

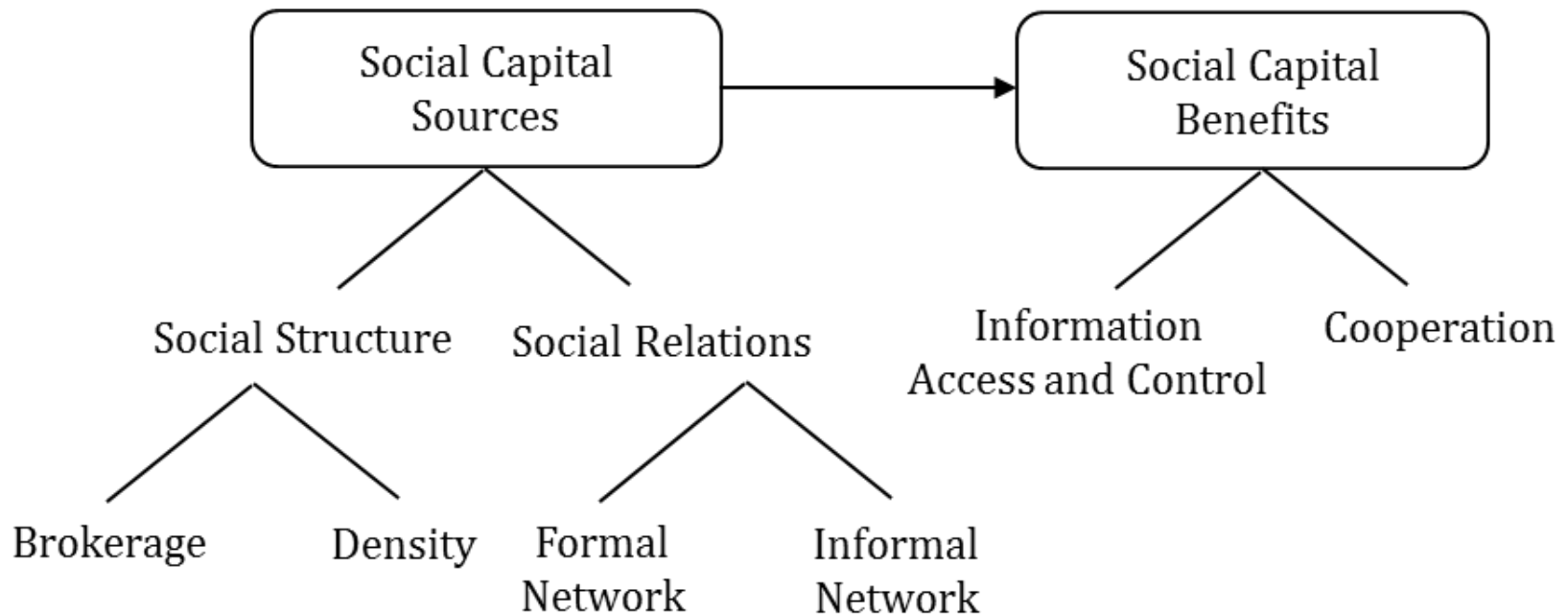
How Relationship Managers Synergize Networks

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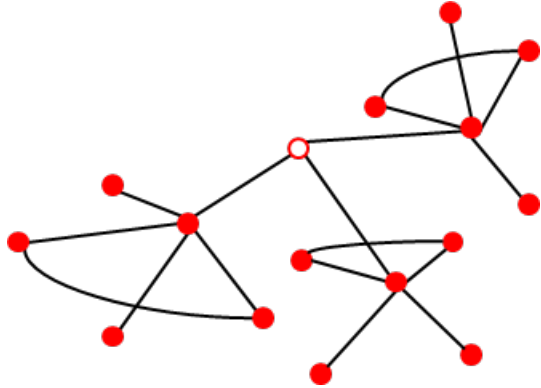
Research Purpose & Motivation

- What effect does the synergy between formal and informal networks have on RM performance?
- RMs are boundary spanning employees responsible for end-to-end relationships with customers.
- Motivation:
 - ▣ RM responsibilities continue to expand
 - ▣ RMs need access to information & cooperation—social capital
 - ▣ Over reliance on the effects of informal networks alone to explain performance differences

RM Social Capital



Synergistic Network Shapes



- Brokerage
 - ▣ Non-redundant information
 - ▣ Diverse information
 - ▣ Early access
 - ▣ Control
 - ▣ Arbitrage ability



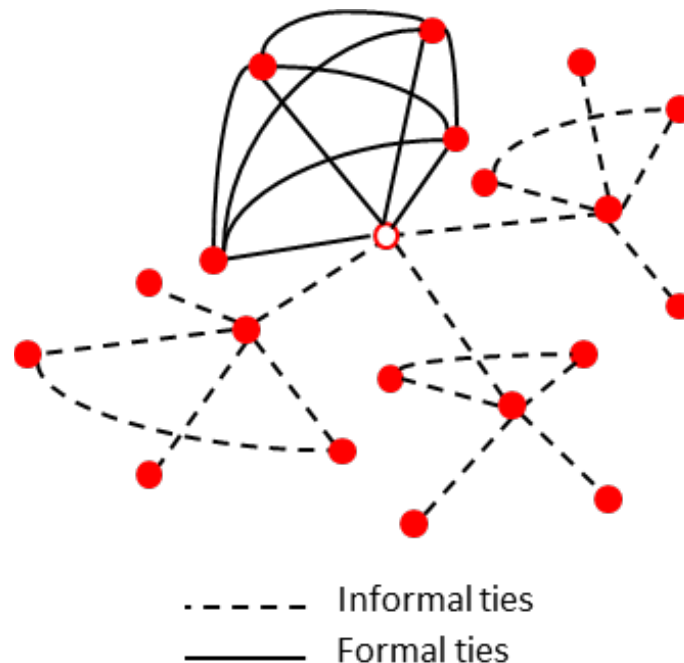
- Density
 - ▣ Cooperation due to third-party monitoring
 - ▣ Social norms & sanctions
 - ▣ Mutual obligation



- Network overlap
 - ▣ Stronger ties
 - ▣ Opportunity to evaluate capabilities
 - ▣ Different ways to provide support
 - ▣ Positive emotional connection

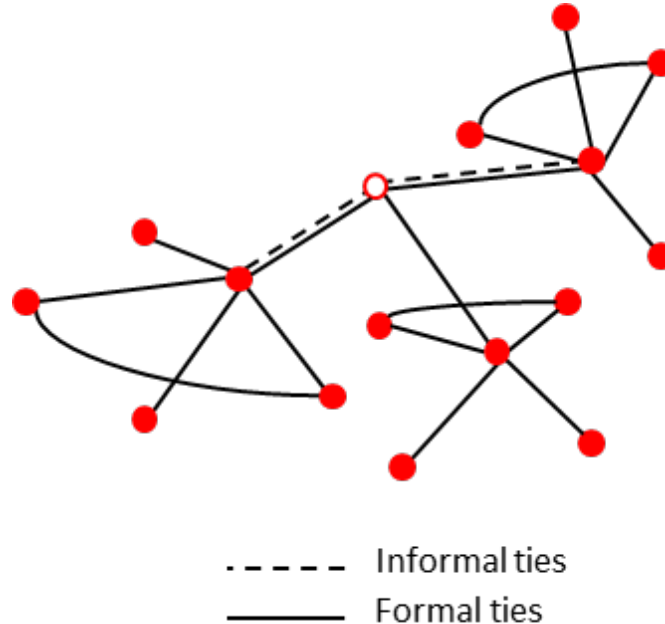
Three Synergy Strategies

1. Cross-network synergy: combine benefits
 - ▣ Combine brokerage in one network (e.g. informal) with density in a different network (e.g. formal) to enhance performance.



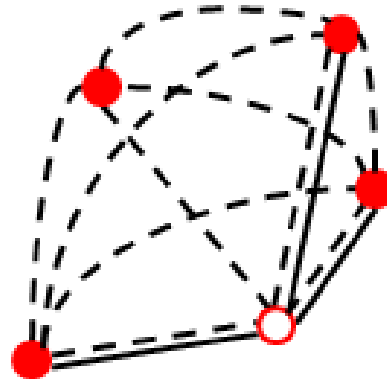
Three Network Strategies

2. Overlap-network synergy: leverage information
 - ▣ Combine brokerage in one network (e.g. formal) with network overlap to enhance performance.



Three Synergy Strategies

3. **Overlap-network synergy: enhance cooperation**
 - ▣ Combine density in one network (e.g. informal) with network overlap to enhance performance.

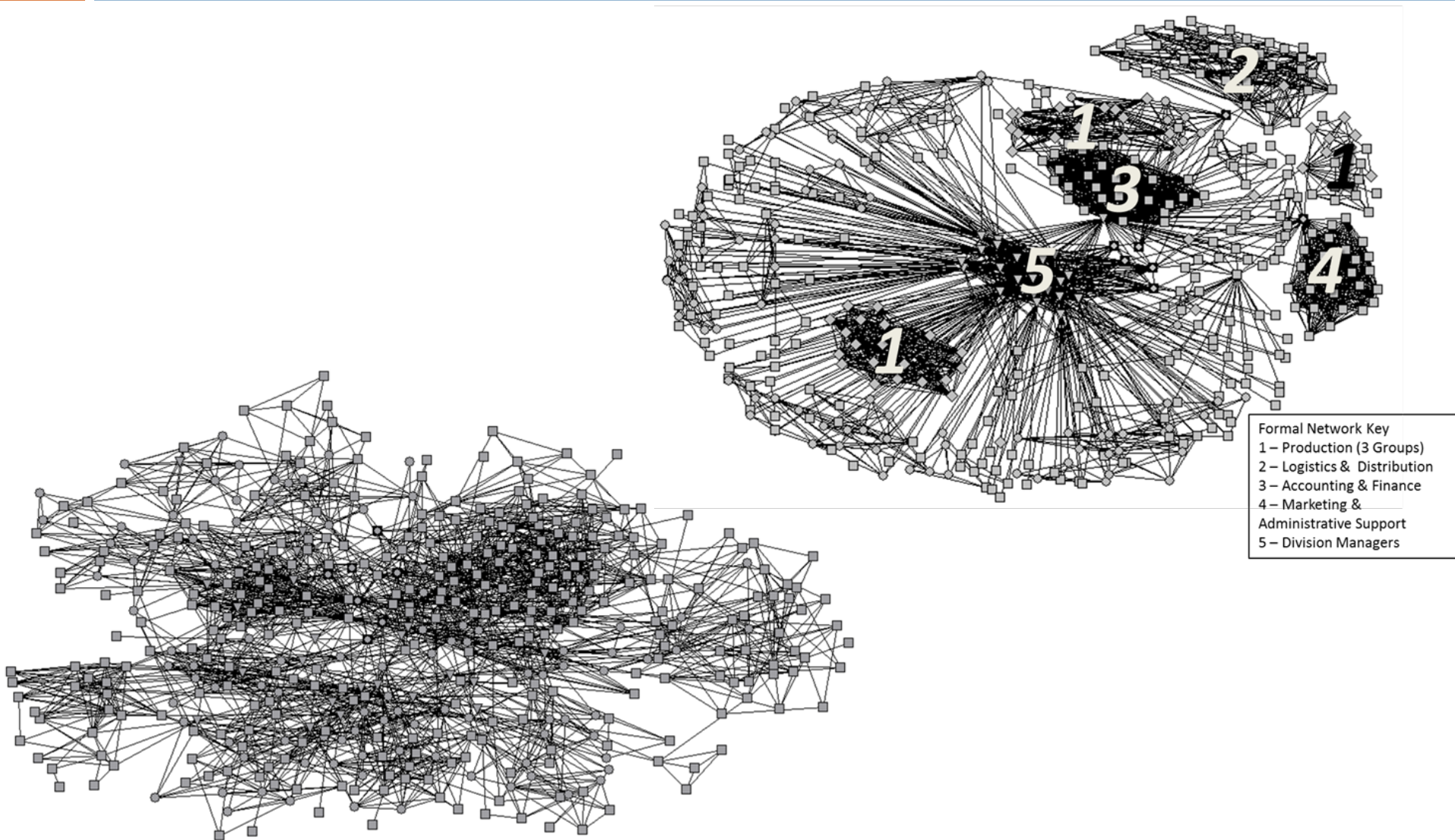


----- Informal ties
————— Formal ties

Study Methodology

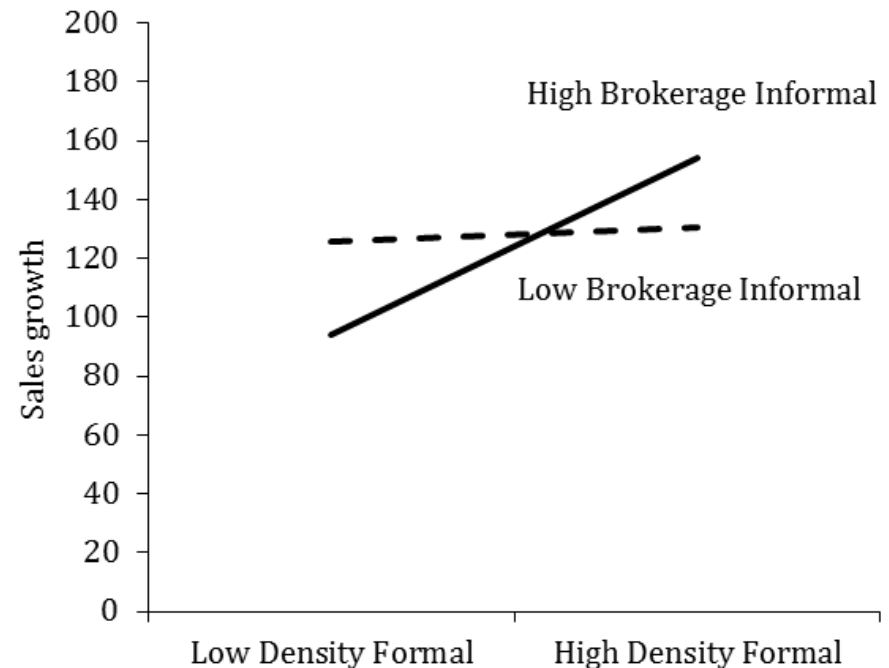
- Context:
 - ▣ Latin America B2B manufacturer and distributor (equipment, chemical supplies, technical service)
 - ▣ 472 employees, including 109 RMs
 - ▣ 464 responded, including 101 RMs
- 6-month sales growth is the outcome variable
- Formal network measurement:
 - ▣ Organizational charts, policy documents, senior HR manager
 - ▣ Ties included superiors, subordinates, and peers
- Informal network measurement:
 - ▣ Whom would you trust to confide your concerns about work-related issues? Whom would you invite to happy hour after a workday?

The Networks



Results

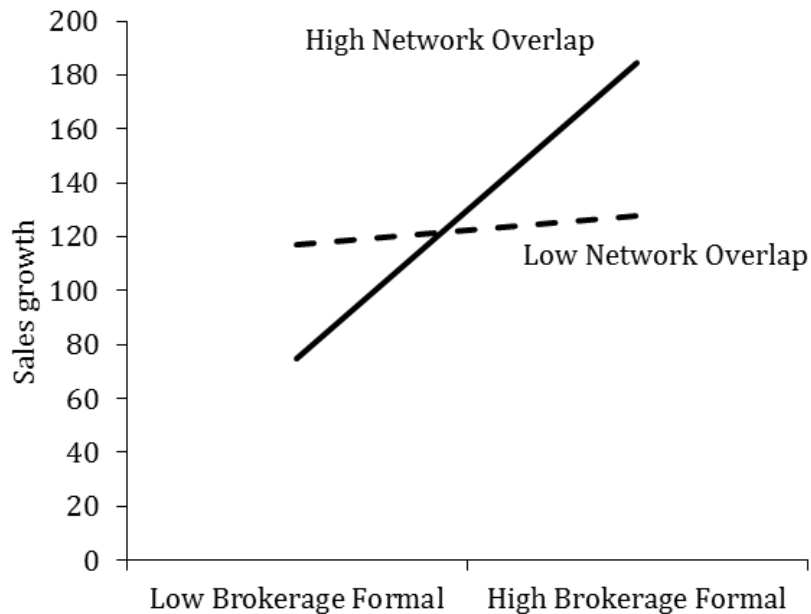
- Alone formal matters most
- Synergies have largest effects
- Cross Network Synergy
 - ▣ 27% higher sales growth comparatively



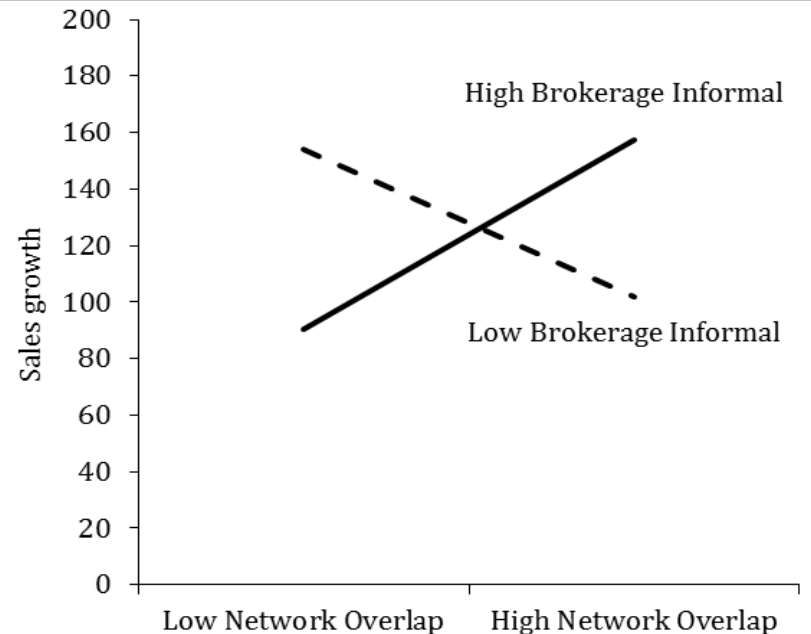
Results

Overlap-network synergy: leverage information

18% greater sales growth comparatively



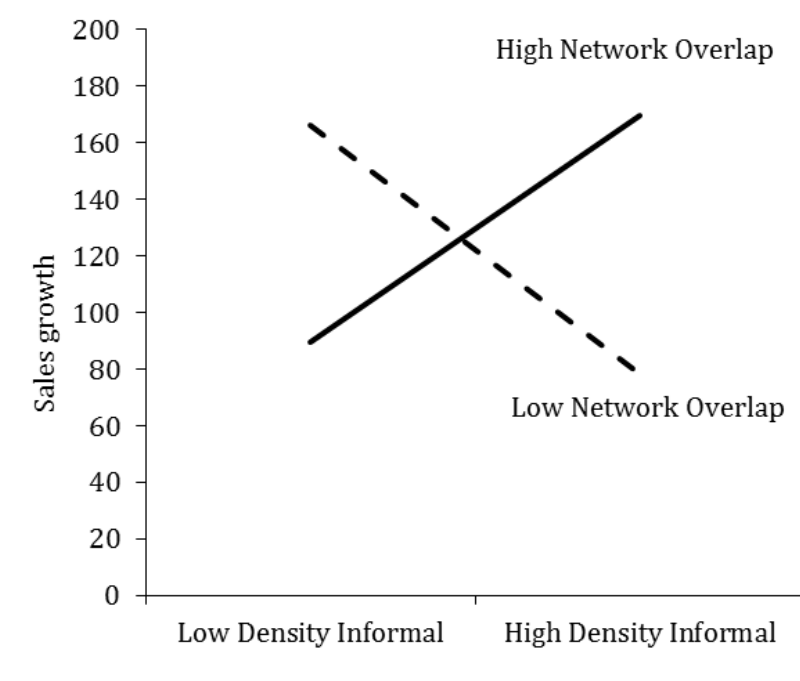
27% greater sales growth comparatively



Results

- **Overlap-network synergy: enhance cooperation**

- **37% greater sales growth comparatively**



Conclusions

- A focus on the influence of a single type of relationship or network can prove misleading.
- RMs should be encouraged to actively combine benefits from multiple networks.
- Managers should assist RMs in developing far-reaching and nonredundant informal ties.
- Multi-relational ties are important for both leveraging information and enhancing cooperation.
- There can be a “dark side” to social capital effects.