

# Only Connect

IN RECENT YEARS, countless executives have confessed that their most important job is not strategy making or the vision thing but people management. None other than Larry Bossidy, the tough-as-nails former CEO of AlliedSignal, writes in these pages ("The Job No CEO Should Delegate," March 2001) that CEOs should devote more time – he himself devoted up to 40% – to hiring and developing managers. Indeed, the sentiment "people are my most important job" has been asserted by such a pantheon of executives that it would probably make more sense to make a list of the few who disagree. It would be short.

This year, however, a more nuanced, deeper, and, we would say, improved version of the "people first" mantra has emerged. Instead of managing individuals, the new thinking goes, manage the relationships between them. After all, no individual working alone can accomplish great things on any scale. Leaders, then, shouldn't be focusing as much on how to manage individuals to be better performers as on fostering stronger connections among people.

Not surprisingly, the notion that relationships are the key to organizational success (and even a society's success) has a name: social capital. Sociologist Robert Putnam brought the phrase into wide circulation in a famous 1995 essay. In his book *Bowling Alone: The Collapse and Revival of American Community* (Simon & Schuster, 2000), Putnam defines social capital as the "connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them." He goes on, in 544 compelling pages, to make the case that the quality of social capital marks the difference between a vital economy and a stagnant one.

Putnam's voice was just a solo before the chorus began. Dorothy Leonard and Walter Swap, from Harvard Business School and Tufts University, respectively, set out to study how tacit knowledge gets transferred in Silicon Valley. They soon turned their attention to networks of relationships between "mentor capitalists" – cashed-out, highly successful entrepreneurs – and their protégés. These mentors put massive amounts of time into coaching newcomers – even though they rarely work for the same company. Leonard and Swap realized that mentors and protégés were woven into the larger fabric of the Silicon Valley culture, a set of relationships that has created extraordinary economic value in a very short time. Established players in the Valley put capital into the "social bank" by helping someone out today, knowing that somebody else will do the same for them in the future. (Leonard and Swap's observations appear in "Gurus in the Garage," HBR, November–December 2000.)

Don Cohen and Laurence Prusak explore how social capital operates within organizations in their book *In Good Company: How Social Capital Makes Organizations Work* (HBS Press, 2001).



Trust, personal networks, and a sense of community have always been crucial to organizational effectiveness, they say, but have also been taken for granted. No more. Today's levels of virtuality and volatility erode a company's social capital even as they place higher demands upon it. The authors point out that trust begets trust: almost every managerial decision – from hiring and promotion, to installing new technologies, to designing office space – is an opportunity for social capital investment or loss.

Similarly, John Seely Brown and Paul Duguid, the chief scientist at Xerox PARC and a sociologist, respectively, call for more attention to social context in an ever more wired world. In *The Social Life of Information* (HBS Press, 2000), they decry information technology that aims to empower individuals while obliterating social organizations and that ignores the ways in which social context adds meaning to information.

None of these writers would claim that it's possible to "engineer" relationships, but it's certainly possible to create contexts that nurture them. In "Introducing T-Shaped Managers: Knowledge Management's Next Generation" (HBR, March 2001), Morten Hansen and Bolko von Oetinger of the Boston Consulting Group offer one strategy to do just that. They argue for promoting managers only if they've devoted substantial time – a good target is 10% of work time – to helping colleagues outside their group solve problems. (Many companies talk about incentives for collaboration but actually reward self-serving stars.) In the same issue, Vanessa Urch Druskat of Case Western Reserve University and Steven Wolff of Marist College look at group performance through a different lens – that of emotional intelligence – but arrive at similar conclusions about the importance of relationships. "Building the Emotional Intelligence of Groups" (HBR, March 2001) urges managers to cultivate norms for "group emotional intelligence" as the foundation of trust and collaborative behavior.

The new focus on social connectedness is even linked, paradoxically, with one of last year's hyped ideas: that we're a nation of free agents. That idea has certainly been oversold (organizations aren't going to die off anytime soon), but it's undeniable that today's work world favors a certain kind of independent actor: the one with the best relationships.