitively that it does.

## Communicating with Confidence

Have you ever wanted the opportunity to practice public speaking skills by giving a presentation or showcase your writing prowess by contributing to a newsletter or magazine? ASWA and other networking groups provide those opportunities as well. I've been able to tout to current and prospective clients that I've written articles for *The Edge* and other publications in a professional capacity, and it's the secret author in me that relishes seeing my byline. Where else would I get this opportunity so easily?

How many clients will hire me because I've contributed to *The Edge* or written for my local newsletter or the *Communique*? Probably not many. But perhaps as part of a competitive client proposal they reviewed my bio and found that, among other things, I write for technical and nontechnical publications where my competitor hasn't. Maybe it's made the difference in my company winning the work. Again, the ROI is hard to measure, but we know there's some value to it.

In the spirit of good networking, we should often re-evaluate the level of commitment to and membership in the various organizations to which we belong. Speaktacular's Ronald says to get the most out of a networking group we must be present at events, get involved in the organization and also add value to it. Once again, that ubiquitous ROI comes into the mix, not only in terms of value we might receive but also in terms of value we might add to the organization.

As ASWA annual membership renewal season is upon us, I can tell you without a doubt that I will renew my membership for the 16th year. I know that my investment of \$140, plus meetings and time served on local and national boards will take effort. But I also know it will pay me back in ways I don't even know today – and some that I already do.

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Monika Miles, CPA, co-founder and president of Labhart Miles Consulting Group, is a member of the ASWA Silicon Valley Chapter and is currently serving as a director on the ASWA national board. Miles can be reached at [monika@labhartmiles.com](mailto:monika@labhartmiles.com).



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