Introduction and Process

Throughout our Leadership and Organization class, it has been repeatedly illustrated that a key element of a senior manager's effectiveness involves the ability to establish and utilize relationships or networks within the corporate environment. Specifically, we have learned that (i) one's ability to develop relationships significantly influences the success rate of accomplishing tasks as well as the time required to complete such tasks and (ii) one's social capital is often directly linked to the value of their network.

In order to better understand the subtle nature of networks and how key network elements such as trust, diversity, reciprocity, and personal interaction impact careers, we conducted interviews with six senior level managers across the following industries: Medical Devices, Light Manufacturing, Insurance, Industrial Manufacturing, Private Equity / Investment, and High Technology. A brief summary of those interviewed is as follows:

- ██████████ ⇒ A CEO and President of a GE Business – a private equity investment business of GE. He has ten Senior VPs reporting to him worldwide, who subsequently supervises approximately fifty VPs/AVPs. He also has an extensive network that includes approximately 2,000 contacts with investment banks, customer, other investor/institutes, and all GE major business.

- ██████████ ⇒ The Director of Quality for the High Horsepower Division of Cummins Inc. He is responsible for overseeing quality-related initiatives for three of Cummins' manufacturing plants as well as all Six Sigma initiatives throughout High Horsepower. The HHP division had $825 million in revenue for 2004. He has six direct reports who are responsible for reporting all quality-related activities of the four various engineering and manufacturing facilities. He is 36 and has been at Cummins Inc. for thirteen years in a number of different roles – Director of Quality for the last three years.

- ██████████ ⇒ The Senior Managing Director of AON. For the past 7 years, he has been responsible for business development for global companies headquartered in the United States, specifically determining consulting needs for Human

Resources and Insurance Risk. As one of the company's top producers, he co-led the team that was responsible for securing the largest human resources consulting account awarded in the history of the company. Prior to joining AON, he spent fifteen years at United Healthcare as the Director of Key Accounts and National Sales.

- ~~[redacted]~~ ⇒ A VP of Marketing at Baxter Healthcare for the United States. She is responsible for ~$250M in Sales (~45% of Total Division Revenues). She has four direct reports and total staff of eleven brand/marketing managers. She has spent fifteen years with Baxter (all in marketing); twelve years of service in two different strategic business units within the Medication Delivery Division and three years of service in the Transfusion Therapies Division.

- ~~[redacted]~~ ⇒ A Senior VP of Manufacturing & Engineering who has eight direct reports. He has been with Klein Tools for seven years and is responsible for one forging facility and five manufacturing facilities as well as all plant, design, industrial engineering, and quality control (approximately 800 people). He has been in the same basic function in the company for this entire period but has expanded overall responsibilities and areas of control.

- ~~[redacted]~~ ⇒ An EMC VP who is responsible for Storage Platforms Product Marketing. Storage Platforms accounted for about $6B of EMC's $8.2B in 2004 revenue. He has seven direct reports and a total staff of forty-two people. He has been at EMC for eleven years in a number of different roles.

From these interviews, the following key topics were explored:

1. What are the structural configurations (including both positive and negative aspects) of our interviewees' networks?

2. How do these individuals build and maintain relationships with those in their networks?

Given that we were faced with a limited sample from which to extract data related to the above topics, our group also developed a survey addressing the key topics (see Exhibits Section). Each member was responsible for obtaining nine completed surveys (fifty-four in total) from

employees within their organizations. These surveys were evenly split among the following

three groups:

- Senior Managers

- High Potential Employees

- Low Potential Employees

Where appropriate, the additional data from the survey will be used to reinforce the observation

made during the interviews.

Structural Configuration of Networks

We analyzed the structural configurations of various networks from two perspectives: (i)

network composition and (ii) network effectiveness in terms of continuity and diversity.

Network Composition

When asked to describe their network brokers or key contacts, our interviewees generally

categorized their networks into "sub-networks". The most commonly referenced sub-networks

were:

- "Brainstorming" Group – people/groups with which they could bounce ideas

- Senior Mentors – people with significant experience relating to a particular issue

- Subject Matter Experts – recognized experts in the field of concern

- Close Friends – people with whom they have had an extensive history or personal

  relationship

We noted that these network sub-segments were intentionally developed by our interviewees to

serve their different short and long term needs. The specific sub-network types were clearly

chosen to address the self-identified needs of each interviewee.

4

Even though the basis of the above relationships was different, there were a number of common characteristics that pulled the interviewees to those highlighted within their networks. For example:

- Personal history – they had prior successes with these contacts

- Respect for their successful career – admiration or desire to be like them

- Instant Karma – several interviewees said "we just clicked from the word go"

- Personal interests outside work that created a strong bond

Continuous Network Analysis

As we introduced the interviewees to key networking concepts, it became clear that there was not a consistent approach to network development. Strategies varied based on the situation. Some interactions were described as strictly business related – very task or work related – while others involved small talk and personal details. Furthermore, there was a significant difference in how each interviewee perceived networking. As illustrated in Exhibit 3, not all interviewees (or people surveyed) viewed actively building networks positively. Two interviewees went as far as stating that purposefully pursuing networks was "immoral" or "unethical". However, all recognized that they had key contacts within their organization to which they went for professional or personal advice as well as to help facilitate or "grease the wheels" for their specific agenda.

When evaluating the current network structure of the interviewees, one of the natural issues that arose was whether or not any weaknesses were present. Interestingly, responses to this issue were largely dependent upon (i) their specific mindset (being task oriented versus solely focused on network development) and (ii) their career goals/ambition. In support of this statement, the following observations were made:

- Those that were not planning on moving – status quo individuals who were pleased with their current position and company – generally did not identify any weaknesses in their current networks. In other words, they were not pressed to evaluate their networks in order to identify resource weaknesses.

- Those individuals looking to drive a new agenda or seek a new role had been evaluating their networks more recently (planning the attack). Consequently, they were more aware of weakness in their current networks.

- One interviewee initially perceived that his network contained no weaknesses but changed his opinion after going through the exercise of developing a network diagram and being introduced to the concepts of structural holes, brokers, and boundary spanners.

- In an extreme example, a veteran interviewee who felt stagnant in his company highlighted that his "network was dying or retiring off" outside of the company. He felt that he was losing the diversity of outside influences.

We also observed (as highlighted by Question #4 in Exhibit 1) that the overall response from those surveyed indicated that eighty-three percent perceived that they currently had effective networks. Based on our interviews with the senior managers and personal experience, we assume that we would find areas of potential weakness if we were to conduct a formal network analysis with these individuals as well.

Diversity

Overwhelmingly, our interviewees (and those surveyed) illustrated that they had met their key brokers and contacts through work or work related activities. Ninety-eight percent of the survey group identified work as the location where they met their key contacts. As stated by one

of the interviewees, "Networks and brokers were a by-product of doing my job". Many of the interviewees have established strong clique networks which enable them to be very effect in their current organizations. This task-driven networking bias (often company specific) poses significant constraints for an individual's ability to understand external issues, leverage opportunities, seek opposing opinions, and manage change. In a telling example, one senior executive perceived his network to be highly effective and very diverse. However, when actually analyzing his network, virtually all of his contacts are within the corporation and then even further confined to a small number of "company veterans". While very effective for him to execute daily tasks, this network has some serious limitations (lack of diversity) when he needs to be introduced to or seek out new concepts and ideas.

In contrast, we did identify one interviewee who revealed that his key contact was met at his child's birthday party. As time passed, this person became one of the most important figures in his network. This broker provided access to diverse groups of individuals with significant influence and expertise thereby allowing him to gain access to unique sources of information. Consequently, he has become one of the top producers in his company, recently landing one of the largest consulting contracts in the history of the firm. Due to the depth and diversity of this interviewee's network, it was concluded that this individual had one of the richest networks identified in this investigation.

Building and Nurturing Relationships with Those in Your Network

Once we analyzed the structural diversity of our interviewee's networks, we explored their techniques for building and nurturing those relationships. Overwhelmingly, our interviewees indicated that establishing and maintaining successful networks requires a

significant investment of time and energy to yield high returns. Strategies varied based on the situation; however, all relationships were established and maintained utilizing a combination of trust, reciprocity, and personal interaction.

Trust and Reciprocity

All of our interviewees stressed the importance of trust in building, establishing, and maintaining networks. First, delivering on commitments significantly impacts one's ability to build trust with key contacts. Two senior managers stressed building trust through achieving goals and demonstrating the ability to deliver (i.e. prior successes). Achieving goals allowed others to trust their ability to successfully complete future endeavors.

Second, trust is enhanced with honesty and openness. One manager advised, "Always be honest and truthful – even when others don't want to hear what you have to say." With respect to situations when trust has been compromised, the interviewees unanimously recommended swift and immediate action to correct the situation. As one manager noted, "If you were in the wrong, make sure that you get together with the person or group – take your lumps and talk it through. Strong relationships are much more important that any independent issue." Not considering the longer term implication of a relationship shows a severe lack of vision.

Finally, trust is further enhanced with reciprocity. For example, one of our interviewees would proactively share information with potential key contacts prior to receiving information from those individuals. He stated, "Sometimes you have to give before you expect to receive. If you want others to be on the lookout for you, often you need to establish that you can be of value to them first."

Personal Interaction

Once networks were established, like any investment, they required monitoring, regular analysis, and maintenance. While several interviewees cited daily contact with their brokers, many illustrated that their interactions were typically influenced by the current circumstances. Frequency ranged from several times a day to no contact for months, and there did not appear to be a direct correlation between frequency of contact and quality of network relationships.

Furthermore, interactions predominantly occurred via phone or email. This was not particularly surprising given that many of our respondents and interviewees are employees of corporations with a significant national and global presence. While highlighting that email and phone interaction was a result of their business situation, most respondents emphasized the necessity of face-to-face interactions. All interviewees emphasized the importance of face-to-face contact to maintain the strongest network links in a business setting or when personalizing the network tie in a social setting. Social friendships or shared activities were key components of the strongest and longest lasting relationships.

Lastly, longevity has limited impact on the strength of network relationships. Based on the survey data illustrated in Exhibit #3, seventy nine percent of the respondents stated that they had known their brokers in excess of 2 years with the majority of the responses (62%) answering between 2 to 10 years. Consequently, most networks consisted of medium range associations – i.e. broker relationships typically not spanning the careers of those interviewed or surveyed. While length of network associations was noted as a factor that improved trust and aided communication, we did not observe a strong correlation in our limited sample between length of network association and the strength of a network.

9

Team Recommendations

1. *Successful networks do not all need to look the same.* Career and personal situations change the strengths/weaknesses and overall effectiveness of individual networks. Some of our interviewees had radically different networks, but it is clear these networks developed in forms to drive their different careers.

2. *Network diversity is very important.* Diversity in the types of relationships established and nurtured is vital. Lack of diversity in one's network can lead to gigantic "echo chambers" where even very senior professionals don't realize they are trapped until they consciously analyze their networks.

3. *Continuously analyze your network.* Networks are always in motion, and you should manage your network accordingly. Dynamic change should be embraced.

4. *Face time matters.* While telephone and email may help to maintain network relationships, there is simply no substitute for face-to-face time, adding the important human elements required to maintain the strongest and most valuable network ties.

5. *Valuable relationships are not acquired; they are earned through personal investment.*

   - Be prepared to give before you expect to receive. Be proactive in being a broker for others and looking out for their interests.

   - Adopt the 'Golden Rule' – be honest, respectful, appreciative, keep your promise, and display high personal integrity as you would want others to.

   - Your reputation (or personal brand) is built on your performance – always strive to deliver your best. As a result, the value of your network will grow.

   - When trust breaks down, be honest, straightforward, and humble. Have the courage to apologize to others when necessary.

Network Diagrams and Analyses

*Jason Chen's Network Assessment of Interviewee* ⇒
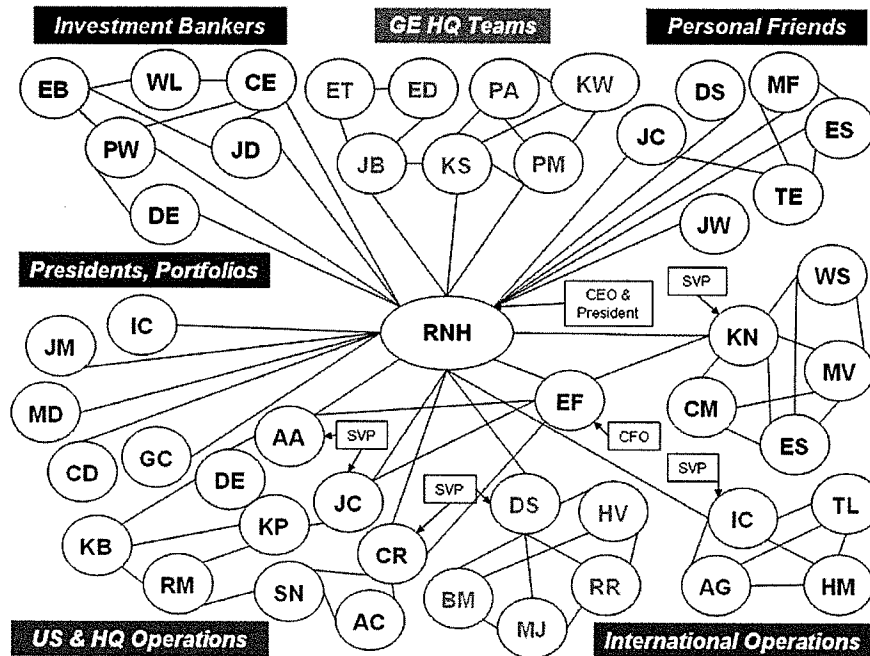
Network Analysis

RHM operates both as the central boundary spanner between his organization and the external investment bankers and customers. Furthermore, as the central-broker of his global organization, he is well positioned to execute and coordinate his organizational mission.

Though RHM quickly closed his external gaps, especially with key customers, right after he took over the CEO position of this business; there are some emerging network gaps that need to be addressed so that he can lead his organization to the next growth stage.

As a great leader with high personal integrity and value; his decision to keep his personal networks separate from his work relationships might limit some entrepreneurial and informational opportunities for him.

Erik Drewry's Network Assessment of Interviewee ⇒
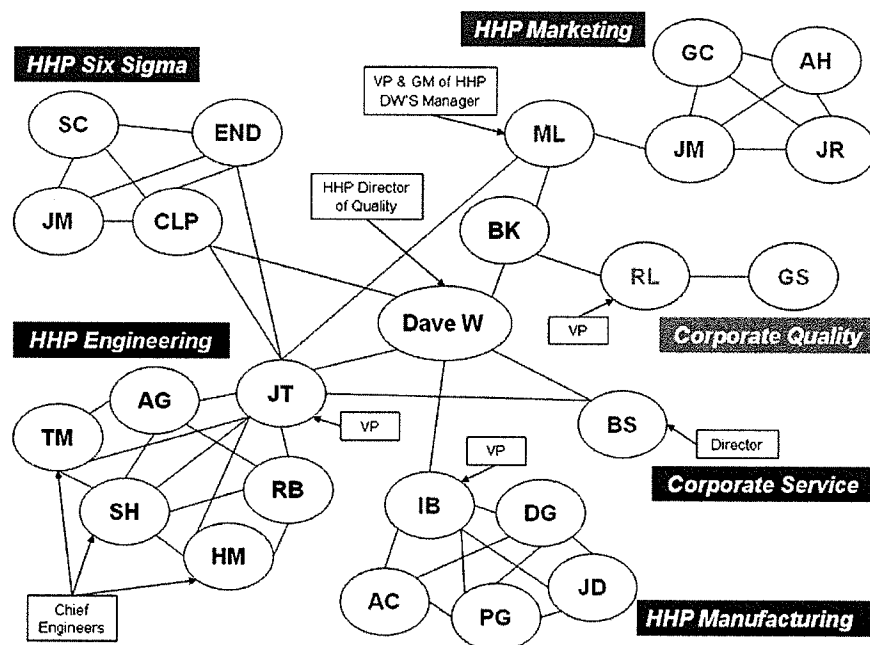
Network Analysis

After completing the Network Diagram for DW, it was highlighted that the current structure has potential weaknesses with respect to certain business segments; for example, marketing.

All contacts are work related – very little external interactions – highlighting potential 'Echo Chamber' exposures.

In some cases, DW is the sole link between the HHP business unit and the rest of the organization; for example, Corporate Quality.

11

Hosanna Johnston's Network Assessment of Interviewee ⇒

Non Profit Boards

Note: This group provides numerous contacts. Relationships are simplified for this assignment.

Industry Leaders

MA/CY

DSW/ KCM

SR/GT

Original Broker

GS/Chase

PR/AON

JB/Bng

MM/AA

JR/LC

JT/Msrw

Les C

Broker #1

HH

LJR

TJ

DR

RR

HM

Broker # 2

JR

AD
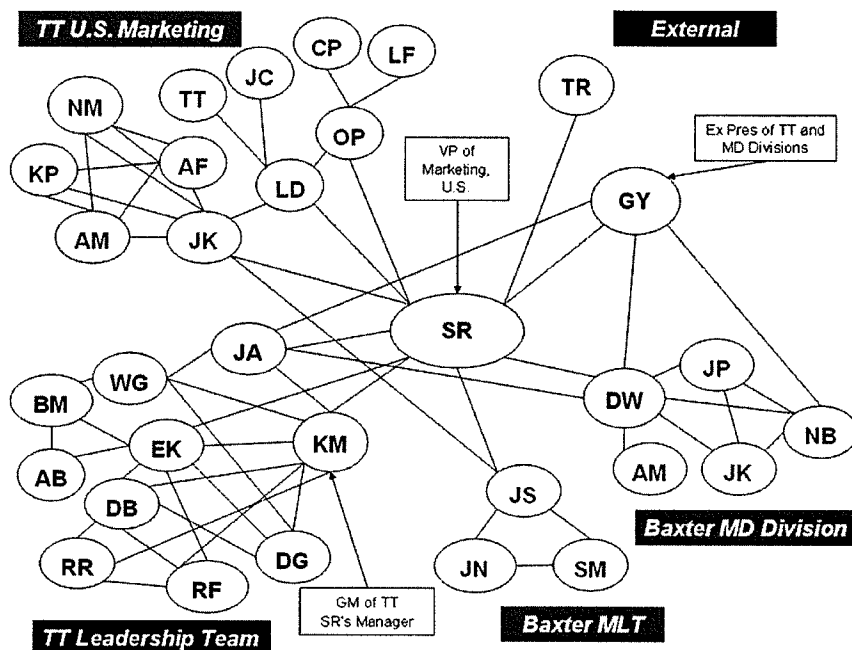
JH

CR

Social / Media

Basketball
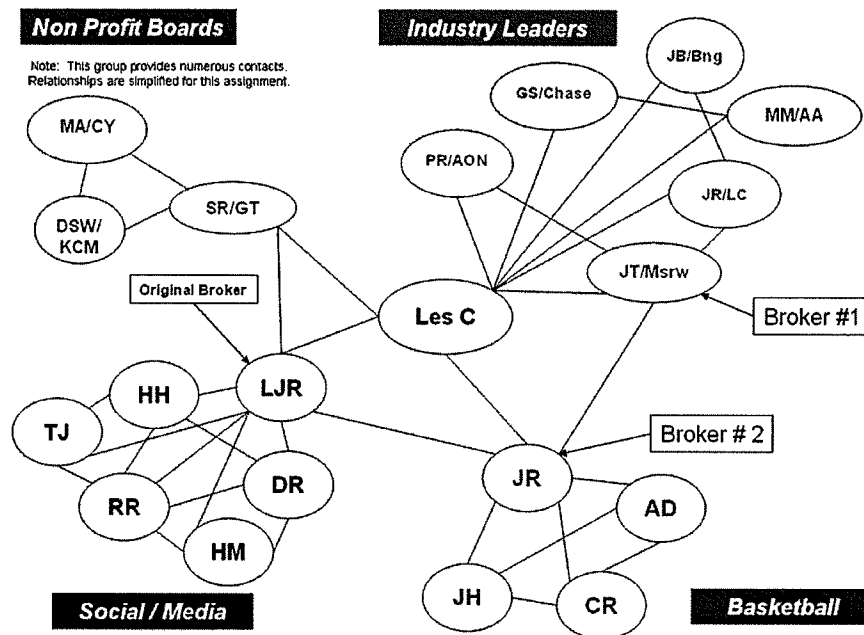
Network Analysis

LC combines clique and entrepreneurial networks enabling him to be a rainmaker

LC is well positioned with respect to reciprocity.

LC's network is very diverse – consisting of key contacts from many different areas: sports activities, professional, personal, and non-profit boards.

Eddie Kubo's Network Assessment of Interviewee ⇒

TT U.S. Marketing

External

CP LF

JC

NM

TT

OP

TR

KP

AF

LD

VP of Marketing, U.S.

Ex Pres of TT and MD Divisions

AM

JK

GY

SR

JA

JP

WG

DW

BM

NB

EK

KM

AB

AM JK

DB

JS

RR

DG

JN SM

RF

GM of TT SR's Manager

TT Leadership Team

Baxter MLT

Baxter MD Division

Network Analysis

SR utilizes an Entrepreneurial Network. However, given a network within the same corporation and movement of contacts between Divisions, Clique Networks are intertwined.

Note that virtually all of SR's network was built with and through work contacts and has remained within the corporation.

Notice that SR's brokers were from the Division that she spent the most time in throughout her career at the corporation (9 out of 12 years were in the Medication Delivery Division).

12

Jeff Neitzel's Network Assessment of Interviewee ⇒
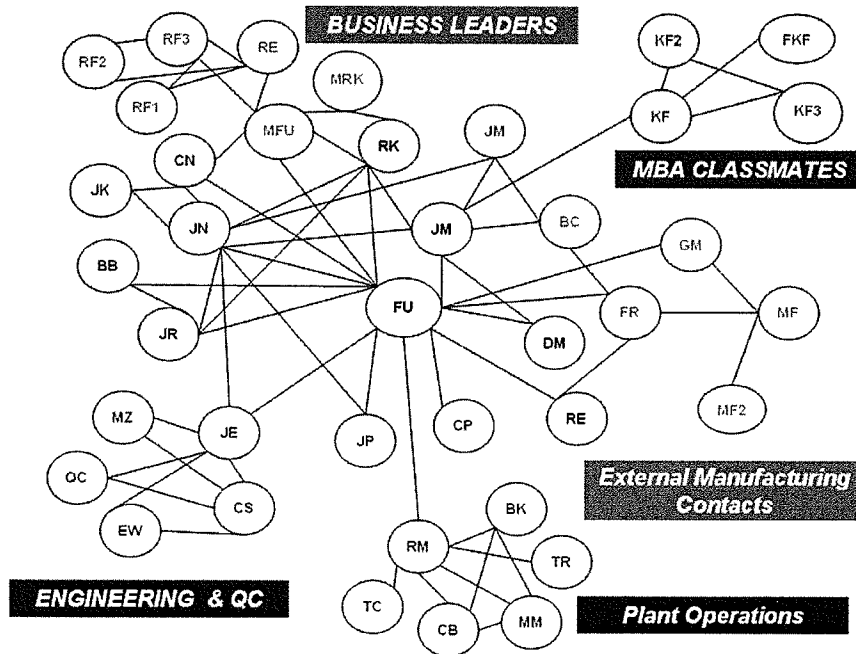
Network Analysis

This subject is aware of the fact that his network has shrunk outside of his company and is consciously using brokers to expand his network with external business leaders. His current broker is a real estate agent with a social tie.

The subject has many redundant contacts internally and he recognizes the difficulty of maintaining these contacts. He believes that his network is too representative of a clique and wants to move towards a slightly more entrepreneurial structure.

Scott Stevens' Network Assessment of Interviewee ⇒
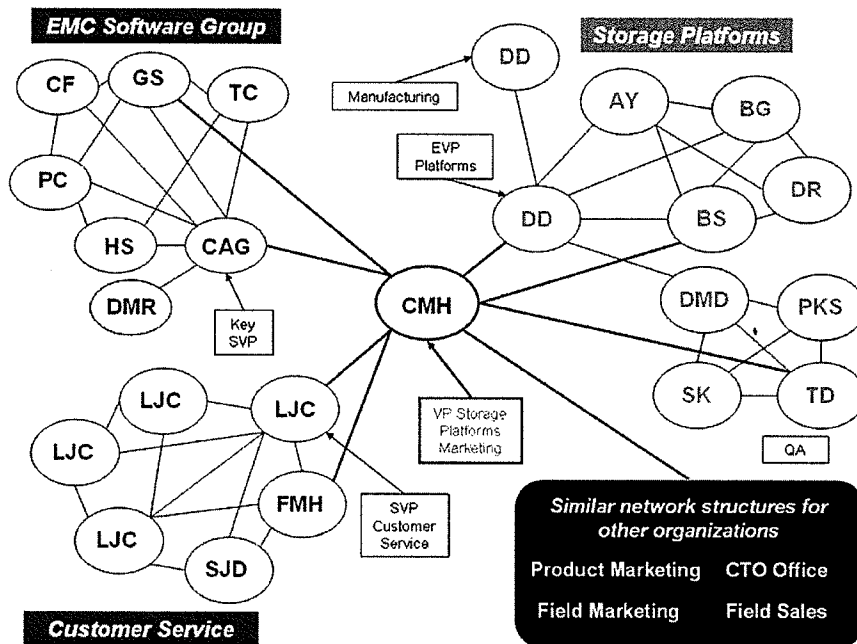
Network Analysis

CMH operates as an important boundary spanner and broker within the company. He does have a number of structural holes inside the company, allowing him to make decisions with access to a unique set of information.

CMH does have a very company-centric network that limits his access to outside information. This lack of diversity could impact his ability to gain access to outside trends and perspectives without first having this information go through a company filter. This company "echo chamber" could impact his effectiveness and/or ability to move to new opportunities outside the company.

13

Exhibit #1: Yes/No Survey Data from Questionnaire

Y/N Survey Questions

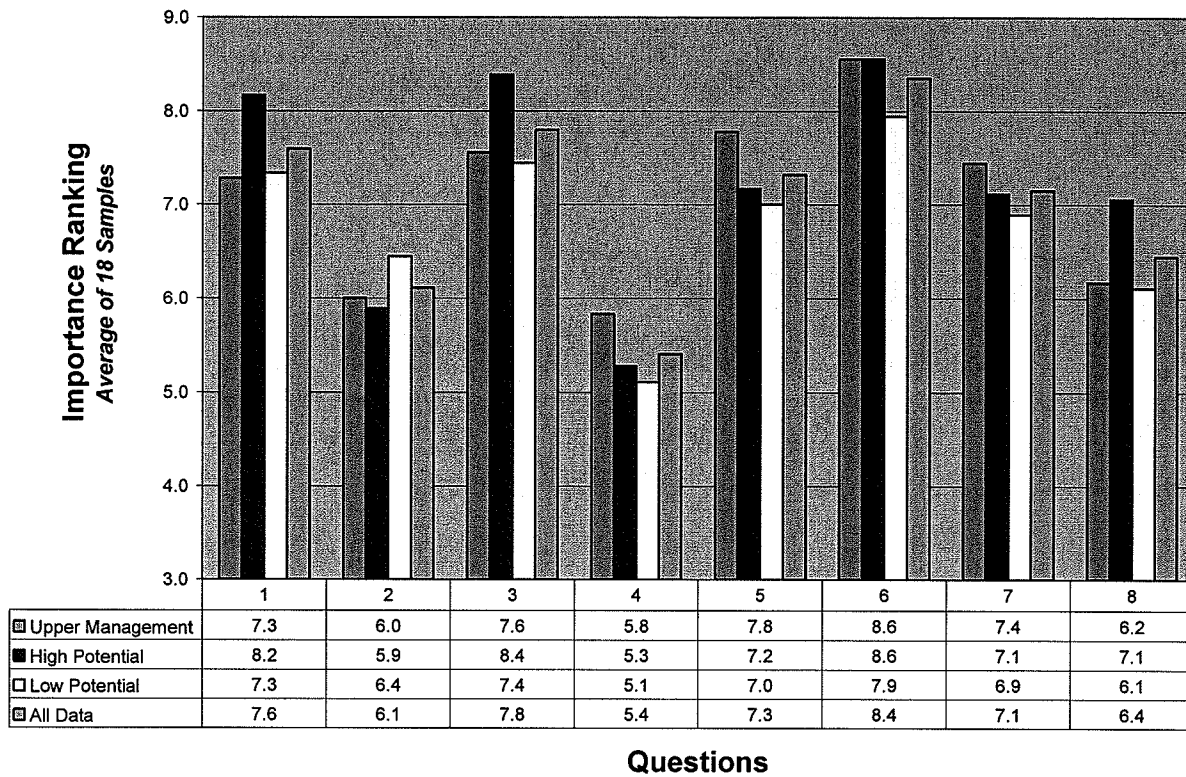|	1	2	3	4	5	6
▣ Upper Management %Yes	67%	56%	61%	89%	78%	78%
■ High Potential %Yes	72%	39%	61%	83%	78%	72%
☐ Low Potential %Yes	78%	56%	67%	78%	78%	50%
▣ All Data - %Yes	72%	50%	63%	83%	78%	67%

Questions
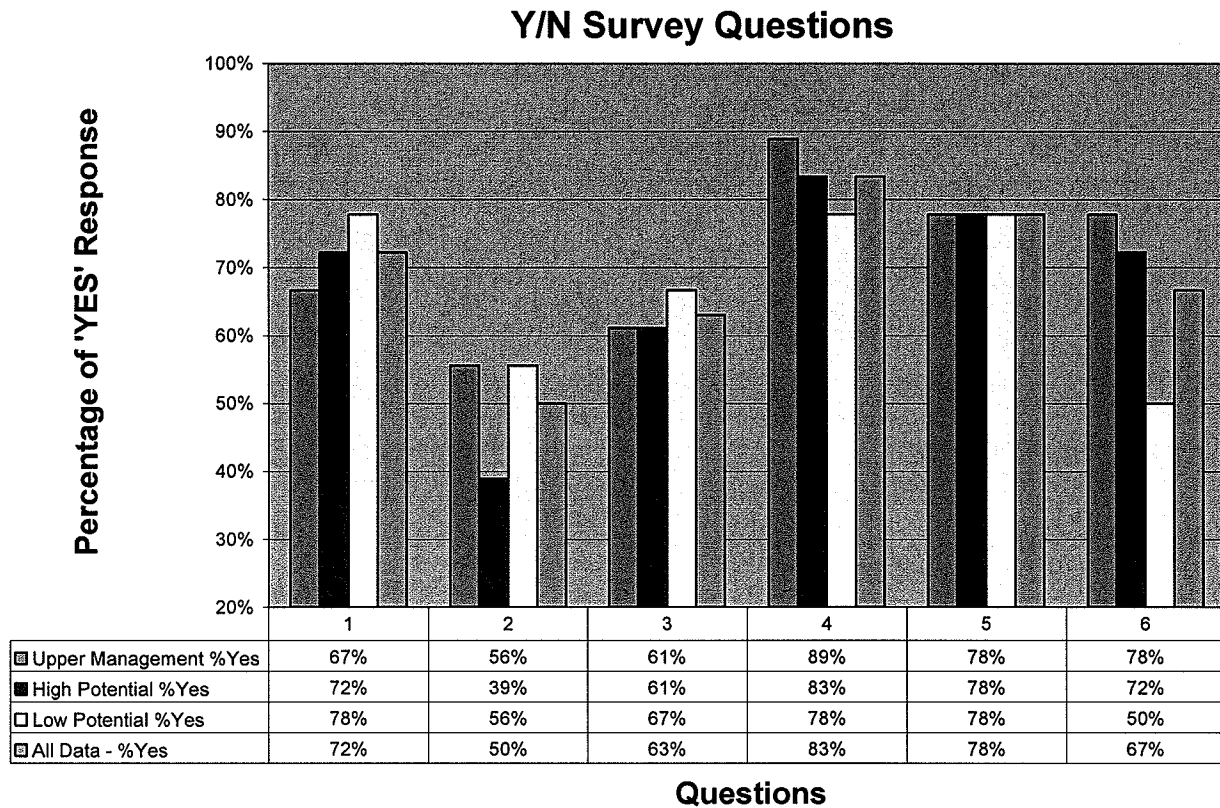
1.) Do you actively work to build networks within your organization?

2.) Do you actively work on developing networks within your personal life?

3.) Do you access your network regularly in order to improve or diversify?

4.) Do you believe that you currently have an effective network?

5.) Have you used contacts in your network in the past to help you get a job or identify a promotion?

6.) Do you find that you are often called to reciprocate favors to those in your network?

General Conclusions:

- Low Potentials asked to reciprocate less than other segments – possibly due to lack of successful completion of prior requests, inadequate networks, or insufficient resources at their disposal
- All groups spent significantly less effort developing personal networks (Question #2)
- Low Potential suggested that they worked on establishing networks more so than any other segments surveyed
- All segments had identical response (78%) regarding using networks to get a job or identify a promotion
- Highest overall response (for all segments) related to currently having an effective network – NOTE: those surveyed did not work through creating a network diagram – possibly not realizing real exposures
- Looking to improve or develop diversity within your network actually was the lowest response other than do you work at developing personal networks

14

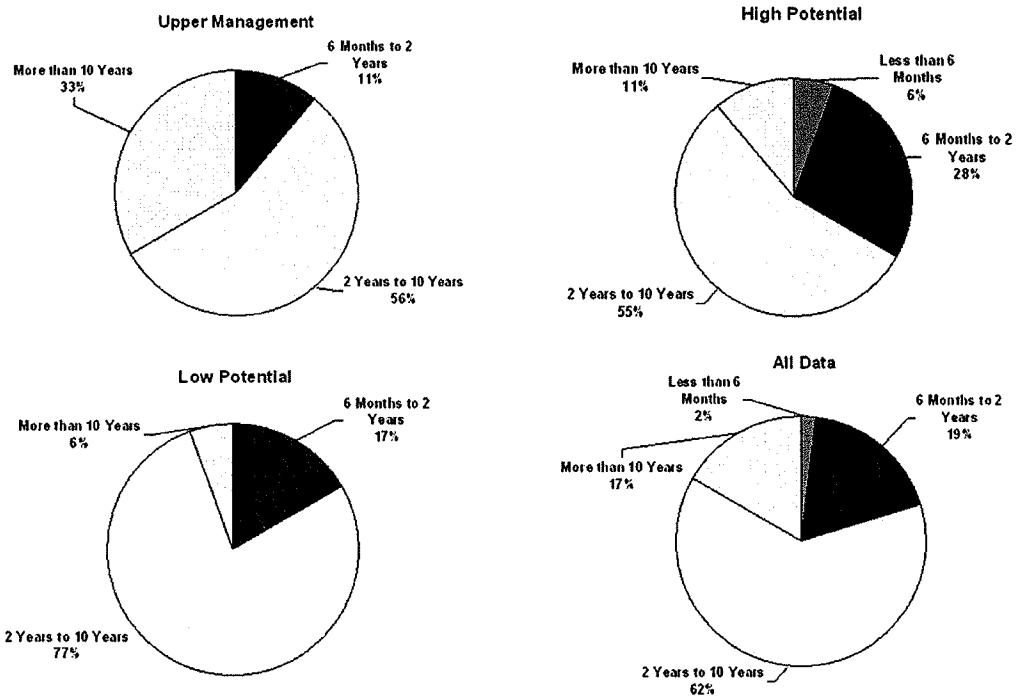# Exhibit #2: Forced Ranking Survey Data from Questionnaire

Mean Value of the Forced Rank Questions

Importance Ranking *Average of 18 Samples*

	1	2	3	4	5	6	7	8
Upper Management	7.3	6.0	7.6	5.8	7.8	8.6	7.4	6.2
High Potential	8.2	5.9	8.4	5.3	7.2	8.6	7.1	7.1
Low Potential	7.3	6.4	7.4	5.1	7.0	7.9	6.9	6.1
All Data	7.6	6.1	7.8	5.4	7.3	8.4	7.1	6.4

Questions

Ranking *(1 - Less Important & 10 - Most Important)*

1.) How important are your network relationships with respects to your professional career - upward mobility?

   1   2   3   4   5   6   7   8   9   10

2.) How important do you feel that your network relationships are for your personal life?

   1   2   3   4   5   6   7   8   9   10

3.) How important is your network for obtaining professional advice?

   1   2   3   4   5   6   7   8   9   10

4.) How important is your network for obtaining personal advice?

   1   2   3   4   5   6   7   8   9   10

5.) How important do you feel that your network relationships are for accomplishing your business objectives / activities?

   1   2   3   4   5   6   7   8   9   10

6.) How important are your network contacts in expediting task (cutting through red tape)?

   1   2   3   4   5   6   7   8   9   10

7.) How important is your involvement as a contact in other's networks?

   1   2   3   4   5   6   7   8   9   10

8.) How important are your network contact with respect to sharing corporate information - either private or widely known?

   1   2   3   4   5   6   7   8   9   10

Exhibit #3: Survey Data from Questionnaire

On average, how long have you known your brokers?

Upper Management

6 Months to 2 Years 11%
More than 10 Years 33%
2 Years to 10 Years 56%

High Potential

Less than 6 Months 6%
More than 10 Years 11%
6 Months to 2 Years 28%
2 Years to 10 Years 55%

Low Potential

6 Months to 2 Years 17%
More than 10 Years 6%
2 Years to 10 Years 77%

All Data

Less than 6 Months 2%
6 Months to 2 Years 19%
More than 10 Years 17%
2 Years to 10 Years 62%

What is your opinion of actively developing networks?

Upper Management

Not Crazy about the Idea 39%
Very Clever / Strategic 61%

High Potential

Horrible Concept 6%
Very Clever / Strategic 55%
Not Crazy about the Idea 39%

Low Potential

Horrible Concept 11%
Very Clever / Strategic 61%
Not Crazy about the Idea 28%

All Data

Horrible Concept 6%
Very Clever / Strategic 59%
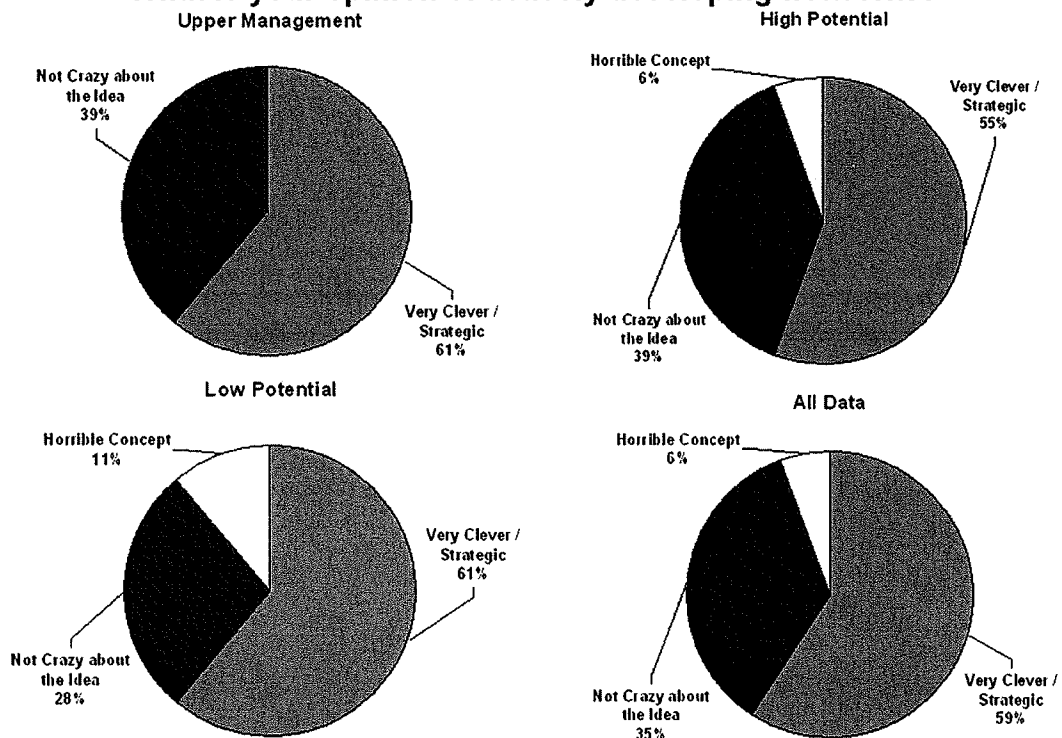Not Crazy about the Idea 35%

16

Exhibit #4: Survey Questionnaire

Senior Manager Case Study Survey
Kellogg School of Management

Ranking *(1 - Less Important & 10 - Most Important)*

1.) How important are your network relationships with respects to your professional career - upward mobility?	1	2	3	4	5	6	7	8	9	10
2.) How important do you feel that your network relationships are for your personal life?	1	2	3	4	5	6	7	8	9	10
3.) How important is your network for obtaining professional advice?	1	2	3	4	5	6	7	8	9	10
4.) How important is your network for obtaining personal advice?	1	2	3	4	5	6	7	8	9	10
5.) How important do you feel that your network relationships are for accomplishing your business objectives / activities?	1	2	3	4	5	6	7	8	9	10
6.) How important are your network contacts in expediting task (cutting through red tape)?	1	2	3	4	5	6	7	8	9	10
7.) How important is your involvement as a contact in other's networks?	1	2	3	4	5	6	7	8	9	10
8.) How important are your network contact with respect to sharing corporate information - either private or widely known?	1	2	3	4	5	6	7	8	9	10

1.) Do you actively work to build networks within your organization?	Yes	No
2.) Do you actively work on developing networks within your personal life?	Yes	No
3.) Do you access your network regularly in order to improve or diversify?	Yes	No
4.) Do you believe that you currently have an effective network?	Yes	No
5.) Have you used contacts in your network in the past to help you get a job or identify a promotion?	Yes	No
6.) Do you find that you are often called to reciprocate favors to those in your network?	Yes	No

Please Check the Box of the Appropriate Response

1.) How long have you known your primary contacts?

- [ ] < 6 months
- [ ] < 2 Years
- [ ] >2 yrs, but < 10 yrs
- [ ] > 10 Years

2.) Where did you meet your primary network contacts?

- [ ] Work
- [ ] Sports Activities
- [ ] Church
- [ ] Social Clubs/Events
- [ ] Neighbor
- [ ] Other

3.) How do you feel about the concept of building networks?

- [ ] Very Clever / Strategic
- [ ] Not crazy about it, however, it's part of the game
- [ ] Horrible concept - users & brown-nosier