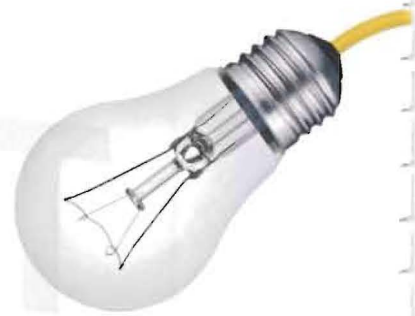


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Opening up innovation



Judith Perle on the role of networking in producing new ideas

Networks are vital to innovation; true or false? I make my living by teaching people about networking – what it is, why it's helpful and, crucially, how to do it better.

So perhaps you won't be surprised if I answer, unequivocally, true. I'm not alone in my view; in fact, a whole bevy of academic research – and practical business experience – supports my stance. Let's take a look at some of the evidence.

First out of the hat is the work of Professor Ronald Burt of the University of Chicago. In one study, he surveyed 673 managers who ran the supply chain of a large US electronics corporation. Firstly, he looked at the shape and size of their professional networks, and how they interacted with colleagues within their business units as well as elsewhere within and outside the company. Secondly, he measured two things: the likelihood of their expressing a new idea and the likelihood that senior management would engage with that idea and judge it to be valuable.

Burt's results show that innovation isn't necessarily born out of individual genius or, to use a well-worn cliché, 'blue-sky thinking'. Instead he demonstrates that people who build diverse networks, so that they themselves become bridges (or brokers) between different social or professional groups, are at greater "risk of having a good idea". Why? Well, as he puts it, "an idea mundane in one group can be a valuable insight in another"¹.

Not rocket science, perhaps, but the idea that good, innovative ideas have 'social origins' is powerful nevertheless. In Burt's own succinct phrase, "this is not creativity born of genius; it is creativity as an import-export business"².

Innovators aren't necessarily exceptionally smart people with exceptionally creative minds – bright sparks who think differently – they can be people just like you and me, who do two very important things differently: they mix with a wide variety of individuals, not just their close friends, and they listen as well as talk.

Not all networks are the same, of course. Louise Mors, from the London Business School, studied a global consulting firm in order to better understand "how network structure affects the ability of individual managers to innovate"³.

To innovate successfully, partners and senior managers in knowledge-based businesses have to deal with two challenges. Firstly, they have to actually find novel information and ideas. Secondly, they need to be able to evaluate them, spread the word and, finally, implement them. Successful innovation isn't just about having good ideas – putting them into practice and getting buy-in from colleagues are equally important.

Managers deal with both of these challenges by nurturing, and tapping into, different sorts of personal networks, both within and outside of the organisation. Finding innovative ideas is best achieved through an open network, in which relatively few people are connected to each other. Interacting with a very wide variety of people, from different backgrounds and with different mindsets, exposes managers to more and more varied ideas.

On the other hand, when you want to implement a new idea or persuade others to do so, it's easier if your network is denser, with more overlapping connections. Mors doesn't explain



why, but I think we can safely assume that the people in such networks talk to, and respect, each other. You don't necessarily need to convince each and every member of your network separately; by talking to each other, they will help spread the word and do some of the work for you.

In a very different study among open source software developers, Karim Lakhani of Harvard Business School came up with similar findings: often, he says, it was "outsiders – those with expertise at the periphery of a problem's field – who were most likely to find answers and do so quickly"⁴.

Open innovation

Many companies recognise that networks and networking are critical to innovation. That's why they are realising that they need to encourage their staff to mingle, and talk to each other internally and with colleagues in the wider business network on a social, as well as a purely instrumental, level. Water coolers, canteens, social activities all have an important role to play – as do more formal contexts such as conferences, seminars and other professional gatherings.

It's also why so many mega-corporations are turning to open innovation to maintain their competitive advantage. Instead of confining innovation within a fortress-like, internal 'R&D' lab, corporates such as Proctor and Gamble and GlaxoSmithKline are demolishing those walls and asking the network to provide new ideas and new solutions.



Becoming a better networker involves, first and foremost, a change of attitude



Everyone benefits

Returning to Burt for a moment, it's interesting to note that his data revealed that these active networkers, these brokers between groups, reaped personal benefits too: "more positive performance evaluations, faster promotions, higher compensation and more successful teams"⁵. Put simply, there's plenty of evidence to show that, by nurturing a wide-ranging network, you are much more likely to be successful in your career. So what's good for your employer in terms of successful innovation turns out to be good for you too.

The benefits of socially-generated innovation aren't confined to us as individuals, or even us 'joined together' as companies, though. Cities and societies can benefit from this too. Richard Florida, of the University of Toronto, has developed what he calls the "gay concentration index". The tolerance a city shows for gay people, it seems, correlates rather well with how successful that city is in today's fast-moving world. That's not because gays are more creative or intelligent but simply because diversity leads to innovation and innovation leads to prosperity. The gay concentration index is just a shorthand technique for measuring diversity. To quote Florida, "cities with thriving arts and cultural climates and openness to diversity of all sorts... enjoy higher rates of innovation and high-wage economic growth"⁶.

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A case in point: Eureka!

Reading about academic studies that show networks can be the key to innovation is all well and good but, sometimes, it's easier to be motivated when you hear an engaging case study – so here's a real story that Shell transformed into a short film for an advertising campaign a couple of years ago. (You can watch the film online at www.youtube.com/watch?v=KOn-UGk1RgA)

Jaap van Ballegooijen, a Shell engineer, is struggling to find a way of tapping thousands of small pockets of oil in an oil field in south-east Asia. The only viable way of reaching the oil would be to drill thousands of wells – a solution that is both uneconomical and environmentally unacceptable.

Van Ballegooijen also has a problem with Max, his teenage son back in Amsterdam. On a visit home, he takes Max out for a hamburger and milkshake. As they talk, Max turns his straw upside down, bends the top and uses it to suck every last bit of gloopy milkshake from the bottom of the glass. Van Ballegooijen is mesmerised – and an innovative solution to his technical problem in south-east Asia is born.

At the end of the film, we see Van Ballegooijen proudly presenting his 'Bendy Straw Drill' to colleagues. This innovative technology, born of an observant mind and a chance encounter, allows a single bendy pipeline to reach numerous pockets of oil.

The rules of the game

If constant and continuous innovation is at least one of the keys to success in today's world, it's important to have more, and better, good ideas yourself and to encourage your staff to do so. The answer isn't simply to hire creative types, or to 'try harder' or 'be more focused'. In fact, sometimes, trying a little bit less, and chatting a little bit more, just might reap more benefits.

But what exactly is this 'networking' thing, and what are the rules of the game?

A good networker builds relationships with a wide variety of different people. Some become close friends, others remain more pragmatic professional contacts, and still others never get beyond the 'acquaintanceship' stage. The common

element in every networking relationship is a modicum of trust. Without that, there can be little free and friendly exchange of ideas – and neither party is likely to ask for help, or describe problems or issues that they are facing. And the consequence of that, of course, is that there's little room for innovation.


Second on the list comes the ability to listen. If you are preoccupied with what you have to say and the impression you want to make, how will you recognise a good idea when it comes along?

Crucially, networking isn't about just 'working a room' at professional functions. If finding new solutions to problems depends on a wide-ranging network, it's important to include people from different backgrounds – in the staff canteen, parents picking up their offspring at the school gates, friends from your local church. You never know where a good idea might come from, as the Shell example shows us so well.

Networking should be about giving rather than getting. We all know people who only contact us when they want something... and who only value us in terms of what we can (or might) give them. And we all also know how (un)popular characters like that are. So don't fall into the trap of trying to manipulate people to get what you want out of them.

Innovation isn't necessarily born out of individual genius





The very best networkers (and consequently the very best innovators) keep an open mind – about who they're talking to, why they're talking to them and what they might hope to gain. Becoming a better networker involves, first and foremost, a change of attitude.

To do this effectively, though, your social skills may need a bit of polishing. The challenges that each of us face, in the skills arena, will be different. Some people find it hard to start up conversations; others run out of things to say, or can't develop rapport with the person they're talking to. Some people are fine in face-to-face situations, but find the telephone a real challenge, whether they are making initial calls to set up a meeting or following up on a meeting that has passed. And talking about following up, almost everybody could do with a reminder about the importance of making contact quickly and effectively after an initial meeting or phone call. After all, relationships aren't created overnight. They take time to develop, and trust needs to be built up brick by brick.

In short, networking is about people: talking to people, helping people, getting involved in their lives. People who don't only mingle with colleagues in the same company, the same department or the same sector are more likely to be exposed to

Many mega-corporations are turning to open innovation to maintain their competitive advantage

different ways of doing things. And so long as they are open enough to listen, creative enough to envisage possibilities and perhaps humble enough to ask, they're able to transfer and adapt ideas from one context to another.

Networking alone probably won't give rise to a flood of innovation but networking actively, and encouraging it among colleagues and staff, will certainly shorten the odds in favour of creating an innovative culture. **TJ**

Ten tips for more effective networking

- 1 Make time to network – building a network takes time and effort
- 2 Understand that giving is better (and often more effective) than getting
- 3 Introduce people in your network to each other, so you develop a reputation as someone worth knowing
- 4 Value your acquaintances and friends. You often learn new information from people on the fringes of your network
- 5 Step outside your comfort zone. Just meeting people you already know and feel comfortable with doesn't extend your network or your reputation
- 6 Build relationships with people. On the whole, people help people they like. Not everybody has to be your best friend, but there has to be at least some fellow feeling
- 7 Stay in touch with contacts, and try not to let relationships wither away
- 8 Don't hide behind your desk but make a point of chatting to people internally so that your name stays front-of-mind
- 9 Get out and about to raise your profile so that people know who you are
- 10 Practise, practise, practise. The only way to get better at networking, and to reap the benefits, is to get out and do it.

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