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VALUE OF VIRTUAL FRIENDS April 8, 2009, 12:01AM EST

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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.

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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.

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