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At Entrepreneurs Clubs, Networking at Its Purest

By Jennifer Pendleton

It's 7:16 a.m., and the 30 eager, earnest people gathering in a conference room at Glendale's Red Lion Inn are ready for business.

Between sips of coffee and forkfuls of eggs, the participants—a dentist, a salesman, and an accountant among them—will spend the next 75 minutes trying to rustle up customers for one another.

Make no mistake: This is *not* your father's Rotary Club. There are no reports on community service projects, no guest speakers talking about California's water system.

Instead, the members of the Glendale chapter of LeTip International—like those at thousands of similar groups around the nation following a business trends that started in Southern California—have a single-minded focus: exchanging tips, or leads, that will help their businesses.

In this increasingly entrepreneurial, work-at-home economy, the clubs have become a popular way to build a business without spending a lot of money. And for people working on their own, the clubs also serve as a new kind of corporate water cooler, providing members with some of the human contact their work-packed lives lack.

At LeTip in Glendale, the atmosphere is upbeat and the session tightly structured. One of the

weekly rituals calls for two members to give 10-minute show-and-tells about their enterprises.

Stephen Ropfogel, who runs his own Glendale company called Creative Promotions Unlimited, is one of the speakers this week. He enthusiastically tells the crowd how pens, coffee mugs and note pads adorned with a company logo can build goodwill—and business.

"This is the only form of advertising where the recipient actually says thank you," Ropfogel said.

Next up: Sossi Crilly of Mandy Alys Gifts of Montebello, a seller of gift baskets, who says that any of the rattan containers she passes around the table can be wrapped up and filled with goodies for \$20 to \$25.

"I ship nationwide, and I take Visa and MasterCard," Crilly said.

Everyone passes business cards. Before it's over, each person will deliver a 30-second personal commercial, explaining the kinds of leads they're seeking and sharing how many tips have come their way through the group.

Club officers keep track of the tip traffic on smaller paper forms, copies of which flow to the "tip master," the person who maintains the club's records. Anyone who fails to come up with at least two tips per month or is frequently AWOL can be ejected.

It's not clear if these leads clubs are taking market share from traditional business service clubs, such as Rotary International, with its mission of public service. But it would be wrong to confuse the two.

Membership in Rotary and similar service clubs tends to be more male and slightly higher in the business food chain—car dealers, restaurant owners who may employ a dozen or more workers, and professionals with well-established practices.

By comparison, the leads clubs generally attract people from smaller enterprises, including people who are working at home or just starting out in business.

And at Rotary Club, any overt solicitation of business would be considered bad form, notes Kathy Turner, immediate past president of the 550-member Rotary Club of Los Angeles.

"You would never go to the podium and ask for support," Turner said.

Not so at the leads clubs. Here, self-promotion isn't considered tacky—it's celebrated. And participants swear they get results.

Dr. Neil McLeod, a Los Angeles dentist and president of the 93-member Executive LeTip of West Los Angeles, says 25% of his private practice's income comes from referrals from the

group.

"It works," McLeod said.

The groups also ensure there are enough tips for everyone by allowing only one person per profession category at any one time. That means in each club there's only one real estate agent, one banker, and one dentist, for example. Know someone who needs a will? Since there is only one lawyer in the group, there's no question who will get the tip.

LeTip Glendale President Kevin Burke, a financial management consultant, thinks entrepreneurs and busy professionals in the work-mad 1990s simply don't have the time to belong to numerous organizations if the payoff isn't clear.

"If I join as an accountant and there are 20 other accountants, no one's going to give me any accounting work," Burke said.

Although these business networking groups have been around for at least two decades—both LeTip and Ali Lassen's Leads Clubs take credit for being the first—the organizations say their numbers are on the rise.

The Big Three of business networking groups, all for-profit corporations are Ali Lassen's Leads Clubs, based in Carlsbad, Business Network International, or BNI, of San Dimas and LeTip International of San Diego. Each maintains a small corporate staff at headquarters, but it's non-paid volunteers who run the weekly meetings.

Together the groups contain about 4,300 members in the Los Angeles and Orange counties. There are also numerous independent groups that engage in the same lead-swapping pursuits.

Tom O'Malia, director of the Greif Entrepreneur Center at USC, said it reflects the entrepreneurial nature of the Los Angeles economy.

"Entrepreneurship is by definition the creation of value without dependence on resources," O'Malia said.

That means using so-called "guerrilla marketing" techniques—such as attracting potential customers at minimal cost.

Fees vary, but generally the groups involve a one-time initial fee ranging from \$50 to \$295, plus regular dues, amounting to a few hundred dollars a year.

Although the clubs are popular with both sexes, they were given a push by the 1970s women's movement.

Ali Lassen's founder of the eponymous Ali Lassen's Lead Clubs, started her organization two decades ago because she needed leads for her small business and, as a woman, wasn't allowed to join the then all-male traditional service clubs.

"She was desperate. She needed clients," said daughter Lisa Bentson, now president of the 5,000-member worldwide operation.

About half of the Ali Lassen's Leads Clubs are all-women affairs, Bentson noted. All chapters of the national leads club follow a structured program.

At the Ali Lassen's clubs, for example, top lead generators receive plastic trophies or stickers. At BNI, those who bring in high numbers of referrals or visitors receive "Notable Networker" certificates monthly.

At LeTip, the philosophy is a bit more stick than carrot. The

group levies fines for infractions: Arrive late? That'll be \$1. Fail to bring in a lead? Another buck. Don't show up as the scheduled speaker? Ten dollars, please.

"It's about commitment," said Lou Gray, senior vice president at LeTip's San Diego headquarters. The fines themselves go into a local chapter kitty, where the money is used to pay for occasional social events.

But for all the emphasis on leads and the bottom line ("We are not a social club," reads the Ali Lassen's club statement of purpose), members consistently say it's the human contact that means the most.

"I've gotten this brand-new group of friends," said Dwayne Garman, a magician known as "Mr. Wonderful."

Garman, a LeTip member, runs his Los Angeles-based Top Banana Entertainment out of his home office.

"Even if the club were to fall apart, these are people I'd continue to see," he said.

And sometimes it yields more than friendship. Certified Public Accountant Larry Negrin, a member of the Ali Lassen's club in Calabasas, met his girlfriend, interior designer Victoria Ross, there. Three years ago, Ross turned up at a meeting as a guest. Negrin liked her, but noticed a wedding ring.

Three months later, Ross returned, sans wedding ring. After making discreet inquiries, Negrin learned Ross had split from her husband. And so he asked her out.

Now that's networking.