

Building an effective and stable network

Part 3.2

Why we are here today / Exceptions

- Business networking with other entrepreneurs is an important part of being a successful business owner.
- Every single relationship does not appear as an isolated entity, but as a part of a larger whole, a broader context — a network of interdependent relationships.
- Your business market also appears as a net of buyer—seller relationships.
- The strategy of making online and offline business relationships is crucial to any business. Development of sustainable and smart business doubles the importance.
- Networking is a life skill benefiting from training on building relationships, earlier in the careers.

List of topics

(as in syllabus/ theoretical part)

- Business networking as a process
- The logic of business relationships
- Offline Networking vs. Networking on social media
- Building meaningful business connections
- Creating a network strategy



Learning points

(as in syllabus/ theoretical part)

- To clarify the reasons of Offline Networking as an essential nature and charge of any business development.
- To set an entire strategy of your business networking.
- To build a plan of meaningful business connections.
- To make a strategy of social media network.



Main activities / structure of the session

(theoretical, practical,...)

- About 20 minutes presentation of the theoretical background.
- Answers to questions 10 min.
- Activity 1: Strategy Map of Your Business Networking - 60 min workshop.
- Overview- 10 min.
- Activity 2: Offline network strategy- 60 min workshop.
- Overview- 10 min.
- Activity 3: Social media network strategy- 60 min workshop.
- Overview- 10 min.
- Wrap-up session- 10 min.

What are you expected to produce

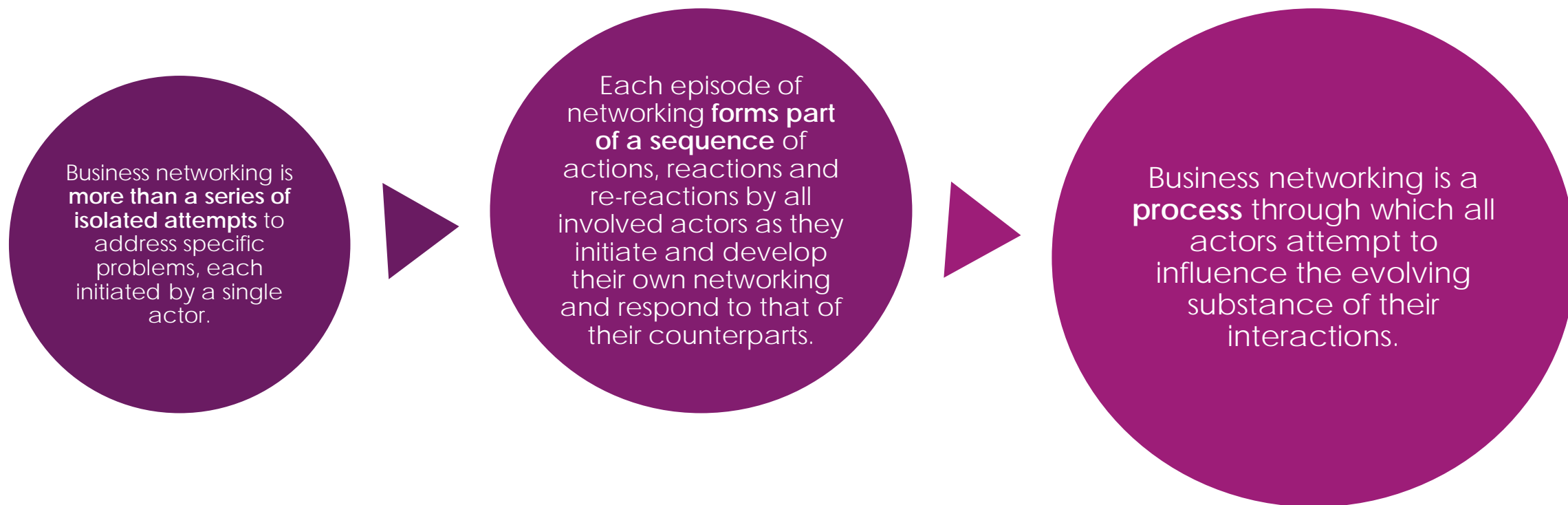
(list of concrete outputs)

- Create an offline network strategy of your business.
- To set social media network strategy for maximum exposure.
- To set online strategy of purposive connections to collaborate in your smart and sustainable business.



Overview on the theoretical part

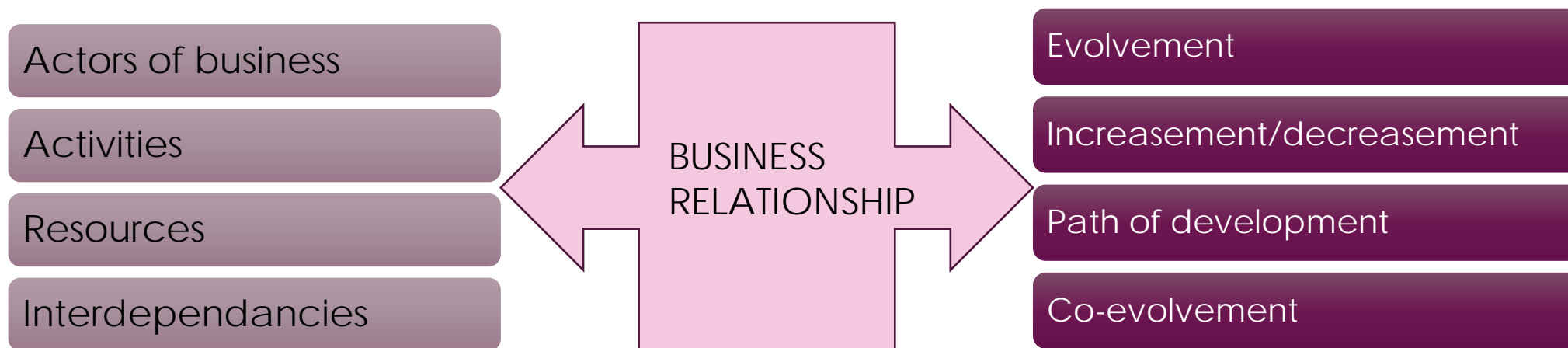
Business networking as a process



Hakansson, H., Snehota, I., 1995

The Logic of Business relationships

The substance of all **business relationships** evolves as a result of the unintended effects of the interactions of those directly or indirectly involved and because of their conscious networking.



No business relationship exists or evolves in isolation from others and the substance of each relationship forms part of a wider pattern of activities, constellation of resources and web of actors.

Håkansson & Snehota, 1995

Principles of building business network

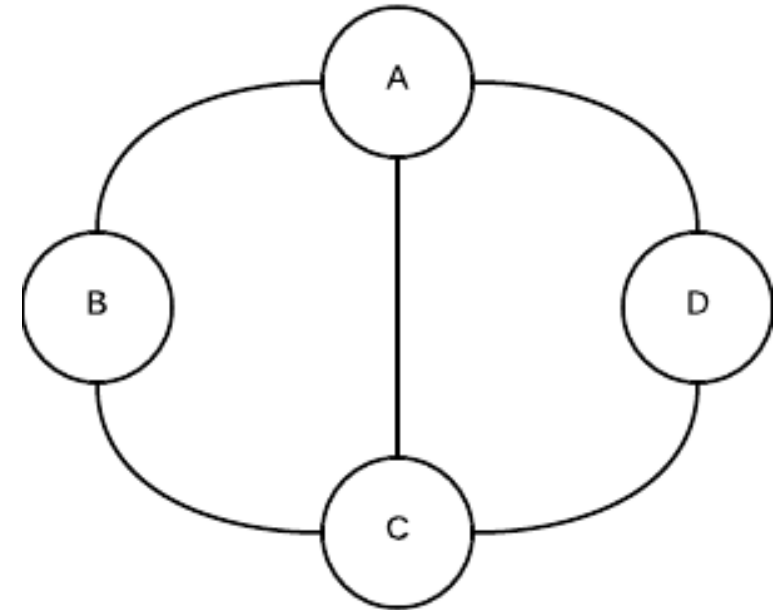
The best network connections are not about chasing leads. They bring together like-minded people who want to build healthy partnerships and move things forward, contributing to a better world.

- The best networks often lead to the best outcomes.
- Your network is your greatest asset in business, no matter the industry.
- Build a network beyond your field.
- Be mindful of the fact that having a small group of people who are always ready to help you can be more valuable than having many contacts who aren't as helpful.
- It's necessary to have a giving mindset to excel in business.

Glazer, R., Jankovska, A. www.forbes.com

Paradoxical context of the business network

- Paradox-1: An actor's relationships both enable and constrain its networking.
- Paradox-2: The characteristics of actors' relationships may be interpreted as the outcomes of their networking but the characteristics of actors are also outcomes of their relationships.
- Paradox-3: Actors try to achieve control over the network that surrounds them, but no actor alone has the knowledge or resources to exercise complete control.



<https://blogs.cornell.edu/>

Hakansson, Ford, 2002

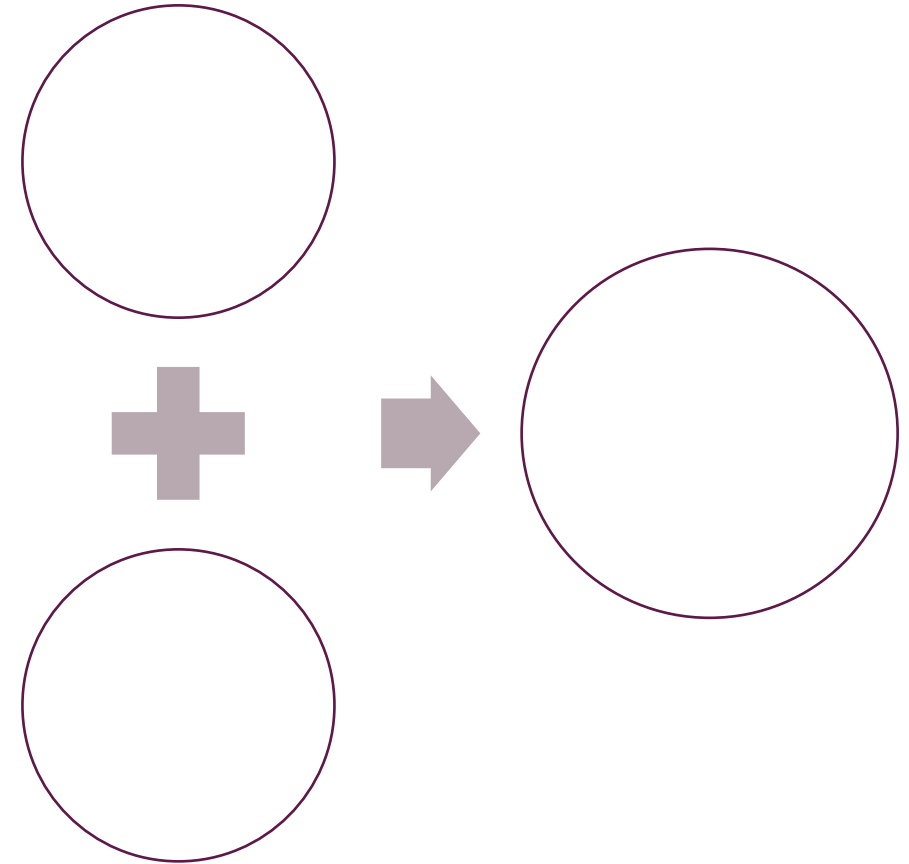
Trade contacts as an addition sources of information

A high proportion of owner-managers use their trading contacts as sources of useful additional information.

The study highlights:

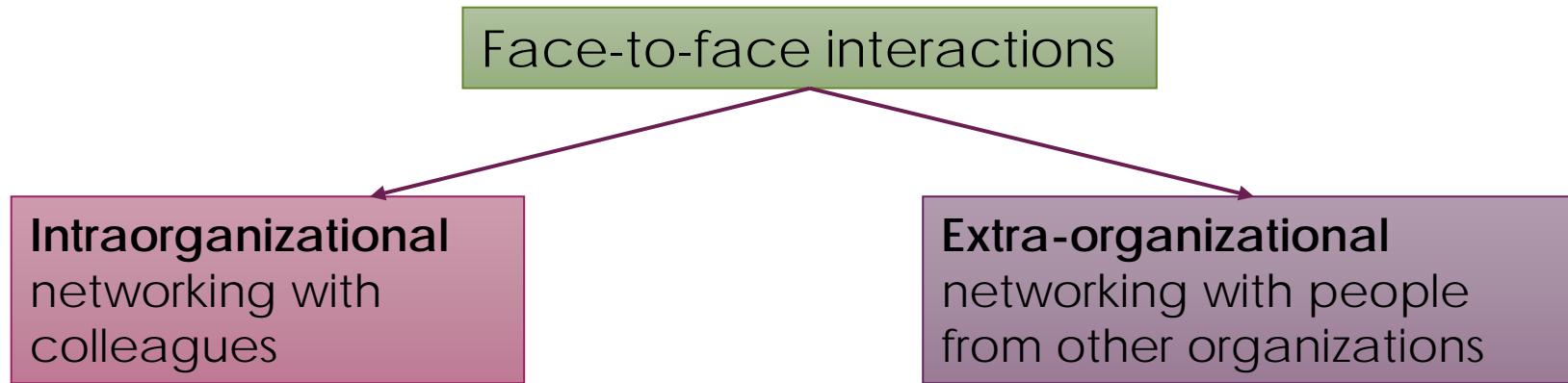
- the use of 'weak ties' for purposes such as recruitment;
- a sparse use of institutional networks;
- an association between networking activity and business performance;
- an association between type of owner-manager and networking activity.

Hakansson, Ford, 2002



Networking: Offline & Online

- Networking is a set of behaviors aimed at building and maintaining interpersonal relationships that possess the (potential) benefit to facilitate work-related activities by providing access to resources and jointly maximizing advantages of the individuals involved.



Wolff, Moser, 2006

Advantages of Offline Networking

- Purely offline ***ties are stronger*** than online ties.
- Offline networking still remains ***an integral part of the marketing*** activities of small and medium-sized companies.
- Personal meetings with business partners ***create trust***, which is the cornerstone of business relationships and a launching pad for referrals.
- The facilitator of offline networking is most often the business owner or a senior manager with ***decision-making responsibilities***.
- Developing and utilising offline contacts is typically ***an internal business matter*** and forms a part of the company's know-how.



www.european-business.com

Gloor et al., 2016

Reasons to make offline network strategy

Personal interaction is easier than online interaction. Nonverbal communication, including body language and tonal inflections, can clue you in to a person's intentions and feelings, and you won't be able to find it in a digital realm.

Not everyone uses social media. Some of the most valuable connections—experienced entrepreneurs, wealthy private investors, etc.—tend to be of an older generation, and are more likely to abstain from social media entirely.

Local Connections Are Valuable. They can head over to your office to collaborate on a project, or meet you for coffee on relatively short notice. They can attend the same events as you and reinforce your reputation, and introduce you to others in the area. Offline networking opens a door to your local community.

People remember faces. They're far more likely to remember a face—a face they saw in person, rather than one attached to a profile.

Balance is vital. Balanced, diversified strategies are the most effective.

Social media and offline communication: affinity relationships

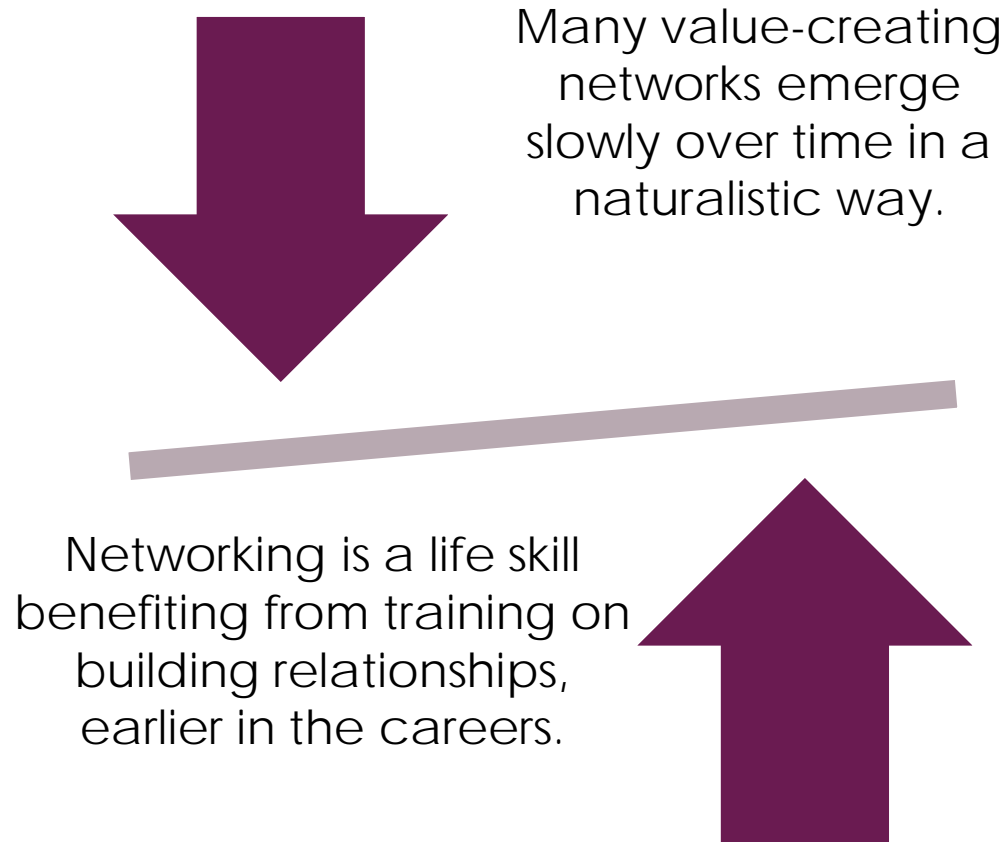
Social media allows organizations to communicate their affiliations with other entities to stakeholders and external audiences via follower–followee relationships, retweets, tags, and mentions.

The public display of affiliations to a third party or to the general public creates **a type of representational network** that does not necessarily involve actual interaction or information flow between connected members.

Interorganizational communication has focused on **affinity relationships**, which are socially constructed by parties involved and are often more enduring.

Offline interorganizational collaboration represents affinity relationships that are formed for resource sharing, service delivery, activity coordination, and the achievement of common goals.

Business Networking: When and Why?



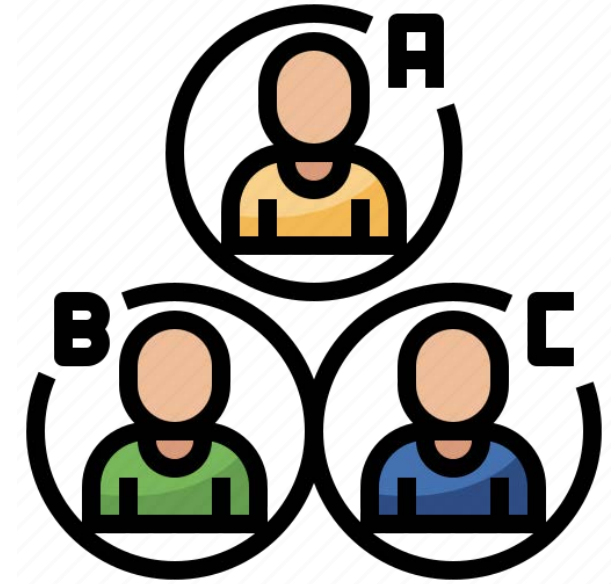
- International business connections are significantly more important during **the very earliest stages** of a successful development experience.
- Each company creates and maintains its business network of contacts, include **customer, supplier** and **business partner** contacts.
- **Meeting new employees**, to make personal and business connections that can led to significant business and personal interactions.
- The distinctive capabilities within the network which **create value** for the final customer: trust and cooperation are not enough.

Halinen, A., Tornroos, J.A., Elo, M.

Campbell, A.J., Wilson, D.T.

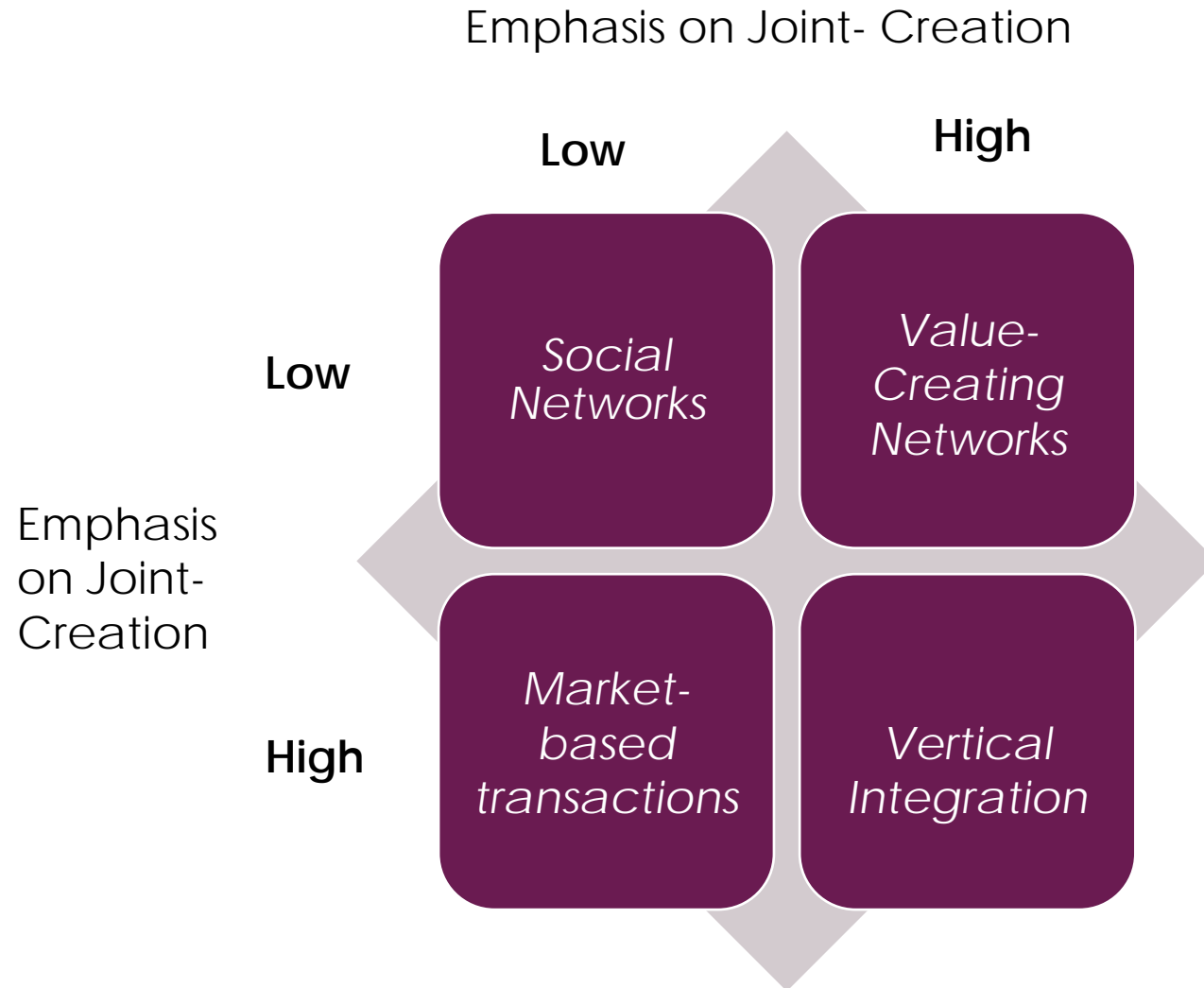
Business Network: business markets as webs

- The industrial network theory views business markets as webs of interdependent business relationships, where exchange is contingent upon the extant **activity links**, **resource ties** and **actor bonds** between the parties.
- Events are vital for managers to better understand the opportunities and constraints exposed in business networks, so as to strategize in line with changing conditions.
- In the business network context, critical events have been considered manifestations of various change forces inherent in networks.
- Events are defined either as triggers for radical, structure breaking change, or – from a processual perspective – driving or checking forces for relationship development.



<https://www.iconfinder.com/>

Importance of Business Network Representations



- Each type reflects the **influence of networks** on a firm's choice of strategy in how it creates a competitive advantage.

Campbell, A.J., Wilson, D.T.

Social Networking

1. **Choose Social Media Sites.** The major social networking sites are the best places to start when deciding where to engage online, since they represent the online space where the largest potential customers are likely to use.

Facebook, Twitter and *Google+* can be great options for building relationships between consumers and your business via sharing relevant content.

Pinterest is a choice, particularly for businesses that can be promoted effectively using visual content.

YouTube provides a great way to share video content ranging from how-to content to broadcast advertising messages and snippets of company videos.

LinkedIn can be a powerful resource for building online profiles for key company leaders as well as for interactions in industry and customer-focused special interest online groups.

- 2. Establish a **regular posting schedule** to maximize your potential is genuinely rooted in a desire to engage in the community. for exposure and to make it clear that your company's presence
- 3. Establish a Winning Strategy, **incorporating the important strategic planning tips** into your own social media marketing efforts will go a long way toward making certain that your company is using social media in an appropriate way that will add value to your company's image.

<https://socialnetworking.lovetoknow.com>

The stages of strategic planning of Social Network

SETTING GOALS:

- Communication goal 1
- Communication goal 2
- Communication goal 3
- Communication goal 4

CHOOSING SOCIAL MEDIA SITE:

- LinkedIn
- Facebook
- Instagram
- Pinterest
- YouTube
- Others

SETTING TACTICAL ACTIONS OF NETWORKING MANAGEMENT:

- Type of content creation
- Stockpile of Posts
- Posting schedule
- Expected user interaction
- Responsible person

<https://socialnetworking.lovetoknow.com/>

Requirements for the strategic planning of Social Network

- Considering how consumers utilize social media sites.
- Recognizing and fully understanding the differences between communicating in the social space as opposed to traditional marketing techniques.
- Selecting appropriate sites for connecting with potential customers.
- Establishing - and following - an appropriate schedule for engaging in dialogue in the social space.

<https://socialnetworking.lovetoknow.com/>



Market-based transactions

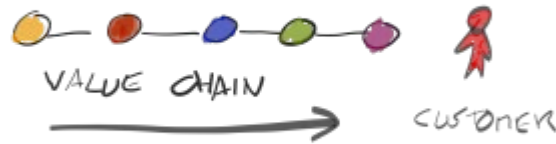
- Important for firms which have a low emphasis on joint value creation and attach high importance in maintaining their own autonomy.
- The network of relationships is possible for firms to conduct repeated transactions over time with the same buyers and suppliers, these relationships are conducted in a transactional mode with a high emphasis placed on ***price competitiveness***.



Campbell, A.J., Wilson, D.T.

<https://smallbusiness.co.uk/>

Value creating Networks

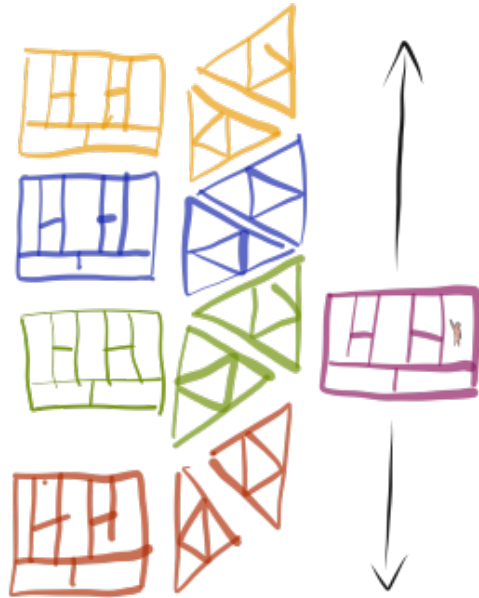


- VCN describe the purposeful cooperation between independent firms along **a value-added chain** to create strategic advantage for the entire group.
- Firms with this orientation recognize the potential for synergy in developing capabilities which reinforce rather than minimize their dependence on outside firms.
- The key concept that drives value-creating networks is the **delivery of superior customer value**. The traditional ways of adding value by integration or pushing suppliers for concessions are not as effective as before, which it is prompting firms to move towards long-term relationships with suppliers.

Campbell, A.J., Wilson, D.T.

<https://valuechaingeneration.com>

Value creating Networks



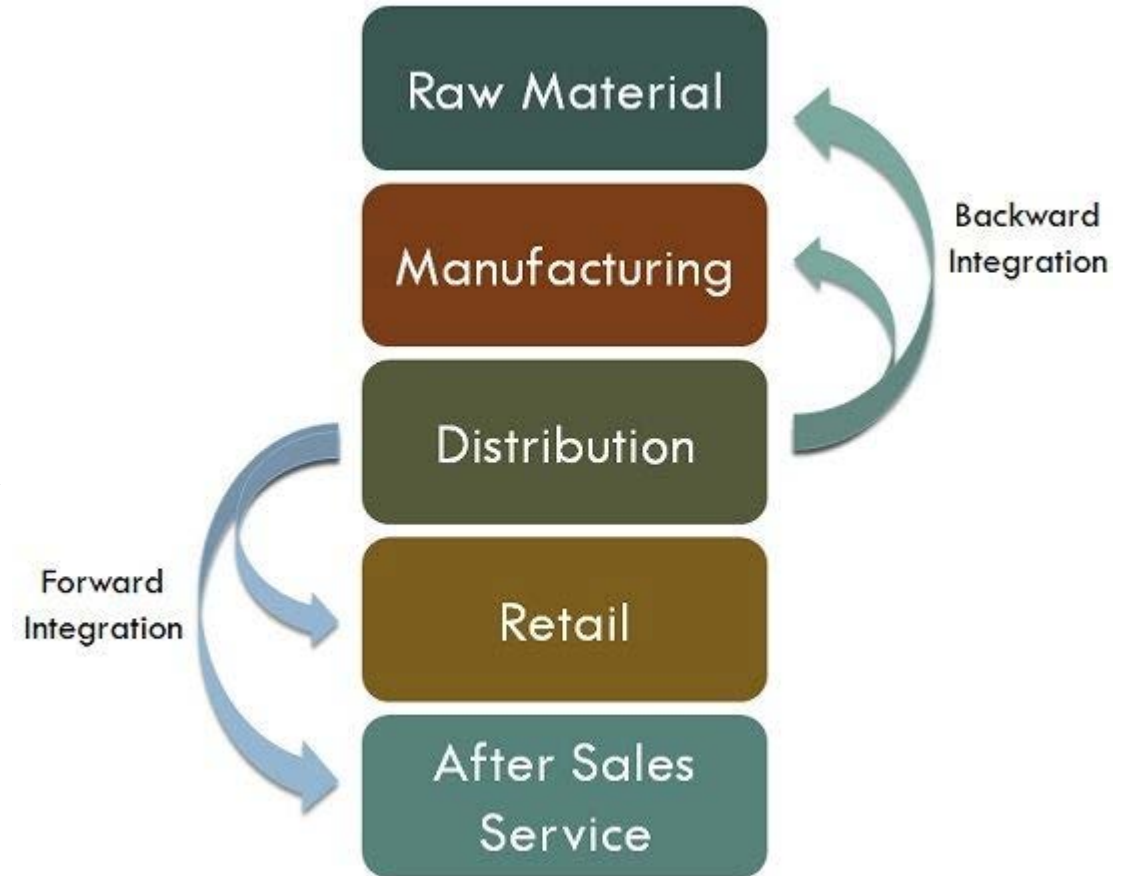
- The essence of sustainable profitability and defensible competitive advantage for any given economic activity is that it can be performed in **a unique way**.
- Value-creating networks emerged from early relationships and **developed slowly** as the key firm built relationships with other firms in the supply chain.
- Value-creating networks are by their **very nature, managed relationships**.
- Network management is **a strategic activity** whereby the key firm begin to actively manage the network and develop a value-creating network strategy.

Campbell, A.J., Wilson, D.T.

<https://valuechaingeneration.com>

Vertical integration

- Firms depends on the market mechanism to regulate their relationships which recognize the potential for joint value creation but attach considerable importance to preserving their own firm's independence are likely to vertically integrate in order to maintain control of the value-creation process.
- Vertical integration represents a traditional approach to capturing value by acquiring increased control and margin within the value chain.



Campbell, A.J., Wilson, D.T.

<https://businessjargons.com/>

Overview on the practical part

What we will achieve today

- All businesses can exist and evolve as a result of various relationships.
- Knowing the right people and making the right connections can prove to be the difference between a thriving business and a failed one.
- The task of the practical part of this session includes setting a step-by -step plan of the full network strategy of sustainable business, including the development of offline network and social media network strategies.

Activity- 1. Strategy Map of Your Business Networking

- The activity will invite you to draw a map of entire business networking strategy, considering various influencing factors like purposes and goals of networking, the network's type and structure, membership decisions, governance style, setting timeline, etc.
- Your aim will be to frame a complete plan for implementation consisting of the revision of the partners you already have today, and making an extended list of possible partners.
- A mind-mapping technique will be used to get a visualized view of your entire business network.

Activity- 2. Offline Network Strategy

- The business purposes to have reliable suppliers, intermediaries, trading partners are based on building and development of a carefully selected relationships utilising offline contacts.
- This activity is designed to make a value-creating network of your business offline contacts.
- During the session you will make a list of carefully selected business partners, that are crucial for their business and with whom they have to develop the offline network.
- You will map a tactical actions drawing up the cards of each of their requested partner to keep offline connections.

Activity- 3. Social Media Network Strategy

- Social media has become critical to develop the marketing of any business products and brands.
- The activity is designed to develop a strategic plan to build relationships with target customers and communities.
- The entire plan of social media networking will be developed and presented following the stages of making the strategic plan of networking in the social media.
- The strategy map have to give a full view of valuable connections to reach the smart business goals.

List of Resources

- Hakansson, H., Snehota, I. Developing Relationships in Business Networks., Routledge, 1995.
https://www.researchgate.net/publication/245908465_Developing_Relationships_in_Business_Network
- Hakansson, H., Ford, D. How should companies interact in business networks? Journal of Business research, Vol.55,issue 2, Feb.2002. [https://doi.org/10.1016/S0148-2963\(00\)00148-X](https://doi.org/10.1016/S0148-2963(00)00148-X).
- Wolff, H.G., Moser, K. Development and validation of networking scale.
- Halinen, A., Tornroos, J.A., Elo, M. Network process analysis: An event-based approach to study business network dynamics. Industrial marketing management, vol. 42, issue 8, Nov. 2013.
<https://www.sciencedirect.com/science/article/abs/pii/S0019850113000692>
- Campbell, A.J., Wilson, D.T. Managed Networks: Creating Strategic Advantage. ISBM Report 224995. Institute for the Study of Business Markets The Pennsylvania State University:
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.196.9373&rep=rep1&type=pdf>
- DiMicco, J., Millen, D.R., Geyer, W., et. Motivations for social networking at work. [Proceedings of the 2008 ACM conference on Computer supported cooperative work, Nov.2008; https://doi.org/10.1145/1460563.1460674](https://doi.org/10.1145/1460563.1460674)
- <https://www.forbes.com/sites/robertglazer/2019/09/10/businesses-are-built-by-networking-heres-a-blueprint-that-has-worked/>
- Song, Y. From Offline Social Networks to Online Social Networks: Changes in Entrepreneurship. Informatica Economica, Vol. 19, 2015. <https://pdfs.semanticscholar.org/e158/1af81668d4aa01df4bdd4de0ed83e44207f6.pdf>
- https://socialnetworking.lovetoknow.com/Social_Network_Strategic_Planning
- <https://startupnation.com/grow-your-business/offline-networking-essential-entrepreneurs>