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The organization woman

Forget the IT network. In the gospel according to corporate anthropologist Karen Stephenson, it's a company's human infrastructure that really determines whether it lives or dies.

By [Ethan Watters](#), Business 2.0 Magazine

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(Business 2.0 Magazine) - As Karen Stephenson turns toward the board to write her first equation, "Human Capital + Social Capital = Intellectual Capital," she can sense the audience's frustration.

She has just begun speaking to a room full of Army generals in charge of acquisitions and logistics, and these guys hate nothing more than having their time wasted by ivory-tower academics. "Aw, for the love of Pete," she can almost hear them thinking. "This is theoretical claptrap. Get me out of here." There's some clearing of throats and shifting in chairs as Stephenson's marker runs out of ink mid-equation, but she doesn't panic. She knows she's going to win them over.

Billing herself as a "corporate anthropologist," Stephenson, 54, has the fervor and wanderlust of an itinerant preacher. Last week she was in Madrid giving a seminar for CEOs. Next week she'll be in London talking to academics. Today she's in Virginia preaching to the generals. They're here to get the gospel of social networks according to Karen Stephenson, and she's damn well not going to disappoint.

A force of nature packed into a slight 5-foot-2 frame, Stephenson fires up her PowerPoint presentation and begins delivering her message: There is a secret structure at every organization that spells its success or failure. You can't see it in the org chart or in the flow of money on the spreadsheet. But within this structure, the assistant in the third cubicle from the elevator may be more crucial than the suit in the fancy corner office.

That's because the web of alliances is woven not by the vice presidents or generals but by people Stephenson has dubbed "hubs," "gatekeepers," and "pulse takers." The links they create combine to form the network of human trust in your company, and that controls the flow of ideas, which is the lifeblood of any business.

"You may think you know your organization from the org chart, but the fact is, things work much differently," Stephenson tells her audience emphatically. (She says almost everything emphatically.) "You have to discover the world of connections buried underneath the traditional hierarchy." What she means is that knowing who trusts whom is as important as knowing who reports to whom.

Woe to the person who doesn't understand the trust network in his or her company, she tells the generals, whose attention is now becoming more focused. Ignore this hidden structure and your quality team players will jump ship, mentors will abandon their charges, institutional memory will vanish, and glad-handing schmucks will weasel their way into power. But if you fathom how your company really works, you can identify and reward your most valuable employees and unearth innovative ideas.

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Stephenson is a leader in the growing field of social-network business consultants. As happens today with the generals, her ideas usually manage to command attention. Anyone who has worked in any organization knows there's at least some truth to what she says.

Humans are primates, after all, and we groom each other through sharing information. Organizations are constantly abuzz with thousands of shared confidences, whispered at the water cooler or between buddies in the bowling league. Taken together, those communications make up a kind of dark matter of corporate culture--an unseen force that has significant influence on whether everything holds together or flies apart.

Stephenson has met many good managers who have an intuitive understanding of their company's social network and can accurately describe the web of connections nearest them. But when it comes to understanding things on a companywide level, Stephenson warns, intuition is not enough. A manager needs hard data to put the puzzle together.

"People get deceived by the warm and fuzzy feeling they get from the alliances directly around them," she says. "They can have no idea that in the larger network in the company, they're clueless and disconnected."

President of NetForm International, which sounds much larger than the one-person, New York-based outfit it is, Stephenson has been described in the media as the "Camille Paglia of the *Wall Street Journal* crowd" and a "corporatized Shirley MacLaine," gaining prominence after being featured in a 2000 New Yorker article by Malcolm Gladwell about the social dynamics of office spaces.

As a consultant, she has a long history of bagging big fish. She helped J.P. Morgan merge with Chase Manhattan and has consulted with such varied organizations as [Hewlett-Packard \(Research\)](#), the Los Angeles Police Department, and IBM. After 9/11, she also worked for the Pentagon's controversial, now-disbanded Information Awareness Office, attempting to use her understanding of hidden relationship structures to identify points of leverage in the al Qaeda network.

She was talking up social networks long before the rise of Friendster, LinkedIn, and Orkut. And her new book, *The Quantum Theory of Trust*, is due out in May.

As Stephenson sees it, organizations' structures fall on a continuum between rigid hierarchies and bloblike networks. Government bureaucracies are often the worst examples of hierarchies. But there's a different danger in networks: If no one knows who's in charge of what project and everyone thinks he has real input into every decision, the company can become directionless. So, too, can academic bureaucracies, which Stephenson believes contain some of the most amorphous, paralyzing networks.

"The trick is to balance the hierarchy--the clear line of command--with the more tribal trust relationships that exist within a healthy network," Stephenson says. "Hierarchies can neutralize networks, and networks can unhinge hierarchies. In the end, one does not work well without the other."

How does she reveal the hidden network in a company? First she conducts a survey, asking every employee a list of simple questions: "Whom do you go to for a quick decision?" "Whom do you hang out with socially?" "To whom do you turn for advice?" "Whom do you go to with a good idea?" "Whom do you go to for career advice?"

After she twists the arms of any nonresponders to ensure a full data set, Stephenson begins to puzzle out who trusts whom. Using a software program she helped design, she plots the data into a series of graphs--"X-rays," she calls them--displaying the networks. For a company of, say, 200 people, each graph will look like a fireworks finale, with lines spidering out from individuals (called "nodes" on the graph) to those they're connected with.

Stephenson believes that a graph of any organization will reveal three distinct types: hubs, gatekeepers, and pulse takers. Identifying who in your company fills these roles is key to understanding your network.

The hubs are the easiest to understand because everyone knows one--they share information with nearly everybody and nearly everybody shares information with them. The gatekeepers form crucial links between different parts of an organization and are critical to the flow of information. A gatekeeper might be a guy who works in the production department but knows all the key players in distribution.

Because they straddle departments, gatekeepers often have the power to bottleneck a new idea or speed it along.

The pulse taker is the least obvious role. Like hubs, pulse takers are well connected, but they're more circumspect and often alter information before passing it along. (Machiavelli was a classic pulse taker, someone who knew all the angles and all the players.) Hubs, gatekeepers, and pulse takers are what Stephenson calls "cultural carriers," and to be a successful manager, she insists, you must learn to use the influence of these characters in maneuvering your ideas in the same way a chess master uses different pieces.

When Stephenson identifies these carriers and graphs their interconnections, the problems in an organization can become startlingly clear.

A few years ago, the Los Angeles Philharmonic was having difficulty retaining sponsors and was losing critical funding through such basic errors as failing to print the names of prominent donors in its programs. After mapping the connections within the Philharmonic's office, she discovered an obvious flaw: The graphs revealed that the younger employees in the development staff had no lines of communication to the veterans on the marketing staff.

At TRW, now [Northrop Grumman \(Research\)](#), her graphs revealed a little-appreciated employee who had become an unofficial human resources department, giving career advice and matching employees with open jobs in the organization. Understanding the woman's importance in the social network allowed managers to promote her into a job that made her even more valuable to the company.

In other situations, conclusions to be drawn are not nearly as obvious. Stephenson's graphs of a Mobil joint venture are so dense with lines that they could be modern art. Nion McEvoy, CEO of San Francisco-based publisher Chronicle Books, describes the social-network graphs of his 170-person company this way: "It looks like an advanced game of cat's cradle played by mice on speed."

What managers do with the new information is the critical question. Steve Borgatti, a professor of organization studies at Boston College, has watched the rise of corporate-network analysts like Stephenson with trepidation. "People see these graphs and think they're so cool, but there's a danger of the information being misused," he warns. The graphs, he says, are often just snapshots of gossip channels and may, for example, underappreciate individuals with essential skills. "But the graphs are often so emotionally engaging that you overestimate the information they contain."

As a doctoral candidate in the 1980s, Stephenson was among the first Harvard students to earn an advanced degree in anthropology while studying the modern corporation. But a decade on the faculty at UCLA, where she battled the academic bureaucracy, convinced her that she wanted out of the ivory tower.

These days Stephenson lives largely on the road. She claims to be immune to jet lag, picking up the phone in the middle of the night in Spain or London and sounding chipper. Her own business plan is lean and mean. She takes on only a handful of clients each year, preferring to work with businesses that are facing a turning point.

For instance, when [International Paper \(Research\)](#) went through a spate of acquisitions and plant mergers in 2000, it hired Stephenson to help with the process. The company was worried that in combining organizations, it would lose top talent.

"Stephenson's data can be really surprising," says PJ Smoot, who was then the company's head of development and training. "Some people you assumed are well connected to the flow of information turn out to be totally out of touch. You also discover people you never heard of who are key to holding the social network together."

The fact that the data reveals such surprises makes it potentially dangerous. Barry Frew, who runs executive coaching firm Frew & Associates, has seen execs get uncomfortable when Stephenson is called in. "Sometimes people want to hide the fact that they're not surrounded by a good network for innovation, so they're fearful about what the data will show," he says. "When they get found out, they attack the messenger."

How one assesses credit for positive change in a company is another difficulty of evaluating Stephenson's work. Because the network of a company is shadowy and ephemeral, it's often hard to know when it's finally gotten an upgrade. One way companies have employed Stephenson's data has been to physically move workers around or change the architecture of the office. Knowing that the proximity of people greatly affects how networks develop, Stephenson has worked with office-furnishings designer [Steelcase \(Research\)](#) and various architects to map out office layouts.

Chronicle Books is using Stephenson's analysis to plan its upcoming move to a new building. Stephenson spotted a gap between the sales and editorial departments, so the company is considering different layouts that might engender more interaction.

"We wanted decisions to be based on real data about how our business functions and how our employees communicate," says Chronicle Books creative director Michael Carabetta, "not just some set of preferences about who should sit next to whom."

And yet Stephenson, despite her faith in the power of social networks, has a confession to make. "The truth is that with all my talk of networks, I'm really a closet hierarchist," she says. "I like hierarchies because they're clear. Nothing is ever totally clear in a social network because they're always in motion."

Which might explain why Stephenson so enjoys working alone. "There is no clearer hierarchy than a business of one," she says. "I'm free,

and I can't tell you how happy I am."

How To Tap Your Hidden Network

1. Interview the troops.

Stephenson first asks employees questions such as "Whom do you go to for a quick decision?" and "Whom do you go to with a good idea?"

2. Separate them by social function.

Once the data is collected, she plots a new org chart, showing how three types of workers--"hubs," "gatekeepers," and "pulse takers"--control the flow of information.

3. Reorganize jobs, or the office itself.

At that point, executives can shift jobs or people around to streamline communication and take advantage of hidden talent.

Ethan Watters is a writer based in San Francisco and the author of "Urban Tribes." ■

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