

PART

1

Why Wake Up?

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Engaging in the Social Capital Trade

SOCIAL CAPITAL IS a term you've probably heard before and one that I will use often throughout this book. It doesn't come with an official definition from Webster's Dictionary . . . yet. Unlike financial capital, social capital can't be bought. It takes time and trust to earn, maintain, and use (not abuse) social capital. Yet, once you've harnessed and mastered its power, it can become one of the most valuable assets for both your personal and professional lives.

Wikipedia defines *social capital* as a sociological concept used in business, economics, organizational behavior, political science, public health, and the social sciences in general to refer to connections within and between social networks.¹ *Bowling Alone* author Robert Putnam captured the concept well when he said, "Just as a screwdriver (physical capital) or a college education (human capital) can increase productivity (both individual and collective), so too social contacts affect the productivity of individuals and groups."² As an evolution of these definitions, I define social capital as the intangible value Person A assigns to Person B when Person B requests a favor from Person A (an introduction, a recommendation, provision of business intelligence, and so on).

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The building up, cashing in, and exchanging of social capital makes the world of business go round. These transactions require trust, integrity, and credibility to generate the social capital, facilitate exchanges, or increase value; yet social capital is not an asset that is commonly measured by most professionals when evaluating themselves or others. It's also not measured when most businesses are valued—even though it should be.

To help clarify the idea of trading in social capital as I see it, I highlight my relationship with Bill Aulet, a senior lecturer and the managing director of the MIT Entrepreneurship Center. I have established and maintained a professional relationship with Bill after being introduced to him by one of our mutual trusted colleagues at MIT (more about the legendary Peter Kurzina later). Bill was not an easy guy to pin down for our first meeting, but when I finally got in front of him and showed him what I was doing with LinkedIn, he understood it immediately and became one of my biggest champions (you may have noticed his quote on the back of this book). I had therefore laid the basic foundation on which I could build social capital with him.

To take it a step further, let's say I discovered through LinkedIn that Bill was connected to John BoardMember, who serves on the Board of Directors of a company in my target market. Because I have that solid social capital foundation with Bill, I would feel comfortable asking him to introduce me to BoardMember (that is, if I felt I provided a compelling and relevant value proposition that Bill would agree with). Of course, this introduction would have to be meaningful for all parties involved. If Bill had a strong relationship with BoardMember, I am confident that he would consider placing his personal brand at *social capital risk* by providing me that one introduction.

In this case, if I offer any value for BoardMember once we are introduced, a few things happen:

1. Bill's social capital store increases with me (I owe him for making the introduction).

2. Bill's social capital store increases with BoardMember (Bill made an introduction that ultimately produced some sort of value for BoardMember).
3. I lay the foundation to build social capital with BoardMember.

This example illustrates the importance of making valuable introductions that benefit everyone involved. Had I wasted BoardMember's time by making a bad impression on him (for example, if I tried to sell him something he didn't want or talked about myself without listening to his interests) instead of providing some kind of value to him, I would make both myself and Bill look bad. BoardMember wouldn't want to continue a relationship with me, and Bill certainly wouldn't be making any more introductions on my behalf—since he traded in social capital by essentially saying, "John, by introducing you to Dave Govee, I'm investing my time in making this introduction. I'm also risking my personal brand in tying my name to the potential success (or lack thereof) of your overall experience with Dave."

So, hypothetically, Bill chose to make this introduction as a savvy businessman, with the expectation that this investment of time and risk of his personal brand would yield:

1. The personal enjoyment that he gets by introducing two people he knows and likes (contrasted to the personal displeasure of making a cold call in an attempt to build relationships for himself or his business).
2. The knowledge that BoardMember and Dave will value Bill and his brand more after this successful introduction, thereby raising Bill's social capital account with both parties.

Let's go back to my original request for an introduction from Bill. What if I had e-mailed Bill and asked him to introduce me to not one but four people I wanted to reach for my personal benefit? As a busy and respectable professional, Bill might not even have responded to that e-mail. He would more than likely ignore it, and probably think that I had overstepped my boundaries,

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pondering, “Who does Gowel think he is? Am I here just to sit around and make introductions for him all day?” And really—who could blame him for thinking this way?

Some of you (the sales professionals out there) may respond, “Well, why not? Why is it so outrageous to ask Bill for four introductions—especially if he respects you and feels comfortable referring you to people on his behalf? Isn’t that what effective networking is all about?”

This concept is best explained by relating social capital to social norms. In certain environments, different actions are acceptable to different people. For example, it’s perfectly normal in the United States to approach someone and shake hands the first time you are introduced. In other countries, kissing someone on both cheeks the first time you meet is acceptable if you’ve been introduced by a close mutual contact or family member. But had I given Bill the double cheek treatment the first time I met him, I suspect that the only introduction he would have made for me would have been to his door.

As with social norms, there is a fine line of etiquette that goes along with trading in social capital, both online and offline. It requires that you develop an understanding of your target market’s environment, the activities in which they are currently engaged, and what they expect of you. It’s not easy, but this is how you can figure out the exchange rate of the social capital that you possess. This, of course, is far more difficult than a monetary exchange: unfortunately, you can’t peer into your wallet to find out how much social capital you’ve lost or gained with a particular person.

Of course, the concept of networking and asking for introductions is nothing new. Techniques like attending networking events, handing out business cards and cold calling have been around long before the existence of LinkedIn. But now that we’ve entered into this new era of business, LinkedIn is augmenting some of these antiquated ways of spreading word of mouth (WOM). LinkedIn is *not* a complete substitute for more traditional ways of networking. Face-to-face contact, social skills, and a firm handshake are still vital for most people (including me) to achieve

the success they seek, and that's not going to disappear. LinkedIn isn't replacing these traditional methods; it is significantly amplifying them.

For example, I attended a networking event to accomplish various goals one summer morning in 2009, one of which required getting in front of highly regarded *Boston Globe* columnist and blogger Scott Kirsner. My goal was to meet Scott, convince him of my LinkedIn prowess through a gratis LinkedIn training session, learn from his critiques, and earn some favorable press (you'll find a more detailed version of why he dubbed me a LinkedIn Jedi later in Chapter 8).

I have built social capital, supplemented by LinkedIn, with many respected business leaders by providing value during my first interaction with them and by being a hardworking person who values integrity. Of course, there are ways other than through LinkedIn to build social capital with people in the real world, many of which just require common sense. In fact, some of these are critical to enable LinkedIn to be effective for you in business, as LinkedIn doesn't obviate the need for human contact. Here are some networking best practices I've found useful that should be used *with*, not instead of, LinkedIn:

1. **Be patient and reasonable:** A few months ago, I was introduced to a guy—we'll call him John Impatient—by a friend who felt we would mutually benefit each other. After I had to reschedule a phone call at the last minute with Impatient for the second time (because of a second unforeseen conflicting event), Impatient decided I wasn't worth the wait. He left a stern message with my assistant saying, "This is the second time Dave's cancelled on me; I'm no longer interested in meeting him." Had Impatient given me the benefit of the doubt, his social capital would have started off high with me, as I would be looking to repay him for the inconvenience I had caused. It just so happened that I had to reschedule with him because I was working on a major business deal from which Impatient could have benefited, had

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he not been offended that there was something I had to prioritize above my interaction with him. When people re-schedule on me, I generally assume that they are so busy with the positive things going on in their business that they will be worth the wait. This is especially the case when I am introduced to new contacts by people I trust (mostly thanks to LinkedIn).

2. **Follow up:** Often forgotten in the business world, following up is essential, not only when you want to get introduced for a job, to make a sales pitch, or to ask for a favor, but also *after* you receive fruitful introductions, advice, or favors from people in your network. When trusted colleagues risk their personal brands to introduce you to someone in their networks, it will reinforce your social capital to follow up with that introducer to thank and update them on the meeting's success. If people invest their time to give you advice or guidance, follow up and let them know how you used that advice and make it clear that you were listening and executed thoughtful actions from their imparted wisdom. These actions go much further in building social capital than most people realize and can easily be accomplished by using calendar reminders or an online task list.
3. **Pay it forward:** If you make an introduction for someone in your network that leads to anything valuable for either person, your social capital account with both people increases (as Bill's account increased with John BoardMember and my own). Channeling JFK, I advise you to ask what you can do for your network *before* asking what your network can do for you. Whether you are looking to get a job, sell something, partner with a business, or hire the right team member, it's helpful to have already built up social capital before you need to go to the well. This is an especially smart move for people who have strong, high-quality networks but who wonder how they can monetize that social capital (or get a job) through their networks without abusing them. If you fall into this category, the following is a painless process worth considering:

- a. First, find an ethical, well-connected person in your network with whom you like spending time.
- b. Determine what this person—we'll call her Jane Awesome—is trying to achieve at this point in her life. You can do so by simply taking her out to lunch and asking her what she's up to. Learning about Awesome's goals and figuring out her value proposition and target market will better arm you to make a quality introduction for her from the pool of people you know.
- c. Make an unsolicited and thoughtful introduction. This act may turn into a business deal, an achieved goal, or just a new connection for Awesome. Offering some form of positive result (even if it is nothing significant) puts Awesome in an appreciative position, which will allow you to be more comfortable asking her for an introduction to someone in *her* network when you need one later on. Not only are you positioning yourself well for future tangible gain, but you've also helped your friend.

Note: Please do not mistake my words (here or anywhere else in this book) for saying that you should be nice to people and make introductions *just so* you can take advantage of that relationship later. The people in your network will notice if you are insincere, which will prevent you from building social capital stores with anyone. This tip (and any others I provide) is merely an explanation of how to do something that *could* help you build social capital in the future; it does not guarantee it. That absence of the guarantee is actually what makes it so valuable. People appreciate what you do more if you choose to help them because you like them instead of because you are *expecting* a return on that investment of your time and brand.

4. **Grab a coffee and hang out by a crosswalk:** Let's just say that if, one day, you happen to see a man walking, distracted while deep in thought, and he fails to notice he is about to step into a crosswalk while traffic has not yet slowed, and you grab his arm and save his life . . . you'll most likely be able to ask him for an

introduction or two. Perhaps this scenario is far-fetched; however, it does highlight the point that sometimes it's not the length of a relationship that matters in generating social capital but the *quality* of that time spent.

Carrying the Pig and Talking to Trees

A valuable lesson I learned in the realm of social capital best practices occurred when I was a student in Fort Benning's U.S. Army Ranger School—a rigorous leadership and educational experience that challenges physical, intellectual, and *social* capabilities, requiring the highest degree of attention to detail and mental focus. Ranger School consists of three phases covering at least 63 days. You must pass many levels of evaluation to earn the right to call yourself Ranger. The basic evaluative tool during this experience is the patrol; you essentially live in the woods with your squad or platoon, executing full-day—as in 24-hour-long—missions. There is an assigned (and graded) patrol leader, with subordinate (also graded) leadership roles, all of which rotate twice *during* each mission. This process requires that you pay meticulous attention to other people's duties so that you can then lead effectively in your next position, since you're not told until the moment you are promoted what your role will be for the next iteration. Therefore, you don't get through Ranger School without building some strong ties to your fellow students whom you've likely just met only days or weeks before.

A unique element of Ranger School that can jeopardize a stellar patrol assessment is the peer review. You can be “peered out,” which can cause you to fail out of Ranger School, even if you demonstrate the tactical genius of General Patton and the physical stamina of a samurai while passing your patrols with flying colors. If your peers decide that they don't like you (and they don't even need to provide hard evidence of it), you will never be able to call yourself a Ranger.

I realized very early on during Ranger School that I would build social capital most effectively by discovering how to use my strengths to help the people around me *without* asking for anything in return. It quickly became apparent that the only effective way to be seen as a good guy here was to actually *be* a good guy. Extremely stressful situations tend to cause people to drop their guard and let their true colors show through.

Since I came from the armor branch, not the infantry, I was at a disadvantage when I arrived at Fort Benning; my core training up to that point wasn't as focused on Ranger School's infantry-focused tactics as was many of my peers'. Therefore, lending tactical genius was *not* how I intended to build social capital. However, after almost a year of intense preparatory training, I quickly realized that at a lean 205 pounds, my physical strength was an asset I could use to be a good team member. I would regularly volunteer to carry the heavier gear during the patrols and road marches we conducted early on, specifically the 24-pound M60 machine gun affectionately referred to as the *Pig*.

Few people *wanted* to carry the *Pig* (in addition to another 40 to 80 pounds of gear that we all had already), but because I was willing to use any advantage I had in size to benefit my peers, I *offered* to do so more often than not. And I never complained, making sure always to look at the silver lining of tough situations and remain upbeat. I took the same stance when a peer in a leadership position would ask me to complete an unpleasant task: I executed the task to the best of my ability and kept any grumblings to myself.

My social capital payday manifested itself during the second part of Ranger School: the mountain phase. One dark night during a graded patrol, I came down with a sickness I later realized was probably the flu. I had a fever, became delirious, and most notably, lost my appetite (the significance of the
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latter symptom highlights the severity of my illness as every other day in Ranger School, I would have likely traded a kidney for a candy bar).

Needless to say, I was *not* a functional Ranger while my head was on the chopping block as an evaluated patrol leader. Because of the strong desire to avoid being recycled, I powered through my initial duties while drinking as much water as I could, trying to purge my system of this ill-timed curse. My final requirement for that patrol was to complete a long march at night, carrying a heavy load through mountainous terrain. I was so sick, malnourished, and tired that I was later told I was falling in and out of consciousness, talking aimlessly to the surrounding forest. My buddies could tell I was having a difficult time, but because of the social capital I'd built up with them from taking on Pig duty and being a good team player, they jumped in to help me. Although it would have been easier for my peers to leave me behind or to tell an RI (Ranger Instructor) that I was sick, they instead tied a strap to my rifle and led me through the mountains so I wouldn't get lost. It was because of my fellow Rangers that I made it through the night. Had I not built social capital with these people beforehand, I may never have earned my Ranger Tab, which would make this story far less interesting.

And for good measure, consider the following few worst practices:

1. **Don't milk your introductions:** I was once introduced to a new business partner by someone we'll call John Milker. Milker's self-interest prompted him to promote his own agenda by keeping himself involved in the relationship he stimulated, despite there being no mutually beneficial reason to do so. He continued to entangle himself in the new relationship as things

progressed and it became awkward when all the other parties realized he didn't fit. However, since Milker made the introduction, it was a difficult topic to bring up. His selfish mentality rapidly burned social capital with me and our mutual business partner, and it was clearly not worth his effort to force his involvement.

2. **Don't treat people as a means to an end:** People generally know when someone else has used or is using them. Treat people like the friends, contacts, and respected employees they are while you network, and not like tools that you're trying to manipulate. As I reiterate throughout the book—this is not to say that you should *only* be nice to people you will want something from in the future. We all know someone who operates under this mentality, and it is usually transparent and not appreciated.
3. **Don't try to cash in on social capital:** I was once introduced to a potential business partner by someone I'll refer to as John Greedy. When the introduction turned to business, Greedy ended up coming back and saying, "By the way, since I introduced you, I want a cut of whatever comes out of it." Although his request was based on the general notion of the commonly accepted practice for referral revenue sharing, the fact that he hadn't clarified this up front soured the relationship. If you make an introduction for someone without clearly outlining some form of agreement before doing so, be careful. You can burn stores of social capital by pursuing monetary compensation after the fact.
4. **Don't make flippant introductions:** This is where using LinkedIn became confusing for many early adopters who lost sight of their objective in pursuit of sincere intentions. Some believe that introductions are a quantity-based activity instead of a quality-based one, and thereby they make introductions solely for the sake of introducing people. Despite having access to a plethora of people you never knew you could reach, you never want to waste your connections' time by being a super-introducer who doesn't carefully consider whether or not *both* sides of the equation will benefit from the interaction.

Second Lieutenant AllTalk and the Tab Wearers

I also learned a couple of social capital worst practices in my time at Fort Benning. Unfortunately, there are some people who believe they can glide through Ranger School (and life) by relying exclusively on social capital. Take for example, Second Lieutenant AllTalk. AllTalk entered Ranger School, the Army's preeminent leadership school using infantry tactics as the educational medium, as a noninfantry officer with even less tactical preparation than I had under my belt. AllTalk arrived thinking he was just going to do favors for people to make them like him, and he didn't think he needed to learn the infantry tactics that were required to excel. AllTalk believed that his infantry friends would take care of him when it was his turn to lead patrols, because he was generating a lot of social capital for them (for example, sharing his food with them and volunteering to take the lead on miserable or laborious tasks). But the Ranger Instructors could tell that he wasn't proficient in his duties. This was partly due to the fact that his peers realized that AllTalk *expected* to lean on them while they were tired, hungry, and cold as well. AllTalk wasn't able to pass his patrols because he relied too much on social capital; he didn't earn the title of Ranger, because he was depending on others to carry his load. He didn't *get* social capital, and he didn't get his tab either.

Had AllTalk managed to slide by and become a Ranger, he probably would have been what the Army calls a "tab *wearer*"—people who attend Ranger School solely to get their tabs and then rest on their laurels afterward. They simply show their prize off to everyone in a "Hey, look at me!" fashion. On the other hand, if you're a "tab *bearer*," you recognize that because you've earned that tab, it's now your duty to represent it well. You show that you deserve it by being an ambassador for the Ranger brand as opposed to milking it. When this concept is applied to social capital, you become a tab wearer when you use someone as a means to achieve an end and then treat them as

something from your past. Conversely, you become a social capital tab bearer when you recognize that it takes work to maintain a relationship, which includes providing meaningful introductions and other means of returning value to people who have helped you, because it's the right thing to do. Being a tab bearer means that you always keep that delicate balance that is the social capital exchange in mind.

You generally won't build social capital by poking prospective business partners on Facebook or tweeting them on Twitter. That's not to say that these forms of social media are not effective business tools. I just want to stress that social capital is not as effectively exchanged in other platforms deemed "social," as LinkedIn is the best of the breed in this arena. Another way to see this is that Facebook answers the question, "what are my friends doing right now?" while LinkedIn answers the question, "who in my network can introduce me to someone I need to meet?" LinkedIn is fundamentally different from any other site that has been categorized as social media. And on that note, it's about time we discuss the star of the show. . . .

Chapter 1 Summary

- Unlike financial capital, social capital cannot be bought. It takes time and trust to earn, maintain, and use (not abuse) social capital. But it is the building up, cashing in, and exchanging of social capital that molds and powers the world of business today.
- I define social capital as the intangible value Person A assigns to Person B when Person B asks for some type of favor from Person A (an introduction, a recommendation, provision of business intelligence, and so on).
- LinkedIn enhances some antiquated ways of spreading word of mouth (WOM) marketing and provides, for the first time ever, the ability for users to directly stimulate personal WOM marketing to multiple target markets.

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