



TenStep Supplemental Paper

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Networking

Entrepreneurs need to create alliances with people and organizations beyond the immediate confines of the ventures they set up. These links have the potential to define the success of their enterprise. It helps to know the right people in the right places. To do this, entrepreneurs need to establish effective networks that connect them to resources, markets, and expertise.

Personal Networks: An entrepreneur's personal network would include his immediate circle - family, friends, and co-workers. As the enterprise expands, so do the personal affiliations. Their personal networks would then encompass business partners, investors, customers, lending institutions, etc., whom the entrepreneur can turn to for help. Entrepreneurs could use some personal networks not for direct action, but as contacts that will provide access to information and/or resources.

Social Networks: Social networks are purposely developed and described as loosely connected affiliations within the community or industry. Successful entrepreneurs spend 20% of their time developing social networks that give them access to private investors and venture capital. They also help in locating facilities and finding employees with the requisite skills. Social networks can also be leveraged to gain intelligence on new technologies and competitors and access specific customer groups, like government agencies.

Without regard for personal characteristics and charisma, entrepreneurs with work experience related to their new ventures develop networks more quickly than those who enter unfamiliar fields. Developing personal and social networks requires a conscious effort by entrepreneurs and their team members. Their ability to attract quality human and material resources will influence how successfully they run their enterprises.