Leadership Network Analysis

Leadership and Organization
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Introduction

"My network enlightens me, protects me, opens doors for me and compliments my skill sets. All in all, my networks make the company and me better" – GG

"Technical skills are what gets you noticed, even if you don't have a strong network. I think actively networking is a waste of time" – AS

Two leaders providing two very different perspectives on networks, so what works and what does not? In this paper, we seek to explore methods employed by leaders to create and develop networks, identify the characteristics of dynamic and moribund networks, explore how these networks are used, and finally, provide recommendations for effective leadership networking. Leaders with varied experiences, skills and backgrounds were interviewed to assess the relative value they place on networking and to identify the ways they build, manage, and leverage their networks.

To prevent our preconceived opinions about networking from tainting the process, we took certain preventive measures. First, an effort was made to assure the interviews were not subject to presumed salience of networking from us. This was accomplished by starting with broad questions to elicit an unbiased opinion on networking before diving deeper into the subject. Second, we expanded our interviews to include individuals we classified as "stalled" managers (referred to as "Dawes" leaders) in an attempt to prove (disconfirming evidence) that networks of stalled managers show no consistent differences from those of highly successful executives (referred to as "Revere" leaders). Finally, we conducted a companywide (sales group) internet survey to understand the perceived value of the networks and its correlation with the sales success (see Appendix B).

Our interviews showed that "Revere" leaders consciously develop effective networks and demonstrated a clear understanding of its value and application. For example, FK described how important it is to understand the different networks that operate in a company and then effortlessly described four types of networks he had to familiarize with in his current role. Effective leaders

were further able to describe specific value and limitations of networks, whereas "Dawes" leaders were vague in attributing value to networking or expressed misplaced expectation.

We interviewed 11 "Revere" and 7 "Dawes" leaders. Network maps of select leaders are depicted in the *Appendix A* for reference.

"Revere" leaders

- **RA** – *CEO, Fortune 500 Telecom Company*. He manages a $3B business with 1800 employees, and is the board member of CTIA, the widely recognized telecom industry group.
- **FM,** *CEO - $700 million, 2000 person global internet firm*. Previously started his own business which sold to a Fortune 100 company. Frequently featured on CNN, CNBC, etc.
- **CA** - *GM*, *Fortune 50 Technology Company*. He manages globally dispersed tech labs consisting of 500+ researchers and drives network technology innovations for his company.
- **FK** - *CFO*, *Large Software Company*. He is an expert organizational consultant, with a diverse background that includes being a partner at McKenzie and a former CEO
- **RW** - *EVP & GM, Fortune 500 Telecoms Company*. She has recently been hired to lead a business unit, and has a Marketing background. RW is a Wharton E-MBA graduate
- **RS** - *Vice President*, *Fortune 50 Technology Company*. He manages a business group consisting of 600+ employees and is responsible for driving new technology adoption in his industry.
- **KT**- *SVP, Fortune 200 CPG Company*. He is responsible for the financial operations for a $12B global company and managing relationships with partners, regulatory, and industry players.
- **AP** - *GM, $400M Software Biz*. He is a renowned tech marketing executive in Silicon Valley.
- **PS** – *EVP, International management consulting firm*, author of recent NY Times best seller.
- **GG,** *CEO of a top magazine* with 200,000 subscribers in 67 countries, author of 12 books.
- **GA** – *EVP & GM, Fortune 500 Telecom Company*. He is responsible for a $350M business unit. He has an engineering & operations background, but is currently in a sales leadership position.

"Dawes" leaders

- **AS,** *Engineering Director*. Head of a services delivery group (5 managers and 70 engineers)
- **PR,** *Sales Manager* for a leading global internet firm. He has 10 direct reports and has been in the position for 5 years, the second longest of any leader. PR has a sales background

- **BB,** *President* of a small underperforming division of a tech firm. Prior to starting this new division, BB spent 5 years running various sales organizations for this technology company.
- **DM,** *VP, Fortune 500 CPG Company.* He is responsible for financial performance measurement and analysis, strategy development, and regulatory compliance.
- **YS,** *Business Development Director, Fortune 500 Telecoms Company.* He is responsible for driving new biz and managing sales relationships for customer accounts.
- **SS,** *Marketing Director, Fortune 50 Company.* Manages marketing for a $25M product group
- **ML,** *VP Marketing, Fortune 500 Company.* Manages outbound marketing for $100M product line.

Network Development Approaches

The two groups of leaders we interviewed provided text book examples of how to effectively and ineffectively develop networks. The successful leaders shared several common themes in their approach to network development, though some stated them more openly than others. All of the successful leaders, for example, modeled the shared activity principle to a great extent – though only a few recognized it explicitly – tending to emphasize the importance of passion most of all. In a similar fashion, the stalled leaders of the "Dawes" group appeared condemned to the pitfalls inherent in a weak approach to network development. On the surface, the differences appear to be explained by basic networking concepts: shared-activity vs. self-similarity and proximity. But when we dive a bit deeper, their attitudes and approaches are simply different – regardless of which network development tools they employ.

The core difference is most evident in their fundamental attitude and approach towards network development. AP sums-up this concept succinctly: "For 2/3^{rds} of my career I thought technical expertise and achievement is what led to success. Now I know that people are the key. A good idea that gets broad buy-in and is executed is better than a great idea that lacks buy-in."

The leaders in the "Revere" group actively engage in network development to achieve significant, purposeful goals. These are passionate people for whom network development is an extension of their pursuits. Witness the actions of RS, who uses his network deliberately to promote WiMAX as the pre-eminent 4G technology in the industry. In contrast, the leaders in the "Dawes" group displayed a contingent commitment to network development often predicated on less lofty, more immediate needs. This contrast is epitomized by one "Dawes" member who bragged that he gets "...more sports tickets than anyone else". Without a doubt, this is a bit over-simplified, but the distinction surfaces an important difference underlying the two groups.

The attitude of the "Revere" group is further typified by RA, a successful CEO of a billion-dollar US company, who actively networks with customers, industry-analysts, local community, global market-unit heads, and corporate leaders in Stockholm. RA stressed the importance of seeking advice and specialized expertise to be successful in an increasingly complex environment. The attitude itself leads to behavior and connections that develop superior, effective networks. Compare, again, with two "Dawes" members who believe that they already possess the best skills and knowledge and do not require networks to gain information.

This fundamental difference in attitude and approach frequently leads the "Revere" group to employ the shared-activity approach to network development – whether they know it or not – in a manner consistent with their passions and goals. The result is a complementary, nearly symbiotic relationship between attitude/approach and network development tools. These mutually reinforcing themes lead to the most effective networks. As KT pointed out, "…you can't fake passion for long". Overall, the Revere group displayed an appreciation of the long term value of their networks which led to a deeper understanding of the importance of trust building and a more sophisticated approach to practicing reciprocity.

Defining characteristics of an effective network

We observed that the most effective networks are rich in social capital characterized with trust, diversity, and brokerage. Based on our findings, it appears that "Revere" leaders described trust to mean both personal integrity and effectiveness, i.e., trust that this person can deliver. "Revere" interviewees were uniformly very clear about having very high standards for personal ethics, both for themselves and those they work with. The "Dawes" leaders also indicated that results were important but did not focus on results as a key element for building trust.

It is easier to trust those who are similar to us because the similar experiences and knowledge, but this can be an impediment to diversity. It was remarkable to note that those who were most successful seemed to fully transcend this barrier and work with those who were sometimes drastically different, e.g., FK, an analytical finance person by nature, explicitly sought a trust relationship with an emotional CMO in spite of their style differences and achieved excellent results for the company. These types of experiences were non-existent in the "Dawes" interviewees.

One of the most striking differences between the groups was diversity. The "Dawes" networks were less significantly diverse than the "Revere" networks when compared as groups. Echo chambers, which permeated "Dawes" networks, create redundancy or closed group thinking. SS said, "We have excellent ideas that aren't exploited by the company." We observed that SS's network was not linked to other relevant networks in the company to disperse these ideas beyond his group. The diversity of the leadership team helps vet ideas. For example, CA's network consists of people with diverse background as a result of his shared activity with other board of directors of a large University. These connections include lawyer, doctor, and leaders from the various other industries. CA uses this connection not only to influence the university's focus and research agenda

but also to validate his lab's research proposals in a non-threatening environment. AP described in detail how each member of the key team, which spanned Sales, Marketing, R&D, Services, and Customer Support, would use their peer groups functional expertise to get feedback on the new ideas. It was not just the diversity of the team, but the diversity of their joint networks that led to vast improvements in ideas they developed. "Agility is one of our core values and a key reason for our success to date. My broad network provides me real time access to the information that we use to frequently update our strategy and stay ahead of the competition," said FM.

After discussing the results of our surveys we came to the conclusion that brokerage was like a muscle, which can be developed only with regular practice, and which in turn helps build trust and diversity. Some of the "Dawes" interviewees seemed to have a vague concept of brokerage while the "Revere" interviewees often cited specific examples, where they wanted contact with a specific person because of who they were connected with. AP, during his first month on the job, asked a broker in marketing, with strong connections to the sales force, to be moved to his team. This move proved priceless for getting unedited feedback on the problems faced internally by the group. Another executive stated, "I can call up any of a hundred people and ask for a favor or introduction simply because they can call on me the same way." The ability of the network to share information, directly, or via introduction, is what makes it so effective. CA identified one of his co-workers with distinguish technical career as a key broker in getting him introduced to industry leaders and helped him secure the University BoD position.

In summary, we found that effective leaders are more dynamic and this dynamism was fully utilized in creating, managing, and exploiting their networks. Based on our interviews, we conclude that Trust, Diversity, and Brokerage are truly the three pillars upon which an effective network structure is built on.

Advantages of Effective Networks

There was a stark difference between the value of networking derived by the "Dawes" and "Revere" groups. The "Dawes" interviewees either believed networking was unnecessary or used it mendaciously, in fact many asserted they have the skills and knowledge to do their current and future jobs and viewed networking strictly as a help to "get ahead." The "Revere" group approached networking as a critical tool to acquire private information, gain access to key leaders and resources to build their informal power, and to complement their skill sets by connecting to people with diverse background. Considering the varied backgrounds, industries and company cultures, it was remarkable to see the consistency in the benefits received by the effective leaders through networking. The "Revere" leaders affirmed the importance of networks both to their company's current and future success and to their personal growth.

Gaining Critical Information

Gaining access to private information seemed to be the highest priority for the leaders already at the CEO level; they still see the value in balancing skill sets and understanding and utilizing the immense informal networks within their company. The CEO's interviewed spend much of their time trying to keep a pulse on the economy, industry, customer/prospect base, and employees. They have elaborate networks made up of Wall Street analysts, media experts, professors, politicians, CEO's in other relevant industries, key customers, and top performing first level employees. "Revere" leaders also included several subject matter experts as part of their network and relied heavily on them for insight and advice. Recently in determining how to respond to a competitive move, FM solicited advice from an YPO peer, a CEO in Ireland in a relevant field, a respected marketing professor, and great past leader's decision in a parallel situation.

"My ability to deliver and achieve credibility quickly, in spite of being an outsider, is largely due to the way I created my network with high diversity", said RW, a newcomer to her company. "This allows me to get different perspectives on issues and lets me make a more informed decision." Consensus among "Revere" leaders is that private information is critical today in the fast paced world of business. This information leads to expedited growth for the companies and the leaders personally. All "Revere" leaders worked hard to identify key power brokers in their organizations' and nurture relationships with these individuals. The power brokers are used to both access and disseminate information. FM highlights how he meets with Jason (a power broker) weekly as Jason has access to all top sales people and customers and has a pulse on key technology improvements and new product ideas. In recognizing Jason's role, FM placed him in a VP of Business Dev. Role, which resulted in expedited new product launches by the company.

Informal Power

Informal power and access to influential people were other key benefits of networking sighted by the leaders. All "Revere" leaders asserted that their networks offered them access to highly influential leaders that positively affected their professional effectiveness and personal success.   GA has leveraged his network's informal power successfully to develop his career by securing an interview (and subsequently a job) with his Chemistry professor's husband. Every job or promotion since has also occurred through networking. KT underscored the importance of building and maintaining professional networks as a necessary condition for his current success. While he admitted that this was certainly true at any organization, he stressed the importance at his company due to their matrix model structure with key functional groups (e.g. marketing, sales and supply chain) coming together only at the COO level.   Gaining alignment and support on an idea or initiative within one part of the organization is never enough. It is only through these broad, less

formal, networks that change is advanced and buy-in secured. In his view, the matrix power structure of the formal network is so diffused that informal networking is central to achieving results.

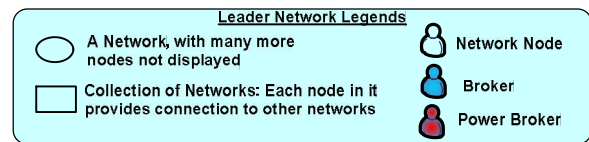### *Access to skill sets and knowledge*

New skill sets and compensating for their leadership gaps are also consistent themes amongst the "Revere" group. RA actively networks with customers, industry-analysts, local community, global market-unit heads and corporate leaders in Stockholm. He has a project management and sales background. Being in a very technical industry, RA uses the skills sets of his network actively by placing individuals in his executive team that possess complimentary skill-sets, using them to shore up his weaknesses. Similarly, FM builds his network with people that close the gaps; he told us that two of his VP's remain critical in his network due to their ability to empathize with the workforce and build strong teams. They are his power brokers who can effectively communicate CEO's message across the organization and achieve maximum results.

The paradigms from which the "Dawes" and "Revere" groups approach networking are significantly different, and this difference influences attitudes towards networking overall. The disparity of the benefits received reflects this difference. While the "Revere" group looked to networking as a major tool to gain information, access to informal power, and access to skill sets, the "Dawes" group either did not value networking or saw it as a way to acquire "favors". While the "Dawes" group believed they already had the skills and knowledge necessary to do their current and future jobs, the "Revere" group craved outside perspective and insight and believed networks were essential to achieving their professional and personal goals.
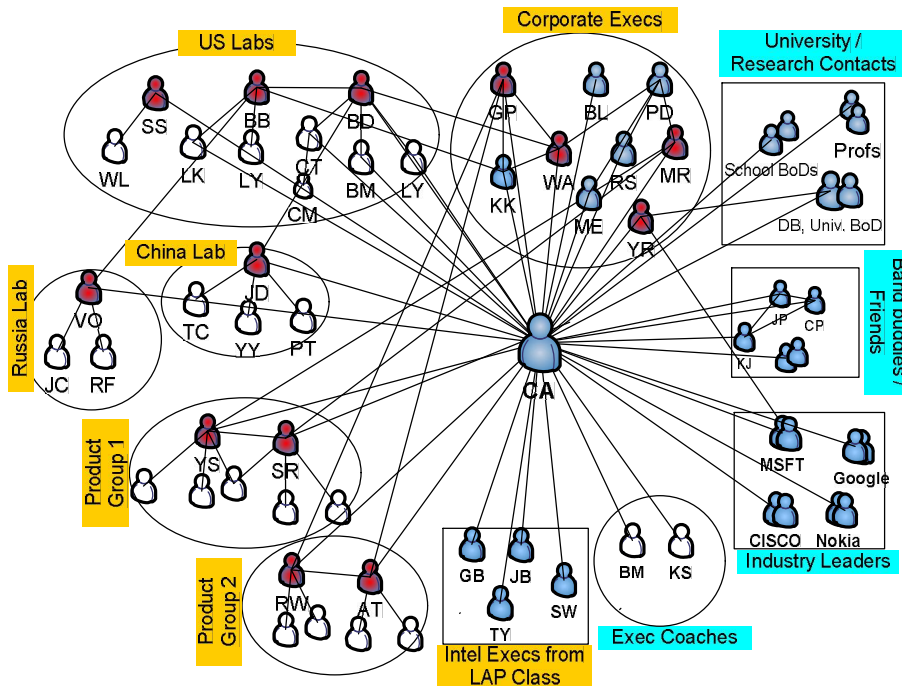
Recommendations to Kellogg Students

- **Be passionate about what you do**. Establish a track record of delivering solid results. A strong personal brand is contagious and will draw people with high levels of energy and provide you support/information to excel in your profession. RA stated, "Everyone wants to be associated with successful individuals, networking is important, but you also have to deliver results."

- **Make trust the foundation of your network.** Trust is earned by consistent behavior over a period of time but can be destroyed quickly. Ideas and tangibles do not matter as much as relationships. Seek to develop long term relationships, the benefits will follow automatically.

- **Embrace diversity in your network.** Get outside your comfort zone and find individuals who have perspectives and opinions different than yours. You and your company will grow faster if you surround yourself with experts who are able and willing to challenge your ideas. Maintain external relationships with industry leaders, your past professors, and other subject matter experts who can give you candid insight.

- **Frequently analyze your network.** Examine your network frequently and identify any deficiencies and proactively strengthen the network by adding senior exec to your network. According to CA, "You must re-wire your network every six months". Use shared-activity principle to help you explore opportunities to connect with diverse set of individuals.

- **Reciprocate to receive.** Identify the positions and individuals in your network that you have ignored, reciprocate with others that require your help and control information flow to ensure overall success for all within the network. Their success will fuel your success. RW stated, "I initially have to give and give some more to my network, but in the long term, it pays back tremendously."

Appendix A: Leaders Network Diagrams

Leader Network Legends
- A Network, with many more nodes not displayed
- Collection of Networks: Each node in it provides connection to other networks
- Network Node
- Broker
- Power Broker

CA - GM, Fortune 50 Technology Company

Network Characteristics
- CA's network is diverse and he is very well connected inside the company as well outside with industry leaders.
- CA extensively uses company's open door culture to initiate connections with other senior execs and seeks career advice.
- CA heavily networks inside with product groups to influence them to adopt technologies developed by his labs.
- Given cutting edge research and technology focus of his groups, CA maintains extensive network with university professors and serves as Board of Directors of a few universities which helps him provide pulse of latest technological advances.
- CA also uses exec coaches to get one-on-one advice on various work related situations.

FM, CEO, $700M Internet Company
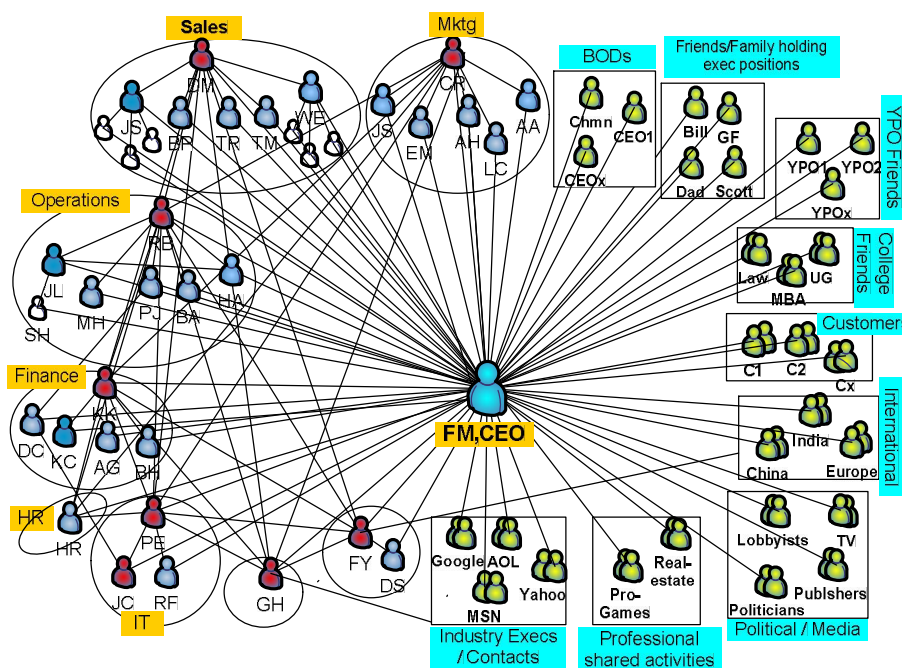
Network Characteristics
- FM's network is one of the best diverse networks we have come across.
- Maintains relationships with top first line employees of his company – we found it to be unusual for a CEO of a large company. Pays special attention to brokers in his company.
- Maintains relationships with his past college friends in various fields.
- YPOs are major source of access to information and sincere advice from successful peers.
- FM pays special attention in growing his external network and has extensive connections with CEOs, media, politics, and other industry execs.
- Shared-activities in ProGames and real-estate development areas where FM spends significant amount of personal time.
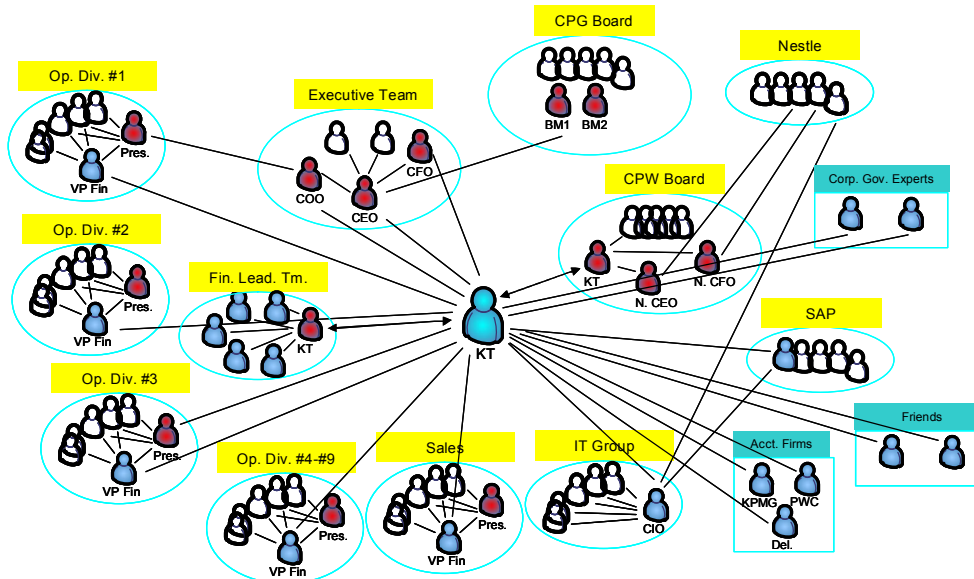
RA, CEO, Fortune 500 Telecom Company
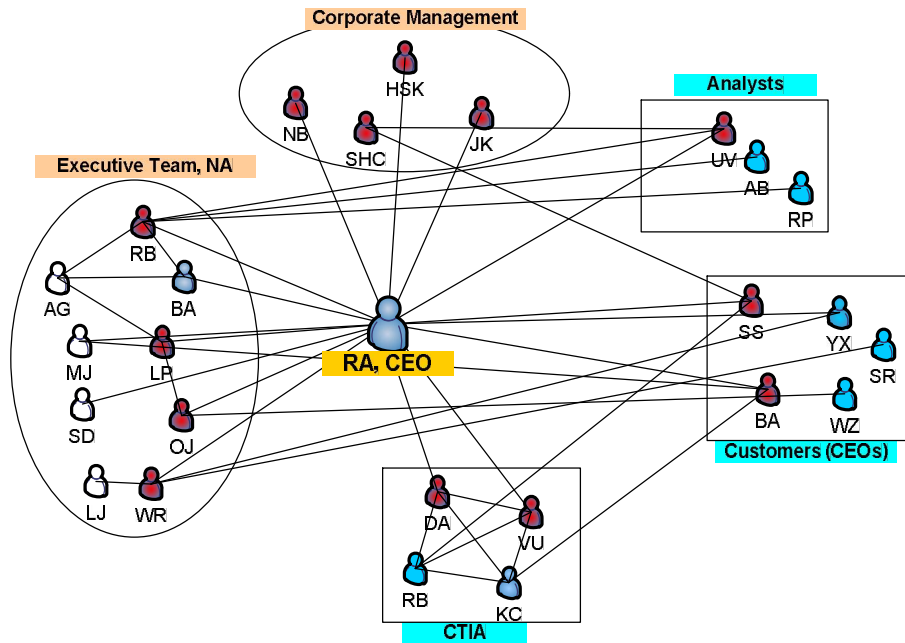
Network Characteristics
- Broker type network
- Enables effective dissemination of extremely powerful internal and external information
- Heavily leverages his network to manage a company in a complex and fast changing technology sector without a technical background.

KT, SVP, Fortune 200 CPG Co.

Network Characteristics
- KT has one of the best developed networks within the company. Effectiveness is amplified because everyone knows he has the "CEO's ear".
- KT can exercise significant influence & counsel on major decisions through his network.
- KT has utilized his position on the CPW Board and leadership of IT to develop information external information networks with Nestle and SAP.
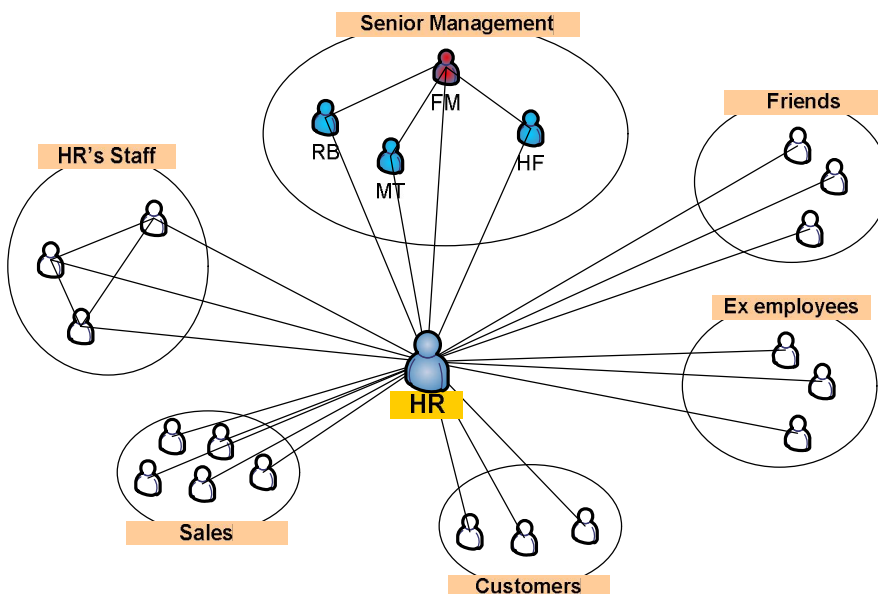- KT unitizes relationships with external networks thru past associates, friends, and business partners.

AP, GM, $400 Software Business, Fortune 50 Company
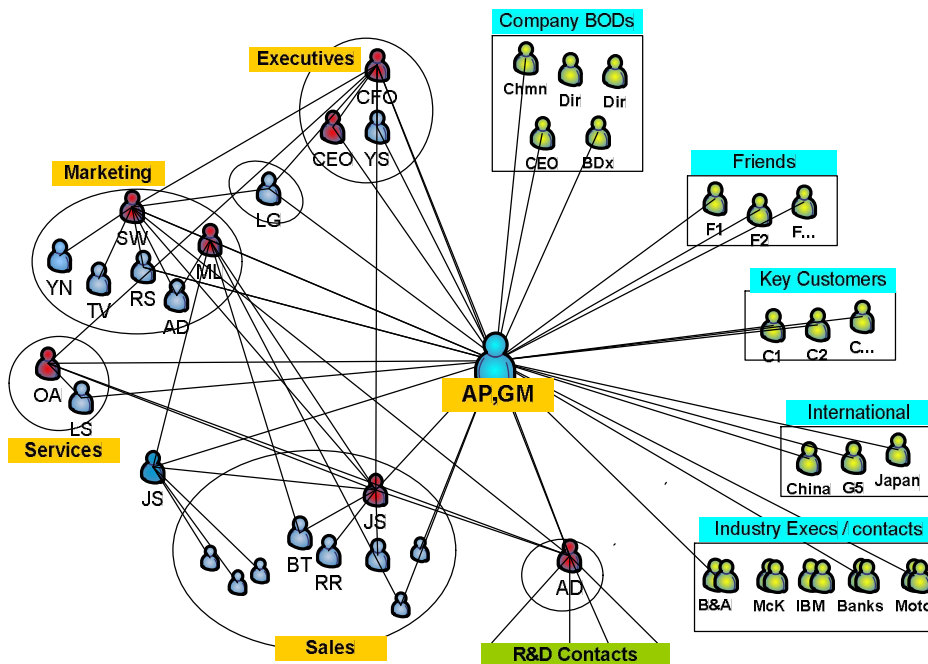
Network Characteristics
- Handful of Brokers get almost all decisions pushed through
- Characterized by tight interconnection and coordination between the key power brokers
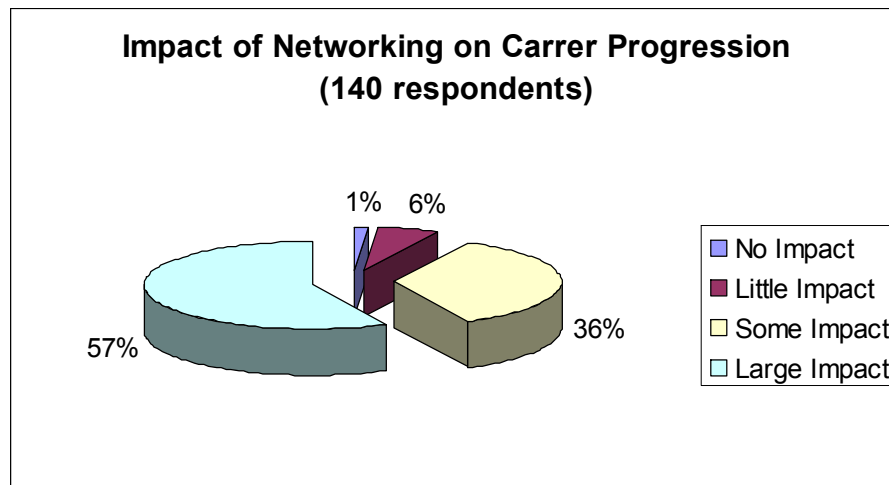
"Dawes" Leader 1

Network Characteristics
- Connects to echo chambers
- No formal brokers, only power broker connection are part of formal org structure.
- Finds difficult to push ideas beyond his group.

Appendix B: Networking Survey Results

We conducted a company wide internet survey to understand how networking is viewed in a sales organization of 280 sales people. We had a 50% response rate.

Overwhelming 57% among those who responded believed that networking had a "large" impact on their career progression. Please refer to the chart below for the complete data.

**Impact of Networking on Carrer Progression
(140 respondents)**

■	No Impact
■	Little Impact
□	Some Impact
□	Large Impact

1%   6%

36%

57%

Other observations

Our preliminary analysis showed that sales reps who perceived networking had high impact on their career attributed higher sales volume to their network contacts. From this data set, we observed that a sales rep who attributed high value in networking had on average 32% sales attributed to her network. In contrast a sales rep who sees little value in networking attributed only 6% sales due to her network contacts.