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FEBRUARY 17, 2006  
**INNOVATION**

## IBM: Untangling Office Connections

Researcher Kate Ehrlich says companies can streamline innovation and collaboration through social-network analysis

All managers know the org chart isn't the place to find out how work really gets done inside their companies. Rather, it's the informal network -- the social ties and bonds of communication and trust that exist between people -- that's responsible for bridging silos, cutting through bureaucracy, and sharing good ideas (see BW Online, 2/27/06, "[The Office Chart That Really Counts](#)").

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That's why a growing number of companies are using social-network analysis to get a

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bird's-eye view of the informal relationships that exist beyond the hierarchies. Using Web surveys that ask employees whom they turn to for expertise or trust for information, and then turning to software programs to plot the results, management-consulting firms and academics are increasingly helping clients draw maps of their internal networks.

The resulting charts, which look a little like the hub-and-spoke route maps of an airline, help managers spot undiscovered talent, learn which employees are trusted by their peers, and expose the unconnected places in their organizations that may hold opportunities for innovation.

**BIG BLUE THINK TANK.** While social-network analysis has received considerable attention recently, the practice has deep roots. Independent consultants such as Karen Stephenson and Valdis Krebs, both of whom developed software to analyze social networks, have helped companies map their informal ties for a number of years. IBM ([IBM](#)) has been a long-time incubator for research on the topic, setting up consortia to share ideas with corporations.

Most recently, Big Blue has been discussing social-network analysis with clients as part of its On Demand Innovation Services (ODIS) group, which teams up researchers with its consultants to offer the latest ideas to clients. IBM researcher Kate Ehrlich recently spoke with *BusinessWeek* Management Editor [Jena McGregor](#) about the role of informal networks in collaboration, the three phases of innovation, and the importance of energy in driving new ideas. Edited excerpts from their conversation follow.

### Why do you think the use of social-network analysis has been stepping up lately?

One thing is the software tools that allow us to draw the pictures and do the heavy-duty analysis. The second is that people like [University of Virginia management professor] Rob Cross have really brought out the applied aspects of [social-network analysis].

And then you have to look at it from the other side. It used to be just the people who had a background in knowledge management, or maybe a few HR people, who were interested in social networks. Now it's much more common for [managers] to recognize that in order for their business to be successful, they have to be able to collaborate.

Work is getting complex enough, and the way of working is getting

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work is getting complex enough, and the way of working is getting distributed enough, and the rapidity of the work is getting fast [enough] that it's critical that people be able to leverage the knowledge and the expertise that they need quickly. It's not enough just to be able to say, "I know that there's a person in the marketing dept in Seattle." You have to be able to reach them, and you have to be able to have a conversation with them, and you have to be able to coordinate work with them. I think managers and executives are recognizing that that's what is often standing in the way of their success.

**Do you think, as we enter a period where growth and innovation are so essential, that there will be even more interest in mapping these social networks?**

I do, but it's still very early. The main benefit of social-network analysis is that it makes the lines of collaboration visible. And by making them visible, it makes them actionable. That's the biggest immediate effect.

It used to be that companies were really focused on efficiency and cost cutting, but now they're realizing they're past that, and if they don't learn to be innovative, they're not going to grow. What's relevant to innovation from social-network analysis is that [it helps you visualize] where you're more likely to get really different ideas. You want people to interact with people outside their group who represent different perspectives.

I think of the process of innovation as having three different phases: One is the generation of the ideas, and that's where you really need to have, not everybody in a group, but a few people who are connected to people who are outside. That's where you get these real "Wow, I never thought that something from that domain could be applied to this domain." So when you're talking about innovation, you've got to have somebody who can bring in the ideas from the outside.

In the second phase, you need to connect those people with others in the organization who are translators, who can say, "I can see that that idea might work in the company or group that you're in, but this is what we need in order to make it work for our product or our service or our process."

Then there's a third phase. You've translated it. You've got it set up. Then it's the delivery, and the delivery now is internally within the group. Now you want very strong ties between people. In network parlance, with innovation, you want weak ties, where people are more connected to those outside the group. [In the delivery phase,] you need strong ties in order to get the innovation executed.

**What else can social-network maps tell managers?**

You're not just looking at one diagram. You're looking at who communicates with whom, who trusts whom, who goes to whom for new and innovative ideas, who gets information from whom, who goes to whom for decision making. As a manager, [it gives you] some more control over how you can change the organization.

In addition to being a diagnostic, I sometimes call this method "organizational usability." It's how you make the organization more user-friendly by looking at how people are actually working, and then building the organization around that, rather than the other way around.

Just as you build Web sites and do usability tests to figure out if people can use them...you can make little adjustments to the organization to match the way people are collaborating with each other.

**If I was looking at social-network maps of two similar organizations, what would an innovative one look like? What would a non-innovative one look like?**

If you're looking at more of an R&D organization, [you want to see] much more diffusion. You're going to see many more independent-thinking people who are variously connected, but with relatively little redundancy.

You don't want too much redundancy in an innovative organization, because what you want is as many people as possible touching as many people as possible. Innovative-organization maps would generally show more external focus than internal focus.

**How can managers think about innovation and collaboration differently?**

We generally think about innovation around products and design. It's also in processes. You can have innovation in business models. We need to do away with the Great Man myth of innovation. I wouldn't want to say that everybody is equally innovative, but the idea that you want to find the best and the brightest -- and as long as you find those people you'll be innovative -- is wrong. What's important is that you want to put innovative people together. You still need a team approach.

I also think there's an unacknowledged role of energy in innovation. You've probably heard [University of Virginia's] Rob Cross talk about energy. That's one of his favorite topics.

**I have heard him talk about that. He asks respondents in his social-network surveys about how interactions with certain**

**colleagues raise or deplete their energy levels. Why do you think energy is important?**

One of the things that's true of innovative ideas is that, by definition, they're new. And because they're new, there's risk associated with them, and there are unknown properties and qualities associated with them.

And so what's really important is to not only generate the new innovative ideas but to have them come to life. People who are not only innovative but passionate about an idea are going to help those people who are more cautious. It's going to give them confidence to get over that chasm from the unknown to the known. In order to have an innovative idea come to life, you have to cross that gap.

I have no data on this, but when someone has a new idea for a product or service, and somebody comes along and says "What about this? What about that? Is it really going to work here? Is it really going to work there?" that's not what you need.

What you need at that point is somebody answering those questions who has energy around the topic. They're going to be able to coast across that gap and say, "Have no fear. Trust me. This will all work out."

Now, sometimes there are people who have energy and they're wrong. There's no guarantee that just because you have energy around an idea that you're right. But I think you need people who are energizers to help you get across that gap.

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