



The Seven Hidden Networks

The Webs of Relationships that Power the Corporation

Organization charts and process maps only tell part of the story. In actuality, there are at least seven hidden networks that make things happen in organizations.

People use connections every day to improve processes, solve problems, and complete work. Despite the ubiquity of informal networks, most have little insight into the shape and influence of their networks. Furthermore, leaders are often blind to how informal relationships influence organizational performance and productivity.

For example, if you're stuck in traffic, you can see the cars in front and behind you. You might even be able to see several cars ahead. But do you know where the accident happened? Do you know if the damage is on your side of the highway or the other? The only way to truly understand road conditions is to get in a helicopter and see the view from above.

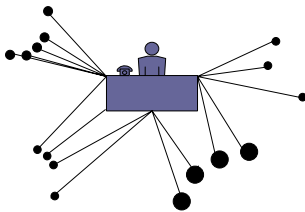


Figure 1: The View from One Desk
Image: Partnering Resources

Networks operate the same way. You probably can name the people that you interact with at work (Figure 1). You may be able to identify some of their connections with one another. But can you see how the relationships form a larger pattern and influence strategy and execution (Figure 2)?

Layers of Networks

All in all, there are seven critical networks that people access at work (Kleiner, 2003):

- **Work.** This network includes the people that individuals draw on informally to complete everyday work. Often, this network overlaps with organization charts and business processes.

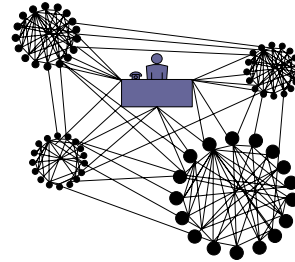


Figure 2: The Bigger Picture
Image: Partnering Resources

However, it usually reveals unexpected relationships and behind the scenes connections that make things happen.

- **Social.** When people need the skinny on why a VP resigned or when the company might go public, they go to the social network. This is the grapevine that can so effectively make or break change by quickly transmitting perceptions about whether an initiative is worth the effort.
- **Expert.** Everyone knows that certain people have a better grasp of the industry, technology, or customer than anyone else. These are the experts: subject matter gurus that people go to for inside information on how things really work.
- **Strategy.** Some people have a knack for big-picture thinking and strategic insight. These are the individuals that can engage in hypothetical conversations, understand the relationship between organizations in the ecosystem, and explore the implications of positioning the company or product in a specific way.
- **Innovation.** While closely related to other networks, the innovation network comprises people with the capacity to stretch the boundaries, imagine new possibilities, and take risks. They are the creative thinkers who have the capacity to invent the next big thing.

- **Improvement.** This network includes people with a special talent for improving organizations. They know how to apply lessons and conclusions from projects, industry articles, and conferences to make life easier, procedures smarter, or products better.
- **Decision-Making.** The organization chart identifies who people are supposed to go to in order to get a decision. In actuality, people know who's truly responsible for decision-making and who can be accessed quickly to weigh in on a critical decision.

These seven networks cover the bulk of informal relationships that people build in order to make things happen in relationships. When unaligned, they can cause considerable difficulties.

The Problem of Misalignment

When networks are misaligned, the costs can have lasting impact on performance. Figure 3 shows one division's expert network (simplified to include only Carmen's and Jim's relationships). Carmen has strong connections with her peers inside and outside her department. She's also strongly connected to manager Karen; the division chief Max; and the chief's assistant Greta. Because this is the expert network, Carmen is probably recognized as an internal knowledge base: a person with considerable knowledge and insight into the product and organization.

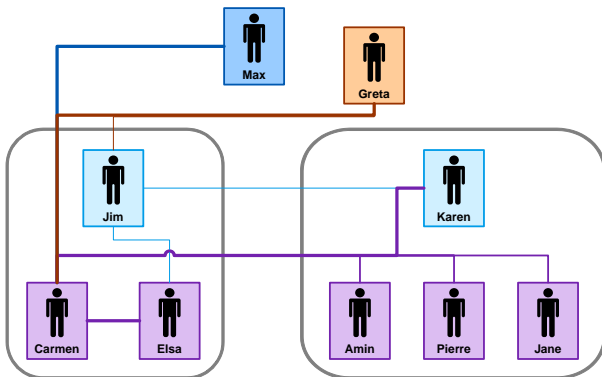


Figure 3: An Expert Network
Image: Partnering Resources

In contrast, her supervisor, Jim, seems out of the expertise loop. He has only weak ties to his direct reports and his peer Karen. He has no ties to the division chief, only to the chief's assistant Greta.

Now look at the innovation network in Figure 4 (again simplified to show only Jim's and Carmen's connections). This is a very different chart. Here, Jim

is highly connected to Max, Karen, Elsa, Amin, and Pierre. In contrast, Carmen links only to Greta.

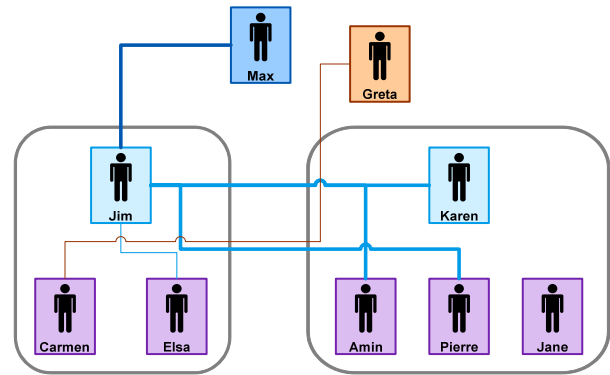


Figure 4: The Innovation Network
Image: Partnering Resources

The difference between the two networks raises interesting questions:

- Why is Carmen linked as deeply as she is in the expert network? Is she a long-term employee, responsible for a specific product, or adept at a critical process? What would happen if Carmen were to leave the division?
- How do we understand the difference in Carmen's connectedness in the two networks? Is she a representative of the "old guard" that resists new ways of doing business? Is she too busy fielding requests to be creative? Would there be value in leveraging Carmen's expertise to help innovate?
- Why is Jim linked as deeply as he is in the innovation network? Is he new to the company, or charged with challenging the status quo?
- What is the impact of the difference in Jim's connectedness in the two networks? Does he have enough knowledge to innovate wisely?

Knowing the answers to these questions can help an organization adjust, prepare for change, and optimize networks for the work ahead.

Reference

Kleiner, A. (2006). "Karen Stephenson's Quantum Theory of Trust." *strategy + business*.



About the Author

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