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**Designing and Leading the
Entrepreneurial Organization**



MIT Sloan School of Management

Agenda



- ✦ Administrivia
 - ✦ Class List vs. Registrar's List
 - ✦ Class Cards, Resumes, Learning Objectives
 - ✦ Project Proposals
- ✦ Jerry Sanders Re-cap
- ✦ Heidi Roizen Case Discussion
 - ✦ Who
 - ✦ What
 - ✦ How
- ✦ Lessons

Social Networks

- ✦ What is Social Capital? **Baker textbook**
- ✦ How do firms benefit? **Zaplet**
- ✦ How are networks cultivated and maintained? **Heidi Roizen**
- ✦ How do networks relate to entrepreneurial opportunity? **Jerry Sanders**
- ✦ What about your network? **HUMAX
Assessment**

Social Networks

❖ What is a network?

- ❖ **Nodes (actors)**
- ❖ **Ties (relationships)**

A network is a set of relationships critical to your ability to get things done.

❖ Network properties:

❖ **Structure**

- ❖ Size
- ❖ Density
- ❖ Redundancy

❖ **Composition**

❖ **Focus**

The shape of your network determines your access to information, resources, opportunities, and support.

Case Discussion



Heidi Roizen

Social Networks

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❖ **Focus**

❖ **Tie Strength**

- ❖ Strong ties (Core Network)
Similarity, Trust, Reliability
- ❖ Weak ties (Extended Network)
Diversity, Opportunities

❖ **Content**

- ❖ Task ties (Work)
- ❖ Expressive ties (Identity)

Analyzing your network



- ❖ How broad and deep is it?
- ❖ Is it appropriate for what you are trying to accomplish?
- ❖ What network structure would work best for your career? For your personality?
- ❖ What can you do to change your network?
- ❖ How do you avoid compromising your network relationships?

Structural-Hole

Advantages and Disadvantages

Advantages

- ❖ “Tertius gaudens”: use information monopolies to advantage
- ❖ Individuals with networks rich in structural holes in several studies:
 - ❖ Learn of opportunities faster
 - ❖ Get promoted earlier
 - ❖ Earn higher salaries
 - ❖ Receive better performance evaluations

Disadvantages

- ❖ Lacks clear identity
- ❖ Hard to develop status and gain the advantages of high status
- ❖ Does not build trust
- ❖ Relies on reputation
- ❖ Can be fragile

Closure

Advantages and Disadvantages



Advantages

- ❖ Clear identity and reputation
- ❖ Robust
- ❖ Reduces ambiguous or noisy information

Disadvantages

- ❖ High social control (advantage for “group”, but not necessarily for individual)
- ❖ Less diverse information