

# **A Conversation with Jessica Lipnack, CEO of NetAge September 2009 Beyond the Deal Newsletter**

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How can social media be brought into play in integrations so that people are feeling much more free and comfortable communicating with one another?

There need to be vehicles to make personally held but very valuable embedded knowledge assets accessible during the window of opportunity that opens briefly during the integration period. Can Twitter, and other social media like it, stimulate critical conversations between people from acquiring and acquired companies as well as a higher quotient of trust in what are often delicate situations?

On another front, how much do we really know about the companies that are being acquired? Satisfactory mapping of organizations is woefully lacking. In this conversation we will also look into OrgScope, a tool that has been developed precisely to remedy that issue.

**Jessica Lipnack** is the CEO of NetAge. For three decades, Jessica Lipnack and co-founder Jeff Stamps have provided expertise and tools that allow their clients to collaborate more effectively. NetAge's pioneering initiatives are in use in companies, public sector organizations, non-profits, and religious denominations.

## **How doe Social Media (Twitter, etc.) change everything?**

**JC:** *How would Twitter, Facebook and other social media “change everything” for a merger and acquisition integration?*

**JL:** What Twitter brings that has never been there before is the ability to burst out succinctly with little bits of information. Twitter imposes the “50 yard dash” of communications. It forces us to speak very succinctly in a way that is quite powerful. Many people think that micro blogging, as it is called, is just dumb, because it is so short. I think that it is a great way to get people to stop running off at the mouth online. It is also a way to have many conversations going on at

once and for people being able to keep one another apprised of “really hot stuff” very quickly.

I like Twitter. It changes the very nature of the way that we communicate. It is powerful. Companies are finding that it is extremely helpful in a variety of ways. The days of our saying “How our companies going to use this?” are quickly going away, because companies are getting good at finding ways to use it.

Let’s take for example, retail. The CEO of Zappos, the online shoe retailer, has 500,000 followers on Twitter. While it would be hard pressed to say that he is communicating with them, he certainly is establishing some kind of sense of availability, access and rapport with the company in some kind of way. There are about 300 people at Zappo that are encouraged to Twitter - and they do. The result is a running view of the CEO’s life and a way of communicating with the company that was never really available before.

Another example is from a big technology company whose vice president of worldwide inside sales has a private Twitter channel. His network of followers on Twitter is his senior staff. They use Twitter as their way of communicating without having their company build that facility for them. They can all keep their conversations going in that way.

There are countless other examples of other organizations who are getting benefit from this kind of full time/overtime/anytime/it never stops form of communication. The result is a quick exchange that points to really salient information.

**JC:** *How would you take it from an internal organizational tool to a setting where you are bringing two organizations together, where people may or may not have any previous relationship?*

**JL:** In the new organization, you can set up any number of Twitter communities within them that no one else has to know about. A company can use Twitter or set up something on its own internally. The key thing is to get some early adopters who are willing to just go up and start posting messages, and they will start posting notes to the organization.

**JC:** *Should a company interested in moving in this direction start using a Twitter type communications sooner than later, so that its people are comfortable using it before they actually are involved in an integration?*

**JL:** Absolutely. Next year it is going to be something other than Twitter. Twitter is just what is up right now. Three years ago people could only talk about MySpace. Four years ago, people only talked about LinkedIn. It is all a matter of where we are on the curve. It keeps changing. The concept of bursting information out that you know that other people are going to be interested in, that

will help them to see things that they wouldn't naturally have run into and be able to carry on everyone-to-everyone conversations has a very powerful place in an organization. It takes the place of bumping into each other in the cafeteria where someone would say to someone else, "Did you see the article in InfoWorld?", or "Did you see the article in Banker and Tradesman?" or whatever their media of choice happens to be.

These kinds of communications are ways to get people to more easily move across boundaries because once you are in the new entity you are all from the same organization, but you probably don't know each other at all. It is a way to start to make a voice for yourself in the new organization that is not so role specific. It allows people to be more of a human being but in a more public setting that also happens to be virtual.

## **The Role of Networking in Integrations and Transformations**

**JC:** *What is the role of networking, or a "network of conversations" in an M&A integration and transformation?*

**JL:** Our view is that networks have a purpose. When you bring a new organization together with an existing one you have to very quickly bring people to a shared understanding of what the many, many new purposes are. There is the *uber* purpose for the whole organization, but then all of the way down the line there are many purposes with trying to accomplish something. Getting people talking about that is the fastest way to clarify that, especially when you are not co-locating everybody. You cannot co-locate everyone if you have more than about ten or fifteen people. If you can't co-locate 15 people, how are you going to co-locate 15,000 or 150,000 or 400,000-500,000 people in an organization? What you do want to be able to do is to make it very easy for people to locate the expertise and their natural allies throughout the organizations. The way to do that is to get any number of conversations going about just about anything in order for them to get to know one another. That is where online discussions come in. That is where micro discussions come in and where social profiles *a la Facebook* become important. You can very quickly see who people are. Allowing people to affiliate along natural lines is another valuable way if people are not prone to weave their way towards one another.

**JC:** *Would that be creating the path where change can manage itself?*

**JL:** I think so because we are trying to create higher levels of intelligence in the organization. We do that by getting people to put their heads together and we want to give them as many ways to do that as possible. The social online world

allows us to have all of those connections. There is no limit to how to connect people up.

For people who fear that people will be wasting their time online, I have to say, “*Well, get over it!*” People will waste time online. There is no question about it. But people waste time in the office. We don’t go around measuring to see how much time people waste in the office but suddenly we are panicked about how much time people are going to waste online.

## **OrgScope: A Tool to Map Complex Organizations**

**JC:** *What is OrgScope and how it could be used in relation to integrations?*

**JL:** OrgScope is a tool that we have been developing since 2003 that allows you to visualize, navigate and analyze a complex organization. .

OrgScope lets us see how much organizations are working virtually. Some are, but not all are. Lots of people still have co-located teams. If we are going to inflict virtual teams on organizations maybe we want to look at those teams that are the ones that are the most virtual to train them. Maybe the whole organization does not need training in virtual teaming. Maybe just some of the organization does. Until we actually look at the organization and analyze who is where we don’t really know what we are talking about. Unless we know who is working with whom, we really don’t know.

We had very few tools to look at organization when they are coming together anew. Looking at an 8 1/2x11 piece of paper with an org chart on it is not going to tell us very much when we are dealing with hundreds of thousands of positions. We need ways to fly through the whole thing and see what is going on.

We can use OrgScope on both the acquiring and the acquired (target) organizations to see what their different levels and different configurations are by feeding their reporting structures into it. The information that is usually housed in an HR system, in a directory system or in some kind of IT system and shows who is reporting to whom.

## **Discovering How Organizations Operate as Networks**

**JC:** *How has using your OrgScope approach made a difference for companies to begin to see a more diamond shape distribution of their organization relationships, along with their different roles, links, etc?*

**JL:** We worked with a company that organized a merger of its own independent operating subsidiaries, some of which had all of their own functions and ways of doing business, corporate cultures, etc.

One of the world premier strategy firms came in and designed their new organization. When that firm got done, the CEO of that new enterprise said, "This looks like remarkably like every other organization chart I have ever seen. Where is the networking in this org chart? How are we going to bring this thing to be alive and getting people who are sitting on opposite sides of great bodies of water to be able to work together?"

The first thing they wanted to know was whether they already had anything that was a network. We applied network science to it and found that even a traditional org chart is a form of a network, but just a special case of a network. Once you can identify that it is a network, you can see its network properties. It will have network hubs, which are the centers of activity. The implication is to heavily support the hubs. There might be IT policies that say everybody should get the same IT capability but does that really make sense if you have people who are doing very complex kinds of things in very, very large organizations, but people at the same level elsewhere in the organization might be doing something relatively simple and don't need much computing power at all. Do you that consistent IT policy? Probably not.

When it comes time for performance appraisals, should you be relieving the people with the biggest loads on them of other responsibilities so that they can get their appraisals done or do you keep loading more work on them because they seem to more capable and they also have to get forty three appraisals done.

It turns out that in most organizations, most managers have a very small number of people reporting to them. However there are a few that have a very large number of people reporting to them and they will go unnoticed in most organizations because they seem to be the exception rather than the rule.

**JC:** *If someone were considering using OrgScope would they be better off starting with their own organization and then extend that to any acquisition they get involved with?*

**JL:** Yes. If you have done the acquisition you don't just want to understand just your own organization, you want to understand how both will work as a whole.

If you are considering an acquisition, you may want to study the other organization to see what you are getting yourself in for. Is the target organization is a highly hierarchical organization and yours is more networked? Are they flatter and are you steeper or vice versa? Do you always want to be flat? Do you always want to be steep? Probably you want a little of each because they are good for different things. There are a lot of different things to consider.

We haven't had very good tools to analyze org charts at all over the years. Because there has been such a bias against hierarchy in general and its form of organization, people say that is not the way that things work. It's not the way things work but it is the way that people get their paychecks so it is the way that things work to some extent. That is where the responsibility falls in the end, is in formal positions.

I have been an advocate of networks but I also think that there is a role for hierarchy. We don't want to get rid of it.

**JC:** *How would you move from there to discern network maps?*

**JL:** You can do it by noting where the nodes and links are. You can layer other kinds of networks on top of it, i.e., supplier, work process networks, etc.

## **Mapping the Organizations to Take Advantage of Synergies**

**JC:** *How does social networking help people shift from one mental model of an organization to the newly emerging combined organization mental model?*

**JL:** I don't think people have very accurate models of organizations. Most people think that a hierarchy looks like a pyramid. They think that it is more or less even all the way through. They think that people at the same levels of an organization run approximately the same size organizations. That everyone has approximately the same numbers of people reporting to them. They might know the exception here or there. People are not able to see more than a level or two above them or a level or two below them. The rest of the organization is kind of blurry to them. We just don't have good pictures. When we distribute these organizations over vast distances, people have absolutely no idea what is going on in Germany, or what China looks like. Or, if you have operations in Dubai, what is going on there? People just do not have good maps anymore.

We need the same kind of cartography for organizations that we have for our physical geography. That is why I think tools like OrgScope are so important. When you bring people in organizations together that don't know one another at all then is even more difficult, especially under the pressure of very high heat. You can't figure out where you are at all. People tend not to take advantage, even though they are going to get synergies, faster processes and economies of scale. That is not going to happen unless you give people complete different tools to work with than they had before.

There is a lot to be gained from having new views of the organization. These tools can be used to very quickly get completely new views of the organization.

**JC:** *Is there a connection between doing these views and getting a handle on people's values?*

**JL:** You could map that as well. You could take the same organization and do values exercises, sum them up at the organizational level and make a map of that to actually see the values. You can look at an organizations purpose, what are its values, what is its composition, what cultures are involved there and what is its age, etc.

You do the surveys like you do any other surveys but you sum the information by organization than just by individual.

There isn't any question that we need new maps, multiple ways to communicate, or that this stuff is really hard, or that there are really great models for it. Everybody is feeling there was through it. We don't a generation of virtual leaders yet. We just have people who are on the forefront of it.

## **The Most Important Tool of All: Common Sense**

**JC:** *What other approaches and tools are important to be in place in addition to networking tools to facilitate open communication, resolve cultural differences and foster knowledge sharing? What kinds of technologies, and other resources would be necessary to support this?*

**JL:** The biggest one is a tool that has been around for a while, which is called "common sense". We think that there is this way or that way. There are many ways. What we want is for people not to feel like you can go "buy and apply this". There is no thing to buy. There is only a thing to learn. We all have to be learning together in order to make this transition.

There is a whole bunch of approaches that are useful. Blogging, wikis, online discussion, instant messaging, and texting are all powerful. But you have to have a model of where you want to go. You have to have a vision. Then you can plug anything into it. It is about making sense for your organization in ways that your culture feels comfortable with. As long as you are experimental and open about it.

I just had the experience of working with a very large retailer who is taking email away from some of his employees. He was not going to replace it with something that was more technological clever, but because they were trying to control them. That is what you don't want to buy. If the military can tell soldiers to blog and use YouTube, a retailer can let everybody have email.

I think we need to be much more open minded about how to do this. I believe that the notion that “the best ideas can come from anywhere” is true. We never know when we are going to run into the next really great idea or where it is going to come from.

**JC:** *Thank you very much.*

## **Jessica Lipnack Bio**

Jessica Lipnack and Jeffrey Stamp’s research and practical experience have taken them around the world in work with their clients, including: American Management Association, Assurant, Apple Computer, AT&T Universal Card Services, BankBoston, Becton-Dickinson, The Brookings Institution, Digital Equipment Corporation, GlaxoSmithKline, General Electric, Fidelity Investments, Hewlett-Packard, Intel, Kerr-McGee, Macy’s, Merck, Pfizer, NCR, PeopleSoft, Presbyterian Church (U.S.A.), Roche, Royal Dutch Shell, Steelcase, Tetra Pak, Toyota Foundation, The United Nations, Unilever, the U.S. Army, U.S. Joint Forces, and Volvo.

From 1982 until the founding of NetAge, Jessica was president of The Networking Institute, Inc., a consulting firm engaged by global organizations to develop their network strategies. She maintains [Endless Knots](#), an active blog, and contributes often to online publications, including [The Industry Standard](#).