

Social Capital: It's Who You Know

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Capital: Accumulated wealth, especially as used to produce more wealth. Social capital: Wealth (or benefit) that exists because of an individual's relationships. The value created by fostering connections between individuals.

Xerox Corporation in the 1980s was looking for a way to boost the productivity of its field service staff. An anthropologist from the Xerox Palo Alto Research Center (PARC) traveled with a group of tech reps to observe how they actually did their jobs -- not how they described what they did, or what their managers assumed they did. The anthropologist discovered that the reps spent more time with each other than with customers. They'd gather in common areas like the local parts warehouse or around the coffee pot and swap stories from the field. An old model company manager would have viewed the time spent socializing as a "gap" to be eliminated for higher productivity, but the anthropologist saw the exact opposite.

For Xerox, the informal gatherings didn't represent time wasted, but rather money in the bank. For it was here, within these self-organized *communities of practice*, that the reps asked each other questions, identified problems, and shared new solutions as they devised them. And it was through conversations at the warehouse -- conversations that weren't part of any formal business process or reflected in any official organizational chart - that people really learned how to do their jobs.

The Xerox story is an example of social capital in operation. Here is another that Tom Stewart, the editor of Harvard Business Review, likes to tell: In a customer service call center, a new software was installed to help employees fix problems. When the call-center operator typed words spoken by a customer, the software searched its memory bank of diagnoses and then offered a variety of possible solutions. Trouble was, employees weren't using the new software. So management held a month-long contest in which employees earned points whenever they solved a customer problem, by whatever means. Managers were hoping that the benefit of using the new system would become self-evident. That wasn't, however, what happened.

The winner of the contest was Carlos, an eight-year veteran with loads of practical experience who almost never used the software. And, while his success might have been expected, the second-prize winner was a real shock. Trish was so new to the company that she didn't even have the software - and she had no personal experience to rely on. But she did have one unique advantage: She sat next to Carlos. Trish overheard his conversations, she took him to lunch and asked questions, she persuaded him to help her build a personal collection of notes and manuals about how to fix problems. Trish won because she utilized her social network.

The social network - those ties among individuals that are based on mutual trust, shared work experiences, and common physical and virtual spaces - is in many senses the "true structure" of an organization. Because leaders are beginning to realize the economic implications of these networks, organizations are having them analyzed and mapped.

A social network analysis consists of a survey of the individuals in a "network" (a group or an organization) asking who they rely on for information, for learning, or for specific knowledge needed in decision-making. Then visual maps are created showing who goes to whom - revealing knowledge flow, powerful connections, and potential blocks.

But you don't have to map social networks to realize the importance of personal connections. Every work group or team has potentially two positive outcomes: 1) achieving the team's objective and 2) building the social capital of team members. That's why the most successful

offsite meetings encourage participants to socialize at meals, during breaks, in the workout room, and at the bar. The "war stories" and insights shared informally build trust and nurture relationships, and that in turn, foster a more creative, successful, and engaged work force.

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