



Statement of 'Best Practices' Tracking The Value of Chapter Referrals "Show Me The Money"

July 15, 2008

Dr. Misner, founder of BNI, tells us that in 2007 members of BNI passed 5.5 million referrals . . .



....which generated well over two billion dollars' (U.S.) worth of business for the members!

Introduction

How does Dr. Misner know this? What does he mean by "generated.....worth of business"?

We believe it is compiled from statistical information generated through two Ph.D studies conducted first by Dr. Misner and a second Ph.D study that matched his first results. We have also begun to match these studies with actual results of referrals generated within those chapters which are tracking their closed referred business. This information benefits those of us in BNI all over the world because it helps verify our powerful word-of-mouth referral program. Reliable information validates BNI credibility and assures a steady stream of chapter visitors who further the marketing exposure of BNI members. To benefit from reliable financial information, we also are obligated to assist with the data collection process. In the words of Dr. Misner "It is very important that we all use the same measuring stick for performance worldwide. Otherwise, we are talking apples and oranges when we talk about BNI numbers."

So, what does "generated worth of business really mean? We suggest it means the dollar value (or pound, or yen, etc.) placed on business transacted among BNI members. Businesses of all sizes do this every day in their accounting records when they record their sales, their commissions, their fee billings, as the case may be; i.e. their top line. Whether we call it revenue, or gross income, or gross commissions, it really comes down to the gross value of the business transaction to the BNI member.

We believe the common measuring method to track our financial results in BNI chapters should have a universal understanding across the world. A universal descriptor of this measure that

most everyone can readily understand is **THE GROSS VALUE OF THE BUSINESS TRANSACTION TO THE BNI MEMBER.**

We believe the phrase, *gross value of the business transaction to the BNI member*, is easy to understand and can be adjusted to most every member's unique circumstances. Multi-national companies publish their financial results in billions of dollars worth of annual profits, along with 'the gross value of business transacted' We should avoid terms like "Profit" but as Ivan Misner states, the real value is the "...worth of business to (the) member(s)",

"Best Practice" Statement

For purposes of reporting business generated in "thank you" to members using the "Show Me The Money" program the value to be assigned to the "Thank You" is the gross value of the business transaction to the BNI member issuing the "Thank You".

Examples:

1. Attorney gets \$2,000 for preparing a will. Transaction value is \$2,000.
2. Real estate agent receives \$2,000 commission from home sale. Transaction value is \$2,000.
3. Florist invoices \$2,000 for flowers, etc. for a wedding. Transaction value is \$2,000.
4. Car salesman receives \$2,000 commission for placing 3 vehicles into a leasing fleet.
Transaction value is \$2,000.
5. General contractor invoices \$2,000 for home renovation. Transaction value is \$2,000.
6. Life insurance salesman receives \$2,000 first year commission on sale of life insurance policy (subsequent annual commissions are \$200, see footnote). Transaction value is \$2,000.
7. Accountant receives referral of annual audit with estimated fees of \$2,000 annually so long as the accountant is entrusted with the engagement. Transaction value is \$2,000. (See footnote)
8. Owner of used car lot personally sells used vehicle for \$2,000. Transaction value is \$2,000.

Footnote on repeat business:

It is important that business reported is the result of an initially completed business transaction. The ongoing annual commissions from a life insurance policy, or the annual audit fees on a recurring engagement continue to represent business transacted as a result of a BNI referral and should be reported, but only at each annual renewal when they have translated into completed business. A lawyer may be engaged by the same client, but usually for different legal projects. Each project could be considered a new referral.

Recording recurring business transactions of a shorter duration may require standards created at the chapter level. For example, how often should a hair cut done on a member be counted or oil changes for a member at the member mechanics garage? These would be considered as Internal Referrals. While all closed business is appreciated (internal and external) we suggest the following standard be adopted in the beginning. A chapter count a recurring internal or external referral only once in a reasonable time frame – as in once every 6 or 12 months.

BNI creates loyal on-going customers who are appreciated, but the real value is in **THE NEW BUSINESS CREATED** by the BNI member networking within the community,

Unique circumstances:

We've supplied a number of examples which deal with broad generic issues related to tracking revenue. There may be a number of specific situations which don't conveniently fit the examples and we'll be asked for clarification. We will attempt to provide specific advice to specific situations. Where the issues raised are of broad general interest we will distribute the information in updates to this Best Practice Statement.

The Banking Category is one such area that has recently generated much interest. Most banks have a commission schedule that they pay to independent brokers for referred business. I.e. An investment advisor sending a client to a bank to buy a 5 year GIC, or to make a Registered Retirement Saving Plan deposit, or to take out a mortgage, could expect a commission for the referral. Where possible, bank employees should report using this commission schedule. Here's why. 1) They likely have easy access to the information since it wouldn't be confidential to the employees. 2) It's a clean way of doing it since it only involves reporting once when the transaction is made. 3) It represents a legitimate value that the bank has placed on this type of transaction. 4) It covers all the types of transactions that are likely to be referred.

Point 4 is important because putting a value on a GIC transaction is otherwise difficult since the interest on the GIC is paid out by the bank. In other words, it's not an income to the bank. It's an expense.

This approach would also accommodate a 2nd thank you when the loan or GIC is renewed since these commission schedules typically pay trailer fees for renewals.

Where the banker chooses to report interest earned on loans and mortgages the comments above about periodic reporting apply. And the loan or GIC principal should never be reported; only the income that is earned on the principal sum.

How do we track "Show Me The Money?"

The BNI Green Slips may be used to collect and record the chapter's combined gross transactional value to members. The basic concept of the **"Thank You For Closed Business"** (Green Slips) is to enable members receiving successful referrals to individually recognize and thank those other members for the closed business they generated. To address concerns about publicly sharing the dollar value of referrals received, we have reversed the practice by only

recording the name of the person GIVING THE SUCCESSFUL REFERRAL. Therefore, no one knows how much money you are making, but rather how much money you are able to generate FOR OTHERS through the referrals you find within your networks.

Chapters, who have been collecting this information routinely for some time, find the exercise fairly easy. If I receive a referral and it turns into business for me, I can calculate the transactional value to me personally and also I know who gave me the referral. I fill in the GIVER'S NAME and the TRANSACTIONAL VALUE and submit the Green Slip to the Chapter VP. The Chapter Vice President will then record onto the website, the transactional value of the closed referral that was given by the referring member. This will a) show the value of referrals given by each member, and b) provide an aggregate value of referrals generated within the chapter.

If your chapter is not yet using this system and some members feel a little uneasy with this new procedure, then we suggest setting up a ballot type of box at the front of the room and members can place their Green Slips into the ballot box anonymously at the beginning or ending of the meeting. In the beginning of implementing this program in your chapter, if a member wishes to avoid using the Green Slips or box completely, he/she should be encouraged to at least stand during the "I Have" session and thank the referring member by name for business referred (regardless of whether a dollar value is mentioned).

As we roll this program out fully into all chapters we will discover nuances that need to be adjusted or otherwise considered. We will also be able to provide amazing statistics in support of the true value of the BNI way of life. Please let us know your thoughts and experiences.

On Line Data Collection for "Show Me The Money Program"

Member	PALMS	Ref Given (Int)	Ref Given (Ext)	Ref Rec	Visitors	Value	Dances
Main (Speaker)	P	0	2	0	0	40	
XXXXXXXXXX	A	0	0	0	0	0	
XXXXXXXXXX	P	1	0	0	0	1110	Sylvain Bernier
XXXXXXXXXX	P	0	1	0	0	20	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	0	2	0	0	0	
XXXXXXXXXX	P	0	1	0	0	0	
XXXXXXXXXX	P	1	0	0	0	0	Lina Pigeon
XXXXXXXXXX	P	0	0	0	0	0	Lan Au
XXXXXXXXXX	P	1	0	0	0	28	
XXXXXXXXXX	P	0	0	0	0	1680	
XXXXXXXXXX	P	0	2	0	0	200	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	1	0	0	0	1080	
XXXXXXXXXX	P	0	0	0	0	0	
XXXXXXXXXX	P	0	0	0	0	1010	
XXXXXXXXXX (Speaker)	P	0	1	0	0	15	
XXXXXXXXXX	P	0	0	0	0	1000	
XXXXXXXXXX	P	0	0	0	0	0	
Visitors	P	0	0	0	0	0	
Other Chapter Members	P	0	0	0	0	0	
Former Members	P	0	0	0	0	1498	
Total		4	9	0	0	7581	3
Total this Month		4	9	0	0	7581	3
Total this Year		180	294	462	61	208106	100

Thank You For Closed Business “BNI Green Slips”

The *BNI Green Slip* has been revised to enable recording of internal/external referrals and also those referrals which are recurring. You may soon request these slips from your BNI Regional Office.

BNI		<i>Thank You</i> For Closed Business	
Thank you to: _____ <i>(Member's Name Who Shared The Successful Referral)</i>			
For the referral that led to business worth \$ _____			
<input type="checkbox"/> New Customer / Client		<input type="checkbox"/> Internal	
<input type="checkbox"/> Repeat Customer / Client		<input type="checkbox"/> External	
Comments _____			
Chapter _____		Date _____	
<small>Completed form is to be turned into chapter Vice President Referral Recipient's Name Is Not To Be Included</small>			
<small>(For an approved description of how to record the revenue, please consult the web-site or your Chapter's Leadership Team)</small>			
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This document was prepared through consultation between the BNI National Director for Australia and Canada (Frederick Marcoux, C.A., Australia & Don Morgan, M.A., Canada) and BNI Canada's CFO (Wayne Kentner, C.A.). The concept of "Gross Transactional Value To the Members" was also shown to Dr. Ivan Misner for his acceptance and approval.