

'One huge hurdle for me was how to accept the idea of networking. It was first put across to me as an "essential" for corporate success at a management training course. Whether or not I misunderstood, or the way it was put across, I went away with the idea that you built a professional network of "people who might be useful to you", i.e. may at some point further your career. I was horrified at this, it didn't sit easily with my "deeper values" and I guess I rejected it. Now, 10 years later I have rediscovered "networking" but through a more natural process of "we've each got interests in this area – let's see what we might share and help each other".'

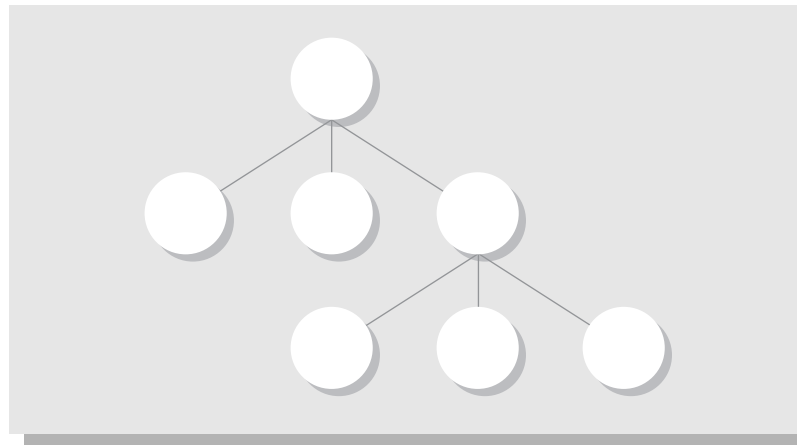
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c h a p t e r o n e

Introduction

Look in any management book and you will generally find a section that describes a managerial ratio called the *span of control*. This describes the number of people who report to a manager in a hierarchically structured organization. Although its primary purpose is to aid the design of the organization, at a deeper level it is often used as a subtle political power tool. Just listen to how often people use the ratio as a way to indicate their personal power within the organization (I have xxx people under my control).

Figure 1.1 Span of control



Although it is important to use the span of control as a tool to design traditional organizations, as an indicator of power it is possibly past its time. In the agricultural and industrial era, the whole notion of effective management was about incubating dependence, fostering a strong tie between employee and employer that would stand the test of time and resist everything the market could throw at it. We now exist in an era

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that is driven by transitory organizations, flatter structures, a withdrawal of traditional support systems (pensions, health, etc.) and a growing sense of autonomy by the workers as they seek more self-control. As a result, we are moving from an era of dependence to an era of interdependence, where the notion of effectiveness is derived from ability to *'work with'* rather than *'work for'*.

Geoff Mulgan describes this shift using an old English word of *'connexity'*, which derives from the Latin *connectere*, to tie or join together. It offers a reminder that the world needs to be measured less by the size of things but more by the connectors that tie the things together. For example, consider the four equations below.

$$2 + 2 =$$

$$2 - 2 =$$

$$2 \times 2 =$$

$$2 \div 2 =$$

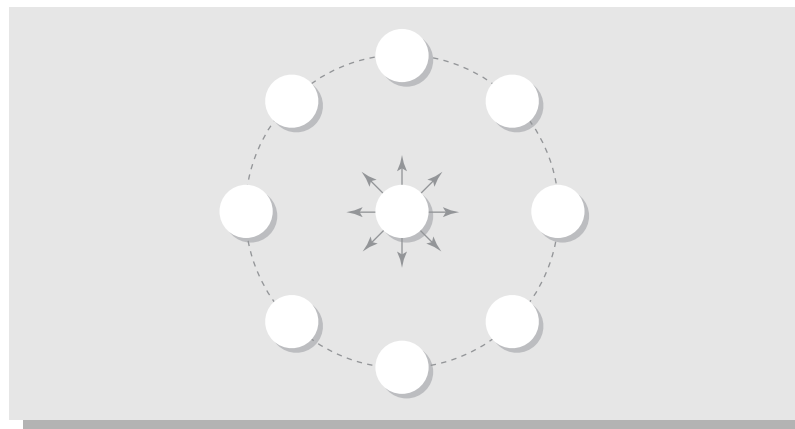
The things stay the same but it is the connectors that make the difference. Traditionally people have focused on managing *'things'*, but now we need to understand how to manage the connectors and in doing this learn how to make the connections count.

As people make their connections count so they begin to unshackle themselves from the chains of corporate slavery. As they learn to bypass the corporate control system and bond with friends, colleagues and classmates, people realize they have the freedom to choose. In the same way that the wheel gave mankind the freedom of mobility, the ability to create wideband connections offers mankind the freedom of choice: the power to change careers without having to get company consent, and the power to create a *'brand new you'* without having to get the bosses' approval. This comes because people have bypassed the formal span of control and instead manage through their connections.

The old clichés are often the best, and who you know generally does count for more than what you know. This is not to discount the value of personal knowledge as the primary capital base. But no matter how clever you are, at some point success will be dependent on your ability to access and gain support from the *'right'* people.

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Figure 1.2 Span of connection



how to make these connections count. It is the two key issues of network construction and leverage that are considered in this book.

As your connections grow and you make these connections count, certain benefits will be accrued:

- **Offer rapid access to resource when you most need it.** This is true in so many cases, from the simple example where you run out of an ink jet cartridge on a Sunday night and you urgently need it for a presentation the following day, to the critical situation where you are desperately trying to get some information about a client but the shutters are up. So you talk to a colleague who knows someone who works for him/her and you manage to get hold of the information.
- **Create a low-cost way to access new people and markets.** Imagine that you work in one department and suddenly hear that a new office is being opened overseas. You are really keen to find out more about a placement and meet the nominated MD but you don't have any way to get close to the situation. By tapping into your network you find someone who is looking after the accommodation build for the office and can give you all the background that you need, as well as help you talk with the new MD.
- **Enhance your market appeal.** The person who knows the right people will always be attractive to others. Think about those people

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you go to when there is a problem in the office or when you need to find out some political information. Their attractiveness to the market has real brand significance and ensures that both peers and managers value them. The reality is that when the next downsizing comes, this can offer protection against the rampant boss when he realizes that losing you means losing your contacts. Or, when the next growth

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phase is entered, the director recognizes that your ability to transcend organizational boundaries will enhance the operational capability of her team and so supports your promotion to the senior team. The capability to network has real market value – the trick is to help others understand your capability to make connections count.

■ **Offer advance warning of market disruption.** By having tentacles and connections ‘out there’ in the places where you don’t normally operate, it becomes

easier to see if an ill wind is blowing your way. In many ways this is the duty performed by government embassies placed around the world. Although part of their responsibility is to act as a local base station to help people when travelling, there is also an important function to act as a remote sensor to gauge what is happening on the outpost and report back to the home government. In the same way, your network nodes can become your ambassadors.

■ **Rich variety.** One person can have only so much knowledge and wisdom. You may be the brightest bean in the beanbag but at the end of the day there will be things that you don’t know. Although access to information is not really a problem in the current era, understanding what that information means in a particular context will not be so readily available as much of it is routed in tacit understanding. The strength of a wideband professional network is that it gives access to deep and tacit knowledge across a range of areas that you could never hope to touch, understand or gain access to.

■ **Learning community.** In many cases the things you need to learn most to do your job are the things that are most difficult to find. When you have just been promoted and need to learn a whole bunch of skills, where do you get them? There might be a course that

purports to give you this new-found wisdom, but in most cases it will only skim the surface of the things you really need to know. Much of what you learn when making the jump from team member to team leader, supervisor to office manager, or middle manager to director comes from associating with the right people: people who understand what really goes on and what makes the organization tick. These are the people to network with and they are the people you need to develop a successful relationship with. These people are so crucial to you career development that it is almost impossible to put a hard value on the intangible insight they can offer.

- **Provide a support network.** At some point in the next month you may well get low about something at work. This might be the failed client bid or a roasting from your boss. Either way, simply having someone to turn to when things get tough has immense value. Never underestimate the value that a close community can offer in the form of a support network.

The whole process of networking rests on a set of deep, complex and often undiscussible human thoughts, feelings and behaviours. For example, you know someone, who knows someone else, and by virtue of your connection you are able to get seats for the new West End show. However, the person you know only came into your network recently, but was willing to help you because you were kind enough to drop him at the airport when his car broke down. However, what wasn't mentioned is that he realized that your company imports children's toys from the Far East and his brother plans to open a market stall selling electronic toys, so he is keen to keep in contact with you as a possible source for the stock. This is a simple process of you scratch my back and I scratch yours.

Wayne Baker nicely sums up what is happening in this situation when he considers the idea of *social capital*. He defines this as the resources that you have access to through your network. These resources include information, ideas, leads, business opportunities, financial capital, power and influence, emotional support, even goodwill, trust and cooperation.¹

The need to network

Society is changing: the world is being networked through the Web; industry is becoming networked through increasingly complex alliances and partnership; organizations are becoming networked through remote technology; teams are becoming networked as they become more virtual

and dispersed in nature; hence, you need to learn how to network more effectively.

Much of this change is being driven by a deeper shift in society and the workplace, namely, changes in the profile of the workforce, a power shift in ownership of the means of production, and greater levels of personal responsibility being given to people (even if they don't want it). With redundancy becoming the norm, the erosion of company security and a general elimination of organizational layers, the lifecycle for jobs and skills is shortening. People will increasingly rotate through different jobs, and as such will need the capability to find new jobs and careers using personal contacts rather than relying on the formal recruitment processes. Already up to 70% of the people who join relocation companies after leaving their company find a new placement through personal contacts rather than the formal employment processes.

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Although this is important for individuals to understand, it is also important for organizations to learn how to optimize the social capital that provides much of the talent and value within the business. The time when one person can know all the important things within an organization are pretty well over. The smart organization understands that human capital can only be fully optimized if people belong to networks where they can coordinate and amplify their necessarily limited knowledge.² This is because the important intellectual capital often sits between people. It is the '+' in the '2 + 2 =' equation. It might not be that one person has the answer to a market problem, rather it is the nature of the soft relation-

ship between the sales, engineering and design department that offers the market differentiator. Thus knowledge is contained in the internal network rather than the banks and banks of company databases.

We can also take a more global view about the importance of networking and the creation of social capital. If you look at the World Bank Poverty Net website (<http://www.worldbank.org/poverty/scapital/>), it defines social capital as the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. The argument is that the density of social networks and institutions, and the nature of interpersonal interactions that underlie them, significantly affect the efficiency and sustainability of development programmes. Social cohesion is critical for societies to prosper economically and for development to be sustainable.

The suggestion is that the generation of social capital is a powerful force which helps in a wide range of global dilemmas:

- Crime/violence: shared values and norms can reduce or keep low the level of community violence. People who have informal relations with their neighbours can look out for each other and 'police' their neighbourhoods.
- Economics and trade: there is increasing evidence that trade at the macro level is influenced by social capital – a common property resource whose value depends on the level of interaction between people.
- Education: considerable evidence shows that family, community and state involvement in education improves outcomes.
- Environment: 'common property resource management entails cooperation with a view to ensure the sustainability of resources for the benefit of all community members, in the present and in the future.'
- Poverty and economic development: development and growth specialists are uncovering the importance of social cohesion for societies to prosper economically and for development to be sustainable.
- Rural development: social capital is significant because it affects rural people's capacity to organize for development. Social capital helps groups to perform key development tasks effectively and efficiently.
- Water supply and sanitation: social capital contributes to the sharing of information about sanitation as well as the building of community infrastructure.

This list is by no means exhaustive but what it hopefully indicates is that the notion of networking to create social capital is a bigger and more important issue than is often considered. Our ability to gather and leverage connections is an important one which we all need to understand and deploy carefully.

Professional networking

By professional networking I mean a set of close contacts or associates who will help deliver my value to market. For the musician, it is contacts in the recording, promotion or publishing world; for the house painter, it is shopkeepers who meet potential customers or contract managers in corporate business; for the office manager, it might be people who understand how the financial systems operate. The key thing is that these are people who will 'help' you in the market, THEY ARE NOT THE MARKET. Sorry for the full-on letters, but my definition of a network is 'people who will help amplify my

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personal capital in the market', not a bunch of friends and colleagues to whom I try to sell under the guise of giving them a great opportunity. Active management of these people is *not* networking; it is client relationship management, a whole different ball game and one deliberately not covered in this book.

What I do try to cover is the idea of ethical networking. Let me stress, this is not about you learning to put on a false front, cheesy grin or flash tie: that's not networking – that's plastic sales. Natural networking is about being yourself and using the essence of who you are and your personal capital to build long-term successful and sustainable relationships with other people.

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that we should be encouraged to use from the moment we are born. The unethical part is when this is done in the shadows and for purely selfish reasons. Then networking is a dangerous corruptive practice that will ultimately destroy the potential value embedded within a relationship.

Part of the reason for writing this book comes from a desire to raise to the surface many of the shadow strategies that people use but don't always admit to. They will talk about their contacts and network over coffee and in the bar on a Friday night, but heaven forbid that it should ever be discussed in an open forum as part of a personal development plan. I hope that by making these ideas available we can start to discuss and understand how we network and from this learn how to improve our capability to transform personal capital into social capital.

Paying the net-tax

Just imagine the last outdoor concert you went to – were there any toilet rolls left in the portables? Unlikely, as I recently learned at great (and embar-

assing) cost. Maybe the time to think about toilet rolls is before and not at the concert. In the same way, you cannot just conjure up a network when you need it. The time to think about your network is probably up to two or three years before you are likely to need it. And maybe this is a conservative estimate. If you are looking to make a serious life or career change, then the process of building a robust and sustainable support community might even take up to four or five years.

The development of such a robust network costs, and the primary cost is time. In the same way that you set aside time each month to maintain the house, update your financial records or attend an evening class, so you will need to do the same to build a robust network. It is almost like a self-imposed taxation or savings scheme, where you make regular deposits into a social capital fund in anticipation that you can make withdrawals at a later date. This can be just as difficult and painful as saving for a new car or holiday because so much is being given up for such little apparent short-term return. However, it is the choice to self-impose a net-tax that will deliver benefits in the long run.

If you are serious about building a value-added social network for tomorrow, then you must live it today by making constant emotional deposits with people. If you meet someone always try to do him or her a kindness or favour without demanding anything in return. This means that you can rest easy at night because people (hopefully) are not viewing you as selfish and manipulative. In addition, others might adopt your trait and pay forward with people they network with; the result is that the social capital of your net and your net's net accumulates on a compound basis.

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