

The power of informal networks for leadership in a digital age

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Lifelong
Learning

Your personal capital

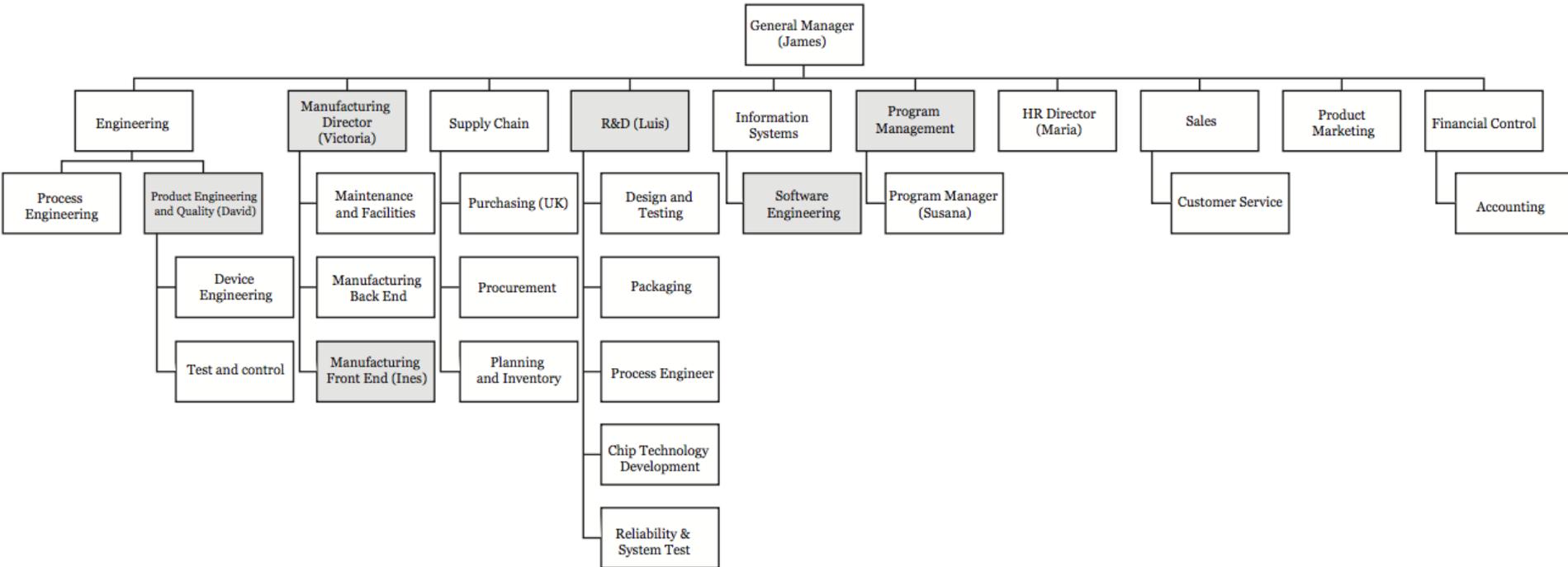


Human Capital
Knowledge and Skills

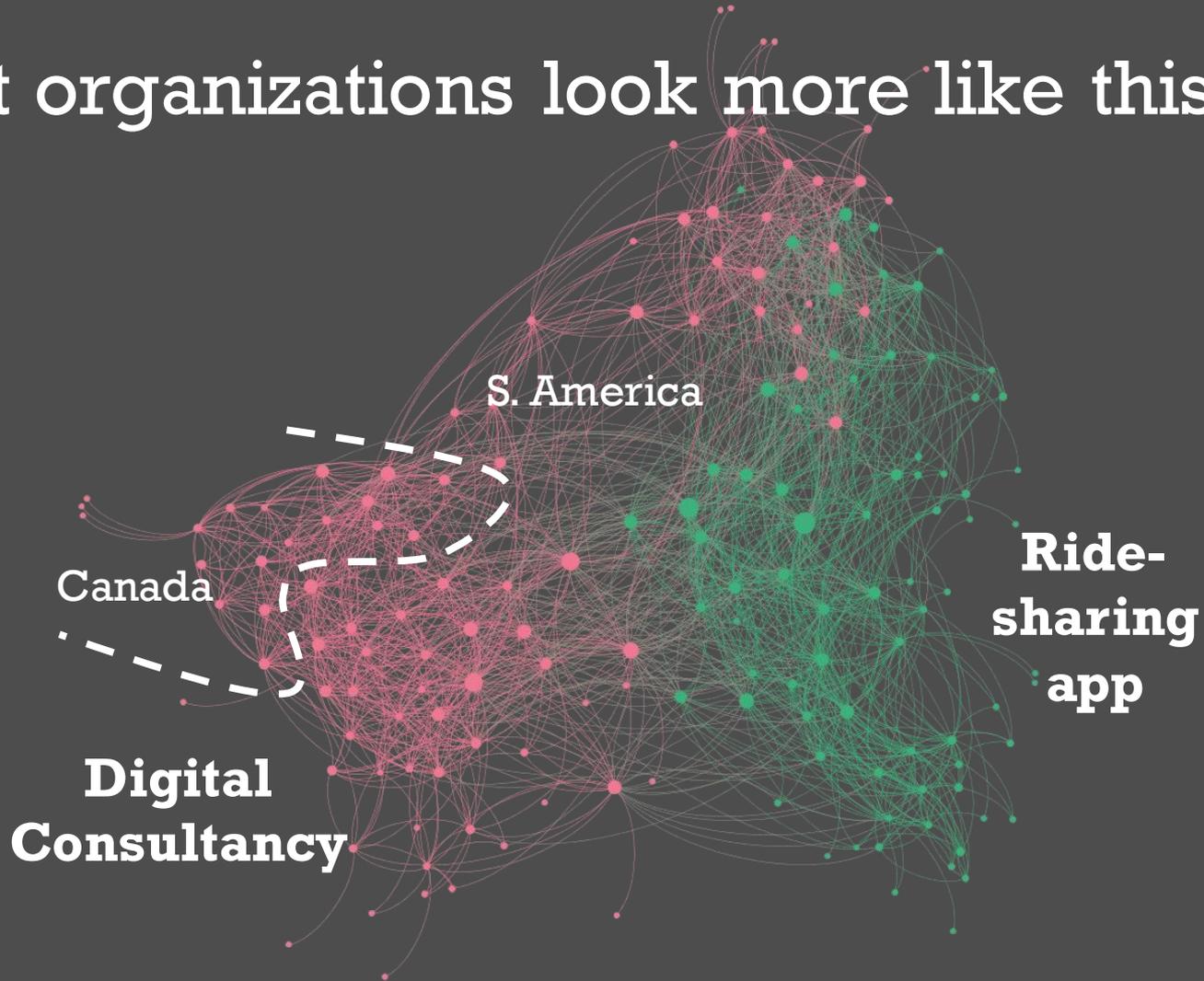


Social Capital
Connections
(and *Disconnections*)

Our typical conception of organizations



...but organizations look more like this



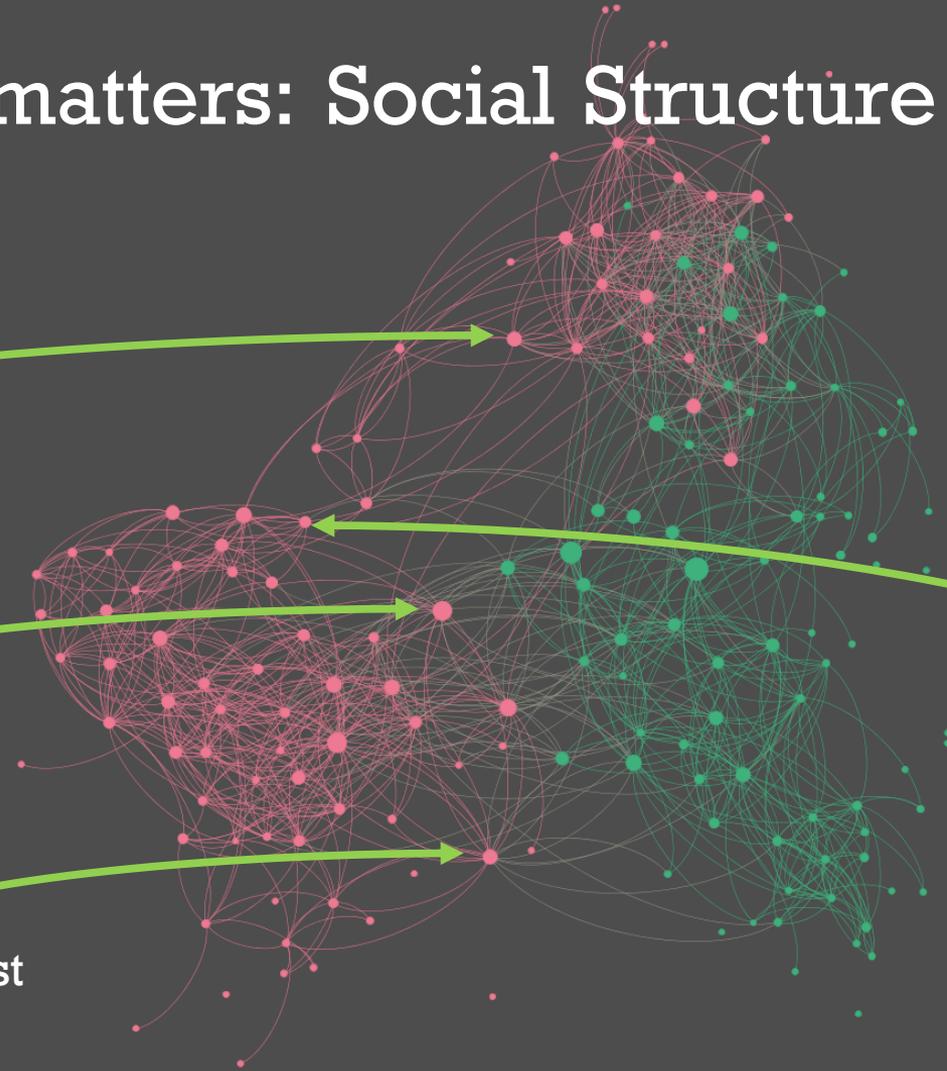
Why this matters: Social Structure

Software Architect
(N-2)

HR
(N-2)

Receptionist
(N-3)

Founder/
CEO



Value of social structure: Social capital

“...resources embedded in a *social structure* which are accessed and/or mobilized in purposive action”

Lin (2001)

“the ability of actors to secure benefits by virtue of membership in social networks or other *social structures*”

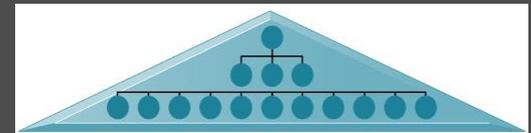
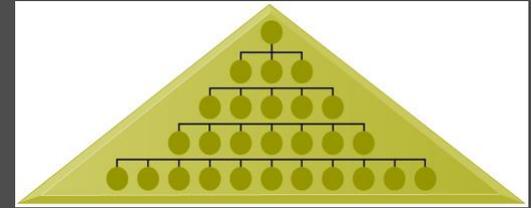
Portes (1998)

Value of social capital is increasing

Managers' *authority & responsibility* began & ended with their subordinates

In more modern (digital!) firms, leaders are *held accountable for more than they control via direct authority*

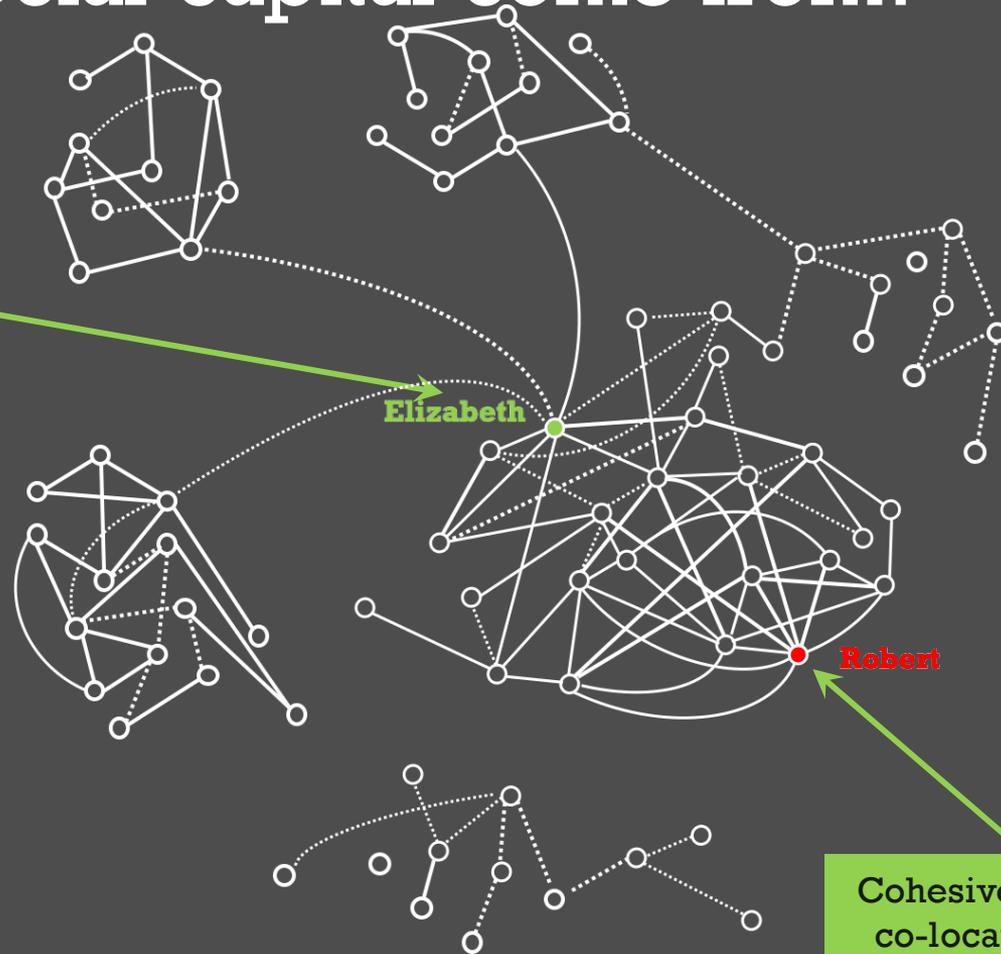
Formal authority is insufficient; leaders must develop *zones of influence*, which depend on their *social capital*



Where does social capital come from?

Heterogeneous,
sparse network
across offices

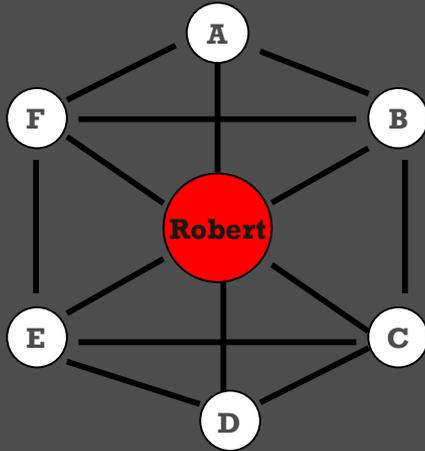
Links represent
collaboration and advice
relationships among MDs of
a global investment bank



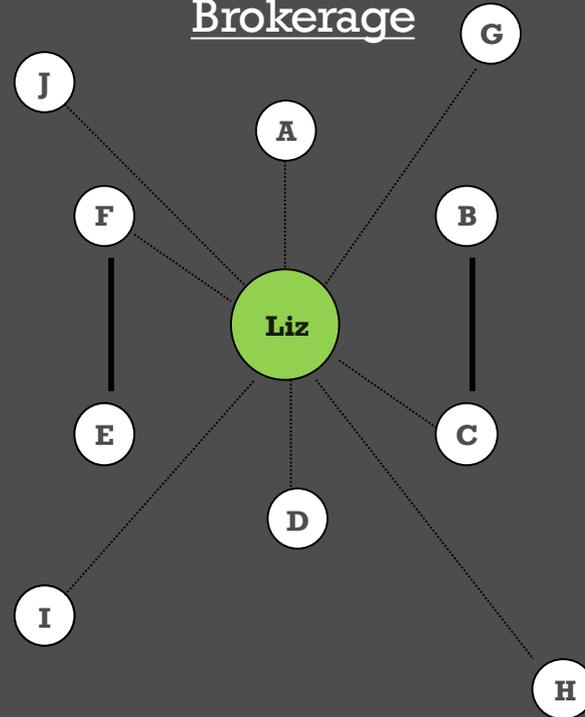
Cohesive network of
co-located people

Network properties

Closure

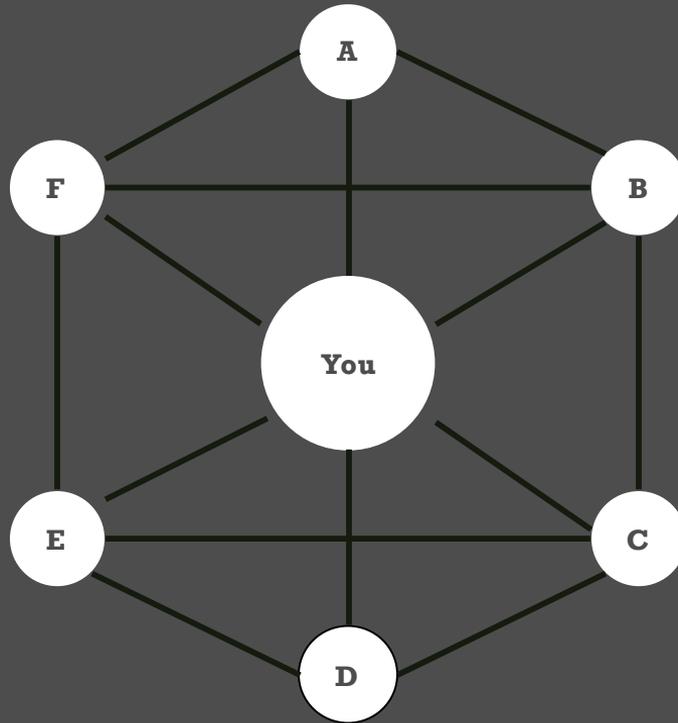


Brokerage



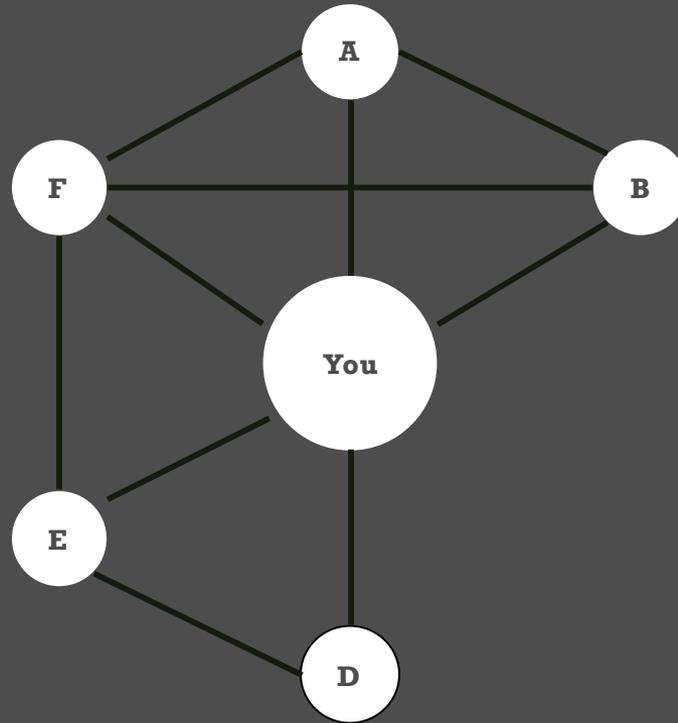
Brokerage: Bridging two unconnected groups or individuals

Closure benefits: Trust & reputation

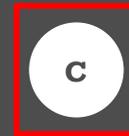


*Why would you be likely to trust **person C** in a closed network?*

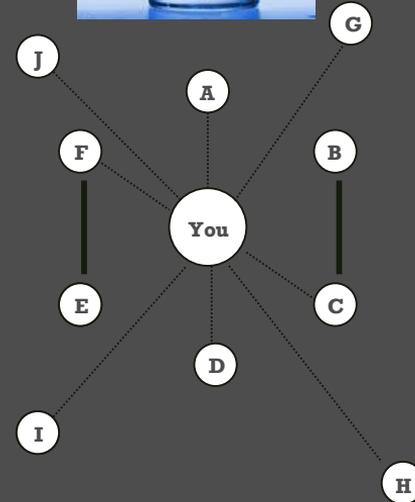
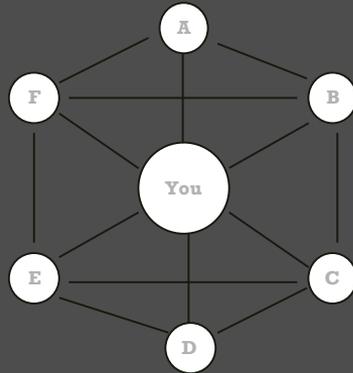
But reputation can be easily destroyed!



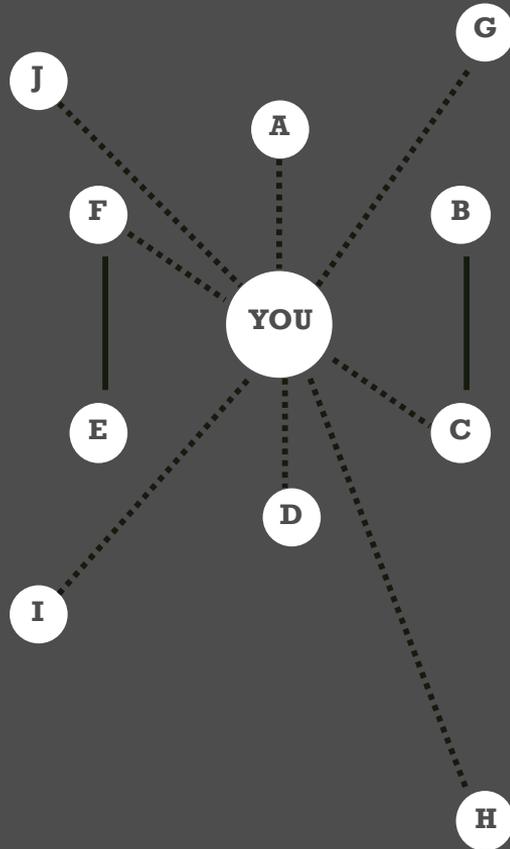
*Also:
Echo Effects &
Groupthink*



A helpful metaphor



Multiple benefits to brokerage



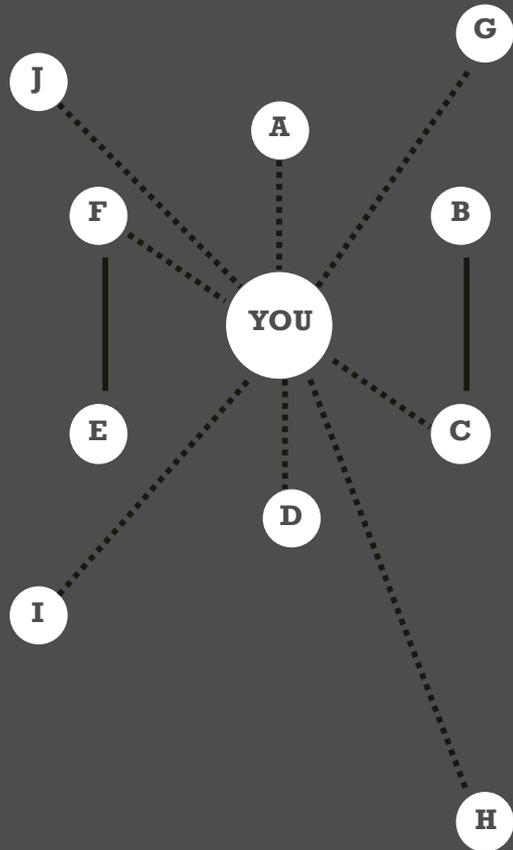
Timing & diffusion

Control / Power

Innovation

- Information transfer
- Recombination
- New perspectives

Brokers' value in a digital age

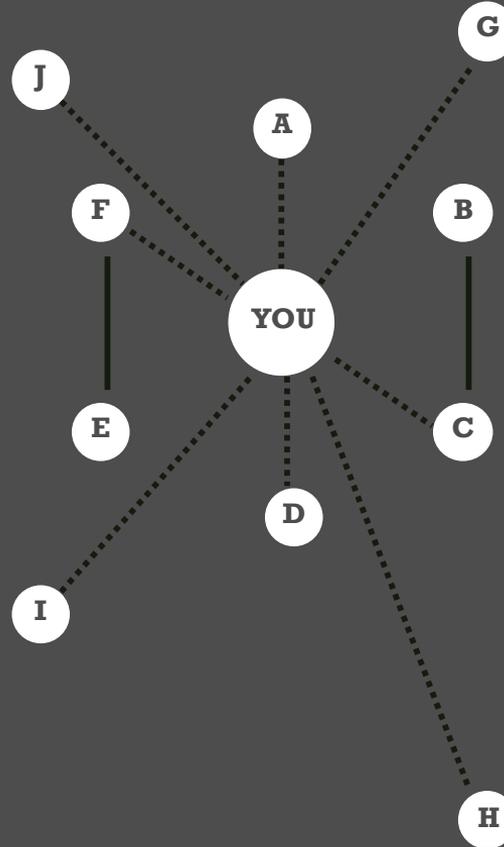


1. Effective **change agents!**
2. (Can) reduce **cultural divides**
3. High **absorptive capacity**

Potential dangers of brokerage

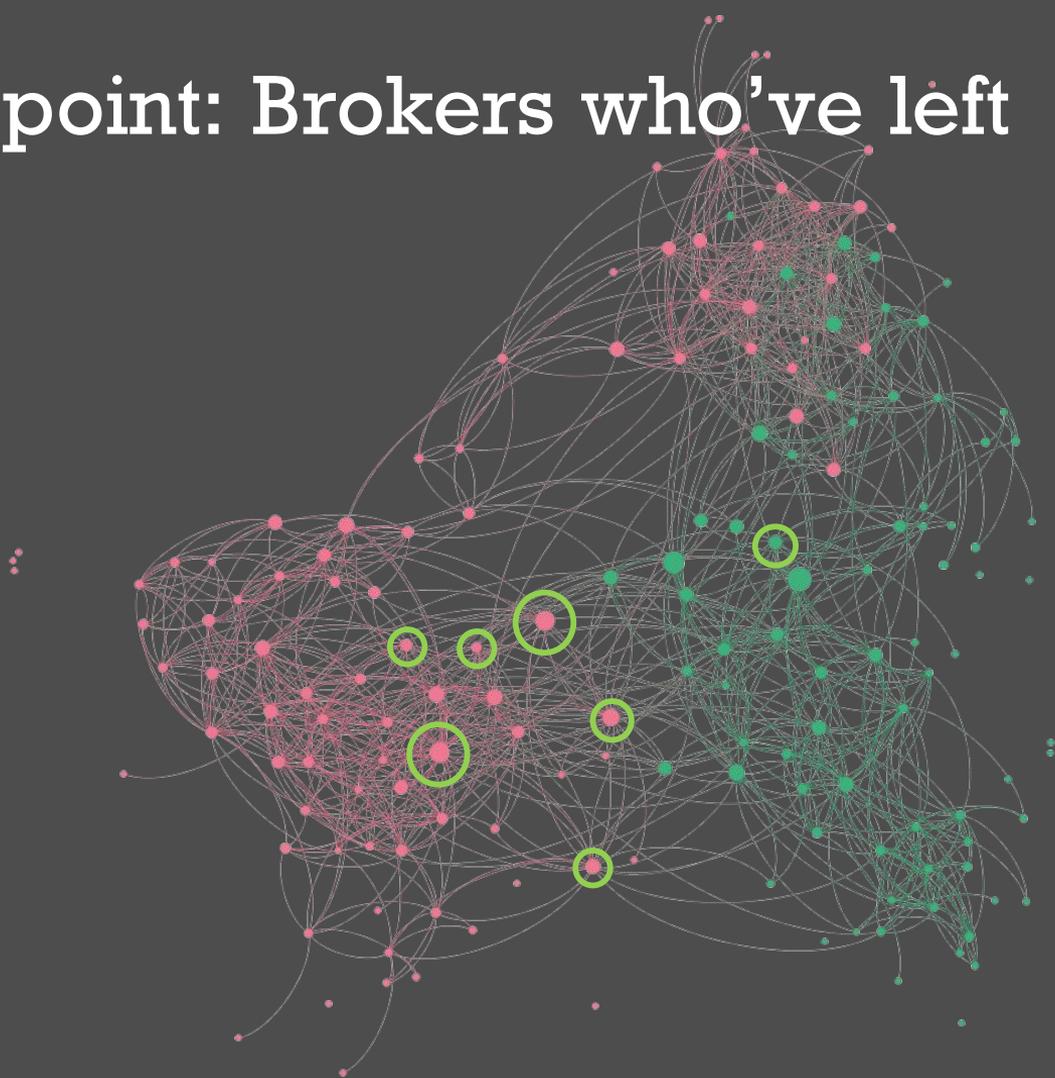


*“Illegitimacy discount” /
Trustworthiness*



*Cognitive dissonance /
Overload*

Case in point: Brokers who've left

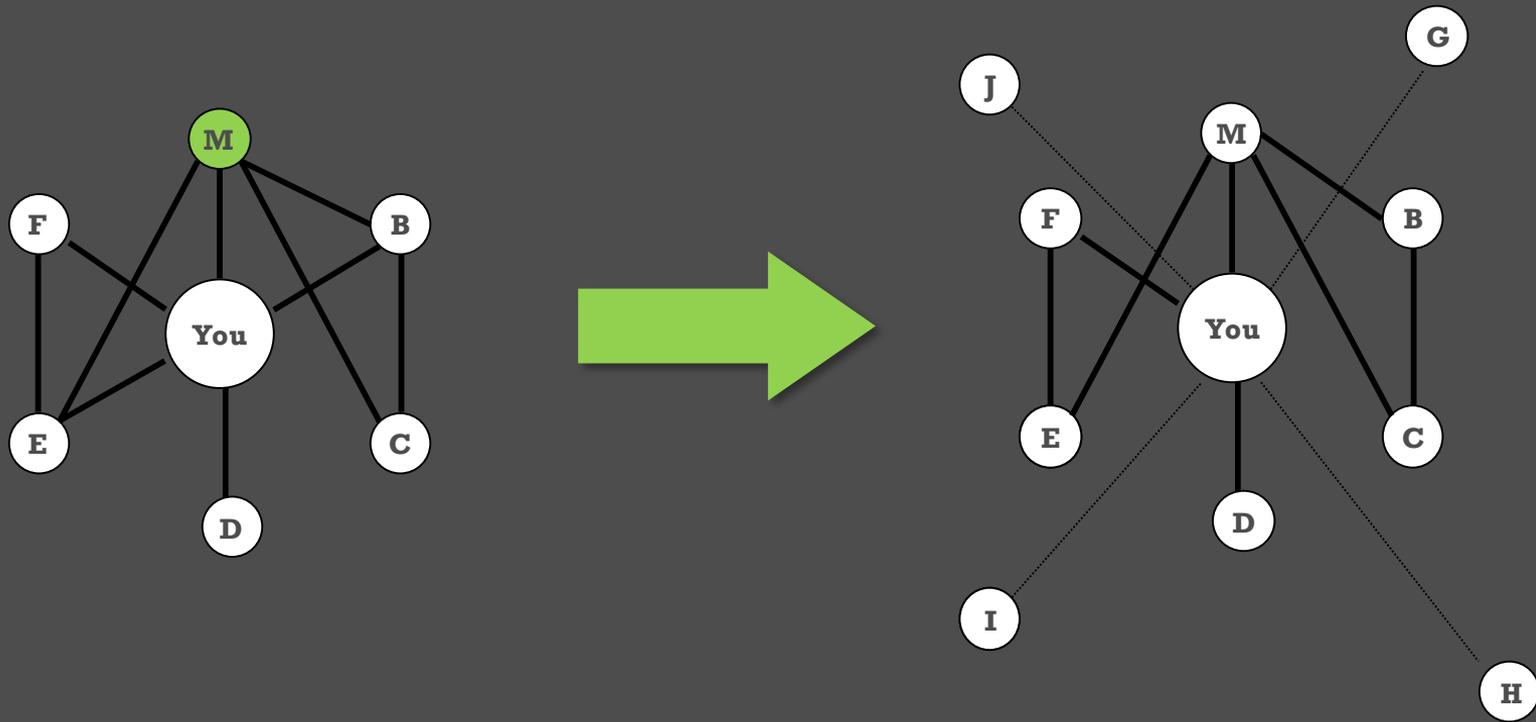


In a digital world,
(potential for)
diverse connectivity
is greater...

...meaning
innovation &
creative potential
are greater, too

(but so are overload
& homophily)

What should you do? Process



What should you do? Dual networks



Operational
network



Strategic
network

What should you do? Redundancy



Key takeaways

Innovations come disproportionately from occupants of **brokerage positions**, which are also more effective for governance.

Brokers can exist within the organization and/or refer to people interacting with **different external constituencies...**

Ultimately, organizations need a balance between brokerage and some degree of closure:

Innovation *and* Execution

A very brief “how to”:

(Professional)
Networking*



“But I’m not good at that”

Personality Trait/ Behaviour	Making new ties?	Getting value from tie?
Extraversion	+	—
Agreeableness & Conscientiousness	—	+
Openness	+	+
Networking	+	—
Relationship building	+	+

Network building & maintenance



Shared Activity Principle

Network building & maintenance



Norm of Reciprocity & “The 5-Minute Favor”

In conclusion...

**Awareness of your network
—locally and globally—
is essential for getting things
accomplished in a world of
reduced formal authority.**

**Social capital is your
(not-so-)secret weapon.**

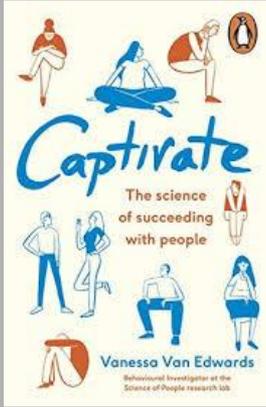
In conclusion...

**Get out there and interact with
new and different
people and ideas.**

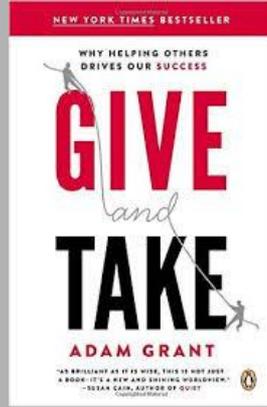
**(i.e., genuinely devote time
to developing your
social capital).**

It will make you a better leader!

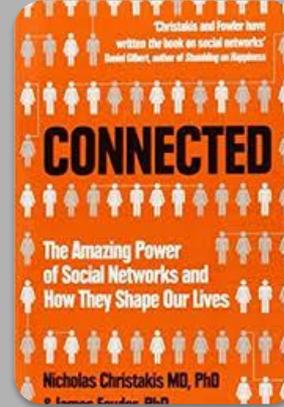
Book recommendations



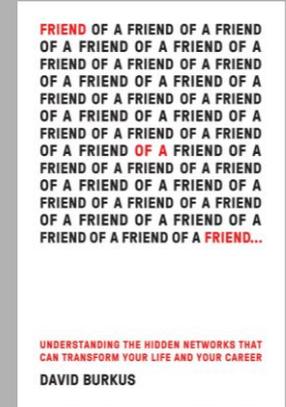
“Captivate: The Science of Succeeding with People”
By Vanessa Van Edwards



“Give & Take”
By Adam Grant



“Connected: The Amazing Power of Social Networks”
By Nicholas Christakis & James Fowler



“Friend of a Friend”
By David Burkus

The background of the slide is a complex network graph. It consists of numerous nodes, represented by small red and green dots, interconnected by a dense web of thin, light-colored lines. The nodes are distributed across the frame, with some clusters being more prominent than others. The overall effect is a sense of a large, interconnected system.

Thank you!

Interested in your own network?
Check out *gleam.org*