



EXECUTE
WORK
EFFICIENTLY

Deriving Global Cost Synergies through Informal Networks

CASE CONTEXT

A global manager looks to reduce costs and drive efficiencies across business units. She coaches her teams to work collaboratively and through the informal network to develop a new global procurement process, secure approval and get results.



FEMALE

Level: MANAGER OF MANAGERS

Industry: FOOD & BEVERAGE

HIGH-PERFORMING LEADERS LEVERAGE NETWORKS TO DO 5 THINGS

Based on 20 years of research in more than 300 organizations, we know that the quality of your professional relationship play a significant role in your success. We have extended this research to describe the way high-performing leaders leverage their networks to: Innovate, Execute, Scale, Thrive and Adapt.



Agnes spends her days thinking globally, but operating in local markets with diverse and dispersed teams. Working

for a global food and beverage company, she directs supply chain purchasing for all business units. Her role is to steer efficiencies within existing markets and support growth in new markets via efficient procurement. “We are all about costs in procurement, and we are unashamed about it. We’re not going to have quality go down or get some cheap stuff in, but we shouldn’t be spending a penny more than we absolutely have to.”

With that mindset and clarity, Agnes and her team began to rethink the systems for sourcing key ingredients to scale the purchasing process and gain cost synergies. “All of the sites have similar—but not the same—requirements. And they all buy from different suppliers at different times. And they have completely different volumes. Why should we work in a local way when we’ve got a supply base that would support us globally?”

Agnes and her teams routinely interact with the business unit leaders—“When we are functioning brilliantly as a procurement team, it’s when we work directly with our stakeholders”—but the formal corporate structure doesn’t encourage collaboration across those units. The question became, *How can we get the benefits of centralized procurement in a decentralized structure?*” One of the managers on Agnes’ team—who was new to the company—suggested beginning with a global purchasing plan for a single product. If they could get the system to work for one high-volume item, the process could be expanded.

The trick was to convince all the business unit stakeholders and then gain approval from the leadership of the parent company. The new manager ran the project, but Agnes had the relationships and knew the big picture. “We talked to treasury. We talked to planning for all the market data, the global factory managers, the supply chain managers.” The project leader set up teleconferences with all of the local procurement teams and site managers. “This is where there was kind of an informal to and fro. *Here are our options. Should we look at this or should we do it this way? Can we look at these suppliers?* This brought everybody into the conversation. We created a plan, we debated, we moved things around ... We were all in agreement so when we formally gave the recommendation, in actual fact it was almost a done deal.”

Unexpectedly, the formal proposal didn’t sail through, and Agnes and her team leader had to prepare for additional conversations and presentations.

“It was a bit of a surprise, but it made all the difference that the project had strong support from the business. Everybody said, *We agree with this*. This has absolute backing from local to site level to global level.” With a bit more effort, the proposal was approved and quickly implemented. Significant cost savings were realized and the process has been applied to sourcing of other goods. “It’s proved to be absolutely the right thing to do.”

Agnes also saw the project as a win for her teams, who are increasingly collaborating and connecting with peers and with other business leaders. The project was also an excellent developmental experience for her subordinate. “She’s extremely skilled and knows exactly what’s going on in her markets ... The challenge is how to navigate through the network. Our project helped her learn some of that and now she sees why I am coaching her to dial up on the networking and relationship building—knowing who can be a resource, who is influential, being able to ask for help from the right people.”

As she develops her team and drives execution through collaborative practices, Agnes pushes on several themes, including:

- Be curious beyond your local accountability. Think past the immediate need, scope or location. “Part of that is building the right network.”
- Place high value on joint objectives. It will improve output and boost team morale. “If people have joint objectives, then they work together.”
- Recognize and celebrate collaborative accomplishment. When teams or functions work hand-in-hand, celebrate the wins. “Collaborative success feels really good. When you encourage that, you can feel the teams working together in a really positive manner.”
- Leverage outside learning interactions and share with others. Invite others along to conferences or site visits. Or ask if there is information you can learn and bring back.
- Make space for exploratory interactions that increase awareness of capabilities in organization and are also fun. “People like freedom. So it’s good to sometimes be informal and not prescriptive and not objectives-oriented. Every minute does not have to be accounted for.”

Invest in Relationships Even When You Don’t See a Direct Outcome

One thing Agnes coaches her team to do is to invest in relationships to expand the scope of possibilities—even if there is no clear or immediate impact. She tells them, “My expectation of you is to get yourself involved in things that you may not see direct value in. You may not know whether or not these activities are going to bear any fruit.”

For example, she sent one manager to a company conference for a different division. “On the face of it, there’s no point for her to be there. But maybe some of these people will transfer over to her business in the future. Or she’ll know who to refer or connect to in that space later on.”

“That kind of encouragement is important: think beyond the immediate need, scope or location. Start building relationships even if you don’t see an outcome.”

Finding Work-Life Balance with Activities that Slingshot You into New Networks

Agnes’ travels and cross-time-zone collaboration take enormous amounts of time and attention. She gains a supportive, non-work network—and valuable perspective—through running. Busy leaders will benefit from Agnes’ story:

1. Explore your way into a new interest. Agnes avoided sports as kid, but wanted to improve her fitness. She tested the waters by running alone and then got her husband involved. Later, they joined a running club, which has given her a sense of community.
2. Join activities that allow you to “multi-task” by including family or friends. Agnes and her husband run together, sharing an interest when time together is at a premium.
3. Connect with a group. Participating in activities outside of work allow you to relate to others apart from the expectations of your role. “One of the things that I love is that the people in my running club don’t know what my job is. I’m just Agnes who does a 25-minute 5K.”
4. Allow room for emotions. Trying new things, taking risks, failing are emotional experiences. Letting yourself be unedited emotionally is freeing.
5. Apply your non-work perspective to your work reality. “I’ve taken a lot from what I’ve learned from the running community and brought it back into work with me.” A reminder that people are more than their jobs and the thrill of helping others succeed are two lessons learned.

ABOUT THE RESEARCH & ROB CROSS

Building on 20 years of research with more than 300 organizations, the Network Leader Research Project seeks to understand the approach and strategies that enable certain leaders to consistently achieve peak performance. The research includes 160 in-depth interviews conducted by Rob Cross, a Professor of Management at University of Virginia’s McIntire School of Commerce. The Connected Commons is currently focusing its research on leadership effectiveness, talent optimization and organizational alignment and change—three areas where network insights can clearly drive performance. For more information visit www.connectedcommons.com or email Rob at rlcrossjr@gmail.com.