

# Putting a Price on Social Connections

Researchers at IBM and MIT have found that certain e-mail connections and patterns at work correlate with higher revenue production

By [Stephen Baker](#)

*Editor's note: This is the first in a series, Value of Virtual Friends, exploring the ways our lives are affected—financially and otherwise—by the multiplicity of online social and professional contacts.*

Messaging with the boss much? Maybe you ought to be. Workers who have strong communication ties with their managers tend to bring in more money than those who steer clear of the boss, according to a new analysis of social networks in the workplace by IBM ([IBM](#)) and Massachusetts Institute of Technology.

The [research](#), released this week, even assigns a dollar value to e-mail interaction with an employee's managers. Among the group studied, several thousand consultants at IBM, those with strong links to a manager produced an average of \$588 of revenue per month over the norm.

The results represent an early attempt to understand the value of the broadening variety of personal connections afforded by the Web. Users of social media rack up LinkedIn contacts, Facebook friends, and Twitter followers by the hundreds, if not thousands. But figuring out how big a difference all those contacts make in a person's life, financial or otherwise, is a far murkier matter.

That's why leading tech companies, including IBM, Microsoft ([MSFT](#)), and Yahoo! ([YHOO](#)), are hiring economists, anthropologists, and other social scientists to map and classify new types of friendships—and put a value on them.

Researchers at IBM Research and MIT's Sloan School of Management found that the average e-mail contact was worth \$948 in revenue. To unearth that and other data, they used mathematical formulas to analyze the e-mail traffic, address books, and buddy lists of 2,600 IBM consultants over the course of a year. (Their identities were shielded from researchers, who viewed them only as encrypted numbers, known as hash codes.) They compared the communication patterns with performance, as measured by billable hours.

## TECHNOLOGY

[Slimming Down Employees to Cut Costs](#)









[Gadgets to Help You Get Fit](#)

[Getting Workers to Mind Their Health](#)

[Podcast: Can Your Colleagues Make You Fat?](#)

[Crafting Employees' Personal Online Health Records](#)

## STORY TOOLS

-  post a comment
-  e-mail this story
-  print this story
-  order a reprint
-  suggest a story
-  digg this
-  save to del.icio.us
-  linkedin connections

## MOST POPULAR STORIES

- Read
- E-mailed
- Discussed

- [Europe to Lift Airplane Liquids Ban in 2013](#)
- [The Seed Makers Who Don't Pray for Rain](#)
- [Slimming Down Employees to Cut Costs](#)
- [Your Office Chair Is Killing You](#)
- [Buffett Wouldn't Want to Fix U.K. Deficit](#)

 [RSS Feed: Most Read Stories](#)

## MOST POPULAR MULTIMEDIA

- Slide Shows

- [The World's Best Places to Live 2009](#)
- [2010's Hot Jobs](#)
- [Fifty Ugliest Cars of the Past 50 Years](#)
- [Best Places to Raise Your Kids: 2010](#)
- [Gadgets to Help You Get Fit](#)

 [RSS Feed: Most Popular Slide Shows](#)

## ADS BY GOOGLE

[MIT CISR Summer Session](#)  
Make IT a strategic asset. 1-day workshops at MIT, June 14-18.  
[cizr.mit.edu/events/calendar](#)  
[Facebook Advertising](#)  
Reach the Exact Audience You Want with Relevant Targeted Ads.  
[www.Facebook.com/Ads/](#)  
[#1 Social Ad Network](#)  
Find New Customers on Top Social Networks. Easy & Effective! Try it.

TOO MANY COOKS?

To be sure, not all networking yields dividends. The IBM-MIT study found that consultants with weak ties to a number of managers produced \$98 per month less than average. Why? Those employees may move more slowly as they process "conflicting demands from different managers," the study's authors write. They suffer from "too many cooks in the kitchen."

Findings like that may not be news to management consultants. But now, with the explosion of social media in the workplace, researchers have a chance to study office communication as never before. As they do, of course, workers can be expected to game the systems devised by researchers. This might mean taking steps to create strong links to managers—or efface signs of costly weak ties to higher-ups.

For IBM, research into the networked behavior of its employees promises insights about teamwork, innovation, and the transmission of knowledge and ideas within the company. This is especially important for global companies—say, where experts in New York might be unaware that colleagues in Singapore are untangling a similar problem. IBM researchers fine-tuned management of industrial supply chains a half-century ago; now their challenge is promoting the flow of knowledge throughout the workforce.

A key laboratory for this research is the company's internal social network, Beehive. The 55,000 employees who choose to use it exchange everything from family photos to the algorithms they use to resolve complicated work-related problems.

In another study to be released this week, an IBM team at the company's Cambridge (Mass.) labs analyzes methods to introduce employees to colleagues they haven't yet met. The idea, says researcher Werner Geyer, is to create new connections within the global workforce and to encourage employees to share knowledge. "We want to incent people to participate," Geyer says. He notes that participation in the network has doubled in the past year.

MATCHMAKING ALLIES

One key is to alert people to potential friends and allies at the company. Much the way companies like Netflix ([NFLX](#)) and Amazon ([AMZN](#)) study past Web-surfing patterns to recommend books and movies, Geyer and his team are digging for signs of shared interests and behaviors among their colleagues.

In their matchmaking efforts, the IBM team tried a variety of approaches. One used a tool favored by Facebook, recommending friends of common friends. Others analyzed the subjects and themes of employees' postings on Beehive, words they use, and patents they've filed. As expected, some of the systems lined up workers with colleagues they already knew. Others were better at unearthing unknowns. But fewer of them turned out to be good matches. To the frustration of the researchers, some of the workers noted that recommendations looked good, yet they didn't bother contacting the people. "They put them aside for future reference," Geyer says.

The research, he concedes, is at an early stage. But as the economy struggles, more companies are sure to study the company we keep—and even attempt to calculate how much each friendship is worth.

Business Exchange related topics:

- [Social Networking](#)
- [IBM](#)
- [Microsoft](#)
- [Sloan School of Management](#)

[Baker](#) is a senior writer for BusinessWeek in New York.

READER DISCUSSION

Name	Most Recent Comments	<a href="#">View All 39 Comments</a>
E-mail	Natalie Petouhoff Jul 28, 2009 7:06 PM GMT	

[Adknowledge.com/SocialAdNetwork](#)

Increased education spending will help improve the next-generation workforce.

So far, 54% of senior executives think so.

Disagree

Agree

SUBMIT

or view results

BW MALL - SPONSORED LINKS

- [Zurich Technology Insurance](#) State of the art liability coverage for the new information age.
- [Business On Main: Online Community](#) Free Online Tools and Resources To Help Start Or Grow Your Business. Join Today!
- [Windows 7 will benefit your business](#) Learn how the new features in Windows 7 will improve your IT and Ops efficiency.
- [SW Deployment Automation Best Practices](#) Free Guide for IT Leaders: Overcoming Software Distribution & Mgmt Challenges.
- [Help Desk Software by IssueTrak](#) Coordinate, Track, and Report on Help Desk Requests and Activity. FREE Demo!
- [Buy a link now!](#)


Comment


I cover customer service social media at Forrester and from the indepth study of 20 companies we've found that customer service implementations directly drive fundamental, bottom line performance in the average organization today. Not only does social media transform customer service and customer experience, but it is a business transformation tool that transforms the whole company. Here's a link to my ROI Model of Customer Service Social Media, the preso and would love to share with you what we are seeing! <http://bit.ly/oGvz4>  
@drnatalie / npetouhoff@forrester.com


MGray


[Disclaimer](#) | [Privacy Policy](#)

BW EXTRAS

 [Podcasts](#)  
[Mandel on Economics](#)  
[Behind the Cover](#)  
[CEO Guide to Tech](#)  
[more...](#)

 [RSS Feeds](#)  
[Most Popular](#)  
[Top News](#)  
[Innovation Trends](#)  
[more...](#)

 [E-mails](#)  
[Asia Insider](#)  
[MBA Express](#)  
[BW.com Insider](#)  
[more...](#)

 [Blogs](#)  
[Blogspotting](#)  
[Hot Property](#)  
[Tech Beat](#)  
[more...](#)

SPECIAL REPORTS  
Health-Care Reform



- Energy Outlook
  - Financial Literacy
  - Innovation in a Recession
- [More Special Reports](#)

- BUSINESS TOOLS
- B-School Comparison
  - B-School Calendar
  - BW for Mobile
  - E-mail Newsletters
  - Podcast
  - RSS
  - White Papers
- A-Z INDEX
- BW Authors
  - BX Topics
  - Private Companies
  - Public Companies

- LISTS & RANKINGS
- Best Global Brands
  - Best Places to Launch a Career
  - Best Providers of Customer Service
  - Best Undergraduate Business Schools
  - Business School Rankings & Profiles
  - BW 50: Best Performing Companies
  - Top 100 IT Companies
  - Most Innovative Companies

- BLOGS
- Apple
  - Asia
  - Autos
  - Branding
  - Investing
  - Management Trends
  - Money & Politics
  - On Media
  - Real Estate
  - Small Business
  - Technology
- [More Blogs](#)

- SLIDESHOW GALLERY
- Autos
  - Business Schools
  - Design
  - International
  - Innovation
  - Investing
  - Managing
  - Policy
  - Real Estate
  - Small Business
  - Technology
- [More Slideshows](#)

MAGAZINE  
Current Issue



[SUBSCRIBE NOW](#)