15.394
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?**
- **How do firms benefit?**
- **How are networks cultivated and maintained?**
- **How do networks relate to entrepreneurial opportunity?**
- **What about your network?**

<table>
<thead>
<tr>
<th>Question</th>
<th>Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is Social Capital?</td>
<td>Baker textbook</td>
</tr>
<tr>
<td>How do firms benefit?</td>
<td>Zaplet</td>
</tr>
<tr>
<td>How are networks cultivated and maintained?</td>
<td>Heidi Roizen</td>
</tr>
<tr>
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<td>Jerry Sanders</td>
</tr>
<tr>
<td>What about your network?</td>
<td>HUMAX Assessment</td>
</tr>
</tbody>
</table>
Social Networks

What is a network?
- **Nodes (actors)**
- **Ties (relationships)**

Network properties:
- **Structure**
  - Size
  - Density
  - Redundancy
- **Composition**
- **Focus**

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

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

Heidi Roizen
Social Networks

What is a network?
- **Nodes (actors)**
- **Ties (relationships)**

Network properties:  Relationship properties:
- **Structure**
  - Size
  - Density
  - Redundancy
- **Composition**
- **Focus**
- **Tie Strength**
  - Strong ties (Core Network)
    - Similarity, Trust, Reliability
  - Weak ties (Extended Network)
    - Diversity, Opportunities
- **Content**
  - Task ties (Work)
  - Expressive ties (Identity)

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