

Retrenchment Series

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THE USE OF NETWORKS AS AN  
ORGANIZATIONAL STRATEGY  
IN MANAGING RETRENCHMENT:  
Networking as a Management Tool

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## Introduction

When an organization is confronted with retrenchment, there is an initial tendency to turn inward in the search for solutions. Most agencies first look at ways of cutting administrative overhead, increasing productivity, or searching for new funding sources that allow them to continue to operate as they have in the past. These strategies all are based on the belief that the agency can cope with retrenchment through its own direct actions without considering its relationship to some larger social context or community setting. They are also based on the assumption that the agency cannot count on others in its environment to take over or share some of the responsibilities that it has come to accept as its own. These beliefs may be grounded in ideas about quality (that is, no one else can do as good a job as we do), in fears about a loss of autonomy or self-control, or in simply a lack of knowledge about where to begin to search for alternatives. Eventually, however, many agencies find they have exhausted all of the internal solutions and are driven to explore their larger environment. When this happens, the idea of a "network" often becomes appealing. The purpose of this paper is to look at some of the ways in which networks can be utilized in managing retrenchment and at some of the management issues that need to be considered.

### Defining a Network

The concept of a "network" has become extremely popular in recent years. With this popularity has come much confusion, because when different people use the term, they are often referring to different ideas. In its most general sense, a network is a social system made up of agencies, groups, or individuals who share a common task or concern. Major differences exist between those networks in which the relationships among the members are well-defined and formalized, and those in which the relationships are loose and informal. There is also a distinction between networks of individuals, in which personal relationships are fundamental, and networks of organizations, in which relationships are defined according to organizational roles and responsibilities. By combining these two dimensions of networks, four different network types are identified as shown in Figure 1.

FIGURE 1: TYPES OF NETWORKS

		Level of Network Relationships	
		Individuals (Interpersonal)	Agencies (Interorganizational)
Relationships among Network Members	Formal	Professional associations	Purchase of service networks  Administrative cost-sharing networks
	Informal	Natural helping networks  Study groups  Resource exchange	Referral networks  Coalitions

Formal networks based on personal relationships include various professional associations which people choose to join for their individual purposes. An example of a formalized network based on agency relationships is a contractual arrangement for sharing administrative costs among a number of independent agencies. Informal interpersonal networks include study groups (that is, groups of individuals who come together voluntary to exchange ideas and to learn from each other), and "natural helping networks (e.g., neighbors helping neighbors, as with the caring for young children)." Finally, examples of informal interorganizational networks are groups of agencies that refer clients to each other on an informal basis, and coalitions that come together to support a particular cause or project.

#### Uses of Networks in Retrenchment

An organization that is engaged in retrenchment planning can utilize networks and network concepts in a number of different ways. Some of these uses are related to the process of retrenchment and others are components of the outcome, or the redefined core program.

Networks can be utilized in the process of retrenchment as a vehicle for obtaining input and ideas that will assist in redesigning the core program. For example, program staff may want to know how constituencies view its services, which services constituents see as essential, and how the image of the agency would be altered if certain areas were cut back or strengthened. Networks can also serve as a vehicle for reducing uncertainty. One of the characteristics of the retrenchment environment is that uncertainty and anxiety are heightened, rumors abound, and the "facts" change from day to day. Informal information sharing networks enable staff members to exchange the information that they have available and therefore greatly increase the

information channels through which information can be obtained. Networks can also be used as a means of identifying a shared context for a larger domain so that individual agency planning takes place within an agreed upon overall framework. Finally, networks can provide a base for advocacy efforts. Coalitions of agencies may come together to build political and financial support for the future of a program.

With regard to the outcomes of retrenchment, networks provide an alternative organizational framework for both the administration and the delivery of programs and services. Cost-sharing networks reduce a program's fixed costs and allow it to purchase administrative or program services on an as-needed basis. For example, a number of agencies could share accounting, payroll, and word processing functions, or share an expensive program resource, such as an attorney or a specialist in a particular field. By deciding to distinguish between those activities which belong in the core (and keeping them internal to the agency) and those which can be managed through network relationships, an agency develops a core/network design that maintains access to necessary services, even though they may have been cut from the agency's core.

These various ways in which networks can be utilized in retrenchment planning are summarized in the diagram in Figure 2.

### Developing a Network

When an agency decides to use networks as part of its retrenchment strategy, there are a series of questions that it must address.

#### 1. Why Develop a Network?

The first issue is to clarify the agency's purpose in trying to form

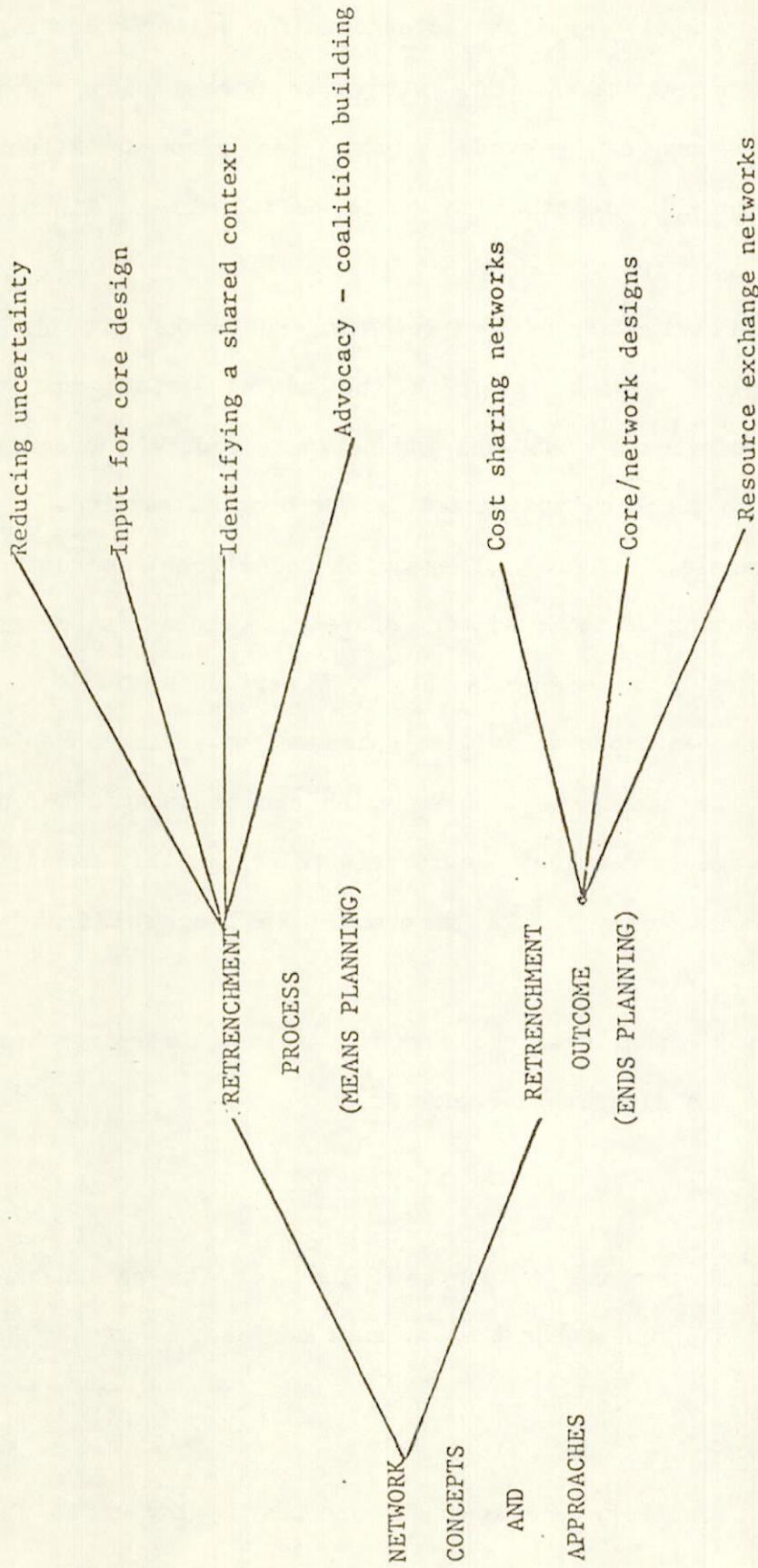


FIGURE 2: USES OF NETWORKS IN RETRENCHMENT PLANNING

network relationships with other agencies, groups, or individuals. Networks usually do not form without some purpose. There have to be payoffs for the agency and others involved -- things that they believe they are more likely to obtain in a network arrangement than if they try to go it alone. There are a number of possibilities. The first is for flexibility. There may be some activities or services in which an agency wishes to engage, but is unable to because of prohibitions, resource constraints, or geographical constraints. A network arrangement may open new ways to accomplish objectives that can not be attained under the present organizational structure. For example, a legal services program that is barred from engaging in class action litigation, but wishes to see this work continue, may arrange to have potential cases referred to a university law school or a public interest law firm. A state university that wishes to provide courses in distant parts of the state might make an arrangement with another educational institution to use its facilities. A second purpose could be for resource sharing. Agencies may own resources that are underutilized and could be shared with other agencies in exchange for access to their resources. An example would be in the area of transportation where agencies would pool the vehicles that they own individually to create a more efficient transportation service for their clients.

A third purpose for developing a network could be to extend agency influence. Agencies that individually cannot exert enough influence on decision makers to attain certain objectives may have greater influence through networks. An example is a county social service agency that extends certain services to various municipalities, and then finds it has more influence on the county commissioners due to the support of the municipal officials. Finally, a fourth purpose for developing a network could be for innovation sharing. Agencies who wish to experiment with new technologies or

service delivery methods may find the new venture too risky to attempt alone, or impossible to carry out without the cooperation of others. Networks provide a relatively "sheltered" setting in which experiments are conducted and evaluated on an informal basis.

## 2. Are There Existing Networks That Can Be Utilized?

Once an agency is clear about why it is interested in networking, the next step is to ask if there are already existing networks that can be used. Often, because people are accustomed to searching for solutions inside their organization or feel constrained from engaging in wider search activities, they are unaware of networks that may already exist and which should be explored prior to any attempts to create new networks. Sometimes these existing networks are formal and easily identifiable, such as an Advisory Committee on Mental Health that brings together people who share an interest in improving mental health services in a given community. At other times they are more informal and almost invisible, such as a network of people who share information and are involved in referral activities for various agencies. These persons may all know each other and may provide assistance to one another without ever coming together as a group or defining common tasks. To an outsider, there would not appear to be a network.

## 3. How Can One Create a New Network?

If it is determined that there are no existing networks that can be utilized, the problem becomes one of creating new networks or network relationships. The major issue is where to begin and who to approach. A key thing to remember is that networks are not always made up of people who share the same problem or set of concerns. Often dissimilar organizations or people whose concerns are complementary are more likely to form a network than those

whose concerns are similar. The process might go as follows:

- First, identify a problem facing the organization (this will often be in the form of some resource that is badly needed).
- Next, try to identify others who might be affected by this problem or its solution. In particular, try to identify someone for whom the problem might represent an opportunity.
- Think about how this other individual or agency might benefit from the problem's solution.
- Finally, develop a strategy for approaching the individual either directly or through a mutual acquaintance to begin to explore possible network arrangements.

The following is a brief example. A county public school system could not afford to hire school nurses, and therefore used secretarial staff to care for students who became sick during school hours. When the secretaries complained about the interference with their secretarial duties and their lack of qualifications, the school administrators asked the county government for money to hire nurses, but were refused. Someone then remembered that the local community college had been interested in starting a program to train nurses, but had been unable to get approval. They contacted the President of the college and suggested that the public schools would strongly support the nurses training program if the college would place the nursing students in the public schools as a field experience. The public schools and the community college then lobbied together and obtained approval from county and state officials. The program was approved and initiated.

#### Network Interventions

Efforts at networking can take on a variety of forms, depending on the level or arena at which the intervention takes place and the intensity of the involvement in altering existing relationships. There are three broad levels

at which one can intervene:

1. The Institutional Level - This usually represents a broad impersonal framework shaped through federal or state legislation. The resulting structure is usually required or mandated by legislation or executive order. An example would be the framework for planning and providing services for senior citizens as established in the Older Americans Act and through the creation of State Offices on Aging and Area Agencies on Aging.
2. The Local Level - At this level, configurations of relationships are negotiated (both formally and informally) between specific organizations or officials operating in the same context. A local interagency council is one example of a local level intervention.
3. The Personal Level - individuals operating at the local level will also establish their own sets of personal relationships with others who share their interests, concerns, or values. These relationships are often what allow the negotiated local relationships to occur.

At each of the these levels, the intensity of involvement can vary from simply finding out which networks already exist, to activating existing networks, to creating new networks, and finally to building formal network infrastructures. Each step requires a greater amount of effort. By combining the two dimensions, twelve different categories of network interventions can be identified, as shown in Figure 3.

"Network finding" requires the lowest intensity of involvement. At the personal level, this would involve identifying key individuals who already have something in common and making them aware of each other. Individuals are often constrained from searching for those who might become a part of their network by bureaucratic obstacles or the lack of opportunities to engage in the search. At the local level, intervention might take the form of problem identification or problem setting among a diverse group of agencies or individuals, each with his or her own perspective on a given situation. At the institutional level, one could begin to map the relationships between local configurations and some mandated institutional framework.

FIGURE 3: NETWORK INTERVENTIONS AT THE INSTITUTIONAL, LOCAL AND PERSONAL LEVELS

LEVEL INTENSITY	INSTITUTIONAL LEVEL	LOCAL LEVEL	PERSONAL LEVEL
NETWORK FINDING (Discovering Existing Networks)	Institutional appreciation	Problem setting	Providing access to information and ideas
ACTIVATING EXISTING NETWORKS	Link local officials to larger institutional networks	Role negotiation (Mediator)	Developing network skills (Coaching)
CREATING NEW NETWORKS	Creating informal peer groups for persons from different settings	Building coalitions around desired futures; Ad hoc work groups; Referral agreements	Bringing together individuals who don't get together (Broker)
DEVELOPING A NETWORK INFRASTRUCTURE	Creating formal links to institutional network organizations	Developing acceptable network organizations	Creating professional associations or other more formal means of getting together

"Activating existing networks" involves strengthening or clarifying the relationships among the members of an already identified network. At the personal level, this might entail helping individuals learn networking skills through formal training or informal "coaching" sessions. At the local level, it could involve a mediating or negotiating intervention among the members of a particular local configuration (for example, helping members of an interagency network clarify their expectations of each other). At the institutional level, there may be ways to more clearly link local configurations to the larger institutional frameworks with which they are related.

The next degree of involvement is in the "creation of new networks." Those with an understanding of networks will sometimes be in a position to see where new networks could be created either to fill a void or to help bring about a change in system performance. At the personal level, this could involve the bringing together of people who would not normally get together (that is, acting as a broker). At the local level, there may be attempts to form new voluntary coalitions, ad hoc working groups, or task forces. At the institutional level, interventions would be aimed at bringing together those from different local settings to begin shaping a new institutional framework.

The most intense level of involvement occurs in trying to develop "network infrastructure." Although much of networking is informal, there will be times when a more formal structure is desired for managing and maintaining network relationships. At the personal level, this could entail formalizing a professional or peer association. At the local level, it might involve the creation of "network organizations" which perform a regulatory function as well as supporting the further development of the network. At the institutional level, it could involve attempts to create formal supportive

relationships between institutional and local configurations.

### Issues in Designing and Managing Networks

The manager who wishes to use networking as part of the retrenchment activity needs to keep several things in mind. First, networking should be viewed in the context of the overall retrenchment process. Attempts to develop networks typically take place after the organization has already gone through some assessment of its strengths and weaknesses, some discussion about the core program that is desired in the future, and perhaps some initial cutback. Network initiatives also need to be coordinated with the managers' decisions about how much to disclose about the impending cuts, to whom disclosures can be made, and at what point in time.

Second, the designer of a network must consider a number of organizational details. These include:

- Degree of formality/informality. To what extent are relationships across agencies or groups to be defined through written agreements, contractual relationships or other formal mechanisms? Formal arrangements can help to clarify the relationships, but can also get in the way in cases where a more open or experimental atmosphere is desired.
- Membership. Will membership in the network be open to all who express an interest, or only offered to a pre-selected group? How clear should the boundaries be between who is a member and who is not?
- Sanction. Will the network have any authority over its members to bring about compliance with network objectives, or will all forms of participation be voluntary?
- Leadership/staff. Will leadership be fixed in any one individual or organization, or will it shift depending on the circumstances or the issue at hand? Will there be designated staff roles or functions, or will all members share the various responsibilities?

Finally, managers should realize that managing network relationships may require different skills and sensitivities than managing people in formal

organizational structures. Different types of behavior are necessary to make networks successful. Managers should be aware of these differences and be willing to experiment with their own managerial style. For instance, in formal organizations people act in relatively well-defined roles, whereas in networks they act more as themselves. In formal organizations, people often behave as if there were one "right way" to perform each task. In networks, they are more apt to be experimental and try various means for achieving a desired result. Finally, in formal organizations, activities tend to proceed according to a fixed schedule or blueprint, while in networks there is more of a tendency to create as the relationship progresses.

In attempting to create new networks and to formalize network structures, managers are especially likely to encounter resistances from those who do not understand or who feel threatened by the network initiative. Before embarking on any particular intervention, it would be advisable to think systematically about the various "stakeholders"\* and how they might react. For instance, the stakeholders can be separated into four categories, for instance, depending on their attitudes towards the initiative (whether they are perceived to be for or against it) and their ability to block its implementation. Figure 4 identifies the four stakeholder categories.

FIGURE 4: STAKEHOLDERS

		Ability to Affect Implementation	
		Powerful	Not Powerful
Attitudes Toward Initiative	For	Supporters	Sympathizers
	Against	Opposers	Non-supporters

Those who are in favor of the initiative and have enough power to help support it can be called "supporters." Those who are in favor but do not have the power to make a real difference are "sympathizers." The "opposers" are perceived to be opposed to the initiative and may have enough power to block or hinder implementation. Finally, the "non-supporters" are those who are perceived to be opposed, but who don't figure in any significant way in the chances for success. The manager or initiator is likely to have a different sense of urgency or priority with regard to each of the above types of stakeholders. For example, one strategy could be to concentrate first on the supporters to solidify their support. A different strategy would be to concentrate attention first on the opposers in order to test whether their opposition could be overcome.

The strategies for interacting with each type will also vary, as shown in Figure 5. An appropriate strategy for the Supporters is "coalition building" to increase and make visible the power behind the initiative. With the Sympathizers, the strategy is "empowerment," or helping them to acquire the skills, resources, or authority necessary to turn them into Supporters. In the case of the Opposers, the preferred strategy is to redefine or "reframe" the problem situation so that a new context is defined that both sides can support. Finally, in the case of the Non-supporters, the approach might be one of "cooptation", that is, inviting them into the leadership or policy-determining structure as a means of averting threats and possibly gaining their understanding.

FIGURE 5: STRATEGIES FOR MANAGING STAKEHOLDER RELATIONSHIPS

\*Stakeholders are those who are likely to be affected by a particular initiative or intervention, and thus have a stake in the possible outcomes.

FIGURE 5: STRATEGIES FOR MANAGING STAKEHOLDER RELATIONSHIPS

	Powerful	Not Powerful
For	Coalition building (Supporters)	Empowerment (Sympathizers)
Against	Reframing (Opposers)	Cooptation (Non-supporters)

Conclusions

Networking provides numerous ways to introduce variety and innovation into a setting and thus plays an important role in the developmental phases of retrenchment planning. Networks are always open to change and adaptation. This quality must often be weighed against the desire to formalize or institutionalize something once it has been tried and evaluated. Networks are usually best utilized in searching for new ideas and meanings and in providing a place for experimentation. Particular skills and understandings are necessary to manage these types of arrangements. Managers should also be alert for those times when certain activities that have been developed in a network should be formalized or brought back into the core in a more structured way.

Case Study #1 - A Coordinated Approach to Protective Services for the Aged

In the early 1970's, the Department of Health, Education, and Welfare (H.E.W.) funded a three-year project in Chicago involving six voluntary social service agencies and a county welfare department. The aim of the project was to demonstrate the viability of a coordinated approach to protective services for the aged.

The project established an office with a small central staff in a low-income neighborhood with a high proportion of elderly residents. The central staff received referrals from community organizations and social service agencies, and referred cases to workers from one of the participating project agencies who provided or arranged for specific services. The project paid for the central staff and for two workers each from five of the agencies. Two agencies declined the federal funds, but assigned one worker each to the project.

During the first half of the project, the seven agencies operated individually with little interaction. However, during the second half, the agency directors began to make decisions jointly. This led to a continuation project in which each agency agreed to contribute money to a central pool and to accept referrals for specified services for which they would be paid at negotiated rates.

An analysis of the project indicated that although the directors were initially disposed towards cooperation due to the turbulence and uncertainty of their environments, there was a strong tendency initially to continue to function autonomously. The commitment to cooperate came about much later, after the financial incentives became much greater and after a certain amount of interdependence had slowly been created through more limited and informal agreements.

## Case Study #2 - An Information and Referral Network

The Michigan Human Services NETWORK is a demonstration project to provide improved and coordinated information and referral services in the Detroit Metropolitan area and the Upper Peninsula of Michigan. It consists of a computerized, on-line system with computer terminals in 50 affiliate agencies which provide actual information and referral services to clients. The project began in 1974, and is based on a partnership arrangement among a number of key participants: federal agencies; state agencies; affiliate terminal agencies; service providers; and clients. There are over 4500 provider agencies listed in the provider file, offering over 20,000 programs and services. The file contains extensive information documented in Community Resource Surveys filled out by agencies who wish to participate.

The Human Services NETWORK is an organizational unit of the Michigan Department of Social Service. The unit has 68 staff positions organized into three divisions with the following responsibilities:

1. Information Services Division

- developing and maintaining provider file
- operating the NETWORK computer

2. Reporting Services Division

- data acquisition
- research and evaluation
- preparing district reports and planning analyses

3. Program Services Division

- public information
- training for I & R specialists
- liaisons to demonstration areas

### Case Study #3 - A Resource Exchange Network

Seymour Sarason has described at length a seven-year effort to develop an informal network of individuals whose purpose was to engage in the voluntary exchange of resources without any financial exchanges. The resource exchange network is based on a "barter economy" in which the stated concerns of any of the members are viewed as opportunities to mobilize and exchange resources in relation to other concerns that may appear unrelated on the surface.

The network is based in Westchester County, New York, and consists of individuals from a number of states. Many of them are affiliated with formal organizations and use the network to further organizational as well as personal objectives. But they participate in the network as individuals, not as official representatives of an agency.

The network operates through regular general meetings and smaller informal "meetings-between-meetings" around specific issues. A central ingredient is the "network coordinator" whose role is to facilitate exchanges by seeing connections among participants, inviting new members to meetings, and managing follow-up activities.

Sarason identifies three characteristics that are essential to a resource exchange network. The first is the role of an individual as small core group. The second is that prior to the emergence of the project, the leaders of core groups have been involved in a variety of formal and informal community networks. The third is that there must be an explicit redefinition of the participants as resources - they had to change their accustomed ways of viewing their capabilities and their contributions to each other.

Case Study #4 - Creating Learning Networks  
in Western New York State  
Legal Services Programs

During the first two days of a retrenchment workshop for legal services programs from western New York State, the following issues arose and were discussed:

- How could legal services staff quickly keep up-to-date on who had developed new areas of expertise within the region, especially when the areas of specialization were themselves changing?
- How could staff learn how to redefine themselves and each other as resources?
- How could staff learn to use each other more for advice and support in dealing with managerial issues as well as substantive legal issues (especially when, as one participant said, lawyers are not accustomed to asking for advice)?

On the final day of the workshop, a few of the participants got together to work on ways to address these issues through networking. They suggested having an event for the entire western New York State legal services community (all levels of staff) to identify areas for networking and to begin to establish learning networks. In order to prepare for the event, a task force will be established to act as a design team. A questionnaire will be sent out to all staff in the region to begin to get some ideas as to the areas where networking might be most beneficial.

The rationale for this type of activity was that with all of the changes taking place in the legal services field and the reduction in resources, people have to increase their abilities to learn from each other and explore innovative ways of delivering services. A number of potential payoffs were identified: 1) increased competence, 2) provision of psychological support and self-esteem, 3) more efficient use of remaining resources, and 4) moving legal services work forward through a redefinition of mission or purpose.