



Blueprint for Starting Business Networks: *A Strategy for Rural Community Economic Vitality*

Communication

Module III



“You can’t realize unless you are in this business, what a comfort it is to have this network out there – for whatever kind of information you need.”

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Communication

Objectives

- ◆ Show how communication in networks is necessary for the other network benefits.
- ◆ Provide an overview of techniques used by networks to facilitate member communication.

Introduction

The value of communication between network members is self evident. The benefits of network membership are realized only when members work together on public relations and other common interest projects or when they share resources and risks.

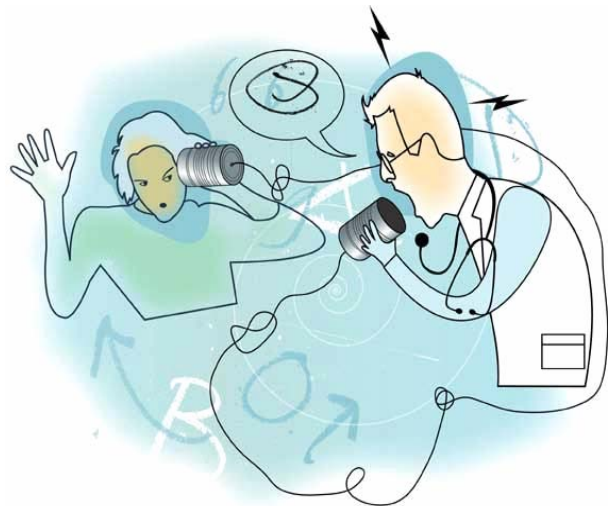


Members will engage in these enterprises only if they trust that others will not take advantage of them and that others will be willing to contribute time, energy, and resources to their common interest projects. Members learn to trust each other through interaction and communication. In addition to being a necessary condition for resource exchanges, communication is also an integral component of network survival. The four state business network study supports this conclusion (See Appendix IA for an overview of the study). In this study, we discovered that effective networks have members who communicate frequently with

each other. We determined the effectiveness of networks by asking members how satisfied they were with the association, whether they would be sad

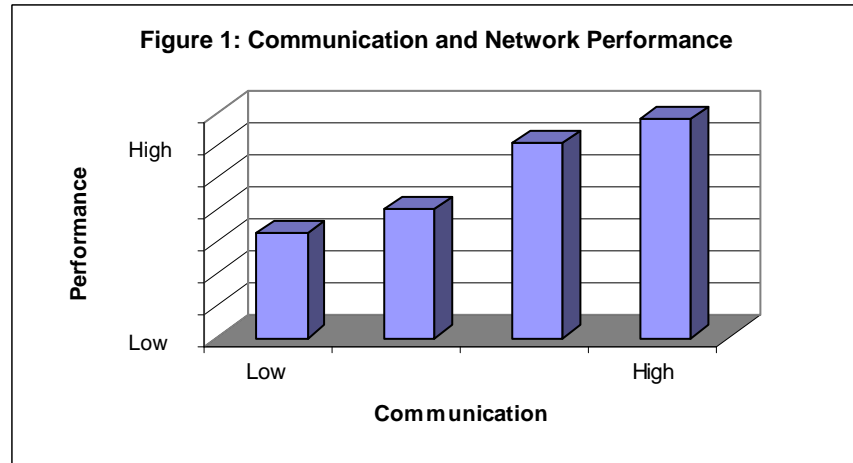
We refer to networks as formal organizations of businesses one of whose goals is facilitating business success.

to see it discontinued, their anticipated participation in the network in the next five years, and their opinion of the likely future of the network. As shown in Figure 1 on page III-2, members' assessment of their network's performance is strongly associated with the amount of communication (a combina-



tion of the frequency of use by members of all the methods of communication) occurring within the network.

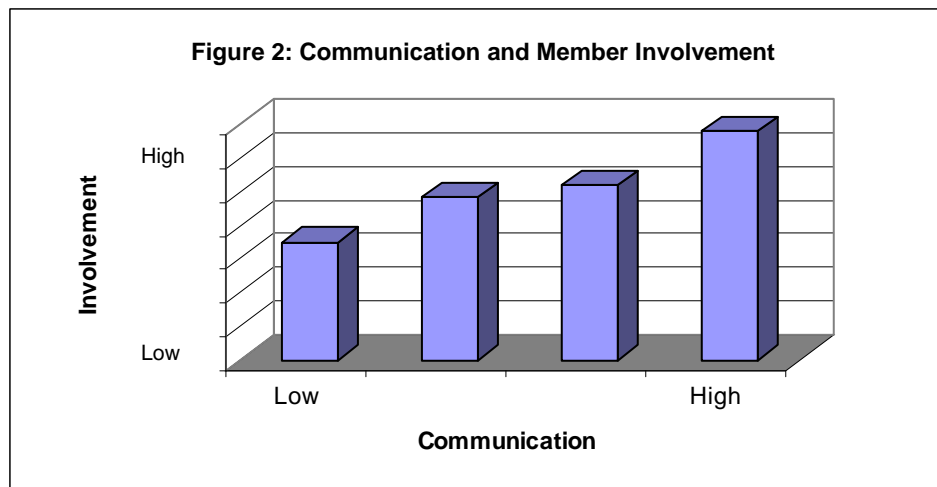
Another factor important to network performance is the amount of member involvement. In our study, we asked members to indicate their overall level of involvement in the association, whether they had been an officer or served on the board or committee of the network, and whether they had attended the last general meeting. We compared networks' overall score on involvement to the amount of communication in the network. The results are shown in Figure 2. It is clear from the graph that networks with greater communication also have greater member involvement.

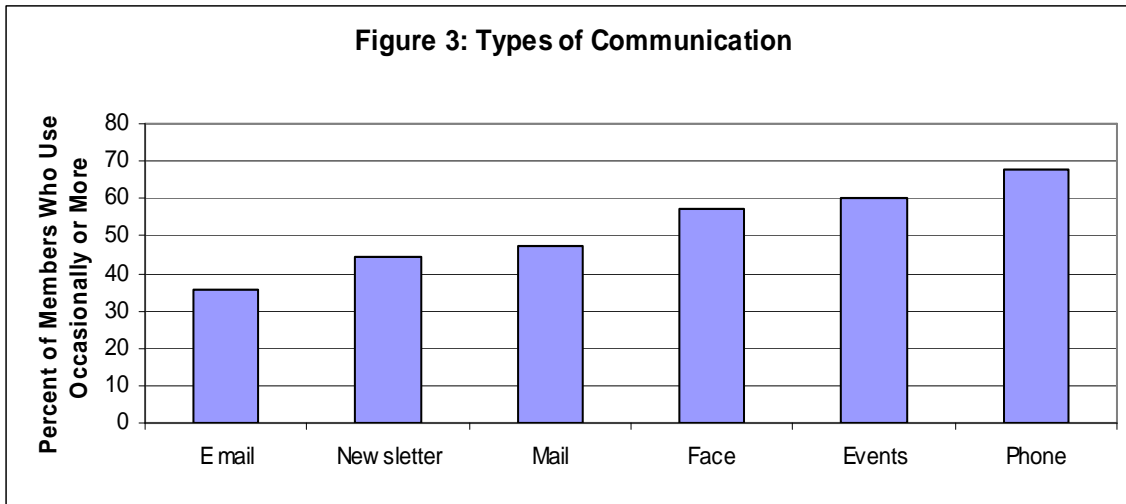


Methods of Communication

There are various mechanisms that network members can use to communicate with each other. In our study of business networks, we asked members how often they communicated with other network members (on a 5 point scale with 1 = never and 5 = very often) via newsletter, telephone, mail, internet, face to face at network sponsored events, and face to face interaction, but not at formal network events.

Figure 3 shows that the telephone is the most commonly used method of com-





munication among network members with face-to-face interaction at network events next. E-mail is used the least with about 36 percent of members using it to communicate with each other.

Resource Exchanges and Communication

High risk exchanges entail considerable danger of being taken advantage of by an opportunistic collaborator. Sharing equipment, raw materials, facilities, supplies, services, employees, and information about new techniques, suppliers, and customers are examples of potentially risky endeavors for businesses. Prior research and this study demonstrate that high risk resource exchanges require business collaborators who know each other on a first name basis and have some personal knowledge of each other.

In Table 1, the relationship of various kinds of communication and high and low risk resource exchanges is shown. Frequent face to face interaction at network events or other occasions and use of the mail to communicate are associated with more low risk exchanges. However, members in networks that have more high risk exchanges use all types of communication venues except e-mail. Apparently, e-mail does not help establish the trust necessary for high risk or low risk exchanges. Networks that experience the most beneficial kinds of exchanges among members utilize many communication mediums.

	High Risk	Low Risk
Newsletter	Yes	No
Telephone	Yes	No
Mail	Yes	Yes
E-mail	No	No
Network Events	Yes	Yes

Techniques to Encourage Communication in Business Networks

1. Look people in the eye and shake their hand

Face to face interaction is essential for establishing the trust necessary for high risk resource exchange. The module entitled “Encouraging Resource and Risk Exchanges” contains ideas about how to encourage face to face interaction between members.



2. Interaction once removed

Newsletters

Newsletters are a means of getting acquainted and sharing information and resources. Selecting a name, logo, format, and securing funding are action projects that will help members get acquainted and create a sense of shared vision for network members.

- ◆ Items to include in the newsletter:
 - ✓ Business tips
 - ✓ Cameos of members (business and personal information)
 - ✓ Technology, market, and legislative updates
 - ✓ Opportunities for buying and selling
 - ✓ Association news
 - ✓ Photographs
- ◆ Funding possibilities:
 - ✓ Advertising
 - ✓ Member dues
 - ✓ Finance with network revenue
- ◆ Paper vs. electronic
- ◆ Publisher/editor/writer responsibilities:
 - ✓ Rotate responsibility among members
This has the benefit of sharing the burden of writing and editing the newsletter among many people. The drawback is that not all members are sufficiently skilled or organized to produce a high quality newsletter.
 - ✓ Pay a member who has the commitment and skills to publish a high quality newsletter.
 - ✓ Provide subscription credit for members who contribute tips, cameos, photos
 - ✓ Contract with high school or college journalism, public relations, or marketing clubs or a free lance writer to write and publish the newsletter.



Supporting Materials

Newsletter template and examples and a list of publisher software programs and how to obtain them – Appendix III-A.