

How Leaders Create and Use Networks

Successful leaders have a nose for opportunity and a knack for knowing whom to tap to get things done. These qualities depend on a set of strategic networking skills that nonleaders rarely possess.

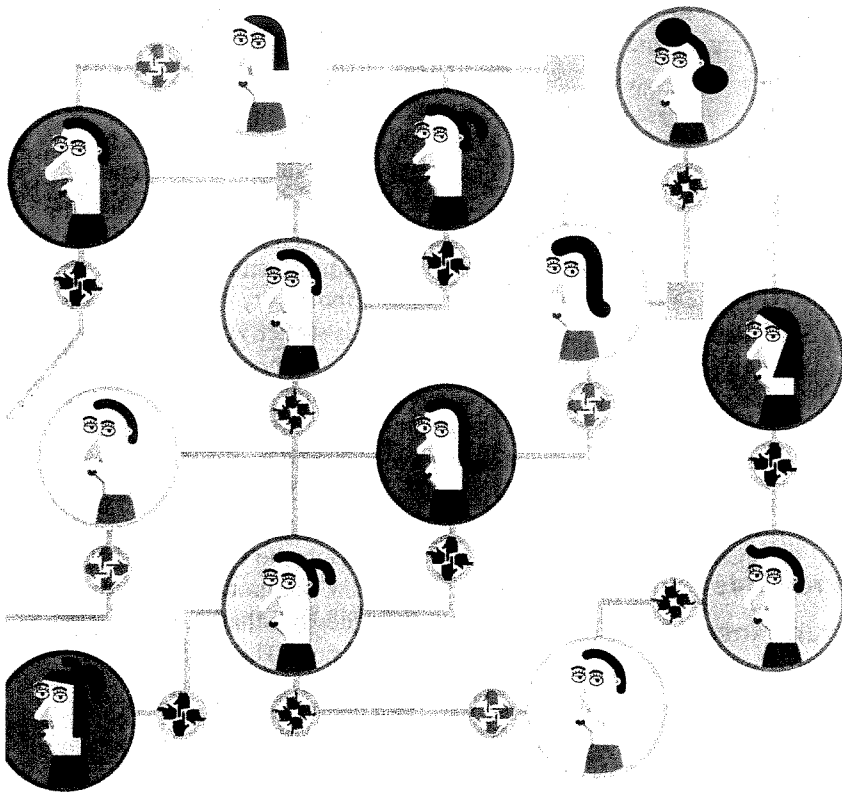
by Herminia Ibarra and Mark Hunter

WHEN HENRIK BALMER became the production manager and a board member of a newly bought-out cosmetics firm, improving his network was the last thing on his mind. The main problem he faced was time: Where would he find the hours to guide his team through a major upgrade of the production process and then think about strategic issues like expanding the business? The only way he could carve out time and still get home to his family at a decent hour was to lock himself—literally—in his office. Meanwhile, there were day-to-day issues to resolve, like a recurring conflict with his sales director over custom orders that compromised production effi-

ciency. Networking, which Henrik defined as the unpleasant task of trading favors with strangers, was a luxury he could not afford. But when a new acquisition was presented at a board meeting without his input, he abruptly realized he was out of the loop—not just inside the company, but outside, too—at a moment when his future in the company was at stake.

Henrik's case is not unusual. Over the past two years, we have been following a cohort of 30 managers making their way through what we call the leadership transition, an inflection point in their careers that challenges them to rethink both themselves and their roles. In the process, we've found that networking—creating a fabric of personal contacts who will provide support, feedback, insight, resources, and information—is simultaneously one of the most self-evident and one of the most dreaded developmental challenges that aspiring leaders must address.

Their discomfort is understandable. Typically, managers rise through the



Operational Networking

All managers need to build good working relationships with the people who can help them do their jobs. The number and breadth of people involved can be impressive – such operational networks include not only direct reports and superiors but also peers within an operational unit, other internal players with the power to block or support a project, and key outsiders such as suppliers, distributors, and customers. The purpose of this type of networking is to ensure coordination and cooperation among people who have to know and trust one another in order to accomplish their immediate tasks. That isn't always easy, but it is relatively straightforward, because the task provides focus and a clear criterion for membership in the network: Either you're necessary to the job and helping to get it done, or you're not.

Although operational networking was the form that came most naturally to the managers we studied, nearly every one had important blind spots regarding people and groups they depended on to make things happen. In one case, Alistair, an accounting manager who worked in an entrepreneurial firm with several hundred employees, was suddenly promoted by the company's founder to financial director and given a seat on the board. He was both the youngest and the least-experienced board member, and his instinctive response to these new responsibilities was to reestablish his functional credentials. Acting on a hint from the founder that the company might go public, Alistair undertook a reorganization of the accounting department that would enable the books to withstand close scrutiny. Alistair succeeded brilliantly in upgrading his team's capabilities, but he missed the fact that only a minority of the seven-person board shared the founder's ambition. A year into Alistair's tenure, discussion about whether to take the company public polarized the board, and he discovered that all that time cleaning up the books might

ranks by dint of a strong command of the technical elements of their jobs and a nose-to-the-grindstone focus on accomplishing their teams' objectives. When challenged to move beyond their functional specialties and address strategic issues facing the overall business, many managers do not immediately grasp that this will involve relational – not analytical – tasks. Nor do they easily understand that exchanges and interactions with a diverse array of current and potential stakeholders are not distractions from their "real work" but are actually at the heart of their new leadership roles.

Like Henrik (whose identity we've disguised, along with all the other managers we describe here), a majority of the managers we work with say that they find networking insincere or manipulative – at best, an elegant way of using people. Not surprisingly, for every manager who instinctively constructs and maintains a useful network, we see several who struggle to overcome this innate resistance. Yet the alternative to

networking is to fail – either in reaching for a leadership position or in succeeding at it.

Watching our emerging leaders approach this daunting task, we discovered that three distinct but interdependent forms of networking – *operational*, *personal*, and *strategic* – played a vital role in their transitions. The first helped them manage current internal responsibilities, the second boosted their personal development, and the third opened their eyes to new business directions and the stakeholders they would need to enlist. While our managers differed in how well they pursued operational and personal networking, we discovered that almost all of them underutilized strategic networking. In this article, we describe key features of each networking form (summarized in the exhibit "The Three Forms of Networking") and, using our managers' experiences, explain how a three-pronged networking strategy can become part and parcel of a new leader's development plan.

have been better spent sounding out his codirectors.

One of the problems with an exclusive reliance on operational networks is that they are usually geared toward meeting objectives as assigned, not toward asking the strategic question, “What *should* we be doing?” By the same token, managers do not exercise as much personal choice in assembling operational relationships as they do in weaving personal and strategic networks, because to a large extent the right relationships are prescribed by the job and organizational structure. Thus, most operational networking occurs

leadership role, his or her network must reorient itself externally and toward the future.

Personal Networking

We observed that once aspiring leaders like Alistair awaken to the dangers of an excessively internal focus, they begin to seek kindred spirits outside their organizations. Simultaneously, they become aware of the limitations of their social skills, such as a lack of knowledge about professional domains beyond their own, which makes it difficult for them to find common ground with people

a similar crisis. Eventually, he found two mentors.

A personal network can also be a safe space for personal development and as such can provide a foundation for strategic networking. The experience of Timothy, a principal in a midsize software company, is a good example. Like his father, Timothy stuttered. When he had the opportunity to prepare for meetings, his stutter was not an issue, but spontaneous encounters inside and outside the company were dreadfully painful. To solve this problem, he began accepting at least two invitations per week to the social gatherings he had assiduously ignored before. Before each event, he asked who else had been invited and did background research on the other guests so that he could initiate conversations. The hardest part, he said, was “getting through the door.” Once inside, his interest in the conversations helped him forget himself and master his stutter. As his stutter diminished, he also applied himself to networking across his company, whereas previously he had taken refuge in his technical expertise. Like Timothy, several of our emerging leaders successfully used personal networking as a relatively safe way to expose problems and seek insight into solutions—safe, that is, compared with strategic networking, in which the stakes are far higher.

Personal networks are largely external, made up of discretionary links to people with whom we have something in common. As a result, what makes a personal network powerful is its referral potential. According to the famous six degrees of separation principle, our personal contacts are valuable to the extent that they help us reach, in as few connections as possible, the far-off person who has the information we need.

In watching managers struggle to widen their professional relationships

As a manager moves into a leadership role, his or her network must reorient itself externally and toward the future.

within an organization, and ties are determined in large part by routine, short-term demands. Relationships formed with outsiders, such as board members, customers, and regulators, are directly task-related and tend to be bounded and constrained by demands determined at a higher level. Of course, an individual manager can choose to deepen and develop the ties to different extents, and all managers exercise discretion over who gets priority attention. It’s the quality of relationships—the rapport and mutual trust—that gives an operational network its power. Nonetheless, the substantial constraints on network membership mean these connections are unlikely to deliver value to managers beyond assistance with the task at hand.

The typical manager in our group was more concerned with sustaining cooperation within the existing network than with building relationships to face nonroutine or unforeseen challenges. But as a manager moves into a

outside their usual circles. Through professional associations, alumni groups, clubs, and personal interest communities, managers gain new perspectives that allow them to advance in their careers. This is what we mean by personal networking.

Many of the managers we study question why they should spend precious time on an activity so indirectly related to the work at hand. Why widen one’s circle of casual acquaintances when there isn’t time even for urgent tasks? The answer is that these contacts provide important referrals, information, and, often, developmental support such as coaching and mentoring. A newly appointed factory director, for example, faced with a turnaround-or-close-down situation that was paralyzing his staff, joined a business organization—and through it met a lawyer who became his counsel in the turnaround. Buoyed by his success, he networked within his company’s headquarters in search of someone who had dealt with

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THE THREE FORMS OF NETWORKING

Managers who think they are adept at networking are often operating only at an operational or personal level. Effective leaders learn to employ networks for strategic purposes.

	Operational	Personal	Strategic
Purpose	Getting work done efficiently; maintaining the capacities and functions required of the group.	Enhancing personal and professional development; providing referrals to useful information and contacts.	Figuring out future priorities and challenges; getting stakeholder support for them.
Location and temporal orientation	Contacts are mostly internal and oriented toward current demands.	Contacts are mostly external and oriented toward current interests and future potential interests.	Contacts are internal and external and oriented toward the future.
Players and recruitment	Key contacts are relatively nondiscretionary; they are prescribed mostly by the task and organizational structure, so it is very clear who is relevant.	Key contacts are mostly discretionary; it is not always clear who is relevant.	Key contacts follow from the strategic context and the organizational environment, but specific membership is discretionary; it is not always clear who is relevant.
Network attributes and key behaviors	Depth: building strong working relationships.	Breadth: reaching out to contacts who can make referrals.	Leverage: creating inside-outside links.

in ways that feel both natural and legitimate to them, we repeatedly saw them shift their time and energy from operational to personal networking. For people who have rarely looked outside their organizations, this is an important first step, one that fosters a deeper understanding of themselves and the environments in which they move. Ultimately, however, personal networking alone won't propel managers through the leadership transition. Aspiring leaders may find people who awaken new interests but fail to become comfortable with the power players at the level above them. Or they may achieve new influence within a professional community but fail to harness those ties in the service of organizational goals. That's why managers who know they need to develop their networking skills, and make a real effort to do so, nonetheless may end up feeling like they have wasted their time and energy. As we'll see, personal networking will not help a manager through the leadership transition unless he or she learns how to bring those connections to bear on organizational strategy.

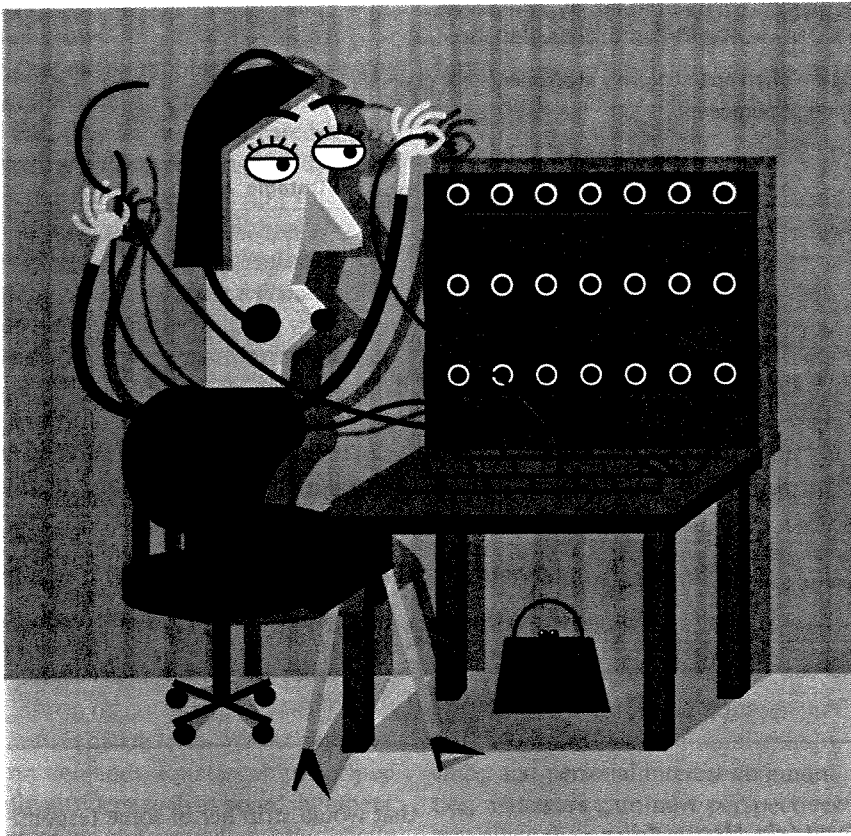
Strategic Networking

When managers begin the delicate transition from functional manager to business leader, they must start to concern themselves with broad strategic issues. Lateral and vertical relationships with other functional and business unit managers – all people outside their immediate control – become a lifeline for figuring out how their own contributions fit into the big picture. Thus strategic networking plugs the aspiring leader into a set of relationships and information sources that collectively embody the power to achieve personal and organizational goals.

Operating beside players with diverse affiliations, backgrounds, objectives, and incentives requires a manager to formulate business rather than functional objectives, and to work through the coalitions and networks needed to sell ideas and compete for resources. Consider Sophie, a manager who, after rising steadily through the ranks in logistics and distribution, was stupefied to learn that the CEO was considering a radical reorganization of her function

that would strip her of some responsibilities. Rewarded to date for incremental annual improvements, she had failed to notice shifting priorities in the wider market and the resulting internal shuffle for resources and power at the higher levels of her company. Although she had built a loyal, high-performing team, she had few relationships outside her group to help her anticipate the new imperatives, let alone give her ideas about how to respond. After she argued that distribution issues were her purview, and failed to be persuasive, she hired consultants to help her prepare a counterproposal. But Sophie's boss simply concluded that she lacked a broad, longer-term business perspective. Frustrated, Sophie contemplated leaving the company. Only after some patient coaching from a senior manager did she understand that she had to get out of her unit and start talking to opinion leaders inside and outside the company to form a sellable plan for the future.

What differentiates a leader from a manager, research tells us, is the ability to figure out where to go and to enlist the people and groups necessary to get



there. Recruiting stakeholders, lining up allies and sympathizers, diagnosing the political landscape, and brokering conversations among unconnected parties are all part of a leader's job. As they step up to the leadership transition, some managers accept their growing dependence on others and seek to transform it into mutual influence. Others dismiss such work as "political" and, as a result, undermine their ability to advance their goals.

Several of the participants in our sample chose the latter approach, justifying their choice as a matter of personal values and integrity. In one case, Jody, who managed a department in a large company under what she described as "dysfunctional" leadership, refused even to try to activate her extensive network within the firm when internal adversaries took over key functions of her unit. When we asked her why she didn't seek help from anyone in the organization to stop this coup, she replied that she refused to play "stupid political games....You can only do

what you think is the ethical and right thing from your perspective." Stupid or not, those games cost her the respect and support of her direct reports and coworkers, who hesitated to follow someone they perceived as unwilling to defend herself. Eventually she had no choice but to leave.

The key to a good strategic network is leverage: the ability to marshal information, support, and resources from one sector of a network to achieve results in another. Strategic networkers use indirect influence, convincing one person in the network to get someone else, who is not in the network, to take a needed action. Moreover, strategic networkers don't just influence their relational environment; they shape it in their own image by moving and hiring subordinates, changing suppliers and sources of financing, lobbying to place allies in peer positions, and even restructuring their boards to create networks favorable to their business goals. Jody abjured such tactics, but her adversaries did not.

Strategic networking can be difficult for emerging leaders because it absorbs a significant amount of the time and energy that managers usually devote to meeting their many operational demands. This is one reason why many managers drop their strategic networking precisely when they need it most: when their units are in trouble and only outside support can rescue them. The trick is not to hide in the operational network but to develop it into a more strategic one.

One manager we studied, for example, used lateral and functional contacts throughout his firm to resolve tensions with his boss that resulted from substantial differences in style and strategic approaches between the two. Tied down in operational chores at a distant location, the manager had lost contact with headquarters. He resolved the situation by simultaneously obliging his direct reports to take on more of the local management effort and sending messages through his network that would help bring him back into the loop with the boss.

Operational, personal, and strategic networks are not mutually exclusive. One manager we studied used his personal passion, hunting, to meet people from professions as diverse as stonemasonry and household moving. Almost none of these hunting friends had anything to do with his work in the consumer electronics industry, yet they all had to deal with one of his own daily concerns: customer relations. Hearing about their problems and techniques allowed him to view his own from a different perspective and helped him define principles that he could test in his work. Ultimately, what began as a personal network of hunting partners became operationally and strategically valuable to this manager. The key was his ability to build inside-outside links for maximum leverage. But we've seen others who avoided networking, or failed at it, because they let interpersonal chemistry, not strategic needs, determine which relationships they cultivated.

Just Do It

The word "work" is part of networking, and it is not easy work, because it involves reaching outside the borders of a manager's comfort zone. How, then, can managers lessen the pain and increase the gain? The trick is to leverage the elements from each domain of networking into the others – to seek out personal contacts who can be objective, strategic counselors, for example, or to transform colleagues in adjacent functions into a constituency. Above all, many managers will need to change their attitudes about the legitimacy and necessity of networking.

Mind your mind-set. In our ongoing discussions with managers learning to improve their networking skills, we often hear, "That's all well and good, but I already have a day job." Others, like Jody, consider working through networks a way to rely on "whom you know" rather than "what you know" – a hypocritical, even unethical way to get things done. Whatever the reason, when aspiring leaders do not believe that networking is one of the most important requirements of their new jobs, they will not allocate enough time and effort to see it pay off.

The best solution we've seen to this trap is a good role model. Many times, what appears to be unpalatable or unproductive behavior takes on a new light when a person you respect does it well and ethically. For example, Gabriel Chenard, general manager for Europe of a group of consumer product brands, learned from the previous general manager how to take advantage of branch visits to solidify his relationships with employees and customers. Every flight and car trip became a venue for catching up and building relationships with the people who were accompanying him. Watching how much his boss got done on what would otherwise be downtime, Gabriel adopted the practice as a crucial part of his own management style. Networking effectively and ethically, like any other tacit skill, is a matter of judgment and intuition. We

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Work from the outside in. One of the most daunting aspects of strategic networking is that there often seems to be no natural "excuse" for making contact with a more senior person outside one's function or business unit. It's difficult to build a relationship with anyone, let alone a senior executive, without a reason for interacting, like a common task or a shared purpose.

Some successful managers find common ground from the outside in—by, for instance, transposing a personal interest into the strategic domain. Linda Henderson is a good example. An investment banker responsible for a group of media industry clients, she always wondered how to connect to some of her senior colleagues who served other industries. She resolved to make time for an extracurricular passion—the theater—in a way that would enhance her business development activities. Four times a

year, her secretary booked a buffet dinner at a downtown hotel and reserved a block of theater tickets. Key clients were invited. Through these events, Linda not only developed her own business but also learned about her clients' companies in a way that generated ideas for other parts of her firm, thus enabling her to engage with colleagues.

Other managers build outside-inside connections by using their functional interests or expertise. For example, communities of practice exist (or can easily be created on the Internet) in almost every area of business from brand management to Six Sigma to global strategy. Savvy managers reach out to kindred spirits outside their organizations to contribute and multiply their knowledge; the information they glean, in more cases than not, becomes the "hook" for making internal connections.

Re-allocate your time. If an aspiring leader has not yet mastered the art of delegation, he or she will find many reasons not to spend time networking. Participating in formal and informal meetings with people in other units takes time away from functional responsibilities and internal team affairs. Between the obvious payoff of a task accomplished and the ambiguous, often delayed rewards of networking, naive managers repeatedly choose the former. The less they practice networking, the less efficient at it they become, and the vicious cycle continues.

Henrik, the production manager and board member we described earlier, for example, did what he needed to do in order to prepare for board meetings but did not associate with fellow board members outside those formal events. As a result, he was frequently surprised when other board members raised issues at the heart of his role. In contrast, effective business leaders spend a lot of time every day gathering the information they need to meet their goals, relying on informal discussions with a lot of people who are not necessarily in charge of an issue or task. They network in order to obtain information continually, not just at formal meetings.

FROM FUNCTIONAL MANAGER TO BUSINESS LEADER: HOW COMPANIES CAN HELP

Executives who oversee management development know how to spot critical inflection points: the moments when highly successful people must change their perspective on what is important and, accordingly, how they spend their time. Many organizations still promote people on the basis of their performance in roles whose requirements differ dramatically from those of leadership roles. And many new leaders feel that they are going it alone, without coaching or guidance. By being sensitive to the fact that most strong technical or functional managers lack the capabilities required to build strategic networks that advance their personal and professional goals, human resources and learning professionals can take steps to help in this important area.

For example, Genesis Park, an innovative in-house leadership development program at PricewaterhouseCoopers, focuses explicitly on building networks. The five-month program, during which participants are released from their client responsibilities, includes business case development, strategic projects, team building, change management projects, and in-depth discussions with business leaders from inside and outside the company. The young leaders who participate end up with a strong internal-external nexus of ties to support them as their careers evolve.

Companies that recognize the importance of leadership networking can also do a lot to help people overcome their innate discomfort by creating natural ways for them to extend their networks. When Nissan CEO Carlos Ghosn sought to break down crippling internal barriers at the company, he created cross-functional teams of middle managers from diverse units and charged them with proposing solutions to problems ranging from supply costs to product design. Nissan subsequently institutionalized the teams, not just as a way to solve problems but also to encourage lateral networks. Rather than avoid the extra work, aspiring leaders ask for these assignments.

Most professional development is based on the notion that successful people acquire new role-appropriate skills as they move up the hierarchy. But making the transition from manager to leader requires subtraction as well as addition: To make room for new competencies, managers must rely less on their older, well-honed skills. To do so, they must change their perspective on how to add value and what to contribute. Eventually, they must also transform how they think and who they are. Companies that help their top talent reinvent themselves will better prepare them for a successful leadership transition.

Ask and you shall receive. Many managers equate having a good network with having a large database of contacts, or attending high-profile professional conferences and events. In fact, we've seen people kick off a networking initiative by improving their record keeping or adopting a network management tool. But they falter at the next step – picking up the phone. Instead, they wait until they need something *badly*. The best networkers do exactly the opposite: They take every opportunity to give to, and receive

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from, the network, whether they need help or not.


A network lives and thrives only when it is used. A good way to begin is to make a simple request or take the initiative to connect two people who would benefit from meeting each other. Doing something – anything – gets the ball rolling and builds confidence that one does, in fact, have something to contribute.

Stick to it. It takes a while to reap the benefits of networking. We have seen many managers resolve to put networking at the top of their agendas, only to be derailed by the first crisis that comes along. One example is Harris Roberts, a regulatory affairs expert who realized he needed a broader network to achieve his goal of becoming a business unit manager. To force himself into what felt like an “unnatural act,” Harris volunteered to be the liaison for his business school cohort’s alumni network. But six months later, when a major new-drug approval process overwhelmed his calendar, Harris dropped all outside activities. Two years later, he found himself out of touch and still a functional manager. He failed to recognize that by not taking the time to attend industry con-

ferences or compare notes with his peers, he was missing out on the strategic perspective and information that would make him a more attractive candidate for promotion.

Building a leadership network is less a matter of skill than of will. When first efforts do not bring quick rewards, some may simply conclude that networking isn't among their talents. But networking is not a talent; nor does it require a gregarious, extroverted personality. It is a skill, one that takes practice. We have seen over and over again

that people who work at networking can learn not only how to do it well but also how to enjoy it. And they tend to be more successful in their careers than those who fail to leverage external ties or insist on defining their jobs narrowly.

Making a successful leadership transition requires a shift from the confines of a clearly defined operational network. Aspiring leaders must learn to build and use strategic networks that cross organizational and functional boundaries, and then link them up in novel and innovative ways. It is a challenge to make the leap from a lifetime of functional contributions and hands-on control to the ambiguous process of building and working through networks. Leaders must find new ways of defining themselves and develop new relationships to anchor and feed their emerging personas. They must also accept that networking is one of the most important requirements of their new leadership roles and continue to allocate enough time and effort to see it pay off. 

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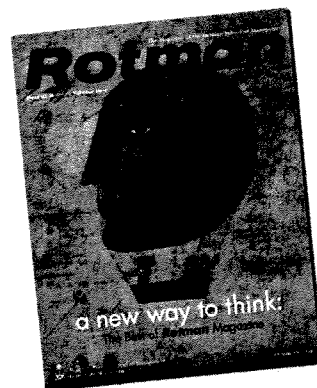
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