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Organizational Network Analysis
Gain insight, drive smart

Visualizing and analyzing formal and informal relationships in your organization can help you shape business strategy that maximizes organic exchange of information, thereby helping your business become more sustainable and effective.

In every organization, people build informal "go-to" teams. They rely on that one person who always knows "how we do things here." They find someone in finance who can answer any budget question. These spontaneous, critically important connections are the lifeblood of organizations worldwide.

Beyond organizations, the world has become more connected: Fifty percent of the World's population uses mobile technology and 40 percent is connected to the internet (GSMA: The Mobile Economy 2015). As the world becomes more connected, so too do organizations, but not always in predictable ways or between the people and parts of an organization that could gain the most from being more connected. Understanding where these critical connections exist—or should exist—is essential for all aspects of effective organizational design.

See beyond the organization chart
Confusing job titles, expansive org charts, and ambiguous role descriptions can cloud anyone's understanding of how businesses actually operate. Trying to force collaboration through matrixed or double-solid-line reporting, "two in a box," and other formal mechanisms can't match the natural networks that form when people find co-workers who make their work better, easier, or simply more satisfying. Instead of stimulating fruitful collaboration, companies can become bloated, misaligned, and paralyzed by leadership politics, when they simply lack insight into the way information is actually retained and disseminated through employee networks.

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Organizational Network Analysis (ONA) is a structured way to visualize how communications, information, and decisions flow through an organization. Organizational networks consist of nodes and ties, the foundation for understanding how information in your organization is flowing, can flow, and should flow.

Organizational Network Analysis (ONA) explained
Every organization has people ("nodes") who serve as critical conduits for exchange of ideas and information (figure 1). A connection delivers value when needed information is exchanged.

- **Central node:** These are the people who seem to know everyone. Central nodes share lots of information and influence groups quickly. Central nodes can be anywhere in the hierarchy of an organization, are often well liked, and are highly engaged in company news and developments.
- **Knowledge broker:** These people create bridges between groups. Without knowledge brokers, information and idea sharing grinds to a halt.
- **Peripheral:** Easily overlooked and unconnected to the rest of the company, high-potential peripherals can be a risk to organizations. Exceptional Java coders who don't teach others best practices not only stagnate product development, they are also easily convinced to take their talents elsewhere.
- **Ties:** Ties are the formal and informal relationships between nodes. Establishing optimal relational ties between central nodes and knowledge brokers helps ensure useful information moves easily between and within groups.

By identifying and managing central nodes properly, change can be adopted more quickly and pervasively, helping limit costly disruption while the organization is aligned with business strategy.

Figure 1: Sample actors
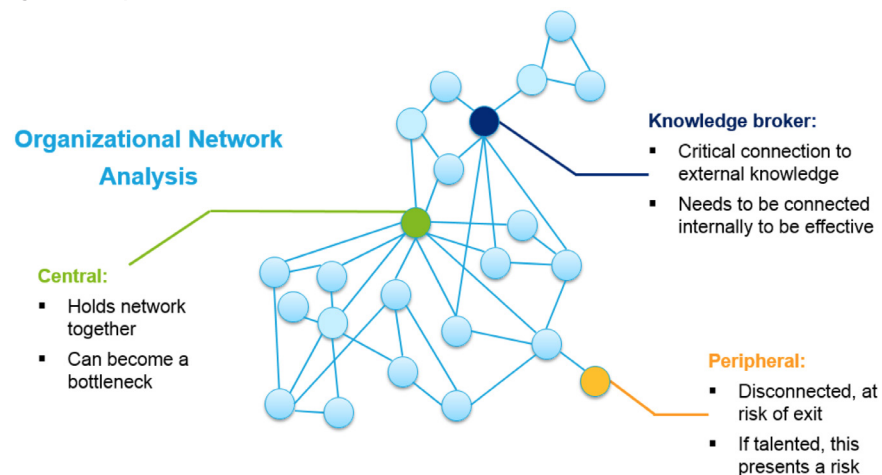
These nodes and ties are the core elements of ONA. Visualizing the relationships between nodes and ties makes it much easier to identify critical connections and potential barriers to information flow and collaboration. ONA reveals where central nodes could have the most impact—in groups that "don't talk much," for example—or where you should build stronger connections to streamline information sharing and eliminate redundancy.

Unlock the power of networks
Increase operational effectiveness
Formal org charts often bear little resemblance to the web of people who actually execute work. ONA can offer valuable insights during organizational design, making it easier to establish future structures that position employees where they can deliver the most impact (figure 2). Enabling timely, valuable information exchange and true collaboration between the right nodes can ultimately increase operational effectiveness.

Transform organizations in a smarter way
People respond more readily to people they perceive as leaders. Very often, leaders identified on an org chart are not the true hubs of information flow or perceived as "go-to" people. Through ONA, you can identify central nodes using statistical analysis of relationship measures, such as betweeness centrality. Once identified, central nodes can be recognized for their contributions and leveraged

more effectively, especially during times of change. By identifying and managing central nodes properly, change can be adopted more quickly and pervasively, helping limit costly disruption while the organization is aligned with business strategy.

It's easy to rely on word-of-mouth and managerial heuristics to identify people to serve as change agents during new organization rollout and transformation. But more frequently than not, the people identified through these approaches are not the "real" leaders. ONA increases the chances that the natural leaders in your organization are on board and the transformation achieves the intended objectives.

Use talent efficiently
Actual, day-to-day work cannot be fully represented by a job title or captured in an org chart. ONA can reveal which positions and units are interacting to get work done.

- **Functional clarity:** Are all IT infrastructure resources aligned with your shared IT group? Are finance employees the only ones executing close-book activities at year end? Conducting an ONA can expose the true resource cost of activities as well as the actual work performed under each job title. ONA provides a fresh, informed perspective for defining the future state of functions and activities, from department level to individual contributor.

Figure 2: Creating the optimal organizational structure

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- **Role definition:** ONA shows where work starts, stalls, and stops. This can provide valuable insight into the current and future state of decision making and governance in your organization—and makes it easier to see how to integrate the right people into the flow. For example, during M&A activity, inaccurate or differently defined job titles can make roles seem different when they are actually the same. Through ONA, organizations can help identify role redundancy within a network, potentially freeing talent to fill more value-added activities.

Potential Bottom-line benefits
Evolving trends in technological innovation, human connectivity, business dynamics, and globalization are changing the way people connect, collaborate, and make decisions in the workplace. Using ONA to inform organization design efforts can help you:

- **Increase operational effectiveness** by building an organization that is structured to increase collaboration and exchange of information between the right people.
- **Transform organizations** in a smarter way by identifying formal and informal leaders who can be counted on to facilitate change and help accelerate the realization of transformation benefits.
- **Use talent more effectively** by minimizing role confusion and redundancy.

The savvy executive can have the depth of analysis required to accelerate growth, manage change, and create agile networks of teams for sustained competitive advantage.

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