Influence-through-networks as power

A single human being is a complex organism. Organisations are collections of human beings coming together to pursue the achievement of (hopefully) shared objectives. In the most general sense of the word, business organisations are themselves collections of several discrete organisational units, including customers and suppliers, as well as other stakeholders, that also share objectives, ways and means. The degree of complexity involved has now risen to an extreme. High rates of turbulence in local and international markets only adds to the complexity that all businesses face.

There was a time, when business life was simpler, and operated at a slower pace, when it might have been appropriate for business leaders to try to develop great organisations by telling people what to do and how to do it. Sadly, 'might have been' was often more in the mind of the supposed leader than the reality that operated in the hidden organisation!

Today, organisations have little choice but to accept the necessity of relying on individuals who make decisions for themselves, especially on the 'how to do it'. Those decisions are generally underpinned by informal contacts that operate throughout the organisation, and that provide access to a wide knowledge base, as well as the knowledge and skill set of the individual in question. A reality that is now being accepted by more and more enlightened business leaders is that the formal networks and processes set out in the organisation charts and process manuals, so beloved of the 'top-down-style' managers of yesteryear, rarely work as well as the informal networks and processes that people develop and operate on an 'as needed' basis.

Informal networks are dynamic and ad hoc; they form and re-form; and dissolve when a specific objective has been achieved: they operate across formal boundaries, within and without the 'home' organisation: they operate at the boundary between total chaos and total order. Because many of the cross-boundary interactions that characterise them are concerned with problem resolution, they are prime hotbeds of innovation. Old concepts of 'teams-with-boundaries' start to break down. At any one time, an employee may transact with their 'home team', and members of several project teams, plus members of informal networks tackling a variety of problems, often associated with lateral processes.

These observations lead to a profound question and a paradox at the same time. The question is 'What should managers do about the informal networks in their organisations?'. An old fashioned response, (from those same, backwards-facing, top-down-style managers?), would be to find out where and how they are operating, identify where they are 'breaking the rules' and take action to stop them. Another possibility, only slightly less daft, would be to identify the gaps in them that need strengthening, and then take management action to fill those gaps.

The first course is silly, as it ignores the fact that the informal networks only exist in the first place to try to resolve problems and improve business performance – management action along those lines of the first tactic would be aimed at delivering lower levels of performance - not something, we think to delight shareholders! The second ignores the fact that as soon as managers take action to improve the performance of informal networks, they are no longer informal. An insight so often missed by action oriented managers who are short on reflection is that it is impossible formally to legislate for every exception, which is one of the reasons why informal networks develop in the first place. New management action just introduces a new set of exceptions for informal networks to develop to find their way around.

Hence the paradox – business organisations rely heavily on informal networks to get their products and services out of the door – efficiently and in the way that customers need. Yet the same informal networks are not subject to management control, which introduces a sense of loss of predictability about, and control over, the way the organisation is behaving. Management interventions in informal networks are almost certainly not going to increase the degree of (formal) control that senior managers have, and they are likely to damage performance instead of improving it. And yet, somehow, senior managers need to understand better the informal networks in their organisations; why they arise and what they do, and, somehow enable them to operate more effectively than the current position.

One useful way of thinking about this paradox is to reflect on the nature of control mechanisms. Broadly there are three types – control by variance; control by direction; and control by ethics and values.** A sub-set of the last two types is control by trial and error – experiment is another word commonly used. Another concept often successfully applied is that of strategy as 'roughly west' with tactical moves intended to enhance the pursuit of that direction emerging more than being 'designed'.

A moment's reflection will suggest that it is 'control by variance' that is being tried when managers' interventions are intended to limit the activities of informal networks in some way, or if they are intended to 'find and fill gaps' in the informal networks that are operating. Applying this model of control simply makes no sense in relation to informal networks. Either or both of the other two types of control do, however, make sense. The implication is that it is the people who are members of the informal networks who need to make the decisions that will improve their performance. That will need information – better information about how the informal networks are currently performing, where the issues and opportunities are. Also demanded is a presentation of that information that will enable large numbers of people to access it and collectively make the decisions required to improve performance.

That requires three key contributions from management. The first is provision of the good, quality information. The second is the willingness and commitment to stand back and let the members of the networks so described complete their analysis for cause, plus identification and implementation of whatever developmental action is required. The third is the commitment, fulfilled in practice, to tackle whatever organisational barriers to improved performance are identified through the analysis process, that happen to need formal authority not already held by members of the networks. Commonly, this authority is concerned with the acquisition and allocation of resources.

Implied in the third, is the acceptance that, however unwittingly, many obstacles to enhanced performance are created by the organisation, in its desire to increase predictability and control. A second implication is that the role of senior managers will have moved a step or two in the direction of 'manager as enabler' and away from 'manager as control'. A third implication is that control by direction, ethics and values are all impossible if the people in question don't know the desired direction, or are unclear about the values that should drive their decisions. Which means that senior managers must also adopt the role of 'manager as strategist', and communicator of that direction throughout the organisation. Equally, their own behaviour must exemplify required values.

Years of working with informal networks in a wide variety of private and public sector organisations have suggested some useful models that should help managers think about their own informal networks, and point to some of the information that should be provided.

The Language of Informal Networks

There is no universal language that has yet been defined, so the offerings below have been culled from our own experience, with concepts from a variety of research sprinkled throughout to liven up the mixture. First the basics:

People in formal or informal networks will be referred to as 'entities'. The relationships that join pairs of people are referred to as 'links'. Network entities can also be 'non-human', such as information items, but that is the subject for another time. Network entities can be classified in a number of ways, and those classes are usually identified by the colour assigned to entities in network maps. Conventionally, the 'home group' for a network entity will be the formally-employing department, but other classes can be assigned such as length of service, source company before a merger, qualifications – or just about any other characteristic of people.

We will be working with five types of groupings in the network maps used to illustrate this paper. All may be drawn to represent either general working relationships, or topic-specific working relationships.

- The first type is the formal grouping. Using the classes referred to above, this representation shows the informal links between departmental groups as well the formal and informal links within them. **Click here for an illustration.**

- The second is drawn using a clustering algorithm, which is individual-centric. This forms groups around 'busy individuals' who have many links relating to whatever the topic in question may be. **Click here for an illustration.**

- The third is also drawn by a clustering algorithm, but this one is group-centric. In this case the starting point is existing formal groupings, and the algorithm moves people from their 'home' group to another, if their connections with the target group are stronger than with their home group. **Click here for an illustration.**

- The fourth examines the reality that within any grouping, formal or informal, there are always some people who are better connected than the other members. The 'power grouping' algorithm identifies the 'inner cabinet' within which true power lies, for whatever is the topic of review. **Click here for an illustration.**

- The final type of map draws individual networks, always starting with one nominated entity. This algorithm draws a map that traces the network attaching to the individual entity, through an iterative process until it runs out of data. This network shows, for any given topic, the connections influenced by the individual entity and the distance in influence terms of some entities from the source. **Click here for an illustration.**

Roles in informal networks

Again, there is no universal language, but the labels applied to the various roles as set out below have at least some common currency, and, hopefully, are relatively descriptive.

There are six roles that have been identified as occurring commonly in business organisations, and five common characteristics that can be used to describe people operating in these roles. It is important to note at this point that roles shift as the topics being handled by the informal networks, themselves shift. People are not fixed in one role for all time – the roles they adopt change from topic to topic and time to time, as other influences come to bear on their behaviour within the networks.

The common relationships between the roles and descriptive characteristics are set out in the table below. Brief explanations follow. Please note that when the term 'links' is used, it is assumed that the links are agreed by the two parties involved. The other case of disagreed or denied links is dealt with under the heading of reciprocity below.

|	*Connected-ness*	*Centrality*	*Between-ness*	*External / internal links*	*Reciprocity*
Hub	High	High	Moderate	Balanced E / I	High
Liaison / Gateway	Moderate	Moderate	High	High E / I	High
Influencer - Leader	High	Moderate	High	Balanced E / I	High
Blocker	Moderate	Low	Moderate	Low E / I	Low
Isolate	Low	Low	Low	Low E / I	Low
Expert	High	Low	Moderate	High E / I	Low

- **Hub** – a network entity that is very much at the centre of working relationships – will tend to have a large number of direct links with other entities as well as short network paths to a large number of other entities. In the image below, RA has 8 (blue) internal links within the yellow home group, plus 7 (red) external links.
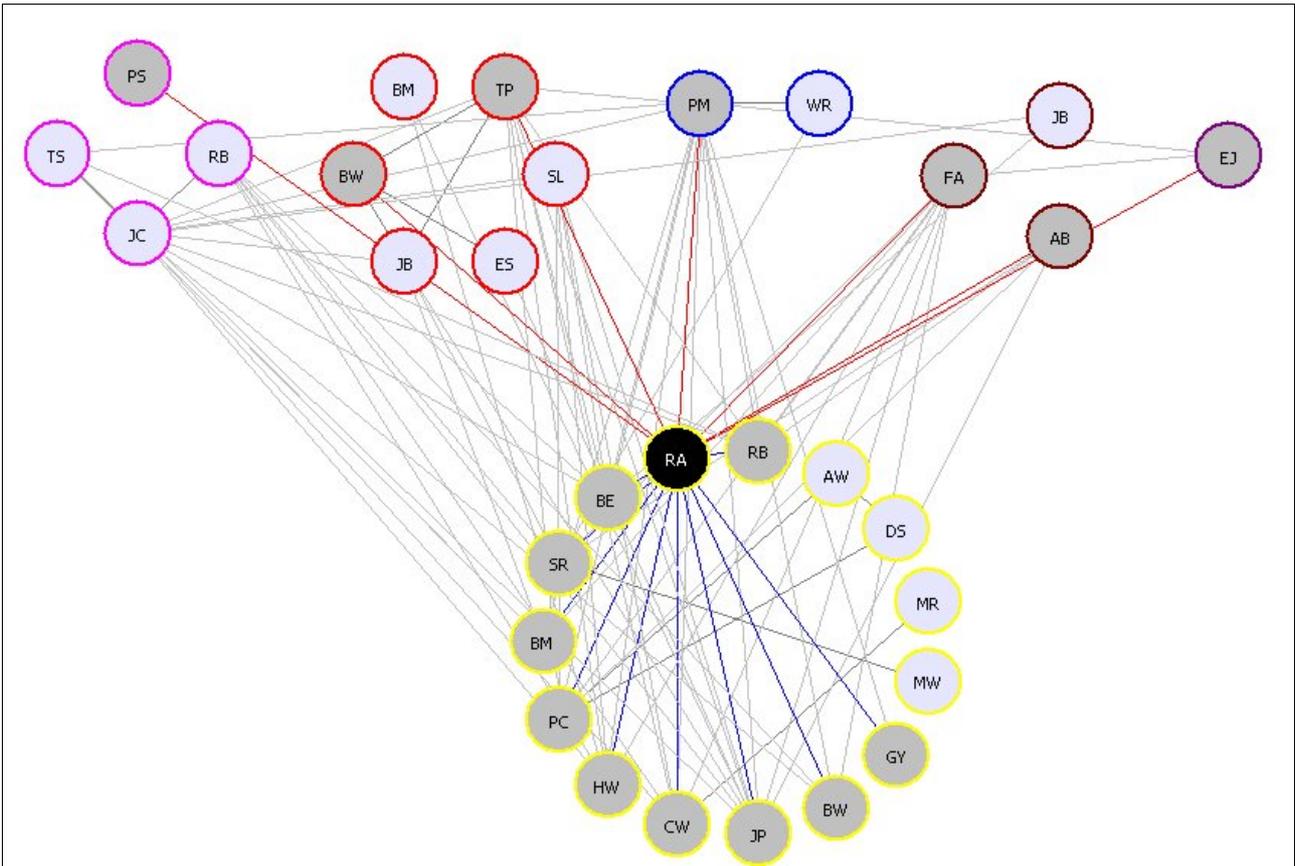
- **Liaison / Gateway** – a network entity that sits between two or more groups that will commonly include the home group of the entity - but may not. This entity forms an important communications channel between the groups. In the image, the highlighted entity links the home group (pink) with three other groups, and is a direct link between the three external groups – the groups are red, blue and black.
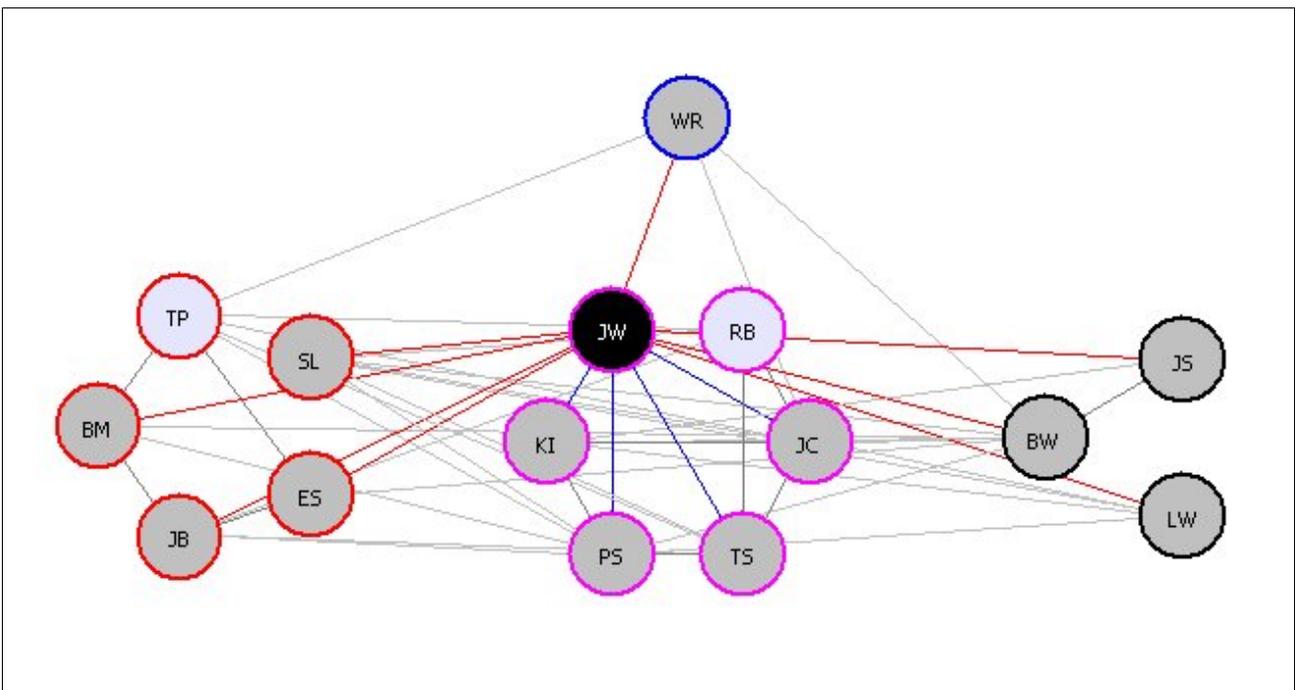
- **Influencer / leader** – a network entity that will have considerable influence over others and their position on a given topic. While not necessarily having any formal power on the topic in question, may have a distinct leadership role in getting developmental actions implemented. In the image to the right, which is an informal cluster working on getting new product programmes implemented, the highlighted entity is pivotal – and for meeting customers' needs.
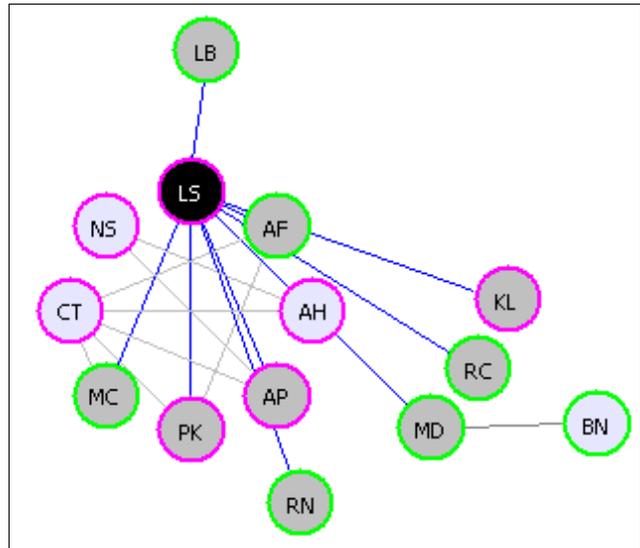
Yet the colours that have been applied indicate that the highlighted entity has no direct customer contact. This is a good example of someone whose role in the organisation is largely hidden from view – until exposed through network analysis. Does this represent a problem?

Not at all, but in the particular case, the colleagues of the pivotal entity decided that it was high time she was released from some of her in-house activities, so that she could spend some time on-the-road, face-to-face with real live customers.

- **Blocker** – a network entity that effectively blocks communications and action on a given topic. There is often a significant relationship between this entity and the ability to get change processes operational.

In the image to the right, the entity at the left of the diagram (PK) has 11 links with other entities, of which five are to the entity's home group, coloured green. The links are all 'denied' links, in this case on implementing designs for new product programmes, The small circles at the end of each link indicate the end of denial – see the discussion about 'reciprocity' below for a definition of 'denial'.
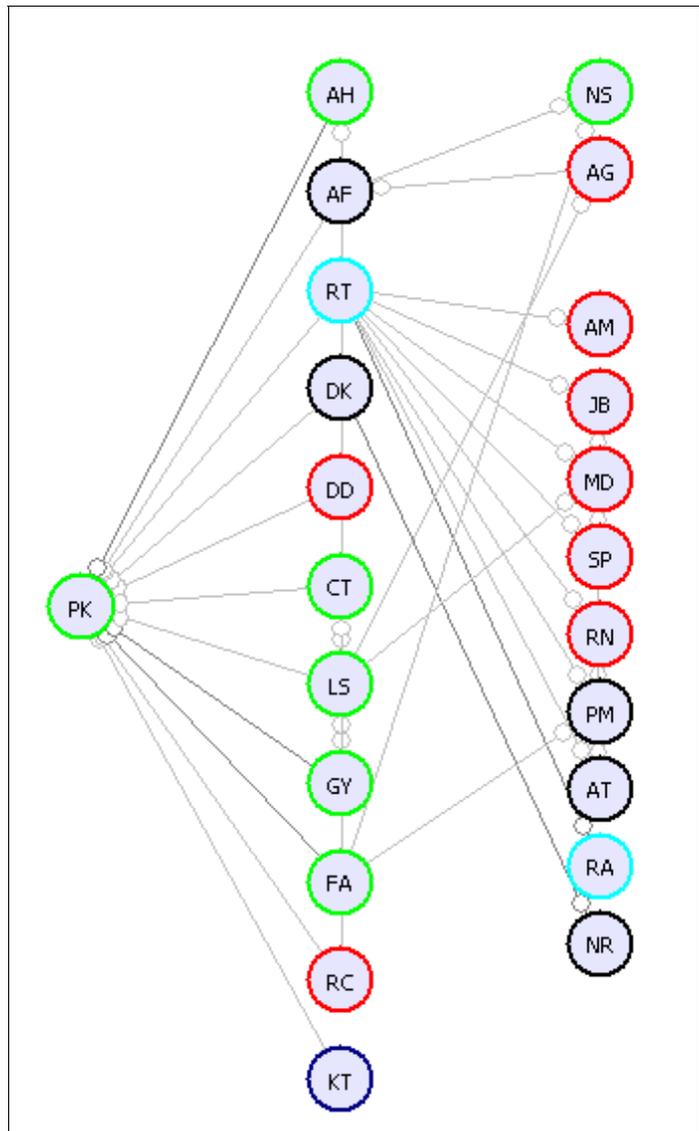
The data presented do NOT show that the person in question is an intentional blocker. They do show that blocking is happening, even though it may be unintentional.

In the real case, it was unintentional, with the person in question not understanding how other people viewed the importance of his role, on the particular topic. Generating and sharing the data widely led directly to the problem being resolved.

- **Isolate** – a network entity that has few connections on a given topic, quite often even with the home group. When there is a strongly defined and operated hierarchy at work, isolates can often appear in hierarchical chains, with different levels of management represented within the chain.

  The image of a power structure group to the right shows several isolates. The most interesting issue is the absence of any real, integrated group on the topic in question – clarifying and communicating strategy. Entity PM appears to have a key role, but the Directors, in light blue, do not. In fact, they are all isolates, although RT is at least connected to one important entity.
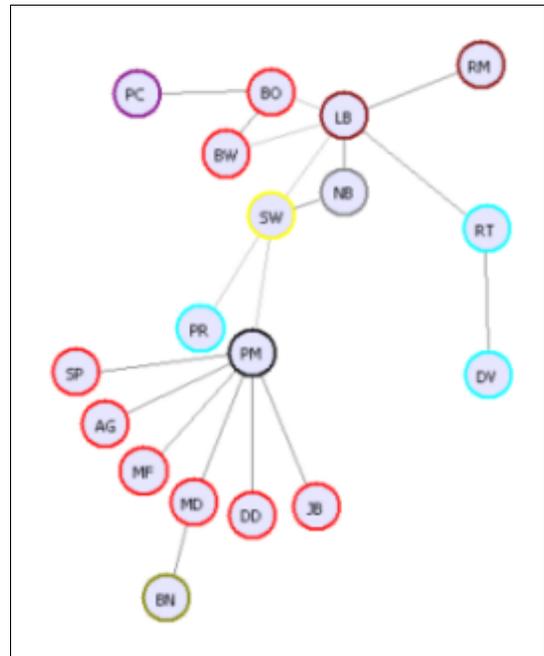
- **Expert** – a network entity recognised to have a fund of specialised knowledge and skill. Links to experts frequently cross many formal boundaries. A good example is shown below on the next page – the colours are departmental. The topic is giving and getting information on technology and technology transfer. The network with DOF at its head reaches through five departments in addition to the home department.
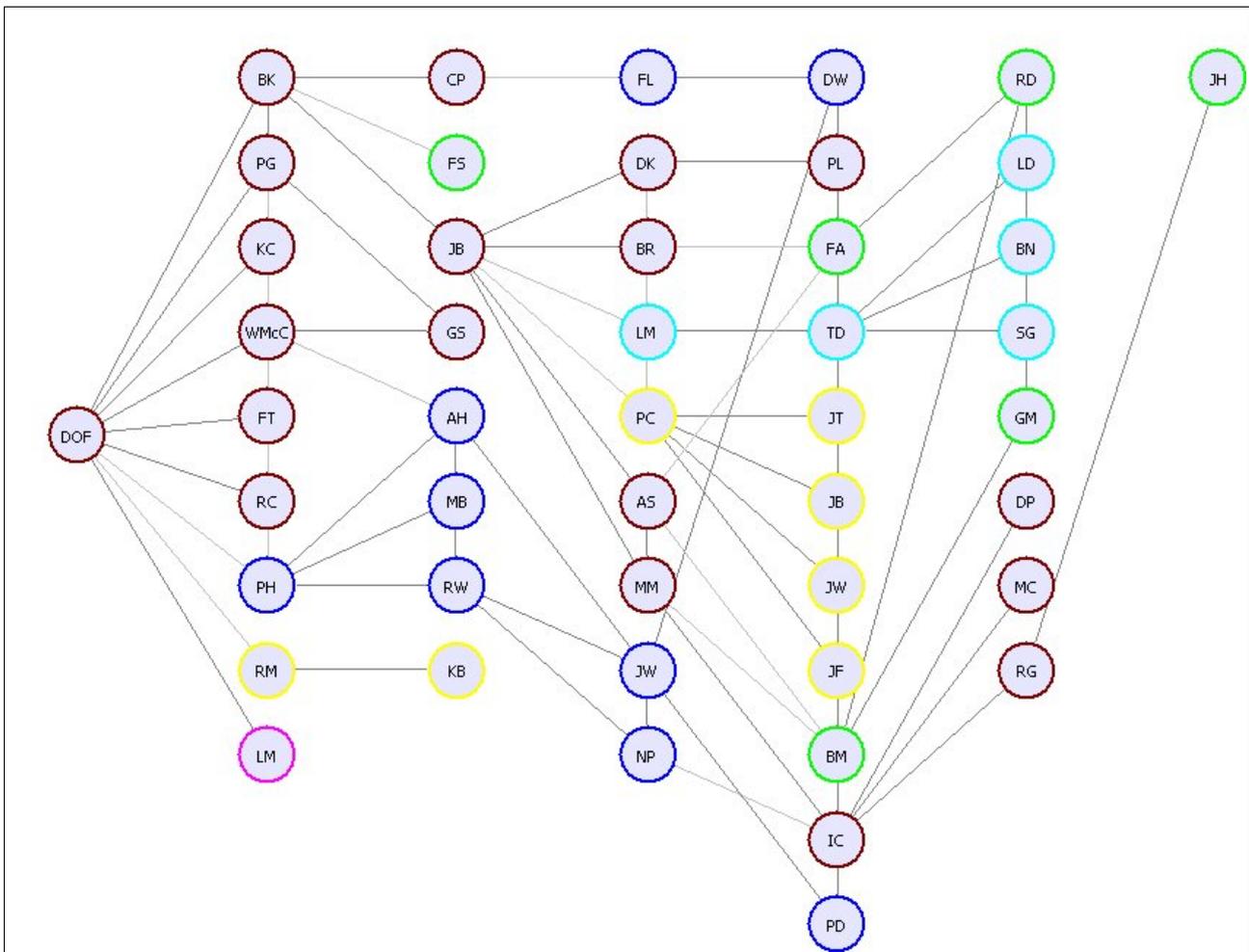
The five dimensions of role characteristics are summarised as:

- **Connectedness** – the number of other entities with which a given entity has direct links – that is with one step only.

- **Centrality** – the number of other entities in the network reached with a small number of intervening links. Can be expressed as the percentage of the whole network reached through a specified number of network links.

- **Between-ness** – the degree to which a given entity connects two or more groups, either directly or though very short network pathways.

- **External – internal links** – this is the balance between the links a entity has with the entity's home group and with other groups. The balance may be high in the direction of external; low in the direction of external; or balanced between the two dimensions.

- **Reciprocity** – this is the degree to which a entity is involved in links with other entities where both parties put the same of approximately the same value on the link. Most analyses allow some small degree of divergence in the valuations made, but also map disagreed and denied links. Disagreed means that the link is acknowledged by both parties, but one places a high value on it and the other a low

value. In the case of denied links, the link is claimed by one party, and at least a moderate value is placed on it; the other party denies the link totally. Reciprocity is the degree to which the links between one entity and others are agreed.

There are several other ways that characteristics of people in informal networks could be described, one of which is that of transmitter / receiver. This is not simple to describe, as there are many possible combinations of this simple descriptor. Just to illustrate, a entity N can be a transmitter to another entity R, and a receiver from another entity T. Alternatively, the relationships between N and R could be that both are transmitter and receiver, but a one-way transaction between N and T. As this characteristic will change from topic to topic, and as there are chains involved, this topic has also been left for another paper.

Finally, all of the discussions in this paper refer to network links in current reality. People, however, are not inanimate objects such as occur in computer or communications networks. They are sensing, thinking organisms with a desire to define and pursue the achievement of goals. There is also the possibility of mapping network links that can be classified as **SHOULD BE** and **SHOULD NOT BE**. The former do not exist in current reality, but there are likely to be emergent networks that agree that they should. The latter are in current reality and here the networks agree that they should not. Both are excellent devices for locating significant energy for change, and for directing and releasing that energy. For this paper, a discussion of these networks is a complication too far.

It can be argued that it is people in the first three network roles specified above – hub, liaison and influencer / leader - that are the main enablers of developmental change in organisations. It should, however, be noted that there is no automatic inevitability that well-connected people will wisely use the power that they gain through those connections, or even on behalf of valid organisation-wide objectives. Sadly there are many cases of individuals using the power they gain through their connections for sectional or personal gain. For the purpose of these notes, however, that case is ignored. Here we are concerned with the beneficial use of the power and influence that comes through the wise use of network connections.

It may be noticed in the table above that for the first three network roles, there are shared characteristics, in respect of two of the dimensions described above. These are the external / internal balance of links and the degree of reciprocity involved in them. All are high on reciprocity and all have at least a balance of external to internal links. It may be considered that these characteristics arise more from the behaviour of the person than their position in the formal hierarchy.

In the case of the other three characteristics, centrality, connectedness and between-ness, there are likely to be at least some effects of the formal position the person in question occupies in the organisation. It is this observation that opens the door to an understanding of the behaviour patterns of informal leaders, opinion-formers and other key enablers of developmental change in organisations.

Before considering these, it may be worth briefly rehearsing some related observations about organisational behaviour. The first concerns the complexity of organisations referred to above. A view expressed by some managers, some of whom at least are considered to be 'enlightened', is that the way to handle high levels of complexity is to

develop a stripped-down, flat and very flexible organisation and then trust employees to find their own way through the maze. A new thought? Well maybe, but then Confucius did say 'First find people you can trust and then trust them'.

The second concerns the need for innovation. It is generally accepted that innovation has become something that is needed to enable survival, as well as drive growth. What may be less well known is that there is interesting research that the best innovation comes from problem resolution. In passing, please note that there is a difference between problem solving – the identification and elaboration of the nature and cause of a problem – and problem resolution which implies the successful design and implementation of a solution to remove or minimise the effect of a problem. Specifically, the evidence suggests that good, innovative problem solving stems from cross-boundary collaboration in problem resolution.

The third observation is about the nature of the 'designed organisation'. Briefly, organisational structures distribute power and resources. Organisational processes distribute activities or tasks. Both suffer from the issues of complexity noted above; both fail to handle the multitude of exceptions that occur by the minute in real, (as distinct from designed), organisations. Both need informal networks to convert strategic direction from wishful thinking into an organisational dynamic.

The point about informal networks, in this context, is that they distribute influence, and influence is a key source of power. If we put aside all the negative connotations of power – who can dispute that some informal networks are actually power cliques, pursuing their own goals and not those of the organisation? - the fact is that power is needed to accomplish anything. Power in formal organisation structures is plentiful, but may be restricted to too few people at too high a level in the hierarchy. Informal networks derive much of their power through the numbers of people involved, the personal credibility of network members and the trust that members have for each other. Through influence, power is generated to get things done; to resolve problems; and to innovate with a degree of protection against the risks always involved in innovation.

It is in this way that people who are hubs, liaisons and influencers in informal networks get things done. These are the hidden leaders of developmental change in organisations. The source of their influence and power is their 'connectedness'; their ability to access information from widely dispersed sources in the organisation; their opportunity to moderate and facilitate change processes across formal boundaries; their ability to build collaboration to resolve problems and innovate with reduced associated risks.

The question is, as ever, what should management do about these hidden leaders of change and their informal networks? The answer is much as before, but with one addition.

- In terms of active intervention to 'design' better networks, or to assign formal power and authority to these change leaders and their networks – to be avoided like the plague.

- Provide better information to all employees so that they understand better their own networks, and provide the opportunity for them to develop enhanced networks – most definitely yes.

- Commit to dealing with the organisational constraints that better information and dialogue identify – even better.

Whatever else is true, it should be recognised that much informal network energy is devoted to find ways around those very same constraints. Their removal means that the same energy can then be devoted to adding positive value to organisational performance.

The additional action is this. Another moment's reflection will suggest that the five key dimensions of networking that we used above – connectedness, centrality, between-ness, external / internal link balance and reciprocity – all share one thing in common. They depend for their success on a good interpersonal skill set. Moreover, that interpersonal skill set is going to look very like the negotiating model. So why not invest in a little training for everyone who is involved in networking, which is everyone. Enhanced negotiating skills can only enhance networking in the organisation, and, as it is the informal networks that get products and services out of the door, that can only enhance business performance as well.

And who knows what might develop from there. It could be that, with better information, members of informal networks may well make better use of experts; may well reduce the number of isolates and bring them into the fold, so that their knowledge and skill become more widely utilised, with a consequent benefit to employee motivation and engagement. It might be a step closer to having an organisation populated with many leaders, instead of leadership being just for top managers only. Who knows, even the blockers may come to the party. Now that would be a change worth having.

All network maps in this paper were generated using Magus Networker. For details, please visit:

<div align="center">

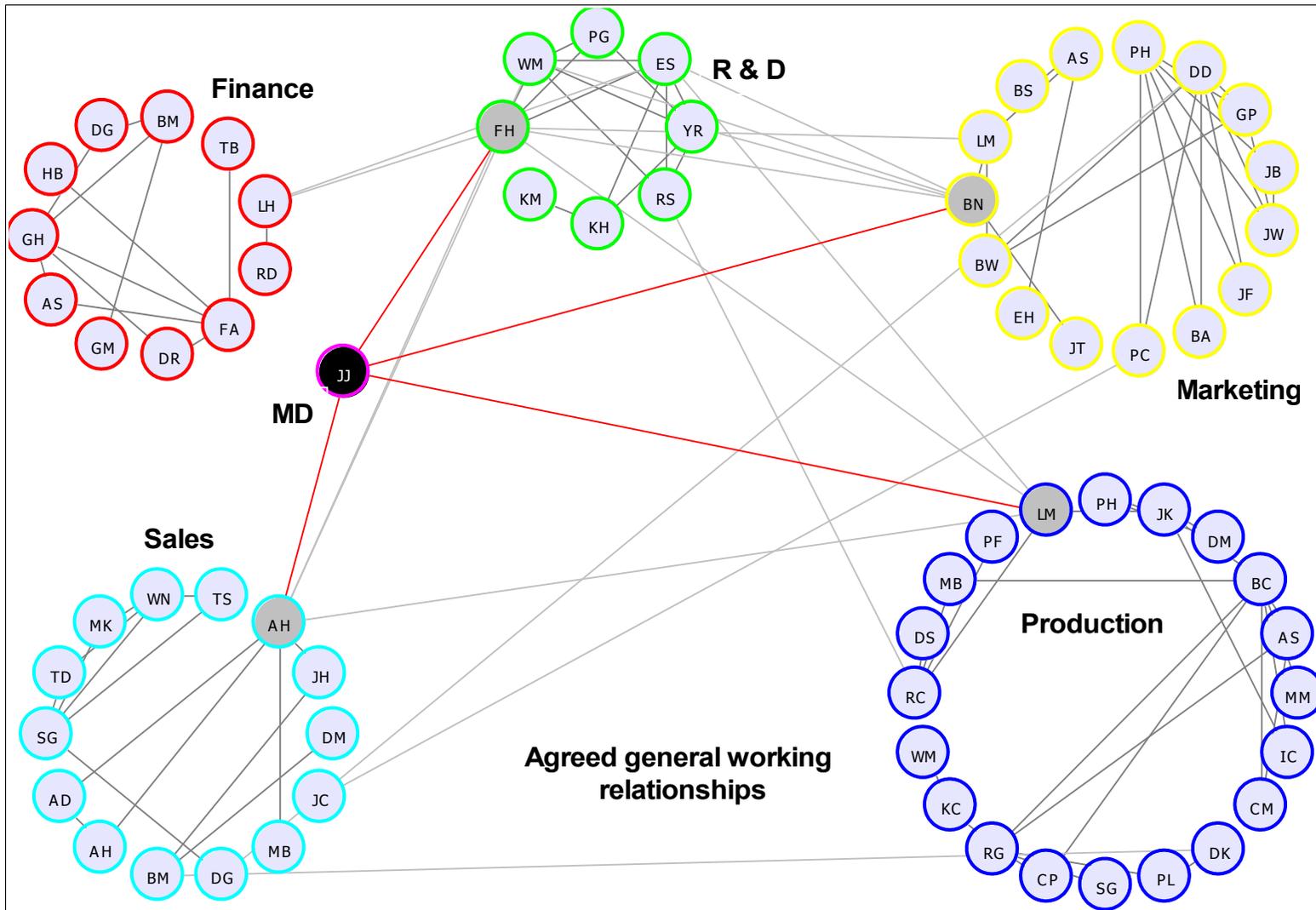http://www.magus-toolbox.com/Networker

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** A brief explanation of the concept of control: control by variance concerns the metrics we use to define success and the measurement of actual achievement, and the variance between the two. This is much used in respect of budget management. This makes complete sense in the very short term, when we can use the learning acquired through experience, and know the causes of variances and appropriate solutions.

In the slightly longer term, we can no longer KNOW causes and solutions, but prediction and probability are appropriate mechanisms to apply. The test here is whether a particular action is likely to take us in the (strategic) direction – roughly west – that we need to move. Experiment has its part to play.

In the longer term still, prediction and probability also break down, as the future becomes un-knowable. At this point, we rely on ethics and values as the drivers of action oriented decisions. Here we are reliant on experiment – people trying ideas and learning from the process. Ideas that do not seem to work are dropped and those that do are resourced. Knowing strategic direction is still important, to help define success, but that direction tends to emerge at the same time.
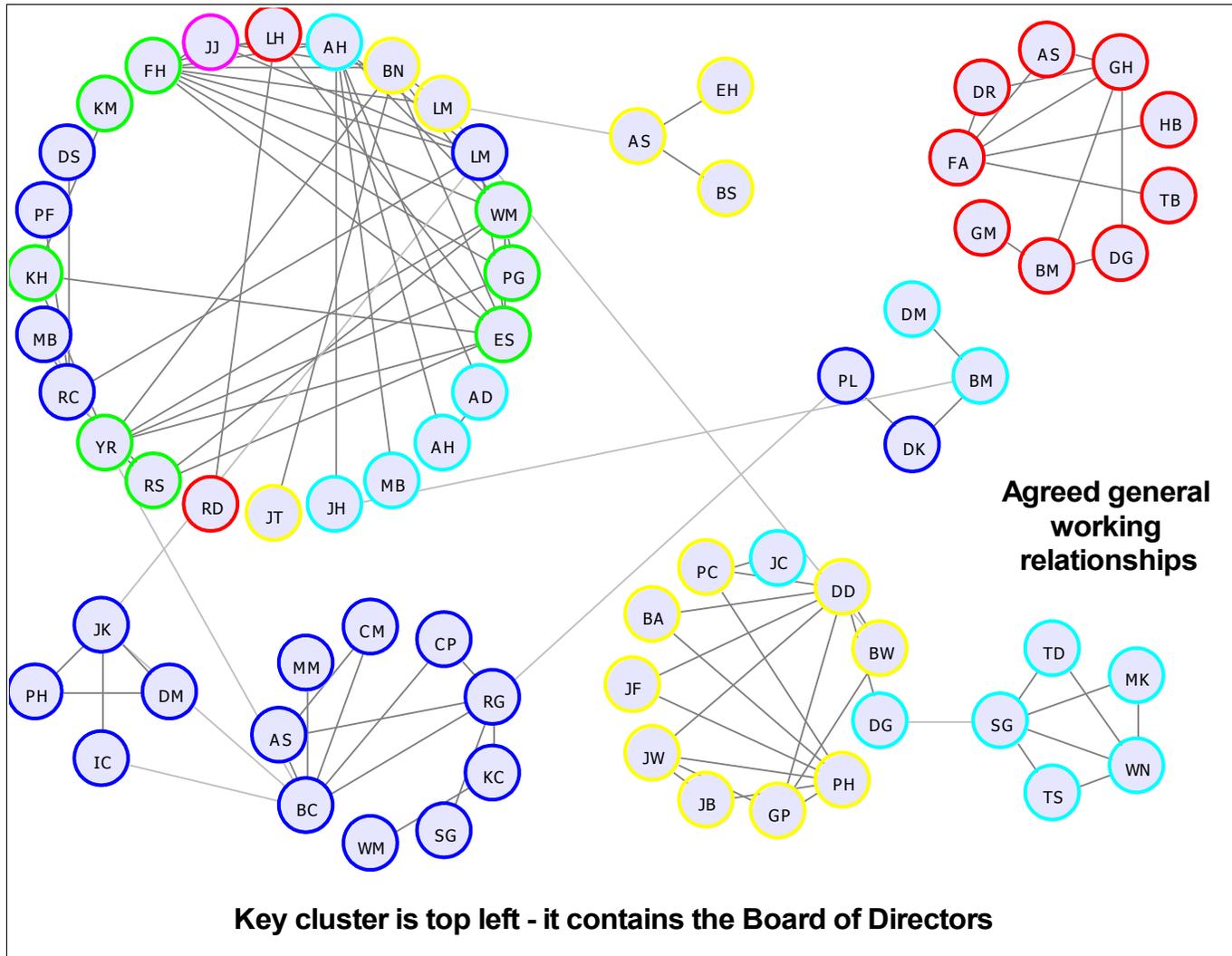
For all managers at all times, there is a tension created by operating all three types of control process - simultaneously. Senior managers applying the wrong type of control can exacerbate that tension and develop serious organisational problems.
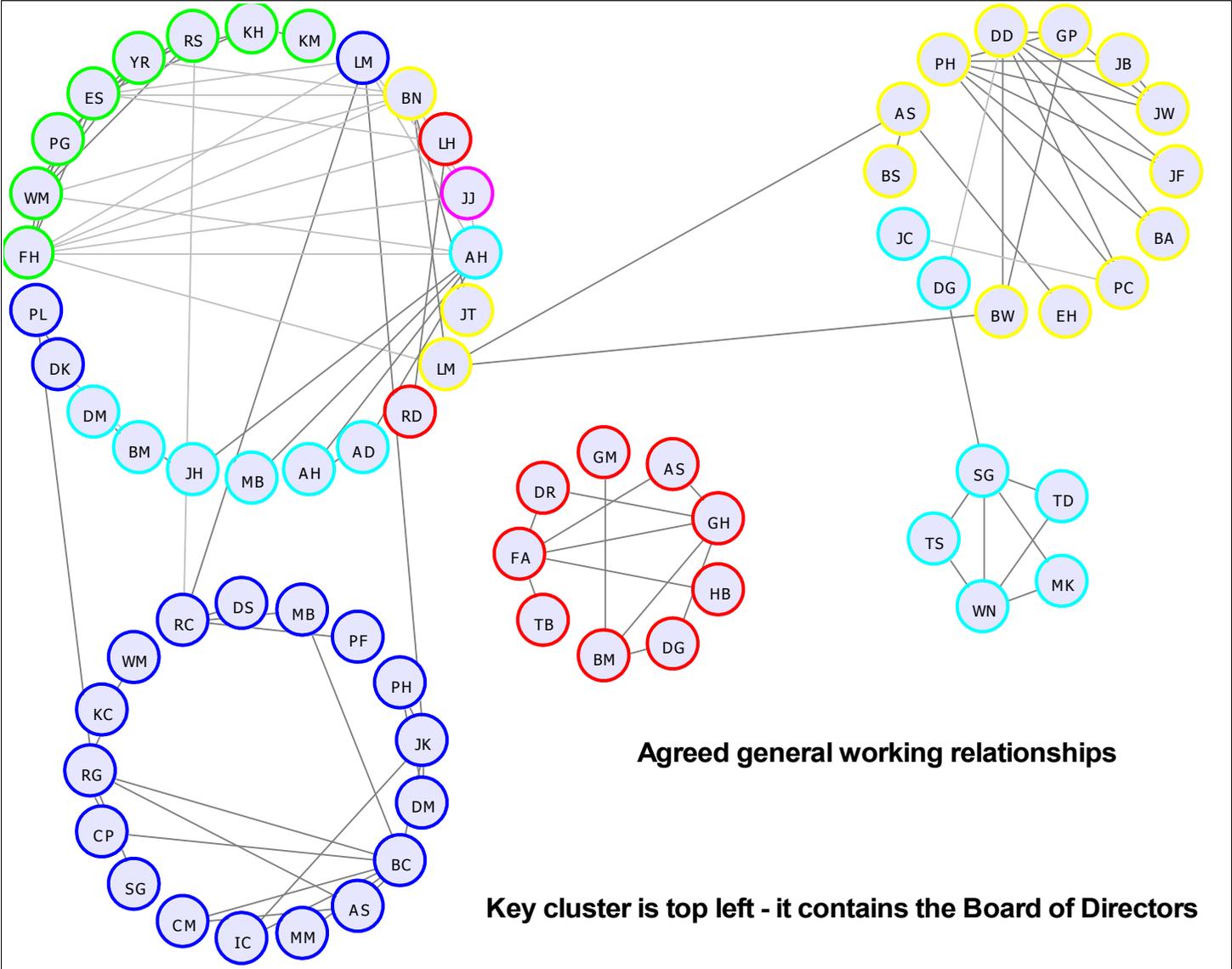
Grouped and coloured by department

Finance

R & D

Marketing

MD

Sales

Production

Agreed general working relationships

Individual-centric clusters – coloured by department

Agreed general working relationships

Key cluster is top left - it contains the Board of Directors

Group-centric clusters – coloured by department

Agreed general working relationships

Key cluster is top left - it contains the Board of Directors

Power group structure – the 'inner cabinet' – coloured by department

Agreed working
on budget
management

'Inner cabinet' shown to the right. Other
nodes are one attached isolate plus
others in two attached chains
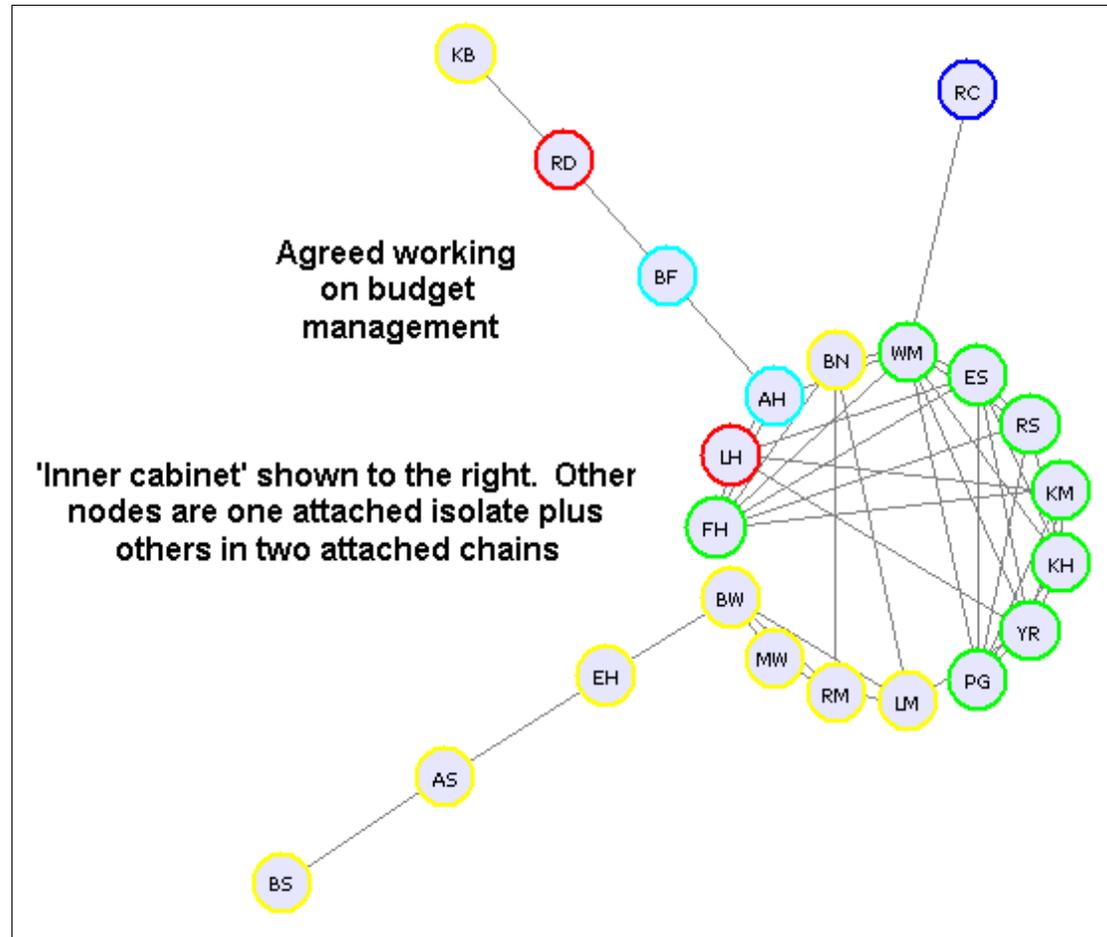
Trace network – coloured by department

Trace network of inner cabinet plus attached isolates and chains - starts with inner cabinet member with the most links

Agreed working on budget management