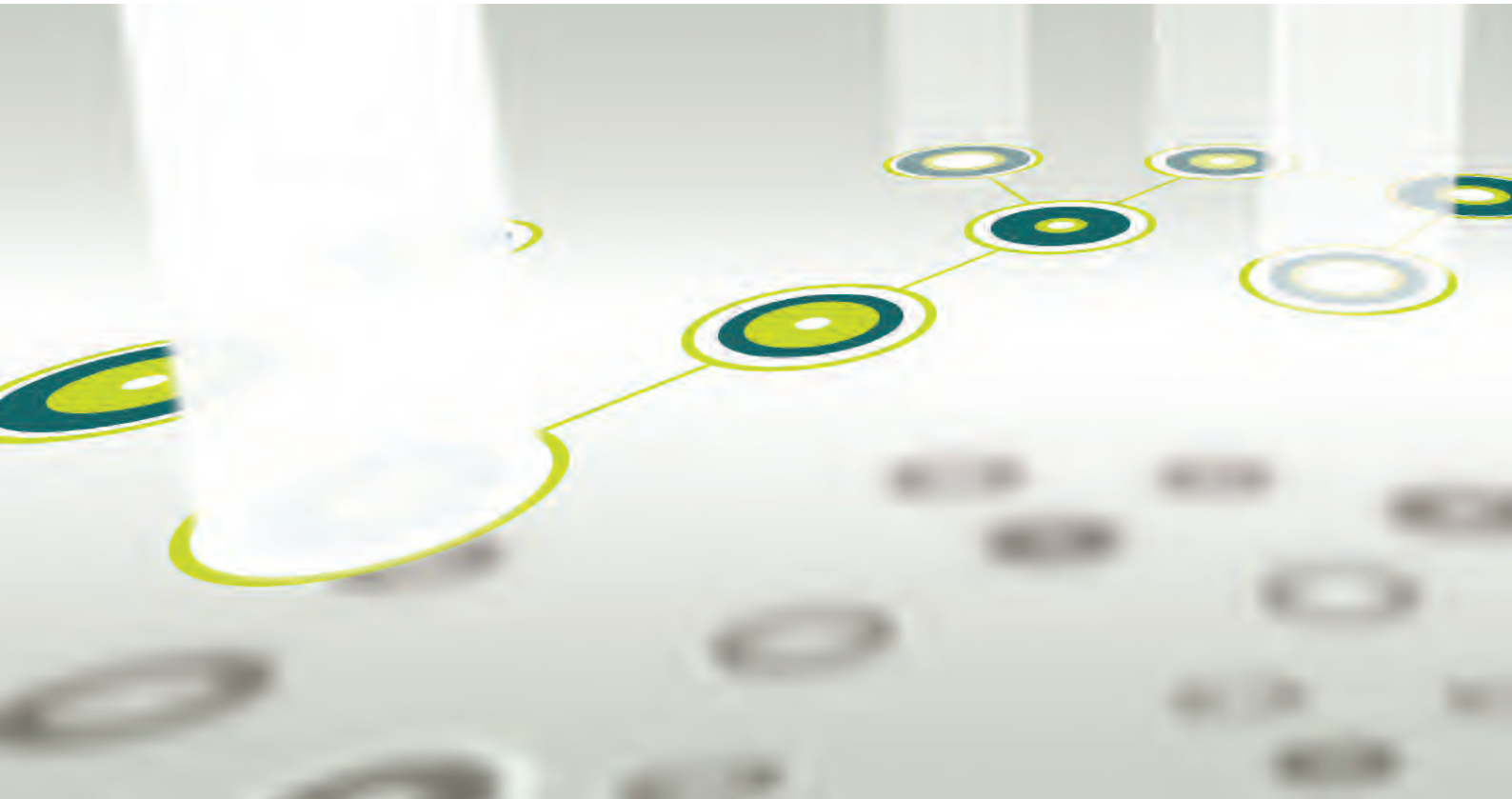


# Corporate Alumni Networks: Leveraging Intangible Assets



## Results and Findings

Think Tank > Panel & Discussion > White Paper

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For more information, please contact First Tuesday Zurich by email at: [info@firsttuesdayzurich.ch](mailto:info@firsttuesdayzurich.ch)

design: [andrianameyer@bluewin.ch](mailto:andrianameyer@bluewin.ch)

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## Contents

Who's Who - Forum Production	1
Executive Summary	2
Foreword	7
The Thought Leaders	11
Why Alumni Networks? And Why Now? Susan Kish, CEO, First Tuesday Zurich: "Corporate Alumni Networks: Leveraging Intangible Assets"	21
Thought Leaders' Group Work: What's Your Networking Profile?	25
Thought Burst: The State of the Art Chris Gopsill, Executive Producer, First Tuesday Zurich: "Benchmarking Study Results"	30
Thought Leaders' Group Work: Brainstorming the Benefits	36
Thought Burst: Two Perspectives on Value a. Beyond HR: Managing Competencies in Collaborative Networks Christian Kruse, University of Zurich: "Networked Collaboration - Collaborative Networking" b. Developing the Core Value Proposition Cem Sertoglu, Managing Director, SP Ventures: "Innovation Through Alumni Networks"	42
Thought Leaders' Group Work: Recommendations for Effective Models	55
Thought Burst: Diversity and Innovation in Networks Eleanor Tabi Haller-Jorden, General Manager, Catalyst Europe AG: "Women Working Together: What Networks Can Do for Women and the Workplace"	63
Thought Leaders' Group Work: "Dialogue To Be Continued"	68
Forum Producers	70
Appendix: The Status of Corporate Alumni Networks - Complete benchmark study	72

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# › Who's Who - Forum Production

## Host

Bill Liao, *Co-Founder*, XING, Open Business Club

## Facilitator

Susan Kish, *CEO*, First Tuesday Zurich - a XING company

## Director

Chris Gopsill, *Executive Producer*, First Tuesday Zurich - a XING company

## Thought Burst Speakers

Chris Gopsill, *Executive Producer*, First Tuesday Zurich - a XING company

Christian Kruse, *Project Leader*, Swiss Banking Institute, Zurich University

Cem Sertoglu, *Managing Director*, SP Ventures

Eleanor Tabi Haller-Jorden, *General Manager*, Catalyst Europe AG



## Table Hosts / Scribes

Rolf von Behrens, XING, openBC

Stephanie Busch, XING, openBC

Dagmar Muth, XING, openBC

Lauren Ohm, IBM

Anju Rupal, Finaxis AG

Maria Sipka, XING, openBC

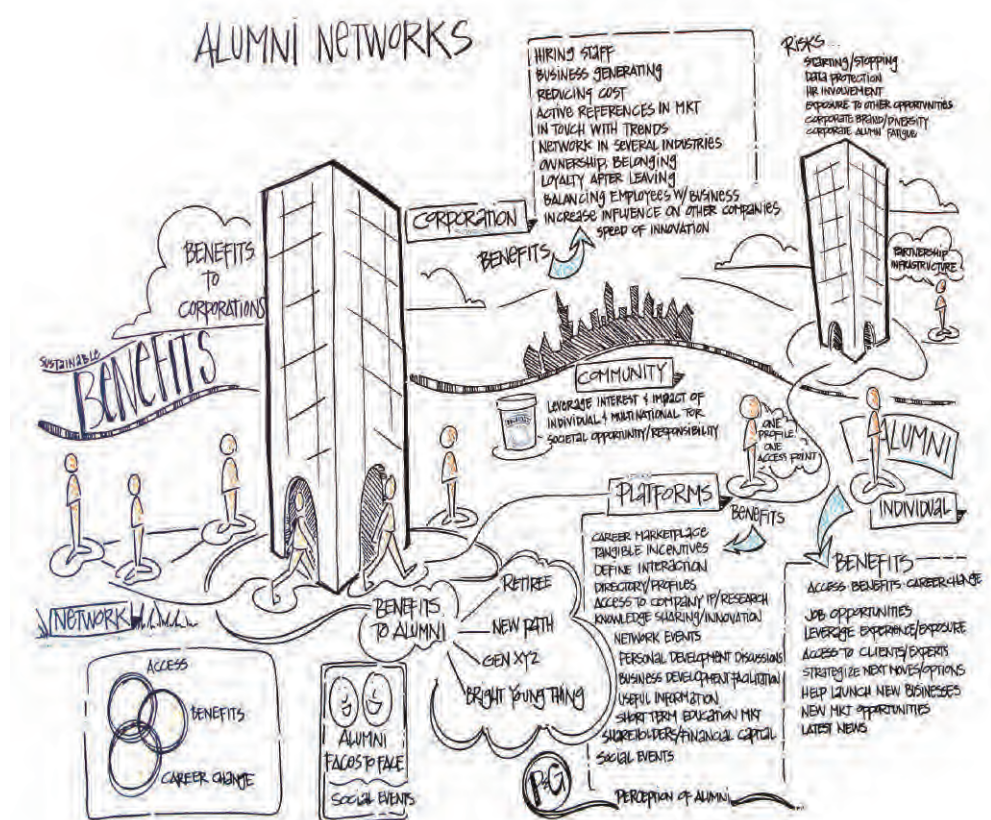
Sarik Weber, XING, openBC

## ➤ Executive Summary

This white paper reports on the proceedings and findings of a think tank on the subject of “Corporate Alumni Networks”

## Executive Summary

This white paper reports on the proceedings and findings of a think tank on the subject of "Corporate Alumni Networks: Leveraging Intangible Assets," hosted by XING, openBC on August 29th 2006 at the Gottlieb Duttweiler Institute (GDI), in Rüschlikon, Zurich. Readers will find succinct accounts of benchmark research, presentations by experts in the field, and the collective wisdom generated by the dialogue of Thought Leaders addressing key issues, benefits, risks, and critical success factors.



For many years, recognition of the advantages of alumni networks has been restricted to educational institutions and professional services firms. Recently, however, several large-scale trends - increasing globalization, the "war for talent", changing approaches to work and employment relationships and the ubiquitous adoption of enabling technologies - have encouraged many companies across all sectors to proceed with major initiatives to harvest their intangible assets.

The Think Tank brought together eighteen Thought Leaders: senior executives from a variety of functions and backgrounds in leading companies and universities around the world. The warm-up group exercise profiled the Thought Leaders against Malcolm Gladwell's three main types of network influencer: Super Spreaders, Mavens and Connectors and assessed their current involvement in different types of alumni organisation.

The first Thought Burst by Chris Gopsill, Executive Producer at First Tuesday Zurich, presented the results of a benchmarking study into the status and experiences of alumni organisations in 15 leading multinational companies. The analysis covered all three major types of alumni initiative: independent "grassroots" associations, company-supported grassroots associations and company-run associations. The survey examined operational aspects of successful programs, such as justification and business case, technologies used, governance models and staffing levels. It also reported on membership criteria along with critical success factors including board level support, long-term commitment and clearly defined benefits for both the company and alumni. The potential benefits for both parties formed the main body of the findings, with 14 potential benefits analysed in depth from both perspectives. For alumni, the top benefits were connection to the company, contact with former employees, knowledge and social events. Several other potential benefits were also considered important, including job and new business opportunities, innovation and special interest forums. From the company perspective twelve benefits scored in the top half of the importance ranking, with the leading advantages being new business, contribution to marketing and public relations, recruitment, knowledge and insights.

Following this current status assessment, the Thought Leaders pooled their collective wisdom about the value of corporate alumni networks from three perspectives: the sponsoring company, the participating alumni and an alumni program service provider. From the company perspective, the benefits were subsequently grouped into five broad categories: talent management, corporate employee culture, new business creation, knowledge, innovation and brand value. From the alumni perspective, the corresponding categories were identified as jobs and careers, professional development, new business ventures, new social ventures and personal networking. The third group (Alumni platform providers) ranked their findings against 3 criteria: benefits to the company, benefits to the alumni and ease of implementation. The entire top ten list scored high for benefits to alumni, while showing a range of impacts on the company. Combining the perspective of "ease of implementation" the highest ranking suggestions were directories and profiles, career market place, network events, useful information and personalisation.



The second Thought Burst, by Christian Kruse, from the University of Zurich, took the participants into a realm “Beyond HR: Managing Competencies in Collaborative Networks”. He highlighted that although network theory is a new and explosive field, it has already created an extended family of research programs. His own research, in cooperation with the Swiss Banking Institute, seeks to explain how the networks that do exist actually work, and to develop diagnostics and methods for optimizing value.



These networks are increasingly recognized as not exceptional but the normative channels of key business processes. The problem is that these channels tend to run not in sync with, but across and often counter to the functional lines of official organisation charts. The development of alumni systems should be seen as an important part of the management of professional competencies and their interrelations. Kruse accordingly envisions extending the list of core corporate assets to include not just the familiar concept of financial and human capital, but also social and relational capital. Traditional measures of potential performance levels – such as education, skills, training, and benchmarking against standard practices – need to be supplemented and aligned with “social and methodological competencies” that address behavioural patterns, which may change significantly from one context to another. Social networks are rarely “greenfield” or standalone constructs, and their potential may be either enabled or constrained by the existing structures they inhabit. Kruse noted that even flexible, multi-disciplinary teams can, over time, develop their own inward focus and become exclusive, protective, and resistant to change.

The afternoon session was opened by Cem Sertoglu, Managing Director, SP Ventures who explored “Innovation through Alumni Networks”. According to Sertoglu, the core value proposition, from the corporate point of view, turns on the recruitment of talent (increasing efficiency and reducing costs while enhancing quality) and the generation of new business (increasing revenues). Both can be achieved by managing the full life cycle of employee relationships. Sertoglu made this point with a compelling analogy with customer relationship management (CRM) and the need to maintain high affinity levels with former employees.

For a Global 500 Company, Sertoglu estimates that each 1% increase in a company's rehire rate will yield \$1.25 million in annual cost savings. Typical rehire rates in companies that have no focused program for that purpose are about 3-4%; a focused alumni program could double that rate.

Sertoglu continued to analyse the financial benefits of rehire programs and new business generation. In conclusion, he pointed out important trends for the future: Alumni networks are becoming more inclusive of diverse membership segments and are cultivating opportunities for sub-networks based on a diverse range of

affinities. Quote box: For a Global 500 Company, Sertoglu estimates that each 1% increase in a company's rehire rate will yield \$1.25 million in annual cost savings. Typical rehire rates in companies that have no focused program for that purpose are about 3-4%; a focused alumni program could double that rate.

In the second main group exercise, the Thought Leaders were divided into three groups, and asked to design a corporate alumni program for a large professional financial services firm, a manufacturing company and a private university. There were, as expected, many similarities between the 3 proposed programs, so the following table summarises the major distinguishing characteristics between each category:

#### *Highlights of Corporate Alumni Program Components by Organization Type*

*Results from "Thought Leader's Group Work: Recommendations for Effective Models"*

Organization Type			
Design Components	Financial Services	Manufacturing	University
Purpose	• Talent management	• Knowledge management	• Fundraising
Type	• Hybrid: corporate initiated core program promoting member-activated affinities	• Hybrid: grassroots initiatives receiving corporate support and coordination	• Hybrid: independent association, but very integrated with corporate governance
Membership / Segmentation	• Selective: by invitation in phases; "viral" extension • "Relationship-driven" groups (e.g., by tenure, seniority, gender)	• Federation model • Local organizations • "Natural" divisions by job, role (R&D, blue collar, etc.)	• Very open; graduation year "classes" • Corporate advisory committees (by election)
Challenges	• Personalization • Information overflow • Reaching critical mass	• "One size doesn't fit all." • Access to technology • Cultural mindset/ corporate bonding	• Culture (Europe vs. U.S.) • Lack of practical motivation • "Emotionality"
Key Features	• Jobs market • Career services	• Knowledge portal • Offline events	• Prestige events • Publications, newsletters
Performance Measures	• Usage and feedback • New business and cross-selling	• Retention and rehire rates • On-boarding and training costs	• Fundraising • Participation • Placement of graduates

The final working session on the topic of “diversity and innovation in networks”, was initiated with a Thought Burst by Eleanor Tabi Haller-Jorden who is General Manager of Catalyst Europe. Her topic “Women Working Together: What Networks Can Do for Women and the Workplace” identified a growing interest in alumni networks as part of a larger cultural shift in our understanding of what it means to be an employee, which so often intersects with the cultural issues around women in the workplace. Despite significant progress, women still face all too familiar barriers to their careers: stereotypes and inhospitable cultures often exclude them from influential networks and positions of power; they are often held to higher performance standards, and yet are faulted on matters of style. Catalyst research confirms that women still perceive that they are held back by lack of experience, awareness of organizational politics, and a lack of role models. Haller-Jorden examined the expressive or emotive aspects (social, sharing, supporting) of corporate networks in contrast to the more common instrumental aspects (economic, exchanging, enabling). She also reported on the benefits of a more complete and flexible understanding of the employer / employee relationship life cycle, starting already from initial discussion between parties prior to recruitment and positioning the company as “employer of choice”, particularly for women as they progress through various stages of life and career.

In conclusion, alumni networks were seen as:

a key potential driver of competitive advantage for employers

a rich untapped source of innovation, human talent and business relationships

still emergent (in most sectors) and hence demanding clear management focus



## ➤ Foreword

“Readers will find succinct accounts of benchmark research, presentations by experts in the field, and the collective wisdom generated by the dialogue of Thought Leaders addressing key issues, trends, benefits, risks, and critical success factors.”

## » Foreword

This white paper reports on the proceedings and findings of a think tank on the subject of "Corporate Alumni Networks: Leveraging Intangible Assets," which was held on 29 August 2006 at The Gottlieb Duttweiler Institute (GDI), in Rüschlikon, Zurich. The paper serves as both an executive summary of the event and an independent management brief on an important emerging subject. Readers will find succinct accounts of benchmark research, presentations by experts in the field, and the collective wisdom generated by the dialogue of Thought Leaders addressing key issues, trends, benefits, risks, and critical success factors.

### **First Tuesday Zurich**

First Tuesday Zurich - a XING, openBC company - is an independent Think Tank focused on enabling strategic dialogue amongst key players at the intersection of business, policy, and technological innovation.

First Tuesday Zurich's unique methodology for Thought Leadership Think Tanks builds upon scenario planning, conversational methods, workshop structures, and facilitation and visual techniques. It leverages the power of different perspectives and experiences to develop new insights into the complex and evolving issues of today - and tomorrow - and to generate actionable results.

XING, openBC is the world's largest truly global online community for professional networking. More than 1.5 million networkers around the globe use XING, openBC to deepen their professional relationships across all industries and expand their network around the world - united by the 16 languages available on XING, openBC.

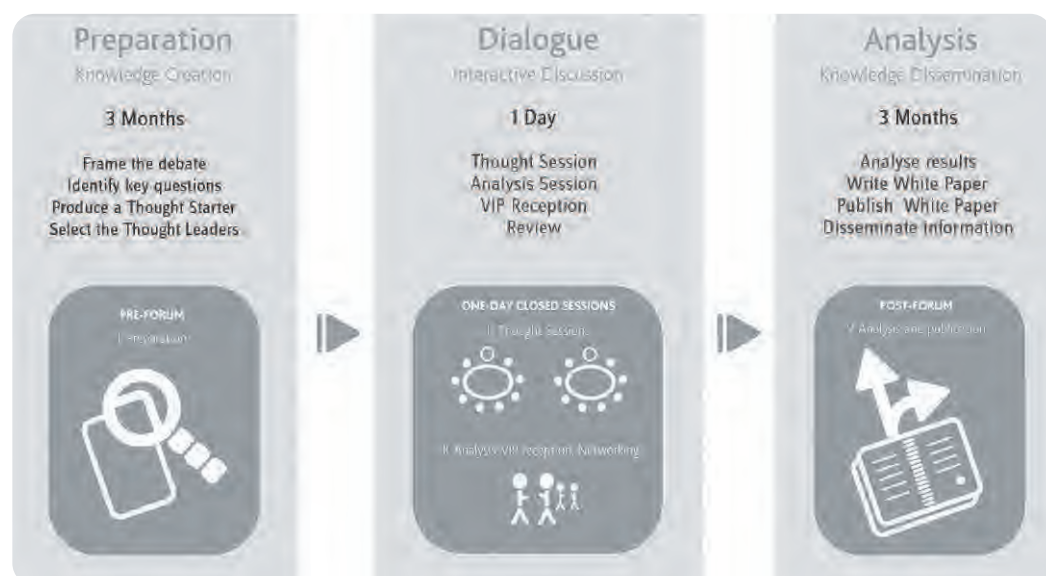
### **The Topic**

For many years, recognition of the advantages of alumni networks has for the most part been restricted to educational institutions and professional services firms. Recently, however, several large-scale trends - increasing globalization, the "war for talent," the search for innovation from multiple sources, the emergence of adaptive enterprises, and the ubiquitous adoption of enabling technologies - have encouraged many companies across all sectors to proceed with major initiatives to harvest their intangible assets.

But the value of alumni networks, and how to make it more tangible, are subjects still not widely understood. What are the benefits – and the risks – of deploying these networks? What is their core value proposition? How can their outcomes be measured and managed? What are their critical success factors? These and many related questions were posed to and by First Tuesday Zurich's Thought Leaders for collaborative consideration. Their responses (including both tentative answers and further questions) offer a rich representation of the most current thinking on this important subject.

### The Format

The think tank is one of many platforms and services that First Tuesday Zurich offers to communicate trends and drive industry change. It is based on the philosophy presented by James Surowiecki that “under the right circumstances, crowds are remarkably intelligent, and are often smarter than the smartest people in them.” Groups of people or “crowds” provide diversity of perspective that enhances the richness of the dialogue and the power of decision-making.



The Dialogues are typically preceded by up to three months of preparation that includes primary and secondary research to frame the issues, identification of key questions, and the selection of participants. The Dialogue session offer multiple platforms for one-to-one, one-to-many, and many-to-many exchanges of ideas, as well as opportunities for social networking. Following the dialogues, First Tuesday Zurich supports continuing interaction by processing the dialogue 's output, developing analysis and commentary, disseminating publications, and facilitating online interaction through blogs and other media.

The think tank on Corporate Alumni Networks gathered 18 strategic thinkers holding influential positions at both major multinational corporations (including IBM, ING, Microsoft, Holcim, Accenture, McKinsey & Co.) and entrepreneurial ventures. Following stage-setting and trend-setting remarks from First Tuesday Zurich CEO Susan Kish, the one-day program was organized around four speakers: Chris Gopsill of First Tuesday Zurich on research findings; Christian Kruse of ETH on a conceptual framework for network analysis; Cem Sertoglu, former CEO of Select Minds, on the core business case; and Eleanor Tabi Haller-Jorden of Catalyst on alumni networks within the context of other corporate social networks. Leading into and playing off these segments, the Thought Leaders engaged in structured interactive group work - including self-profiling, brainstorming, and designing model networks - that elicited responses to and extensions of the presenters' material.

All participants were equipped with laptops and groupware to facilitate the group work. Audio recording, later transcribed, captured the dialogue. Chatham House Rules applied to ensure that attribution of all views expressed at the forum, with the exception of the formal presenters' content, would remain confidential.

### **The Results**

The results of the think tank including the benchmark study, Thought Bursts and results of the interactive group work can all be found in subsequent pages of this white paper.

### Special Thanks

First Tuesday would like to thank our Partners at XING, openBC for their generous support of this think tank. We would also like to thank the Thought Leaders, for their time and collective expertise in enabling us to unleash the "Wisdom of the Crowds". Special thanks go to our Thought Burst Presenters for providing challenging and inspirational interludes (Christian Kruse, Cem Sertoglu and Eleanor Tabi Haller-Jorden)

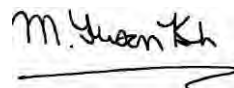
Last but not least, we would like to thank our table facilitators and scribes (Rolf von Behrens, Stephanie Busch, Dagmar Muth, Lauren Ohm, Anju Rupal, Maria Sipka and Sarik Weber) who helped guide the table discussions throughout the day.

Sincerely



Chris Gopsill  
Executive Producer  
First Tuesday Zurich

[www.xing.com/profile/Chris\\_Gopsill](http://www.xing.com/profile/Chris_Gopsill)



Susan Kish  
CEO  
First Tuesday Zurich

[www.xing.com/profile/Susan\\_Kish/](http://www.xing.com/profile/Susan_Kish/)



# ➤ Thought Leaders

## » Thought Leaders

Tim A. Ackermann	<i>Senior Recruitment Manager, Microsoft</i>
Peter Berggren	<i>Partner, Accenture</i>
Peter O. Brunner	<i>CEO, ETH Alumni Organisation</i>
Roman Büschgens	<i>Manager Alumni Program, McKinsey &amp; Company</i>
Richard Crombach	<i>Branch Manager, ING Zürich</i>
Eleanor Tabi Haller-Jorden	<i>General Manager, Catalyst Europe AG</i>
Stefan Kaiser	<i>Chief Editor GDI-IMPULS, Gottlieb Duttweiler Institute</i>
Christian Kruse	<i>Project Leader, Swiss Banking Institute, University of Zurich</i>
Bill Liao	<i>Co-Founder, XING, Open Business Club</i>
Yann Mauchamp	<i>Partner France, Result Strategy</i>
Matthias Mölleney	<i>Owner, peopleXpert GmbH</i>
Bettina Pospich-Kahlau	<i>Executive Assistant to General Manager, IBM Germany</i>
Erhard Rüttimann	<i>CEO &amp; Member of the Board, Communication Partners AG</i>
Ralph Schonenbach	<i>CEO, Trestle Group</i>
Cem Sertoglu	<i>Managing Director, SP Ventures</i>
Jay Subrahmonia	<i>Director, Advanced Customer Solutions, IBM</i>
Flooris van der Walt	<i>Head HR Business Support, Holcim Group support ltd.</i>
Axel Wedler	<i>Leader in Business and Performance consulting, IBM GBS</i>



**Tim A. Ackermann**  
*Senior Recruitment Manager, Microsoft*

Since November 2005 Tim Ackermann is in the newly created function of Senior Recruitment Manager at Microsoft Germany. His main strategic focus is on optimizing and standardizing the recruiting processes, tools and systems at each level of the organization. This includes the management of Human Resources Third Parties as well as the strengthening and re-invention of the Microsoft employer brand.

Prior to Microsoft Tim was Vice President Human Resources with Deutsche Bank in Frankfurt and London, heading the German and European Graduate Recruitment for its IT-, Operations- and HR-Functions. Before moving to Deutsche Bank he worked in a generalist role in Dresdner Bank's central HR Staff.

Tim is actively involved in the standardization of the European higher education (Bologna-Process). He is an experienced public speaker and writer on topics such as academic and labour market developments.

Tim graduated from the University of Bielefeld and is about to move from Frankfurt to Munich.

[www.xing.com/profile/TimA\\_Ackermann](http://www.xing.com/profile/TimA_Ackermann)



**Peter Berggren,**  
*Partner, Accenture*

As partner of Accenture GmbH, Peter Berggren is responsible for the Energy Division together with accounts in the Metal Division and supporting acquisition in the Automotive Division. He is also responsible for the Accenture Alumni-Program in Austria, Switzerland and Germany. Prior to this, Peter held the position of senior manager of the "Energy & Natural Resources" Division (ENR) for four years.

Before Peter started at Accenture GmbH in 2001, he was employed at Arthur D. Little Inc. in Munich for four years, most recently as a Senior Manager in Operations-Management, focusing on strategy, cost reduction and post-merger projects. He also focussed on employment recruitment and development. Prior to Arthur D. Little Inc., Peter was at Volkswagen AG in Wolfsburg for more than four years.

Peter has more than ten years experience in consulting, operations management and sales management, with a strong international focus.

Peter graduated from Göteborg University, Sweden and lives now in Oberursel in Germany, and is married with two children.

[www.xing.com/profile/Peter\\_Berggren](http://www.xing.com/profile/Peter_Berggren)



**Peter O. Brunner**  
*CEO, ETH Alumni Organisation*

Peter Brunner joined the ETH Alumni Association four years ago. The Association is an independent non-profit organisation. Peter developed this organisation of 13'000 members and four times as many non members into a well structured and powerful Alumni Association which is dedicated to build Alumni Relations, Career Services and Fund Raising for the ETH Zurich.

Peter has 20 years industry experience prior to joining the ETH Alumni organisation. His final role was department manager for a company which specialises in the development, production and sales of Magnetic Resonance Imaging equipment. He has also been responsible for market development, mainly in Asia, where he has significantly increased turnover. Peter has held roles as an executive board member and Global Vice President for Sales and Marketing of a telecom company. He is also Vice President of swissT.net, a Swiss Association of 400 companies in the technological field.

Peter graduated at ETH Zurich in Physical Chemistry and completed his PhD in 1981.

[www.xing.com/profile/Peter\\_Brunner11](http://www.xing.com/profile/Peter_Brunner11)



**Roman Büschgens**  
*Manager Alumni Program, McKinsey & Company.*

Starting in 2000, Roman Büschgens has led the establishment and growth of the Alumni program for McKinsey Germany. Since 2005, he has been the focal point for all questions from alumni, partners and consultants. In this role he reports to the Office Manager and a McKinsey partner.

As a member of the communications department his responsibilities include maintenance and development of the Alumni website, as well as the entire web presence of McKinsey Germany.

Before joining McKinsey, Roman worked for a number of journals and newspapers. Roman has a degree in Media Studies. He is married and lives in Dusseldorf.

[www.xing.com/profile/Roman\\_Bueschgens](http://www.xing.com/profile/Roman_Bueschgens)



**Richard Crombach**  
*Branch Manager, ING Zurich*

Richard Crombach is currently the Branch Manager for ING Zurich, with particular focus on Dutch and Central Eastern European clients. Prior to this position he held various roles in ING / IBN including Director Institutional Business Development, ING Investment Management Europe, Manager Charity (Wealth Transfer) ING Investment Management, Assistant to Director Private Banking, Director Private Banking IBN District North & Middle Limburg and Senior Manager Asset Management.

Richard began his career as Advisor Asset Management/ Savings Rabobank in Tilburg.

Richard holds a degree in Strategic Marketing from HEAO-CE. He lives in Zurich and enjoys sailing, skiing, jogging and playing tennis.



**Eleanor Tabi Haller-Jorden**  
*General Manager, Catalyst Europe AG*

Eleanor Tabi Haller-Jorden is responsible for developing Catalyst's memberships and partnerships in Europe and addressing the global diversity needs of the existing European Catalyst members. She is also a former Vice President of the Catalyst Advisory Services division.

Before joining Catalyst, Tabi served as Managing Director of the Paradigm Group, an international human resources research and consulting organization specializing in corporate change, performance management, business coaching and cross-cultural diversity.

Ms. Haller-Jorden's experience ranges from planning and consulting at JP Morgan to founding and directing the Public Policy Center in Philadelphia. Tabi is also a frequent presenter at IMD in Lausanne, The University of St. Gallen, The London School of Economics and Columbia University and has authored several publications including the book Air Quality, Transportation and You. Ms. Haller-Jorden attended Princeton University as an advanced standing scholar and Bryn Mawr College where she earned her A.B. magna cum laude in history and received the Helen Taft Manning Prize in History. Haller-Jorden earned her MSc from the London School of Economics.

[www.xing.com/profile/Eleanor\\_hallerjorden](http://www.xing.com/profile/Eleanor_hallerjorden)



**Stefan Kaiser**  
*Chief Editor GDI-IMPULS, GDI*

Stefan Kaiser is Chief Editor of GDI Impuls, a thought-provoking quarterly journal for decision makers and strategic thinkers, and also works for Gottlieb Duttweiler Institute's research department. In this role he analyses future-relevant trends at the intersection of economy and society with a special focus on social change, marketing and media. He is also author of several GDI studies, such as the Radical Trends Guide.

Before joining the GDI, Stefan worked in the film industry as writer-director of commercials and industrial films for blue chip clients. Later he made contributions to Swiss National TV. His feature «Totentanz» (1989) was rewarded with the Basle film prize.

Stefan studied philosophy, semiotics and film directing in Basle, Berlin and New York and holds a degree with summa cum laude.



**Christian Kruse**  
*Project Leader, Swiss Banking Institute, Zurich University.*

Christian is currently responsible for the research program Swiss Financial Centre Watch at the University of Zurich and the ETH Zurich.

Christian has worked for many years as an academic in basic and applied research and as a consultant on future strategies of financial service and technology companies. He has a strong background in knowledge flows and collaborative networking of financial intermediaries, competence management in Asset Management and Investment Banking. In his research he focuses on the evolutionary development of business networks and social network analysis of financial intermediaries.

Christian is also specialised in planning, executing and documenting Thought Leadership Think Tanks using scenario planning and information visualisation techniques.

He studied at the University of Frankfurt, the Swiss Federal Institute of Technology in Zurich and at the University of Zurich. Christian holds a Doctor of Science from the Swiss Federal Institute of Technology (ETH). He lives with his family in Männedorf, Switzerland.

[www.xing.com/profile/Christian\\_Kruse](http://www.xing.com/profile/Christian_Kruse)



**Bill Liao**  
*Co-Founder XING, Open Business Club*

Bill has been an entrepreneur since the late 80's and has founded several successful businesses, the largest being Davnet Limited a listed and fully licensed telecommunications carrier where Bill was co-founder and served on the Board as Director of Operations.

Bill began his international career working for Canon where he gained experience with the Japanese language and culture. After Davnet he moved to Switzerland in the late 90's as an 'investorpreneur' working with hedge funds and early stage private equity while exploring opportunities for business cooperation between Asia and Europe. Here he connected with Lars Hinrichs and XING, openBC in part to fulfil the vision of bringing together European and Asian businesses.

Bill is a member of the EO (Entrepreneurs' Organization), a public speaker and has an international network of high-level contacts which he is always happy to share and expand. Bill is a Chinese Australian brought up speaking English and Chinese in Melbourne.

[www.xing.com/profile/Bill\\_Liao/](http://www.xing.com/profile/Bill_Liao/)



**Yann Mauchamp**  
*Partner France, Result Strategy*

Yann is Partner France, Result Strategy and Country Manager of XING, openBC (business networking) in France since 2004. He also recently launched the French operation of FON (WiFi sharing community). Yann has been an internet entrepreneur & strategic advisor to high-tech companies for the last 15 years. Yann works very closely with innovative leaders of tomorrow (internet, media). His networking activities, community management expertise and knowledge of disruption marketing make him a frequent advisor and public speaker on Internet 2.0 topics.

Yann has developed businesses such as Club-Internet (ISP sold to T-Online), Studio Grolier, web agency and NewsAlert, a NY-based content aggregator (sold to DowJones).

He managed operations in several countries including the US, UK, China, Taiwan, Hong-Kong & Singapore. Currently located in Paris, Yann holds a Master of International Affairs Management and practices Yoga.

[www.xing.com/profile/Yann\\_Mauchamp](http://www.xing.com/profile/Yann_Mauchamp)



**Matthias Mölleney**

*Matthias Mölleney, Owner peopleXpert gmbh*

*Former Chief Personnel Officer and Member of the Executive Board of Swissair Group*

Matthias is the owner of peopleXpert gmbh, a consulting company focussing on "mastering the human challenge", in Uster, Switzerland

Matthias started his career in human resources at Lufthansa. Over nearly 20 years he progressed from ticket counter agent, through various HR management posts to being responsible for corporate personnel policy coordination with Lufthansa's partner airlines at Star Alliance.

Starting in 1998, he served on the Executive Board of Swissair for four years and ultimately was promoted to Swissair Group's corporate head of personnel. After leaving Swissair, Matthias served on the Executive Board and as Head of Human Resources at Centerpulse and subsequently Unaxis,

Further to his training in business economics, he participated in advanced strategic management studies at INSEAD and lectures at the University of St. Gallen. In 2003, he published his first book "Die Zukunft möglich machen". Matthias is a German citizen, married and the father of two children.

[www.xing.com/profile/Matthias\\_Moelleney](http://www.xing.com/profile/Matthias_Moelleney)



**Bettina Pospich-Kahlau**

*Executive Assistant to General Manager &*

*Leader IBM Global Business Services Northeast Europe, IBM Deutschland GmbH*

Bettina started her career at IBM - former PwCC - more than 8 years ago and is working as the Executive Assistant to IBM's General Manager of Global Business Services in Northeast Europe.

Prior to this role, her responsibility was developing the Business Transformation Outsourcing area in the Communications sector including Telecommunications, Utilities and Entertainment & Media industries. She has more than 8 years experience in supply chain management solutions through all project phases (business strategy, business process analysis, business process design and implementation) and developed key skills in the SAP logistic modules, system integration, project management and quality advisory.

In parallel to her project experiences, she was responsible for the business development and community management of the supply chain management business in Central Europe.

Bettina graduated as Dipl. Betriebswirtin in Economics at the Fachhochschule Bochum and lives in Mülheim a.d.R., Germany.

[www.xing.com/profile/Bettina\\_PospichKahlau](http://www.xing.com/profile/Bettina_PospichKahlau)





**Erhard Rüttimann**  
*Board Member and CEO, Communication Partners*

Erhard Rüttimann is founder and CEO of Communication Partners, a Swiss based Public Relations and Public Affairs agency.

Prior to founding Communication Partners, Erhard established the Swiss subsidiary of EMC Computer Systems, in his role as Channel and Marketing Manager, and was subsequently Director of Business Development. Before joining EMC, Erhard was Senior Sales Manager at Sun Microsystems where he established a strategic Telecom unit and developed the Internet Business.

Erhard previously held senior management and turnaround roles at TSB International (a Canadian Voice Network company), Skypro AG and Arxxon Computer AG (Swiss subsidiary of Advanced Logic Research). Erhard began his career as Legal Council for the French Peritechnologie Group.

Erhard holds a Law Degree from The University of Zurich and an EMC MBA from IMD. He is married and lives in Küsnacht, Switzerland.

[www.xing.com/profile/Erhard\\_Ruettimann](http://www.xing.com/profile/Erhard_Ruettimann)



**Ralph Schonenbach**  
*CEO, Trestle Group*

Ralph Schonenbach is CEO of Trestle Group and on the Board of Trestle Group Foundation.

He has held senior positions with Andersen and Ernst & Young. Over the span of his career, Ralph has established several successful consulting practices with primary focus on the financial services industry and has advised high-level executives around the world on how to transform the way they manage and deliver services, as well as how to tackle the pressures brought about by resource constraints.

Through Trestle Group Foundation, he is passionately involved with providing support to both women and emerging entrepreneurs in developing countries.

Ralph has held an Advisory Board position with the United Nations sub-committee, ICCC (International Council for Caring Communities). Ralph frequently speaks at conferences and has authored a variety of publications. He earned a degree in Business Management from Goucher College.

[www.xing.com/profile/Ralph\\_Schonenbach](http://www.xing.com/profile/Ralph_Schonenbach)



**Cem Sertoglu**

*Managing Director, SP Ventures, General Partner, iLab Ventures,  
Founder and former CEO of SelectMinds*

Cem is currently Managing Director of SP Ventures, an early-stage VC firm focused on Turkish new media ventures, and a General Partner at iLab Ventures, a holding company with a portfolio of web-based services businesses.

Prior to his return to Istanbul in 2005, Cem was CEO of SelectMinds, which he built organically into a \$5+ million business in five years. SelectMinds effectively established a pioneering concept that created a brand new industry. Cem's tenure at SelectMinds concluded with a successful strategic exit.

Before SelectMinds, Cem was Vice President for U.S. operations of Farmer & Co., a London based strategy consulting firm. Prior to FCO, Cem was a Business Unit Manager at KTI, a leading company in enterprise knowledge management solutions, and an Engagement Manager at IMS.

Cem holds an Economics degree from The University of Texas at Austin. He has been a frequent speaker and contributor for CNNfn, Bloomberg TV, Fast Company, The Economist, Inc. Magazine, Darwin Magazine, Harvard Business Review, Princeton University and Columbia University.

[www.xing.com/profile/Cem\\_Sertoglu](http://www.xing.com/profile/Cem_Sertoglu)



**Dr. Jay Subrahmonia**

*Director of Advanced Customer Solutions, IBM.*

Dr. Jay Subrahmonia is Director of Advanced Customer Solutions in IBM's Software group. Her mission is to leverage emerging Web 2.0 technologies and virtualized grid infrastructures to architect first-of-a-kind solutions that provide a competitive advantage and drive new business for IBM's customers. Her team is a geographically distributed microcosm of IBM with expertise in designing high performance, massive scale-out systems. In support of IBM's leadership in emerging technologies, Jay works with IBM partners and customers to build a showcase for solutions based on Web 2.0 technologies

Jay joined IBM's T J Watson Research Center, developing state-of-the-art online handwriting recognition engine technologies. She managed a business partnership with A T Cross to create CrossPad, a pen-based tablet platform, and managed product development for the Pen interface for IBM's ThinkPad TransNote product. Jay has a PhD in Electrical Engineering from Brown University.

Jay has 9 patents issued; 8 IBM Awards; and has published over 50 papers in leading conferences and journals

[www.xing.com/profile/Jayashree\\_Subrahmonia](http://www.xing.com/profile/Jayashree_Subrahmonia)



**Flooris van der Walt**

*Head HR Business Support, Holcim Group support Ltd.*

Flooris is responsible for People Development of the IT and Auditing functions of Holcim worldwide. He is also responsible for establishing an HR Handbook (which includes all HR standards and procedures for the Group).

Flooris started his career as a therapist. He gained experiences in general HR, in both Head Office as well as Plant environments, in South Africa; before he was transferred to Switzerland. There he held international consulting positions in Management Development and Management Education. In these positions, he worked in Asia-Pacific, Central Europe and North America. After being Head of an Academy at Axima, Flooris returned as Head of HR Management at Holcim Group Support. Since 2004 he is back in the international arena, as Head of Corporate Appointments and Selection where he oversaw the recruitment and selection of Top- and Senior Managers.

Flooris graduated in Theology, Psychology and Education. On joining industry he did a MBA. Flooris has lived in Switzerland for 12 years, and is married with a son and daughter.

[www.xing.com/profile/Flooris\\_vanderWalt](http://www.xing.com/profile/Flooris_vanderWalt)



**Axel Wedler**

*Leader in Business and Performance consulting, IBM GBS*

Axel is currently Leader in Business & Performance Consulting, at IBM Global Business Solutions in Hamburg. Prior to this role, he was Project Leader for a Human Resources transformation process.

Axel started his career as a Marketing and Sales trainee at Otto Versand in Hamburg, before joining Quelle Versand, as a Project Leader for Eastern Europe. He subsequently moved to the Walt Disney Company, where he was a Senior Manager in Marketing & Business Development for Disney Consumer Products in Germany, Austria and Switzerland.

In 1999 Axel joined PriceWaterhouseCoopers Consulting, which was acquired by IBM in 2002. During his time at PwCC / IBM he was responsible for a number of major projects including business model analysis and transformation, implementation of an employee portal and company divestiture. These projects spanned several industry sectors including pharmaceuticals, automotive and retail.

Axel holds a Degree in Management (specialising in Marketing & Law) and completed his Thesis on the topic of "Corporate Identity in Service Organisations, focussing on Lufthansa" at Münster University.

[www.xing.com/profile/Axel\\_Wedler](http://www.xing.com/profile/Axel_Wedler)

## ➤ Why Alumni Networks? And Why Now?

The image of alumni, however, has become radically transformed as their associations in both the academic and business worlds have evolved, gradually at first and with increasing pace in recent years. No longer limited to old boys, they are now just as likely to be focused on “bright young things” and to cultivate relationships with prospective alumni while they are still active students or employees.

## › Why Alumni Networks? And Why Now?

Susan Kish, CEO, First Tuesday Zurich

*"Corporate Alumni Networks: Leveraging Intangible Assets"*

### **Introduction: From Old Boys to Bright Young Things**

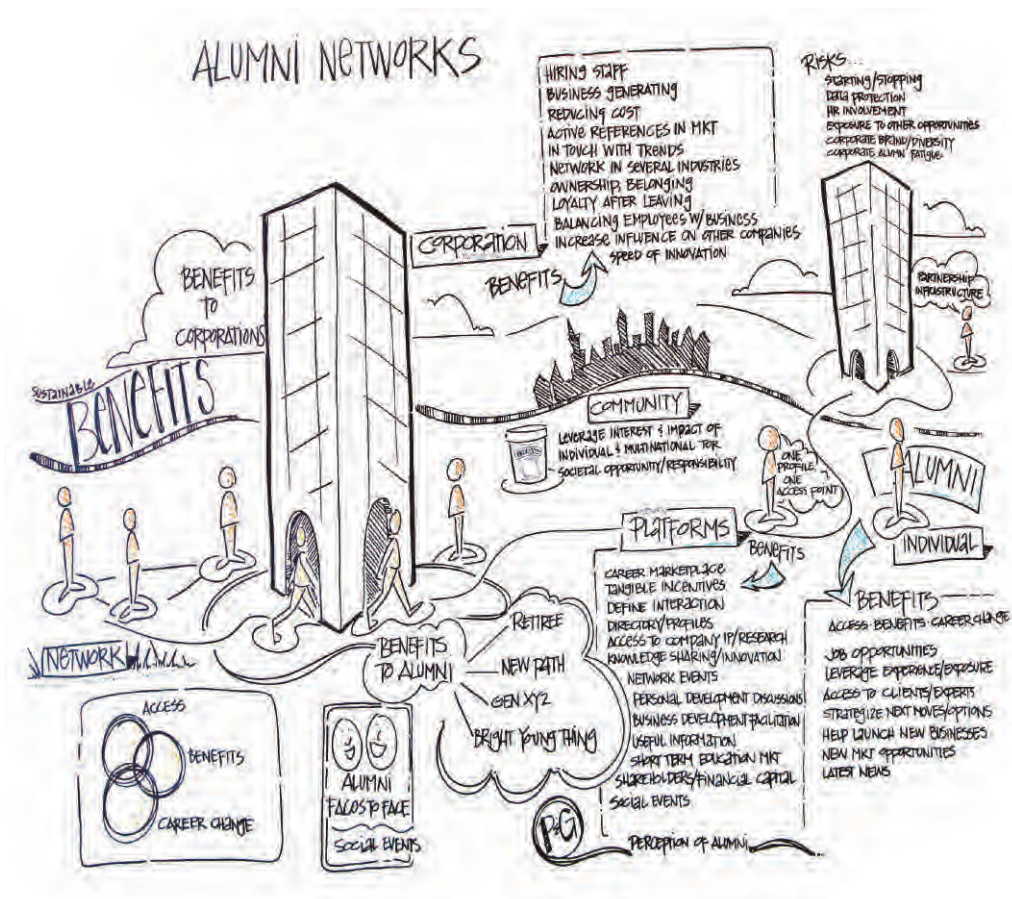
For someone not familiar with the most recent developments in corporate alumni networking, the word "alumni" can be misleading. Its primary meaning is "former students" of schools, colleges, and universities, which may bring to mind the image of greying seniors gathering every five or ten years for the purpose of renewing old memories. In fact, some early corporate alumni associations, often inspired by and modelled after university associations, also resembled classic "old boy" networks. This image of alumni, however, has become radically transformed as their associations in both the academic and business worlds have evolved, gradually at first and with increasing pace in recent years. No longer limited to old boys, they are now just as likely to be focused on "bright young things" and to cultivate relationships with prospective alumni while they are still active students or employees.

For a long time in this evolution, university associations continued to lead the way in showing how cultivating relationships with those they had once "nourished" (the root meaning of the Latin word) could convert intangible assets into tangible benefits. University alumni, of course, differ from corporate alumni in several important respects: few of them, for example, will remain in or return to the academic world. And few corporate alumni are likely to make voluntary contributions to a company's capital reserves. But the similarities are more instructive and suggest useful analogies linking the two worlds. If former students are not much like former employees, from a business perspective they are rather more like former customers, and may become important repeat customers by sending their children to the old school. Satisfied customers are a product's best salespeople, and alumni associations have extended networks essential to their school's marketing and recruitment processes. Alumni are also the products of their schools: on the one hand, their success showcases and enhances the brand; on the other, their re-investment in the form of monetary contributions helps ensure they will continue to benefit from their brand's reputation.

### **Why Now? Trends and Drivers**

Corporate alumni networks, having learned these lessons, are now well-positioned to develop and diversify beyond the university models by creating innovative "virtuous circles" of mutual benefit for the company and its employees. The possibilities have been explored by a relatively small number of pioneering companies, primarily in the professional services sectors. But, as

Susan Kish, CEO of First Tuesday Zurich, pointed out in her introduction to the day's session, only in recent years have a significant and growing number of corporations launched concerted efforts to cultivate their alumni relationships in purposively managed organizations. In answer to the question "Why Now?" she set the table for the Thought Leaders by exploring the trends and drivers behind this sea change in corporate culture, which may be reaching a tipping point. The key factors can be grouped under five subject areas: information technology, the business environment, the work environment, competitive advantage, and the culture of trust.



**1 Information Technology.** The basic underlying or enabling factor in the rise of interest in alumni networks has been the revolution in IT, most importantly the ubiquitous penetration of low-cost and increasingly robust communications networks, what has been described as "the death of distance." Alumni, almost by definition, constitute a widely dispersed population who no longer come to the office, attend meetings, and work on common projects. It has always been possible to reach out to alumni, but the degree of difficulty has been lowered by orders of magnitude.

Networks are the norm and have created an increasingly small world that becomes denser and denser as the webs connecting its locations proliferate.

They have also led to new forms of social behaviour. The explosion of social networking on the Internet (MySpace, Bebo, Facebook, etribes) has captured headlines and attracted billions of dollars from media companies, and is now moving into a phase of intense competitive segmentation. These "communities" are relatively open and unstructured free-for-alls. But they represent a major trend that has important implications for traditional business corporations. A number of web service providers now provide more structured communities either for mature professionals as individuals, or as third-party platforms customized for the programs of specific corporations.

**2. Business Environment.** Globalization has been as pervasive as communications technology, for the two go hand-in-hand, and has lowered barriers of all kinds - regulatory, economic, national, and even corporate. More open markets for products and services have brought with them more open markets for labour and talent: outsourcing is just one example. Intense competition for human resources has caused leading companies to reconsider how they manage their workforce and the shifting pool of talent available to them.

In the past, fearing the loss of valued resources, many companies have adopted defensive "fortress" strategies that discouraged communications with alumni, but in a war for talent amid scarcity, these policies can be self-defeating. Attitudes are changing, and more companies realize that using networks to extend market reach can bring access to a larger talent pool.

**3. Work Environment.** The traditional workplace, too, is being transformed by both the disruptive and creative effects of globalization, IT, and the competition for talent. From an employee perspective, job security is more vulnerable to restructuring, downsizing, and outsourcing. From a company perspective, employees are more mobile and more transient, leading to higher turnover rates, which increase the costs of recruitment. At the same time, more dynamic job markets are creating opportunities for innovation on both sides of the equation. The traditional paradigm of "employment for life" is no longer the norm; in its place we find greater emphasis on the idea of the "lifecycle of employment."

Under the impact of changing lifestyles, many employees are developing alternative models for managing their careers, balancing their terms of engagement with personal commitments at different stages. Increasingly, the "best and brightest" view their professional experience as a portfolio of relationships that can be renewed as opportunities emerge. Faced with changing demographics, such as the aging of the workforce, and the need for diversity, employers are



adopting flexible approaches to managing the flow of talent through their organizations. From both perspectives, corporate alumni networks are a compelling means of negotiating the new dynamics of job markets.

**4. Competitive Advantage.** In many respects, the trends we have looked at have levelled the playing field for all players in any given market. With ready access to many of the resources that previously were difficult to tap, small and virtual companies can compete with the large and established companies. Equal access to resources, however, has placed a higher premium on what one can actually do with them. As a consequence, many authorities argue that in the future the essential sources of competitive advantage will be knowledge and innovation.

Here, too, networks will play a crucial role by crossing internal and external barriers to the flow of ideas, competencies, and intelligence (in the sense of “news about the latest developments”). Alumni networks, for example, can help address the problems of “brain-drain” and the loss of institutional knowledge by opening channels of communication between former and current employees. By the same token, they can open windows on innovations outside the company’s usual focus, creating opportunities for cross-pollination.

**5. The Culture of Trust.** One of a corporation’s most important sources of value is that intangible quality called “culture,” which can also be an agent acting both for and against change. A company’s culture is often seen as a function of its organization, but recent research shows that it is also importantly influenced by internal “social” networks that cross organization boundaries. An emerging management challenge is to understand how these networks work in order to leverage their positive effects.

Like markets, networks work based on an exchange of value. But without contracts or explicit organizational structures to govern the exchanges, they also depend to a greater degree on the element of trust that provides a foundation for collaboration. And trust is notoriously vulnerable to bad faith. Managements that want to drive value through cultural change need to understand how to cultivate trust throughout their networks. This is another reason why corporate alumni networks are so interesting: because membership in them is entirely voluntary, they rely on and cultivate loyalty and a perception of common bonds, which in turn provide a foundation for trust.

Loyalty too, of course, must be earned through an exchange of value, and the value proposition of corporate alumni networks will depend on balancing the practical and tangible benefits for both alumni and the company. Those tangible benefits will then strengthen the intangible relations built on loyalty and trust.



Thought Leaders' Group Work:

## ➤ What's Your Networking Profile?

Social epidemics are driven by the efforts of a handful of exceptional people.

What sets these people apart is things like how sociable they are, or how energetic or knowledgeable or influential among their peers.

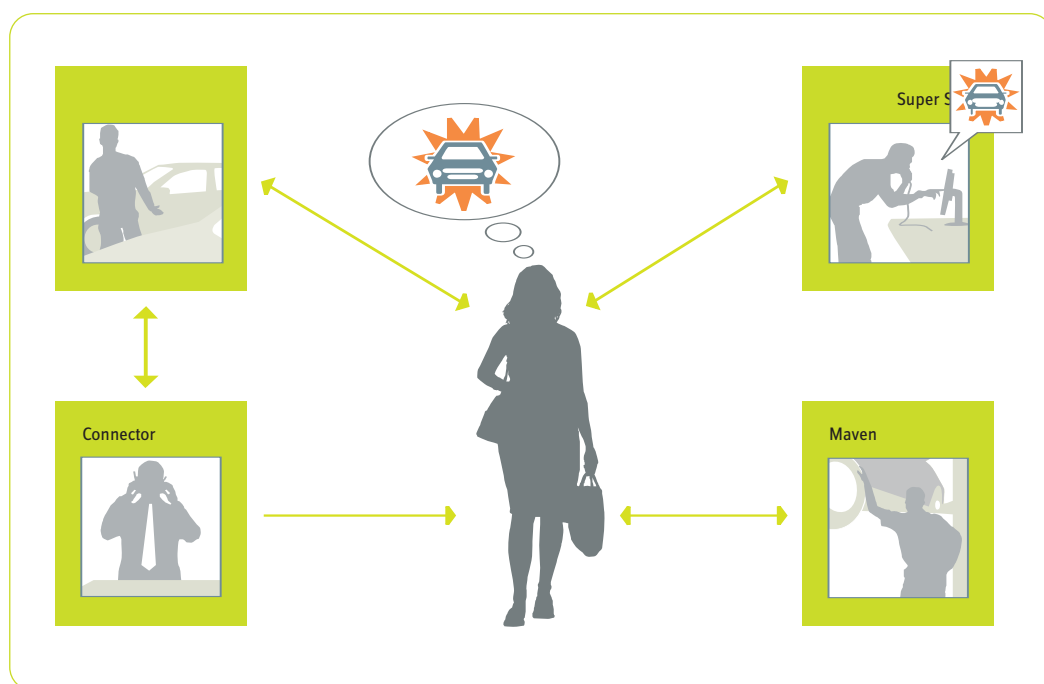
## Thought Leaders' Group Work: What's Your Networking Profile?

### Are We Connectors, Mavens, or Super Spreaders?

Social networks are as old as society; so, unfortunately, are "social diseases." Put the two together and, under the right conditions, you will have an epidemic on your hands. That was the starting point for Malcolm Gladwell's *The Tipping Point*, which has done so much to spread the word about network effects. Gladwell's subject was "how little things can make a big difference," specifically how messages can spread through networks like viral contagions; and he set forth three basic laws that govern the conditions under which a spark can set off a wildfire. The first of these he called the Law of the Few: "social epidemics are driven by the efforts of a handful of exceptional people." What sets these people apart is "things like how sociable they are, or how energetic or knowledgeable or influential among their peers."

As this also sounds like a good definition of First Tuesday's Thought Leaders, Susan Kish proposed to start the day's proceedings by having the Thought Leaders create their own networking profiles based on Gladwell's characterization of the three main types of network influencers (see Figure 2.1).

Figure 2.1: Three main types of network influencers



Super Spreaders are the essential “viral” agents in networks. Their antennae are remarkably tuned in to the latest trends and developments, and their enthusiasm about their passions is both persuasive (Gladwell calls them salesmen) and contagious.

Mavens are the information specialists. They connect us with new knowledge, but they are not like experts limited to a single field. They are voracious collectors of expertise, who have a knack for knowing what people are looking for and like to help them get it.

Connectors are people specialists. They know more people than the rest of us, and the people they know are also connectors. More importantly, they know people in several different social groups or worlds, creating the links that make it seem like a small world.

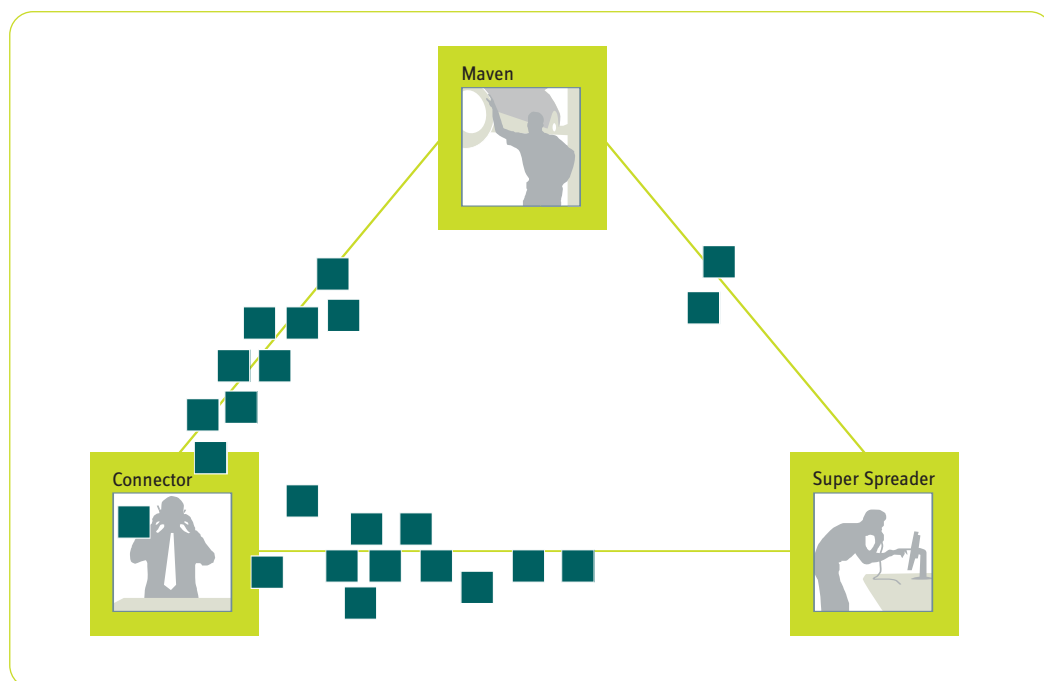
Kish offered a simple example of the way these network influencers work: when you are in the market for a new car, your Super Spreader friend may tip you off to a sporty new model featuring new technology that is environmentally correct; a Maven friend who works in the neighbouring office, based on the latest product reviews, reports that the product is a winner but lacks adequate power expect in the more expensive turbo-charged version. Fortunately, your tennis partner is a Connector whose uncle is a dealer eager to seed the market by discounting the price for a trendsetter like you.

Relatively pure examples of these types (call them archetypes) are fairly rare, putting them among the Very Few. Most of us represent a combination of the major tendencies, and to reflect this the Thought Leaders were each given 10 points to apportion across the three types to indicate the contours of their network profiles. (True archetypes could still put all their points in one basket.) Thus, one could be 40% Maven, 30% Connector, and 30% Super Spreader – quite a hybrid.

### The Group Profile

The Thought Leaders' self-profiles were, no doubt, occasions for keen introspection, but the individual results were kept anonymous and aggregated into the three type categories - the point after all was to profile the group as a whole, whose collective wisdom is represented in this report. The individuals saw themselves mainly as Connectors, although the Maven and Super Spreader elements were well represented.

Figure 2.2: Thought Leader group profile



Nine of the 22 participants described their make-up as 70% Connector; 17 fell within the 60% to 80% range, and only one had a Connector component of just 10%.

Only one participant awarded him/herself a high Maven rating (70%), and one other was 50% Maven, while 18 of the 22 estimated their Maven quotient as 30% or lower, and 10 designated only 10% of their profile to the Maven category.

Several participants seemed more confident of their Super Spreader qualities, as 15 of the 22 clustered in the 20% to 40% range, and only 7 rated themselves in the low 10% bracket. On the other hand, no one saw him/herself as 50% Super Spreader or above, and this kept the category's average score just below that of the Maven category.

In sum, with 220 points to distribute, the group gave 129 points to the Connector part of their make-up: the group as a whole was about 60% Connector. The Maven and Super Spreader elements split the remaining points just about equally to claim a 20% share for each category (see Figure 2.2). Strictly speaking, of course, the results are not statistically valid, but the group self-portrait looked vividly realistic.

### Network Awareness and Participation

To round out the group's networking profile, the Thought Leaders were asked three more questions to gauge the maturity of, and their participation in, company and university alumni networks. First, how easily could they identify examples of Connectors, Mavens, and Super Spreaders in their personal and company networks (on a scale of 1 to 5, with 5 being "very easily")? Here the results were quite consistent: each type could be identified fairly easily (the rounded average score for each was 4, and the standard deviations were low).

Second, the participants were asked how involved they currently are in a company, university, or other kind of alumni organization (on a scale of 1 to 5, with 5 being "fully involved"). Here the results were a bit more varied, for while the rounded average scores were again the same (at the mid-point of 3, or "somewhat involved"), the distributions differed.

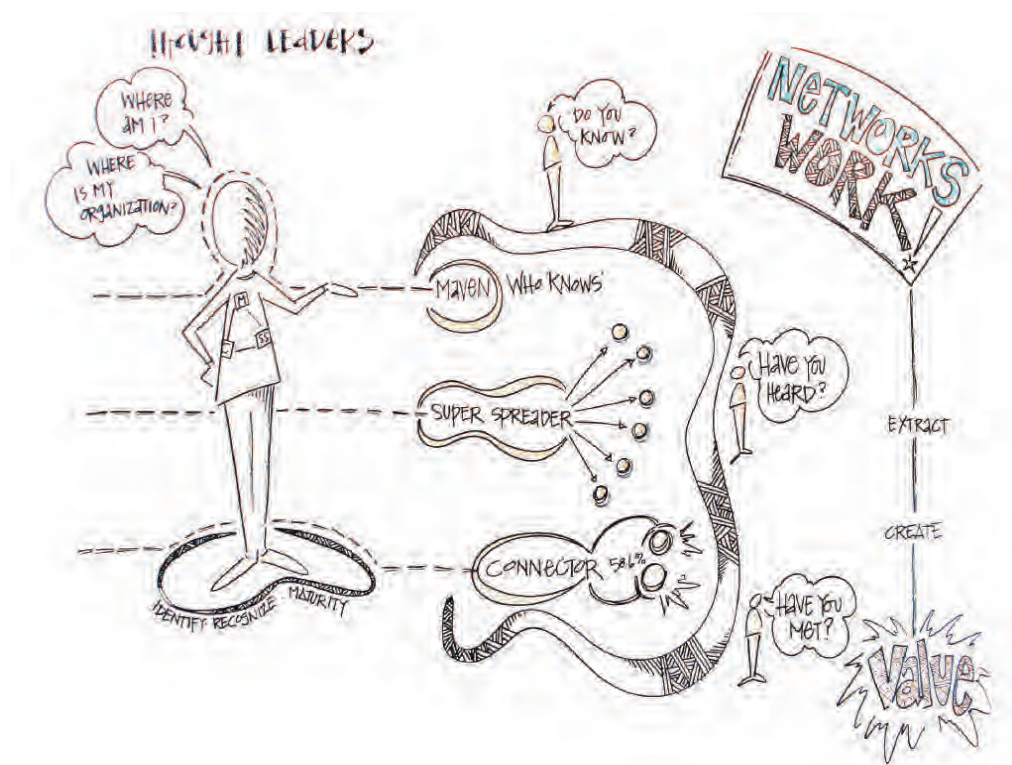
Seven of the 22 were "fully involved" in their company alumni organization, while six were not at all involved, and another seven were at the mid-point average.

Eight of the 22 were not at all involved in their university's alumni organization, probably reflecting their base in Europe, where this kind of alumni group is less prominent than, for example, in the U.S. Nonetheless, 10 participants rated their participation above the average, and half of those said they were fully involved, so this segment was still well represented.

Participation in other kinds of alumni organizations, in a quite interesting result, actually ranked slightly higher on average than for university organizations. More tellingly, all but one of the participants reported being at least somewhat involved in one of these other kinds of alumni groups. This indicates not only that the Thought Leaders were very sociable people, but also that the idea of being an alumnus or alumna has a wider application and relevance than is usually recognized.

Finally, the Thought Leaders were asked to rate the management of their alumni organization in terms of its maturity (that is, development status) - the options ranged from "start-up" to "operational but fragmented," "systematic but incomplete," and "fully integrated or Best in Class." Here, too, the range of answers to this question was revealing: just two participants ranked their organizations in the most advanced category, while four identified their groups as "start-ups"; the remainder of the groups fell somewhere in the second ("operational but fragmented") phase, and none were in the third phase.

This suggests that we are still in the early stages of the development of corporate alumni networks, and that the challenges and opportunities facing the management of these organizations is just beginning to be properly understood.



# ➤ Thought Burst: The State of the Art

To provide the Thought Leaders with background on the status of alumni networks, First Tuesday reports on their benchmarking survey of 15 of the most prominent large corporations with alumni programs.

## » Thought Burst: The State of the Art

Chris Gopsill, Executive Producer, First Tuesday Zurich  
*"Benchmarking Study Results"*

### What exactly are corporate alumni networks?

Corporate alumni networks are organizations whose members are the former employees of a particular company. Beyond this basic characteristic, they vary widely in terms of size, longevity, origins, purpose, governance, authority, structure, activities, and even membership criteria. Chris Gopsill, Executive Producer at First Tuesday Zurich, began his presentation of research findings on the current state of these organizations by describing three basic types:

1. **Independent "grassroots"** associations are those founded solely on the initiative of former employees, without company support or approval (or disapproval). They are informal groups that provide directories of members, organize occasional events and reunions, and may coordinate other projects. It is hard to estimate their number (there is no association of associations), but it runs into the thousands. Their success is often temporary or hard to sustain.

2. **Company-supported grassroots associations** were also founded independently but have grown sufficiently in size and stature to win recognition from the company, which may also provide financial and other means of support. These hybrids vary widely and are much fewer in number, probably because only a few large corporations have alumni populations large enough to reach "critical mass." Their activities are similar to those of the independent groups, sometimes facilitated by web-based platforms. The most notable example in this category is the association started by alumni of the U.S.-based consumer marketing giant, Procter & Gamble.

3. **Company-managed associations** are those founded and chartered by the company with board-level approval, have explicit objectives and policies, and are managed by full-time staff, with executive oversight. This type has existed in the professional services sector for years, in a few cases for decades; but in recent years they have penetrated several industries, particularly among large multinationals.



To provide the Thought Leaders with background on the status of these networks, Gopsill reported on First Tuesday's benchmarking survey of 15 of the most prominent large corporations with alumni programs: some of them long-standing, some in development, some of the hybrid kind and under evaluation. All of the companies are multinationals, and the respondents were based in either the United States (30%) or Europe (70%), including the UK, Germany, and Switzerland. They covered several industry sectors, including professional services and management consultancy, information technology (IT), manufacturing, travel and pharmaceuticals. Due to the differences in type and status, the survey could not lead to a systematic analysis, but did produce many valuable highlights regarding basic operations, membership, benefits for the alumni and the company, and critical success factors.

### Operations

Nearly all of the long-established programs, including their approach and supporting IT systems, were developed internally.

In contrast, most of the programs established since 2000 have enlisted outside consultants and use third-party systems, often including some external support staff.

In half the companies, oversight and responsibility for the program falls to the Human Resources department; in the other half, responsibility belongs to the Communications department.

A large majority of the companies (about 80%) justified development with a formal business case, and approximately two-thirds of them regularly monitor the program's performance based on key metrics.

Staffing requirements to support the program also vary considerably, but the indications are that on average 1 FTE can support about 3,500 alumni.

## Membership

While enrolments vary widely, the average rate is around 40% of qualifying alumni.

Half of the companies require members to have had a minimum of two years experience at the company.

To ensure targeted offerings to members, the most successful programs segment their membership (the most common categories are geographic or regional, former job function, and retirees).

Several companies also have separate programs for former high-level employees.

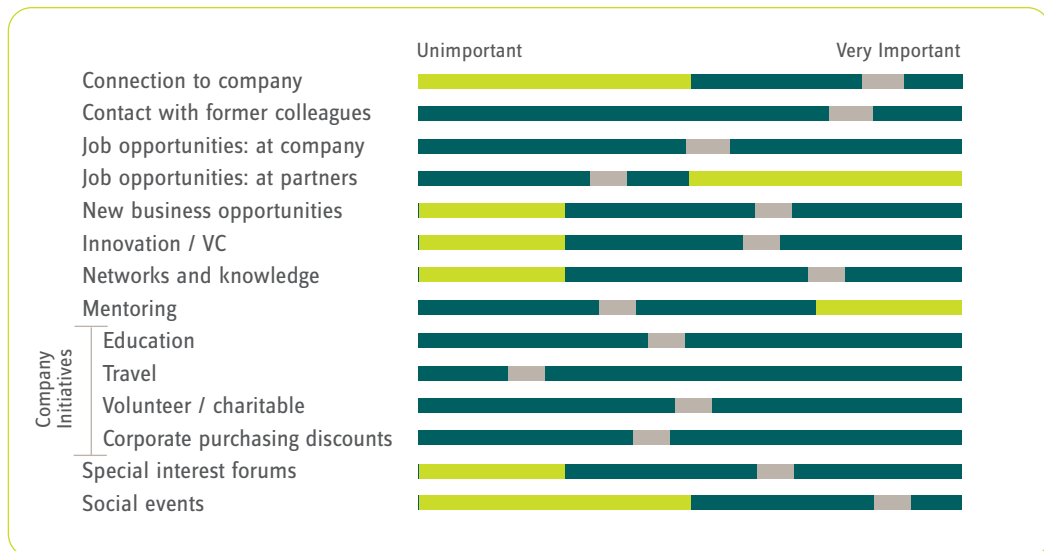
Roughly half the companies allow current employees to join the alumni program.

## Benefits for Alumni and Company

The companies were presented with a list of benefits that on one side the alumni might enjoy by participating in an alumni program and on the other side a company might enjoy by offering an alumni program. They were asked to indicate how important they were (that is, regardless of whether the company did or planned to offer these benefits). See Figure 3.1 and 3.2 for the complete list; for each potential benefit, the average score (on a scale of 1 to 5) is indicated by the grey band and the range of scores is indicated by the dark band.

## Benefits for the Alumni

Figure 3.1: Benchmark – Benefits for the Alumni



Gopsill summarized highlights from the findings:

**Connection:** The highest ranking of the perceived benefits for alumni were in line with rather traditional ideas of alumni associations: they would offer opportunities for former employees to make some unspecified kind of connection with colleagues and the company, most likely at social events for that purpose (average scores were 4 or above for these benefits).

**Knowledge & Innovation:** The group of benefits in the next highest rank (average scores greater than 3 and less than 4) were concerned with knowledge and innovation: the alumni network could lead to new business opportunities, connections with venture capital, or special interest forums among the participants.

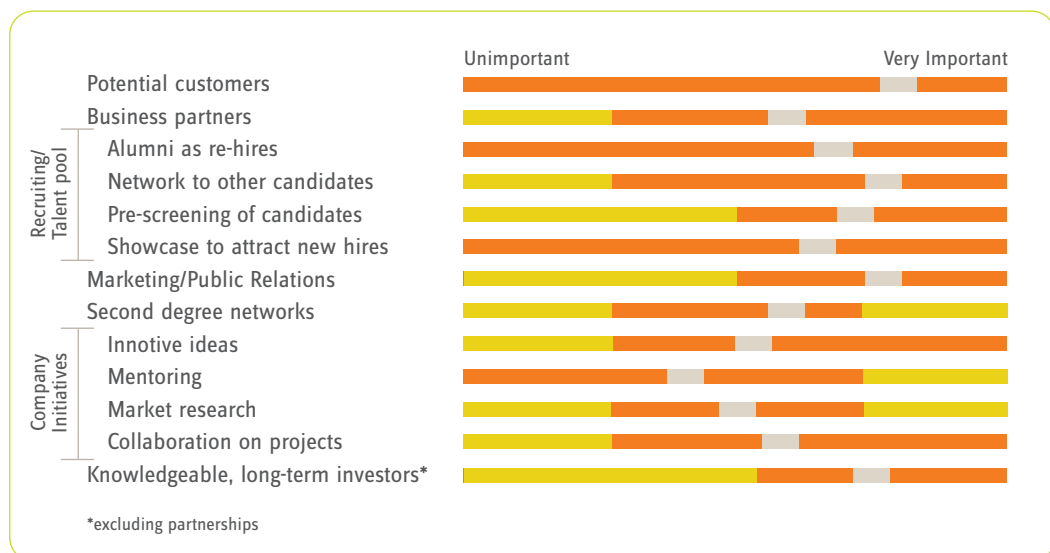
**Company initiatives:** The lowest-ranking perceived benefits (scoring 3 or less) included the most concrete or tangible kind that would depend on specific company initiatives, such as education and travel programs, and corporate purchasing discounts.

**Job opportunities:** Responses for one item suggested there may be a significant gap between company and alumni perceptions: while the Thought Leaders at the Think Tank consistently expected alumni to be most interested in job opportunities outside the former company, the company respondents ranked this potential benefit among the least important. Job opportunities at the company, naturally, ranked somewhat higher, but not by very much.

**Mentoring:** Opportunities for mentoring also received a fairly low score from the companies, which probably reflected their divided opinions about supporting contact between former and current employees.

## Benefits for the Company

Figure 3.2: Benchmark – Benefits for the Company



Gopsill summarized highlights from the findings:

**New business:** Among the highest ranking benefits for the company identified by the respondents was the alumni's potential for new business, specifically former employees may become new customers.

**Marketing & Public relation:** A closely related, and equally important, expected benefit was that strong alumni relations would contribute to the company's marketing and public relations programs.

**Recruitment:** Also among the top benefits in importance was that the alumni network would assist the company's recruitment program by providing access to promising candidates. Other benefits for recruiting, which ranked nearly as high, included the pre-screening of candidates and the potential for alumni themselves to become rehires.

**Knowledge and insights:** Another cluster of benefits to the company, ranking just a bit lower than the previous, fell in the area of knowledge and insights. These companies are clearly thinking of alumni as potential partners in collaboration on projects, as sources of innovative ideas, and as subjects for market research. Their potential as mentors for current employees, on the other hand, ranked considerably lower.

**Long term investors:** Alumni are also valued as potential long-term investors in the firm.

### **Critical Success Factors**

Finally, the companies were asked to identify what they perceive to be the critical success factors for corporate alumni networks. In conclusion, Gopsill summarized the key lessons and recommendations:

Enlist boardroom-level support for the program and sustain it with periodic board reviews of performance progress.

Establish clear goals and objectives – particularly, when the potential for rehiring alumni is part of the program, be sure to manage expectations to avoid disappointment.

Ensure that the budget is adequate and in line with the business case.

Plan for commitment to the long term (don't “dabble” and then retreat).

Promote the network's reputation internally to current employees.

Thought Leaders' Group Work:

## ➤ **Brainstorming the Benefits**

The working groups were asked to brainstorm on the questions: “What are the benefits of these networks and how can they be realized?”

## › Thought Leaders' Group Work: Brainstorming the Benefits

Once Susan Kish and Chris Gopsill had set the stage with thought-provoking concepts and examples, the Thought Leaders were prepared to pool their collective wisdom about the value of corporate alumni networks. Kish facilitated the process by asking the group to brainstorm on the questions, "what are the benefits of these networks and how can they be realized?" To promote interactive dialogue, the Thought Leaders were divided into three subgroups, each approaching the subject from a different perspective:

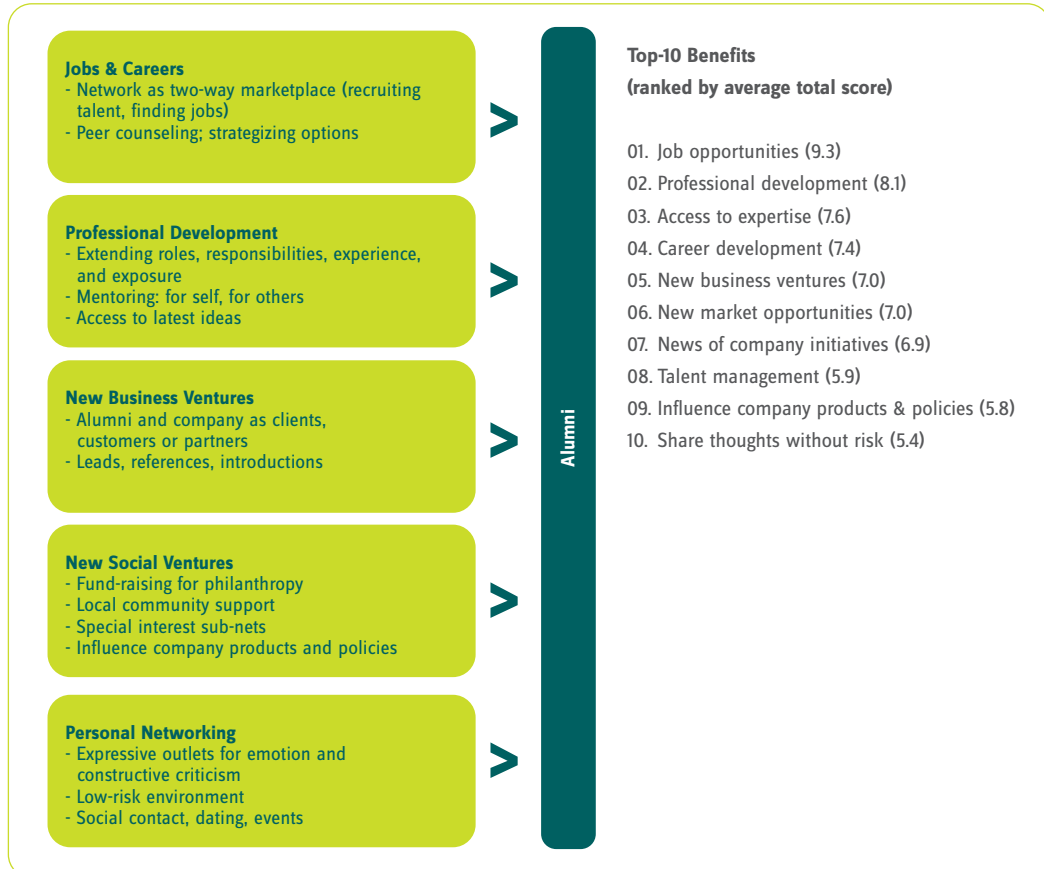
One to address benefits for the participating alumni (what would they hope to achieve?).

One to address benefits for the sponsoring company (what would it hope to achieve?).

One to consider the features and services of a program that would deliver benefits to both company and alumni.

Each group worked through a three-step process. First they generated a list of all possibilities that came to mind, without evaluation; second, through discussion leading to consensus, they selected the ten foremost suggestions; finally each subgroup participant assigned a score to each of the leading ideas, and the results were summed to establish a ranking. The group then presented its findings to the plenum for comments and responses.

Figure 4.1: Brainstorm – Benefits for the Alumni



**Benefits for Alumni.** The list of suggestions from this group also fell under five topics, all of which contributed to the Top 10, as shown in Figure 4.2. The areas of Jobs and Careers and Professional Development attracted the most attention and occupied first and second place, respectively, in the final ranking (indeed, more as general categories than specific items). The discussion of job opportunities focused less on the potential for returning to the company as a rehire, more on using the network to plan one's next step in a career. Alumni would in particular benefit from exploring career strategies and options with peers and former colleagues. The benefits for Professional Development included the value of participating in the network itself, that is, for taking on roles and responsibilities that would prepare individuals for career advancement. As with Jobs and Careers, discussion of the benefits under New Business Ventures concentrated on business opportunities outside the company. Similarly, New Social Ventures may include projects unrelated to the company, but may also be undertaken with the support of the company (for example, charitable giving). The benefits of Personal Networking were seen as important for building a sense of community among alumni, and might also benefit the company by providing channels for feedback not otherwise available.



Figure 4.2: Brainstorm – Benefits for the Company



**Benefits for the Company.** The many suggestions coming from this subgroup may be usefully gathered under five main topics, all of them represented in the Top 10 list, as shown in Figure 4.1. Talent Management (the traditional area of human resources) was given the most attention and importance: four of the top 10 suggestions came in this area, and three of them (all focused on recruitment) ranked in the top four positions (the other, "managing staffing levels," being an advanced goal).

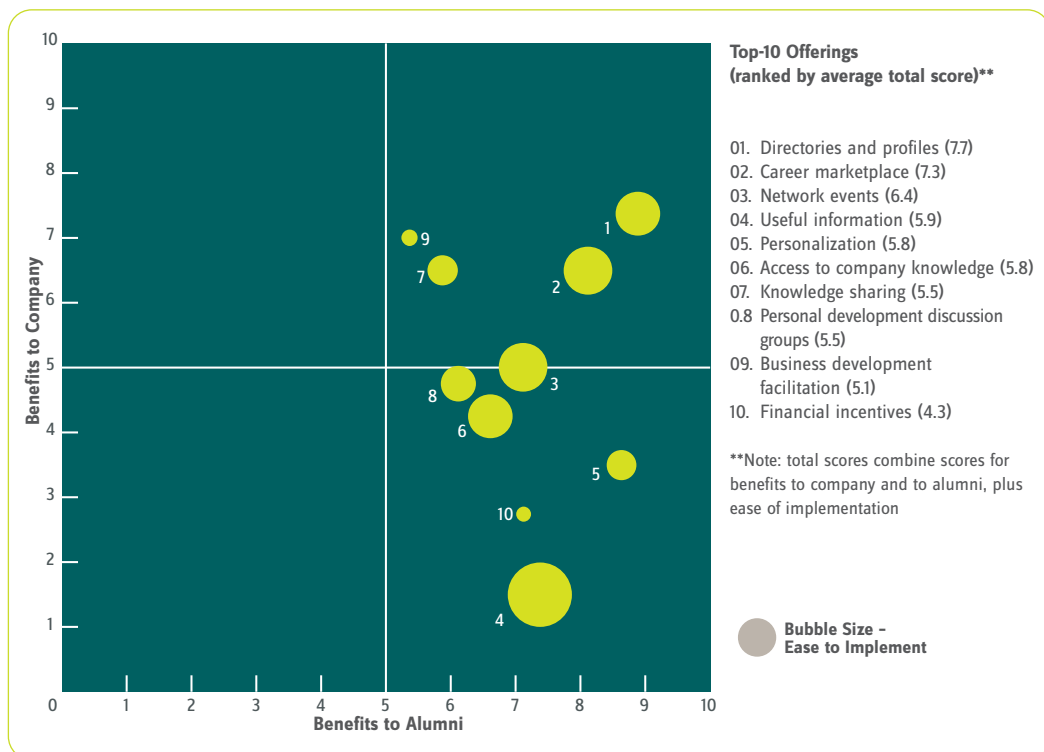
Alumni networks were also seen as making an important contribution to Corporate Culture, particularly in building loyalty and trust, which would also influence the current workforce. New Business Creation received less discussion, as the value proposition was clear, but nonetheless ranked second in the final list. The closely related but tangible value of leveraging alumni network contacts in the same and other industries was represented under the Knowledge and Innovation category, from which two items reached the Top 10, ranking fifth and sixth. While it may seem surprising that Brand Value, including the company's image and influence, accounted

for just one item in the Top 10, at the bottom of the list, this may be explained by the fact that all the other benefits were understood to contribute to the same effect, and that the Thought Leaders concentrated on less familiar benefits.

**Alumni Network Platform Offerings.** In this group the Thought Leaders quickly reached agreement on 10 core kinds of offerings an alumni network platform would offer to deliver many of the benefits identified in the other two groups. Since each of the offerings would provide some benefit to both alumni and the company, the Thought Leaders then evaluated each of the Top 10 by assigning them two scores: one for value to alumni, one for value to the company. They then evaluated each on a third dimension, assigning a score reflecting the ease of implementing the kind of offering in a web-based alumni program. Finally all three scores were summed and averaged for each kind to provide a final ranking - a ranking that could provide a set of implementation priorities for new alumni program development.

The results of this group work are shown in Figure 4.3, where the alumni and company values are plotted on the axis and the ease of implementation is indicated by the size of the squares representing each kind of offering (the larger the circle, the easier the implementation). Numbers in the circles indicate the final ranking, which is also in the list on the side.

Figure 4.3: Priorities for alumni network platform offerings



All of the offerings scored in the upper half of the scale (1 to 10) for alumni benefits. Only half of them scored five or above for company benefits – however, three of these were also the top three items in the final total ranking (Directories and profiles, career marketplace and network events). Since they were also among the top four items in terms of ease of implementation, they clearly could become the highest priorities for a new program.

In other cases, the figure suggests that there are interesting trade-offs to be considered.

For example, “useful information” ranked the lowest in terms of value for the company. However, it scored the highest for ease of implementation (it could easily be provided by a syndicated service or one of the major Internet portals), and the Thought Leaders also felt that it would be a “sticky” feature that attracted traffic to the web site, so it ranked fourth in the final list. Here, the cost of implementation might be an important factor.

Personalization (the ability of members to define how they interact with the network) ranks high in alumni value. The features in this area would also greatly enhance the functionality of the highest ranking offerings – directories, the career market, and interactive events on the network – and this could significantly raise its value in the eyes of the company. But the technology required is relatively complex (and expensive), so ease of implementation is low. This is an advanced offering that should be reserved for implementation at a later stage in development.

Financial incentives (such as discounts or group procurement plans) scored fairly well for alumni, but promised little value for the company; its low score for ease of implementation made it the lowest priority.

Overall, the Thought Leaders' brainstorming group work produced a rich harvest of ideas and suggestions – food for more thought. The success of a corporate alumni network will depend on a clear mission and a well-defined value proposition that balances the benefits for all stakeholders.

It's not always about money or benefits but for the goodness of society. Ben and Jerry's donate a percentage of pre-tax profits to philanthropic causes, and invite their corporate alumni to decide where the money will go.

The range of possibilities also indicated that, while benefits valued by alumni and their former companies often overlap, they can also diverge and sometimes conflict – a point made by Susan Kish, who was moderating the discussion. “Take the issue about alumni

access to intellectual property, or about alumni recruiting from the network," she said; "these don't necessarily coincide with the company perspective. So that's very interesting."

On the other hand, the relationship between company and alumni benefits is not always an "either/or" proposition, or a "zero sum" balanced exchange, but rather a convergence for altruistic purposes, such as philanthropy or other forms of social responsibility. As one Thought Leader put it: "It's not always about money or benefits but for the goodness of society. Ben and Jerry's donate a percentage of pre-tax profits to philanthropic causes, and invite their corporate alumni to decide where the money will go."

Furthermore, as another Thought Leader remarked, social responsibility has corporate benefits, too. "Corporate responsibility becomes a critical recruitment tool. The 'Reputational capital' you've built up around that responsibility has terrific recruitment retention and development benefits. I think you create a virtuous circle."

## › Two Perspectives on Value

The next two sessions of the think tank offered two perspectives on identifying and exploiting the social capital inherent in networks. Both provided key conceptual tools essential to developing the business case for alumni networks.

## › Thought Burst: Two Perspectives on Value

A productive brainstorming session is a bit like a hurricane: the whirlwind can be tremendously energizing but it leaves a lot of stuff scattered all about. You can gather it up, sort through it, toss out the detritus, select and prioritize what's most valuable, and reflect upon how best to make use of it. At which point you will want to go back to the drawing board and bring in the architects and planners, who can provide frameworks for thinking about how to put it all together: clarifying objectives, identifying sources of value, creating synergies, structuring sustainable organizations and relationships.

The Thought Leaders' "benefits brainstorm" generated a host of implied values for stakeholders in corporate alumni networks. The next two sessions of the think tank offered two perspectives on identifying and exploiting the social capital inherent in networks. One was more theoretical, reflecting current academic research, but firmly based on an empirical foundation. One was more pragmatic, reflecting the experience of an alumni network pioneer, and focused on the possibility of monetizing the core value proposition. Both provided key conceptual tools essential to developing the business case for alumni networks.



## A. Beyond HR: Managing Competencies in Collaborative Networks

*Christian Kruse, University of Zurich: Thought Burst Speaker*

*Ines Mergel, Harvard University*

### **"Networked Collaboration - Collaborative Networking"**

As Christian Kruse pointed out in his presentation "Networked Collaboration / Collaboration Networks," although network theory is a new and explosive field, it is already an extended family of research programs, some of them very abstract and complex. Kruse's research program, a cooperative project between the University of Zurich and the Swiss Banking Institute, takes place among Swiss financial institutions, where the staff interested in networks would most likely be reading up on the mathematical and economic aspects of their effects. Kruse, however, is a cultural anthropologist and an economic geographer by training, and is more attuned to observing the exotic behaviour of those natives in the workplace.

So Kruse's starting point is not, for example, "we should have a network, what should it look like?" Instead, his research seeks to explain how the networks that do exist actually work. Extrapolation from observation over long periods of time leads to generalizations about behavioural patterns, and these lead in turn to diagnostics and methods for optimizing value. From his experience with this iterative process he has been able to extract key elementary principles, also applicable to alumni networks, which he shared with the First Tuesday Zurich Thought Leaders.

The research "engine" behind all this is network analysis, an approach he shares with other leaders in the emerging field of corporate social networks such as Rob Cross, author of the widely respected *The Hidden Power of Social Networks* (Boston, 2004), which has the compelling subtitle, "understanding how work really gets done in organizations." These networks, as Cross observes, are increasingly recognized as not exceptional but the normative channels of key business processes. The problem is that these channels tend to run not in sync with, but across and often counter to the functional lines of the official organization charts that have been the traditional framework used by senior executives and human resources departments in particular to manage company talents and competencies. Over the past 20 years or so, various management programs (business process re-engineering, total quality management, knowledge management, supply chain integration, and others) have attempted to redesign channels to cross the traditional "stove-pipe" organizational hierarchies. Kruse and

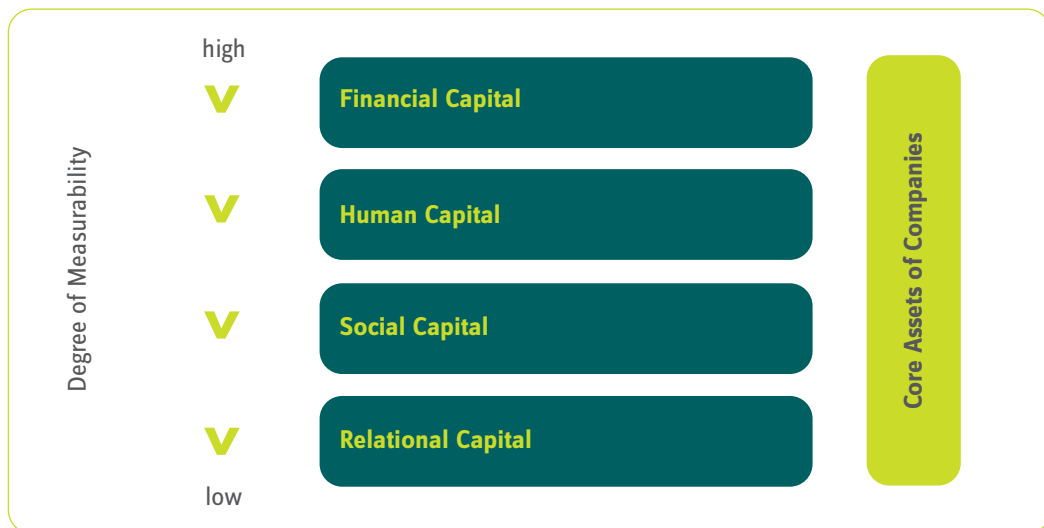
Cross argue that one reason such official efforts to leverage talent across structural and cultural divides have met with mixed results is that the existence and effects of unofficial social networks have not been sufficiently well understood or managed.

Unofficial networks tend to be invisible or "hidden," but they can be discovered by tracking the flow of work and communications generated by the organization's operations and projects. The intangible becomes more tangible; "nodes" can be characterized (connector or maven?) and their behaviours measured and managed. Cross reports, for example, that despite the development of web-based knowledge portals and vast databases to back them up, employees wanting to find out about something are most likely simply to turn to someone they know first. The best performers are usually also the best connected; in fact, connectedness is often a better predictor of performance than either technical facility or expertise. On the other hand, a common problem is that "Super Connectors" may be key resources but can also become single points of failure, with no backup: if the employee leaves the company, the network goes down; more often he or she becomes overloaded and turns into a bottleneck.

In the course of his talk, Kruse cited similar issues but focused on the conceptual framework or basic dimensions of corporate networks, which can help sort out the complexities that inevitably emerge. He sees the potential of alumni networks in the context of a shift from the traditional "HR perspective" to one based on the management of competencies. He asked his audience to consider two questions: in general, "how will work be organized within organizations in the future?"; and specifically, "what will be the role of alumni networks in this future?" His answer is that the development of alumni systems should be seen as an important part of the management of professional competencies and their interrelations. Kruse accordingly envisions extending the list of core corporate assets to include not just the familiar concept of financial and human capital, but also social and relational capital (see Figure 5a.1). The challenge, of course, is that as one moves along the spectrum "beyond HR," those assets become more and more intangible, at least thus far.



Figure 5A.1: Invisible value of relational capital



Kruse thus asked the group to consider three further questions:

How can we identify hidden knowledge and competencies within organizations?

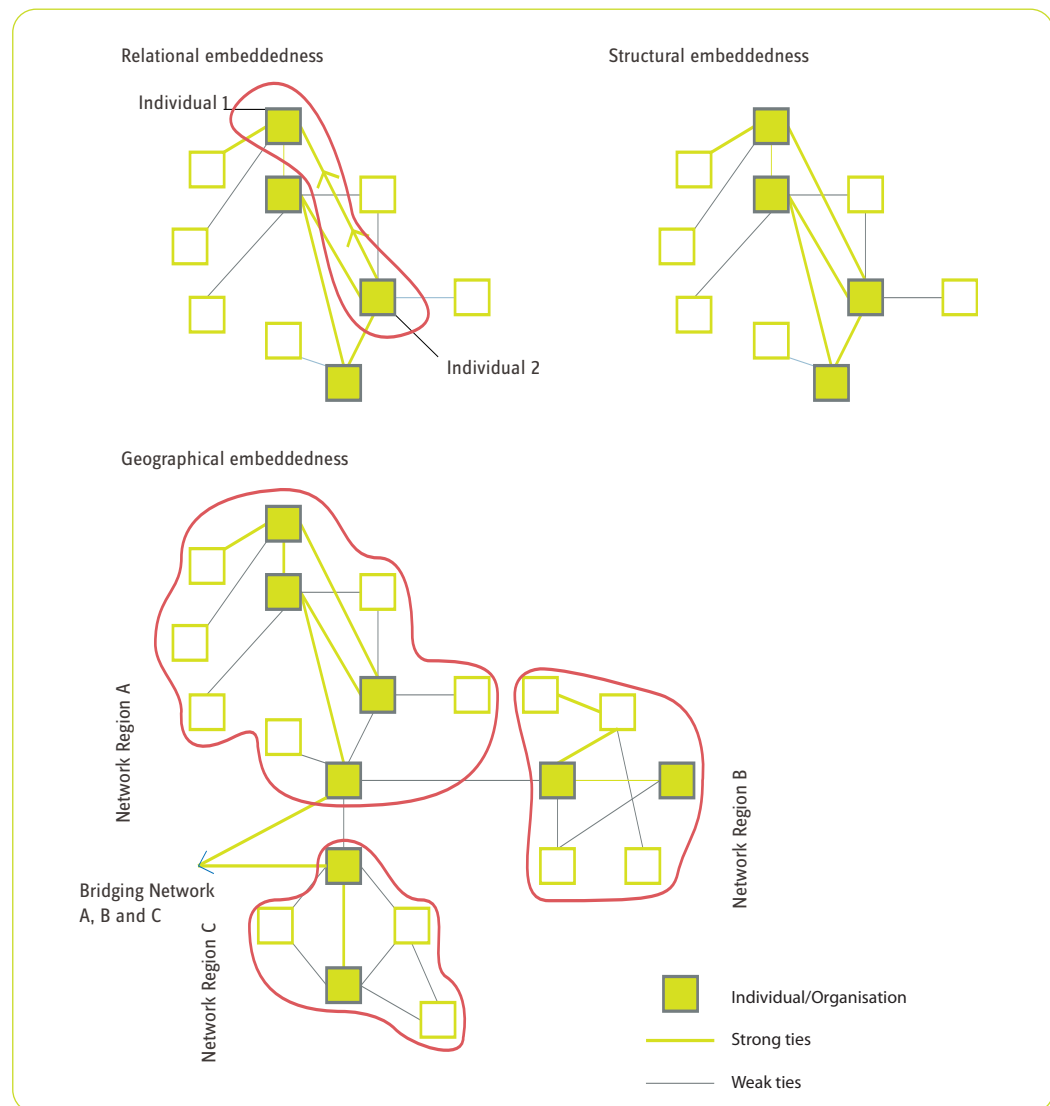
How can we identify, measure, and evaluate flows of knowledge and experience to improve performance and innovation?

How can we integrate individual knowledge into the organization knowledge base?

Answers to these questions start from the kind of network analysis discussed earlier. Kruse emphasized the important point that the way the assets are measured must be innovative, because the nature of networked relations is that they are both dynamic and highly contextual. The basic inventory should not be limited to headcounts, functional titles, and reporting relationships. Traditional measures of potential performance levels – professional competencies such as education, skills, training, and benchmarking against standard practices – need to be supplemented and aligned with “social and methodological competencies” that address behavioural patterns, which may change significantly from one context to another. Thus Kruse stressed the importance of “embeddedness.” Social networks are rarely “greenfield” or standalone constructs, and their potential may be either enabled or constrained by the existing structures they inhabit (see Figure 5a.2). Kruse noted that even flexible, multi-disciplinary teams can, over time, develop their own inward focus and become exclusive, protective, and resistant

to change. Bonding, too, can have a downside when, for example, geographic- or gender-based affinities take precedence over business objectives.

Figure 5.A.2: Networks are embedded in more than one context



Source: Kruse, Christian: Börsengänge in der Schweiz.  
Vernetzte Finanzintermediäre als Chance oder Risiko für Börsenunternehmen?

Network analysis, then, can locate opportunities for management intervention. Given the dynamic and contextual nature of networked relations, the most important focus of network analysis, from Kruse's perspective, is on the flow and integration of knowledge based in individual competencies: "That's the most important aspect from the perspective of competence management – how can we turn individually owned knowledge into collectively executed competencies?" The answers to four basic questions will contribute to one's understanding of how that can be done:

Do employees use knowledge and expertise from other locations effectively?

Are the different areas of experience in the company well-connected?

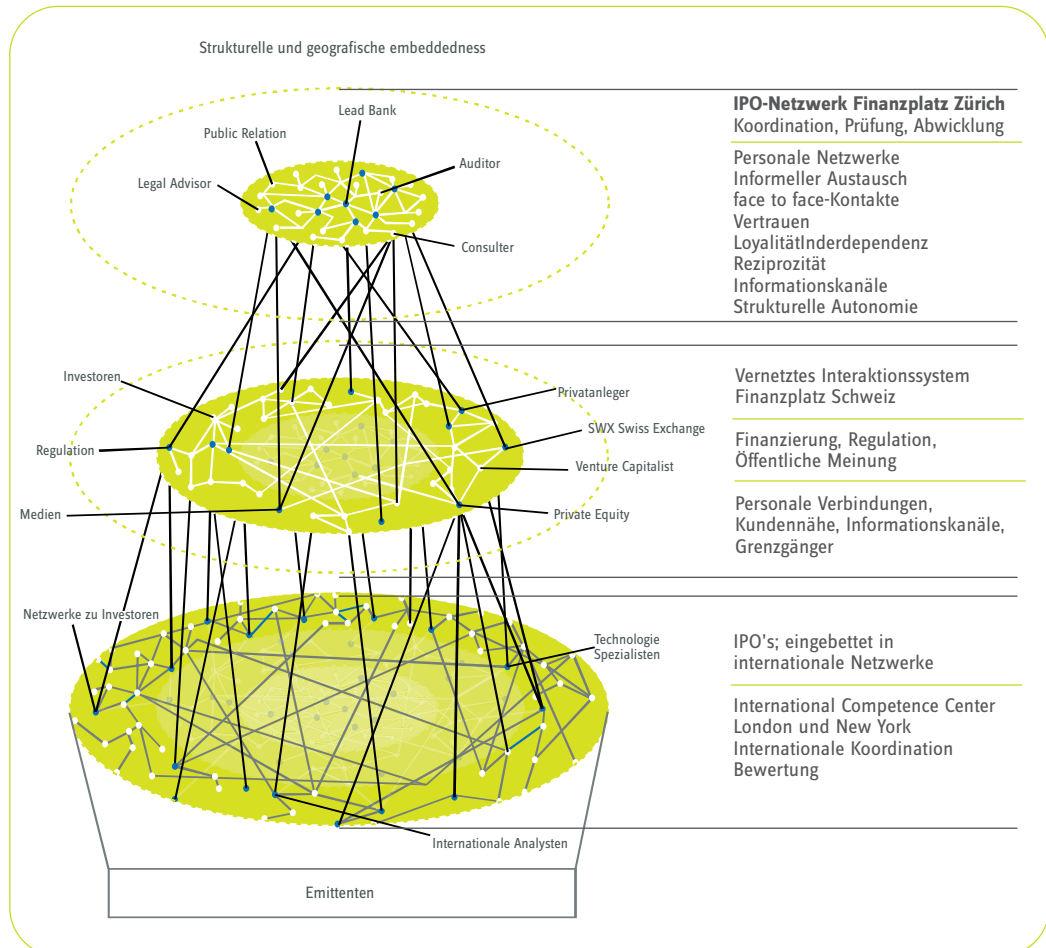
Where are the best practices of inter-office knowledge transfer in your company?

Where are the vulnerable connections that need to be supported?

Kruse's research program begins from such elementary principles and questions, but network analysis can become very complex. To give the group an idea of the scale of his project with the Swiss Banking Institute, he displayed a graphic picture of the levels of intermediary networks involved in the launching of an initial public offering (IPO) by a bank in Zurich (see Figure 5a.3). The local lead bank is shown at the top level, which reaches down through many connections to the country level and then further down through many more to the international level of the global IP market, creating a vast web of financial, regulatory, and supporting relationships. Kruse's message, that "today is not tomorrow," signalled that the future for network analysis is wide open.



Figure 5.A.3: Intermediary networks involved in launching an IPO. Today is not tomorrow: Evolution of networks



Source: Kruse, Christian: Börsengänge in der Schweiz.  
 Vernetzte Finanzintermediäre als Chance oder Risiko für Börsenunternehmen?

Despite the forward-looking and even visionary aspects of his presentation, Kruse ended by observing that it may not be so easy to go beyond HR to reach the level of the organization that really counts. His project team at the Swiss Banking Institute has been working with major financial services organizations to instil a comprehensive approach to competency management. But they have found that the most vulnerable or weakest points in the efforts to cultivate this transformation have come not just at the level of communicating the vision to HR, but most importantly at the level of line management. "The weakest point is that all this effort is depending on whether line management really understands the importance of networks and the importance of managing talents." Kruse concluded that "if you want to implement an alumni system, if you want to make the networking perspective work, it's very important that it becomes part of corporate culture on all different levels of management."

This, however, is not necessarily an ominous foreboding. Financial institutions are notoriously conservative. More importantly, challenges are also opportunities. As Kruse implied, the situation he described may be just the kind that would benefit from development of a "hybrid" alumni network that would enjoy top-down support from the corporate levels, cultivate grassroots support from the bottom up, and introduce a dynamic and friendly influence from outside the current organization structure while also linking, say, recruitment efforts to a wider range of resources. This kind of approach was explored in more detail later in the program when one group exercise was to design an alumni network for a professional / financial services institution.



## B. Developing the Core Value Proposition

*Cem Sertoglu, Managing Director, SP Ventures "Innovation through Alumni Networks"*

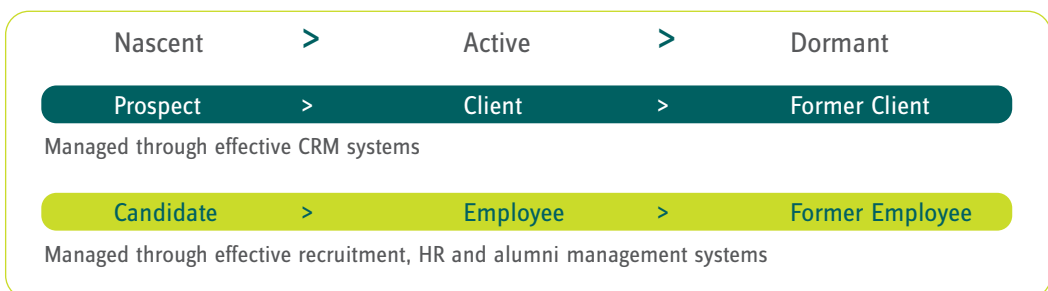
### The core value proposition

From its own perspective, every company is at the centre of a web of business relationships based on an exchange of value. Because the exchange is mutually beneficial, all such relationship partners are both assets and stakeholders in the business. Starting off First Tuesday Zurich's afternoon program, Cem Sertoglu opened his remarks with a similarly direct proposition: "businesses that manage their relationships effectively will gain significant competitive advantage." He followed this with a second basic premise, that "many companies have overlooked some existing relationships that could be valuable assets." Why? Because the value proposition for cultivating these relationships has not been clear – and corporate alumni have not been seen as a potential source of competitive advantage.

Sertoglu noted that perceptions have changed, driven by the trends outlined in the morning session by Susan Kish, above all the competition for talent and the advance in network technology that has radically enhanced the practical possibilities for tapping new resources. Still, one has to establish the business case for making the effort. As a founder of one of the earliest third-party service providers offering a web-based application platform for managing corporate alumni networks, Sertoglu has a wealth of experience making the business case to potential customers. How does one turn intangible alumni relationships into tangible assets that can be monetized and realized?

The core value proposition, as the Thought Leaders had earlier concluded, from the corporate point of view turns on the recruitment of talent (increasing efficiency and reducing costs while enhancing quality) and the generation of new business (increasing revenues). Both can be achieved by managing the full life cycle of employee relationships. Sertoglu made this point with a compelling analogy with customer relationship management (CRM). CRM is based on the idea that customers, too, are assets and like capital investments can be managed through a life cycle.

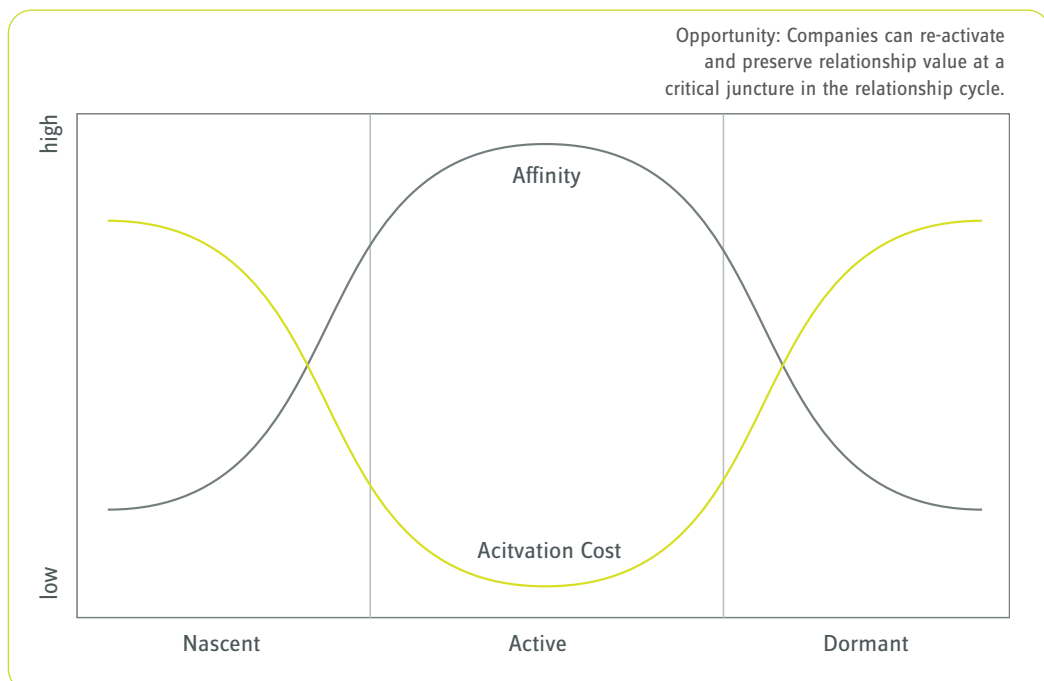
*Figure 5B.1: The Relationship Value Cycle*



Consumers pass through a “nascent” phase (awareness, consideration, purchase) into an “active” ownership phase and on to a relatively “dormant” phase, which may involve occasional customer service or gradually transition to a new cycle. And just as service companies think in terms of prospects, clients, and former clients (whom they will immediately consider as new prospects), so employers think in terms of candidates, employees, and former employees – at which point the customer life cycle analogy breaks down, unless of course the former employees again become candidates for rehiring. This is not the only source of value in corporate relations with alumni, but rehires can serve as a paradigm case for establishing the core value proposition, to which Sertoglu turned next.

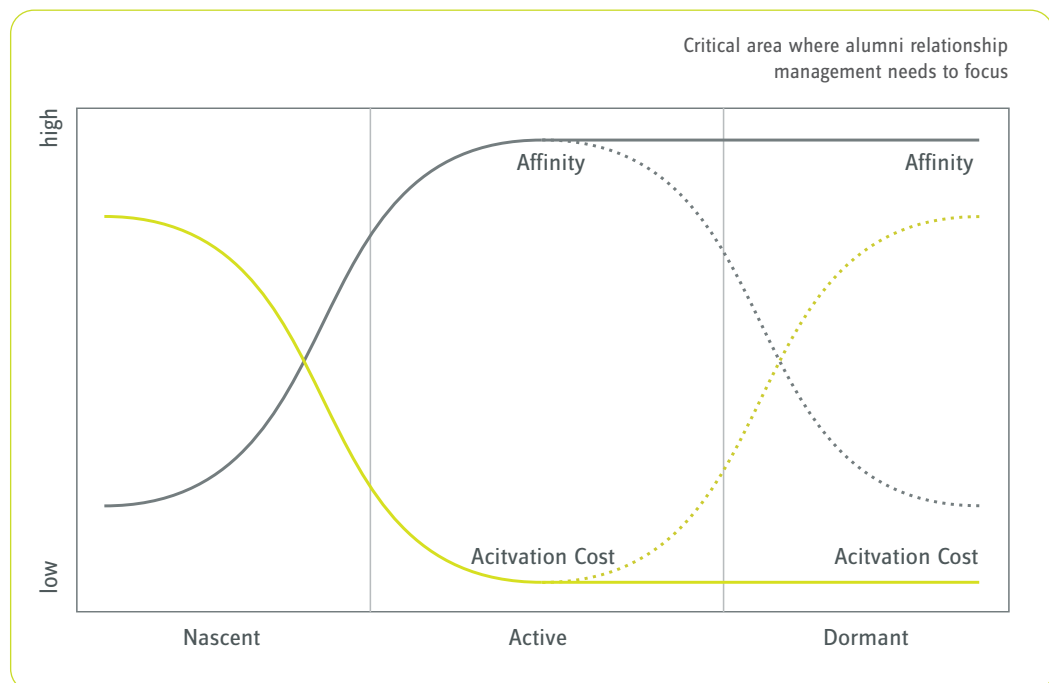
Figure 5b.2 shows that the cost of activating an employee varies inversely in relation to his or her “affinity,” or degree of engagement, with the company. Thus the cost of originally recruiting and hiring someone with a low affinity in the nascent phase is greater than for someone with a high affinity; and the cost rises again for former employees as affinity declines in the dormant phase. (Activation costs in the “active” phase can be understood as applying to maintaining and motivating the affinity.) The clear implication is that by raising affinity levels companies can lower their activation costs; more specifically, Sertoglu highlighted the opportunity to preserve the high affinity levels of the active phase and sustain them into the dormant phase where they can be more effectively re-activated (see Figure 5b.3). This, then, would be a central tenet of a corporate alumni network's mission statement and an essential part of the business case.

Figure 5B.2: The Relationship Opportunity



Sertoglu's graphic demonstration of the value proposition is more theoretical than empirical, intended to communicate the basic relationships. To make the intangible more tangible and provide the basis for monetizing the value of alumni programs, he also shared with the group some key data points gleaned from his experience as a provider of alumni network management services for large corporations. Starting from the cost side, he estimated that rehires are 50% less expensive to bring on board than new recruits. Rehires also reach full productivity 40% faster than new recruits, who require more training. Retention costs for rehires are also lower, as their tenure periods tend to be twice as long. Harder to estimate is the comparative quality of rehires versus recruits, but they significantly reduce the chances of outright failure. Thus, working from these data points and applying them to the average figures of a Global 500 company, Sertoglu estimates that each 1% increase in a company's rehire rate will yield \$1.25 million in annual cost savings. Typical rehire rates in companies that have no focused program for that purpose are about 3-4%; a focused program could double that rate.

Figure 5B.3: Preserving affinity



On the revenue side, Sertoglu acknowledges that the amount of net new business generated by cultivation of alumni networks is much harder to quantify, primarily because of diverse and often conflicting systems for allocating credit for leads, sales, and deals. His research among former clients indicates that the traditional closely knit networks of the professional services



industry are likely the most productive in this respect: 30% of former lawyers move on to positions where they make or influence purchasing decisions relevant to their former employers; for management consultants the proportion is 42%, and for investment bankers 50%. This remains an area ripe for innovative measurement techniques.

### **Directions for Alumni Networks**

Sertoglu also placed his reflections on value in the context of the evolution of corporate alumni networks, offering the Thought Leaders several interesting observations on their past, present, and future development.

Corporate initiatives have begun as outreach programs focused on marketing and recruitment of alumni. The basic component has been a web site with a directory of members, usually lacking personalization features, but supplemented by some company-provided content. The main activity has been the organization of periodic (usually annual) receptions.

Over time, companies have realized that basic outreach programs were not sufficient to reach critical mass and sustainability. The key driver of growth is the ability of members to develop intra-network relationships, which requires enhanced communications features. And, since for many alumni an important benefit is to maintain relationships with their recent colleagues, some programs have come to include current employees.

Consequently, current programs with more sophisticated online platforms (home-grown or third-party), are more member-centred and focus on member initiatives. They provide personalized contact management tools, facilitate the flow of information and ideas via blogs and forums, and support special interest and affinity groups.

In conclusion, Sertoglu pointed out important trends for the future:

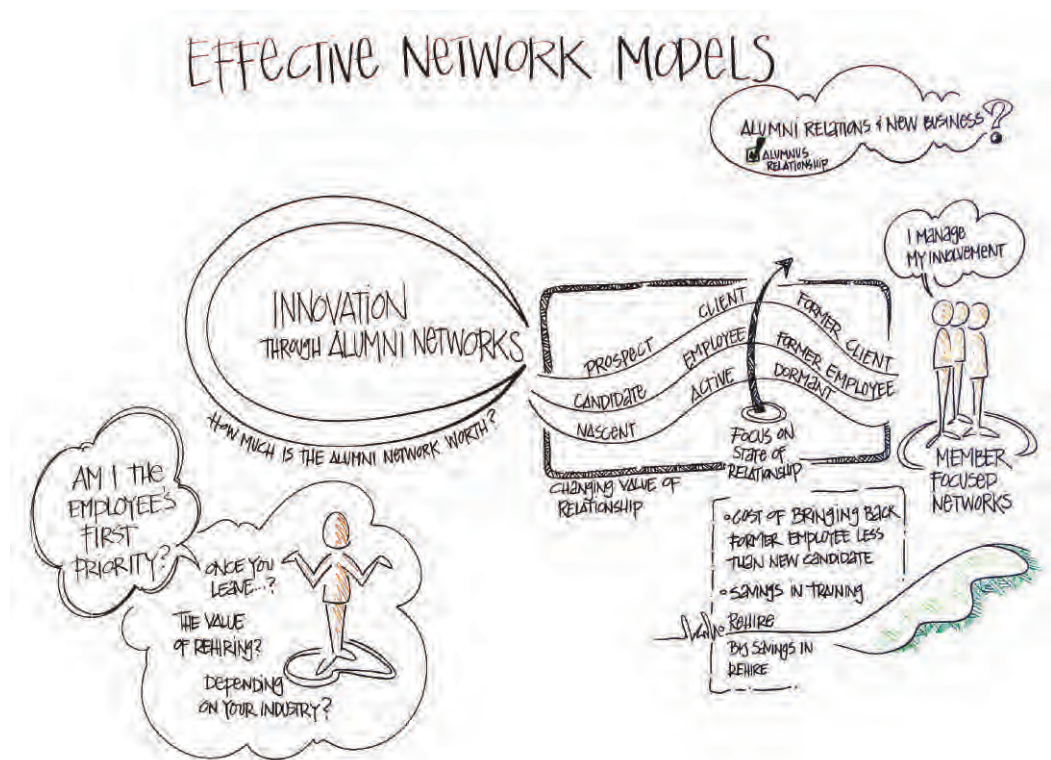
Alumni networks are becoming more inclusive of diverse membership segments – part-time employees, employees on maternity or sabbatical leave, freelance resources – reflecting company interest in managing the complete pool of talents and competencies.

Similarly, they are cultivating opportunities for sub-networks based on a diverse range of affinities, which in turn provide important insights on the formation and behaviour of informal internal social networks.

The CEO had a policy that when someone leaves, they will never be hired back again. But the line managers told us that in fact they do it all the time: if they know that a former employee is the person they want, the right person for the job, they will bring that person back. They will just try not to make it known upstairs. Once the CEO heard this, he supported a formal alumni program to increase the rehire rates.

Overall, the aim is to cultivate higher levels of engagement, which create more opportunities for generating benefits for the company. In fact, formal alumni networks can promote best practices and cultural changes that are already latent in a company. One example from a technology company illustrates the point: "The CEO had a policy that when someone leaves, they will never be hired back again. But the line

managers told us that in fact they do it all the time: if they know that a former employee is the person they want, the right person for the job, they will bring that person back. They will just try not to make it known upstairs. Once the CEO heard this, he supported a formal alumni program to increase the rehire rates."



Thought Leaders' Group Work:

## ➤ **Recommendations for Effective Models**

Now the Thought Leaders were tasked with putting the pieces together. Different groups were asked to design a corporate alumni program for a large organization.

## › Thought Leaders' Group Work: Recommendations for Effective Models

By this point in the Think Tank, the Thought Leaders had discussed the trends driving recent interest in corporate alumni networks, identified the major characteristics of leading examples, brainstormed about their benefits for stakeholders, and considered different approaches to conceptualizing and realizing their value. In previous sessions, the participants had exchanged ideas about the evolution, goals, benefits, components, members, and critical success factors of alumni networks, as well as other key issues. Now they were tasked with putting the pieces together in a practical application.

Once again, the Thought Leaders divided into three groups, and Susan Kish asked each group to design a corporate alumni program for a large organization: one group for a professional financial services firm, one for a manufacturing company, and one for a private university. Each was to give particular attention to the typical requirements for its kind of organization, and to outline the proposed program in terms of five main topics: its purpose or mission; type of association (and membership); challenges; features and tools; and performance measures.

In the "real world," of course, a full-blown program design, not to mention a complete project plan for implementation, might take months to produce. In that respect, the Thought Leaders proposals should be viewed as more like an architect's ideal sketch than an actual blueprint, or as recommendations for effective models. The models may serve as starting points that need further development of the insights relevant to industry sectors to apply to specific companies.

### **The Results**

As the group representatives who reported the findings to the plenum noted, there was a good deal of overlap, as might be expected, between the three proposed programs across all categories. For this reason, we will report the results not by taking one group (or organization type) at a time in sequence, but by topic (or program category), noting similarities and differences. For the same reason, the summary overview of the results, given in Table 6.1 below, does not attempt to list all recommendations in each type or category; instead it focuses on the highlights that best serve to mark the distinguishing characteristics of each type.

### **Purpose**

Because the Thought Leaders were designing programs for typical corporations, the discussion of purpose inclined toward the company perspective, always implying that the value exchange with alumni is a two-way street. Previous sessions had gathered goals (benefits) for companies

into five main areas: brand value, corporate employee culture, talent management, new business potential, and knowledge and innovation.

Table 6.1: Highlights of Corporate Alumni Program Components by Organization Type

Organization Type			
Design Components	Financial Services	Manufacturing	University
Purpose	• Talent management	• Knowledge management	• Fundraising
Type	• Hybrid: corporate initiated core program promoting member-activated affinities	• Hybrid: grassroots initiatives receiving corporate support and coordination	• Hybrid: independent association, but very integrated with corporate governance
Membership / Segmentation	• Selective: by invitation in phases; "viral" extension • "Relationship-driven" groups (e.g., by tenure, seniority, gender)	• Federation model • Local organizations • "Natural" divisions by job, role (R&D, blue collar, etc.)	• Very open; graduation year "classes" • Corporate advisory committees (by election)
Challenges	• Personalization • Information overflow • Reaching critical mass	• "One size doesn't fit all." • Access to technology • Cultural mindset/ corporate bonding	• Culture (Europe vs. U.S.) • Lack of practical motivation • "Emotionality"
Key Features	• Jobs market • Career services	• Knowledge portal • Offline events	• Prestige events • Publications, newsletters
Performance Measures	• Usage and feedback • New business and cross-selling	• Retention and rehiring rates • On-boarding and training costs	• Fundraising • Participation • Placement of graduates

Results from "Thought Leader's Group Work: Recommendations for Effective Models"

In this group work, for the financial services and manufacturing sectors, suggestions for defining the network's purpose focused on three of these areas: brand value, talent management, and knowledge management. New business opportunities were not mentioned, perhaps because they are hard to measure, and because the Thought Leaders were focused on the early stages of program development. In contrast, while discussion of the university program's purpose also highlighted brand value, and touched on talent and knowledge, it gave most attention to fundraising – which, while not quite the same as "new business," has a similar impact on the bottom line.

**Financial Services.** The group believed that, for a financial services firm, cultivating relationships (intra- and inter-firm) is an essential aspect of its culture and practices, and an important source of competitive advantage.

Through alumni, the firm would also be able to extend its reach and influence among potential partners and facilitate information flow.

Development of an alumni network would be an opportunity to become an industry pioneer, establish thought leadership, and enhance its reputation as an “employer of choice.”

An alumni network would reduce recruitment costs by “leveraging dormant assets” while also cultivating professional resources by fostering diversity.

These points were clearly interrelated, as indicated by the program mission statement formulated by the group: “by establishing an active alumni network, [the firm] offers lifetime value to all relevant stakeholders and a main driver for strengthening a global corporate culture.” “Talent management” is highlighted in Table 6.1 because that theme was stronger in this group than in the others.

One of the reasons we are looking at the alumni network is that we are able to work with business partners and clients to rapidly prototype from concepts to products.

**Manufacturing.** This group also approached the definition of program purpose as a question of managing corporate assets, but the emphasis was more on knowledge, or “know-how,” than relationships, or who one

knows. Manufacturing companies derive competitive advantage from scientific research, advanced technologies, and operational expertise. Talent management was mentioned as an important aspect of the purpose, but more as “brain-drain” and the loss of expertise. Thus the alumni program was seen above all as an opportunity to develop and leverage knowledgeable resources outside the company. As one participant said, “One of the reasons we are looking at the alumni network is that we are able to work with business partners and clients to rapidly prototype from concepts to products.”

**University.** This group’s discussion of purpose also mentioned the importance of talent and knowledge management, though in different respects: alumni networks would provide essential support for the recruitment of new students; and a strong network of alumni, the “products” of the university’s knowledge assets, would advertise the value of its curriculum and degree programs. Most importantly, a vibrant alumni organization would contribute significantly to fundraising efforts, as they continue to re-invest in the brand, enhancing its prestige and influence, from which they also continue to benefit.

## A: Type of Association and Membership

Here the groups were asked to choose between the three kinds of alumni association identified earlier in the day by Chris Gopsill: those initiated and governed by the alumni (“grassroots”), those initiated and governed by the corporation, and those that are hybrid combinations of the two. Each group opted for the hybrid version; in general, all agreed that grassroots efforts alone would find it hard to reach critical mass and sustainability, while top-down company efforts cannot mandate the growth of lasting affinities. So the real interest lay in the particular blends they proposed and the reasoning behind their decisions.

**Financial Services.** This group took an innovative approach to designing a development plan for the alumni network – one that would demonstrate the firm’s thought leadership while also cultivating grassroots initiative. At first, membership would be selective, limited to those alumni specifically invited by the company, the purpose being to create a cadre of alumni lead adopters notable for their tenure, prominence, influence, or charisma. It would also ensure a high level of commitment and trust. Company invitations might then be extended further in phases; and the early adopters would also be able to extend the membership by personal invitation and reference. The aim would be to create a “viral” effect in Gladwell’s sense. (Google and other online services have taken a similar approach to launching their offerings.) Membership would be developed from the top down and from the bottom up, driven by relationships and affinities.

**Manufacturing.** This group also designed a development plan based on the company’s characteristic culture. Existing bonds among former employees would most likely form around traditional organization divisions and functions (for example: R&D, marketing, distribution; or executives, line management, blue collar workers), and geographies (plant locations, major market centres). In many cases, informal alumni groups would already exist; the company would select the best of them as prototypes of best practices, and encourage the formation of more like them. The alumni association would be a federation of its chapters, and over time would seek to foster common practices and communications, aggregate resources, and extend the brand.

**University.** University alumni associations were originally informal grassroots groups, but they were rapidly “co-opted” by their schools: although officially independent, their activities are very closely coordinated with the university’s mission and programs, and governance is often overlapping. A brand new (“greenfield”) program would want to simulate this evolution. The basis for alumni affinity is founded in a few years of common student experience, but without active cultivation this bond can fade quite quickly. So a new program would want to focus not on the oldest but the most recent alumni – in fact, start with the launch year’s graduating class: this year’s on-campus student leaders would become next year’s off-campus alumni leaders.

## B: Challenges

As we have seen, the Thought Leaders' deliberations about the "type" of their programs entailed consideration of membership segmentation and development. The strategies they devised were also closely related to the challenges their programs would face, the most important of which, for each of the groups, were building membership and active engagement.

**Financial Services.** The challenges highlighted by this group were that the program might attract few members, lack support, or stimulate little interest – concerns that were addressed by their innovative plan for phased membership development. Two other challenges were, in a sense, the two sides of one coin: on one hand, the program might not deliver enough value to individual members; on the other, it might expose them to information overload. In response to these issues, the group concluded that a significant network development challenge would be the provision of personalization tools to allow members to "tune" their engagement to suit their goals.

**Manufacturing.** Again, this group argued that the traditional culture of a manufacturing company meant that "one size doesn't fit all" – hence the choice of a "federated" approach involving segmentation and chapters along traditional lines. This approach would also address the need to build trust. And because one could not assume that most alumni would have access to information technologies (as might be assumed in financial services), trusted relationships would need to be cultivated locally, for example at social events where alumni could meet in person. The added challenge for a federated and local approach, however, would be to ensure that traditional segments would not become or remain inward-focused. The central organization would need to create opportunities for crossing boundaries – and this would require a shift in the cultural mindset toward openness and transparency, based on mutual buy-in.

**University.** The major challenges identified by this group involved cultural differences between Europe, where university alumni associations are not well developed, and the U.S., where they flourish. In Europe, alumni networks have not been important for recruitment or fundraising. The group felt that, lacking these pragmatic motivations, alumni programs would be challenged to create brand loyalty based simply on "emotionality."



## C: Features, Tools

"Key features" included offerings, services, tools, and other program content, including events, whether online or offline. With a limited amount of time available, the groups were not expected to design well-integrated, packaged, sets. Not surprisingly, there were many similarities across groups, as well as a diverse range within each.

**Financial Services.** Reflecting the advanced state of technology in this sector, this group emphasized the importance of a sophisticated web-based communications platform, linked to the company's commercial services, and featuring robust administration and reporting tools for tracking usage statistics, as well as search capabilities and other standard items. In addition to a directory of member profiles, the platform might offer discussion forums (moderated subject experts), "idea boxes," brainstorming features, blogs, and personal information services such as address books and calendars. In more general terms, the program should offer a jobs marketplace and other career services.

**Manufacturing.** In keeping with its previous recommendations, this group placed more emphasis on offline "real world" social events organized by local alumni chapters. Networked integration on a regional and global basis would be the objective of later development phases. However, consistent with the program's purpose of knowledge management, the company would develop online "knowledge portals" that would provide access to recent research developments, promote knowledge sharing, and showcase the achievements and contributions of both current and former employees.

**University.** As noted above, the core challenge for this sector would be to generate tangible member interest. If, as suggested, the development program focused on recent graduates, then a job clearinghouse and access to career services would have clear value. Recent graduates are often very mobile, so up-to-date directories and profiles would be essential. An alumni magazine and newsletters would help keep members informed about the activities of both the university and other alumni, and about opportunities for continuing education. As in the manufacturing sector, local groups and events would be vital sources of grassroots development.

## D: Performance Measures

The performance measures proposed for the alumni programs were fairly consistent across all groups, with some notable variations. The financial services group, for example, placed a high value on fostering personal relationships within the network, so a useful measure of the program's success might be the number of connections established between members. The university group naturally emphasized the financial contributions of members. The manufacturing group proposed tracking member contributions to R&D projects.

The Thought Leaders observed that the specific ways in which these criteria were measured would vary from company to company, customized to suit the context, and could be quite creative. One suggestion was to measure the alumni network's impact on brand reputation by tracking its appearance and ranking in Google's listings. Or, network analysis would look at membership adoption across the company's lines of business to observe cultural patterns.

In general, the proposed performance measures fell into three broad areas:

Membership and participation (including usage and activity)

Brand value

Benefits for the company: recruitment and new business

The first area focused on the operations of the alumni organization/network itself. It offered the greatest opportunity for defining and tracking tangible metrics, such as: the number of members (and many subsets of this category), frequency of logins to the system, interactive messaging, event participation (online and offline) and subscription to information services. Also important in this area would be member feedback, both solicited (as in surveys and webforms) and unsolicited.

At the less tangible end of the scale, each group also mentioned the potential for enhancing brand value, a benefit that accrues to both alumni and the company. While new alumni programs would likely find this difficult to measure, most major corporations have sophisticated brand management programs with established methods for measuring brand equity, and alumni programs should enlist their cooperation.

In the third area, the Thought Leaders concentrated on the two key factors of the core value proposition identified earlier in the day by Cem Sertoglu: recruitment and new business generation.

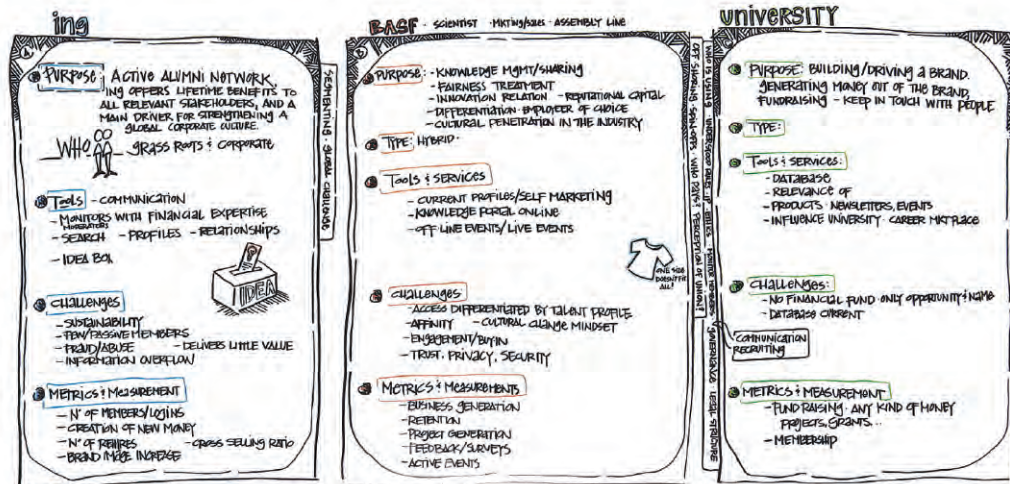
For recruitment (and talent management in general): the number of rehires and referrals, retention rates, on-boarding and training costs.

For new business: new clients, customers, projects, and partners, as well as cross-selling opportunities that can be attributed to the alumni network.

## DRIVING & MEASURING VALUE

(PURPOSE · TYPE · TOOLS & SERVICES · CHALLENGES · METRICS/ROI MEASURES)

INFORMATION EXCHANGE  
BRAND  
SEGMENTATION



# › Diversity and Innovation in Networks

The central theme is that the growing interest in alumni networks is part of a larger cultural shift.

## > Thought Burst: Diversity and Innovation in Networks

*Eleanor Tabi Haller-Jorden, General Manager, Catalyst Europe AG*

*"Women Working Together: What Networks Can Do for Women and the Workplace"*

Alumni networks are not the only kind of corporate social networks. One Thought Leader reported on her conversation with the CEO of a multinational financial services firm that had 37 different global networks in his company. In fact, she went on to suggest that "ultimately the notion of being a corporate alum is almost a misnomer": that is, a category label that restricts our thinking about how alumni networks relate to the growing web of corporate social networks. These remarks came from Eleanor Tabi Haller-Jorden, whose talk, "Women Working Together: What Networks Can Do for Women, for Workplaces" was introduced by Susan Kish as a terrific way to broaden the group's perspectives on the day's topic and think about the value of corporate social networks.

Tabi Haller-Jorden is General Manager of Catalyst Europe AG, which has the mission of enabling women in business to achieve their maximum potential and helping employers to capitalize on the talents of their female employees. Her central theme was that the growing interest in alumni networks is part of a larger cultural shift in our understanding of what it means to be an employee, which so often intersects with the cultural issues around women in the workplace. Despite significant progress, women still face all too familiar barriers to their careers: stereotypes and inhospitable cultures often exclude them from influential networks and positions of power; they are often held to higher performance standards, and yet are faulted on matters of style. Catalyst research confirms that women still perceive that they are held back by lack of experience, awareness of organizational politics, and a lack of role models.

A large law firm that had an unusually high number of managing partners who were women, which she thought would be an encouraging sign for the firm's junior women she spoke with. But they told her "oh, no, just the contrary, those women have no partners, no children - they don't even have paraqueets." In effect, Haller-Jorden observed, "these successful women are told that 'men take charge, women take care' - and so they are damned if they do and damned if they don't.

Even when women are able to develop strongly supportive social networks, they can find that advancement up the corporate ladder threatens to undermine these relationships. If, as they advance, they adopt more traditional "male" behaviours in order to command respect, they may alienate their network support. Haller-Jorden used the example of a large law firm that had an unusually high number of managing partners

who were women, which she thought would be an encouraging sign for the firm's junior women she spoke with. But they told her "oh, no, just the contrary, those women have no partners, no children – they don't even have paraqueets." In effect, Haller-Jorden observed, "these successful women are told that 'men take charge, women take care' – and so they are damned if they do and damned if they don't."

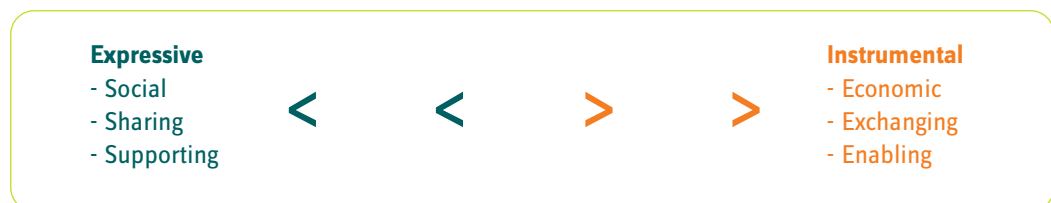
A major concern is the lack of mentors. Catalyst has found that having an influential mentor is consistently ranked among the top factors in the advancement of senior businesswomen; the lack of mentoring opportunities is cited as the leading barrier to advancement. But less than half of white women in the U.S., and only just over a third of Afro-American women, say they are satisfied with the availability of mentors.

In response to this challenge, Haller-Jorden's simple but resounding suggestion is that corporate networks can, among other things, provide a kind of social mentoring that may not entirely replace but can certainly supplement the traditional one-to-one relationship. Call it "distributed mentoring": the network is the mentor. It can also be a key platform for professional development. Haller-Jorden explained: "one of the interesting points is that many employees have said that the very experience of participating in a network builds skills. It's your opportunity to position a point, make an argument, or give a presentation that is so beneficial. And this is something that is attracting corporate attention more and more." In fact, Haller-Jorden adds that some companies are now exploring "reverse mentoring," in which younger staff and even new recruits mentor senior staff. The value of this two-way street has become sufficiently well recognized that many companies include evaluation of one's mentoring capabilities and activities in performance reviews, which impacts eligibility for year-end bonuses.

This is just one example of the type of a network's relationships and benefits that Haller-Jorden calls expressive or emotive, as opposed to instrumental. The instrumental aspects are those based on specific exchanges of information and knowledge: for example, the contact that leads to a successful recruit or new business, a reduction in cost or an increase in revenue. Her point was that the expressive aspects will lead to the same ends by developing talent and leadership potential that will have an impact on organizational culture and ultimately contribute to business growth. And she predicted "that in the next few years there will be many more sophisticated metrics attached to the impact on business performance, as well as the sustainability around a number of these initiatives."

Haller-Jorden argued that, just as expressive networks can be instrumental, instrumental networks have their expressive aspects, too. (See Figure 7.1) She defines networks as formal groups designed to create opportunities for building relationships, assisting participants with professional development, and acting as a resource for the company. And from the employer's view, the value proposition, aside from new business generation, "is clearly a recruitment, retention, and staff development issue." This of course was the most consistent note about alumni networks in the day's proceedings. There is growing evidence, however, that this focus, while still fundamental, is expanding to encompass a more complete and more flexible understanding of the employer/employee relationship life cycle, once more in keeping with the frameworks introduced earlier by Kruse and Sertoglu regarding the management of competencies and talents. The instrumental is becoming more expressive in that corporate networks are becoming more inclusive and diverse, and offer more opportunities for engagement at all stages of an employee's relationship.

Figure 7.1: Two complementary aspects of corporate networks



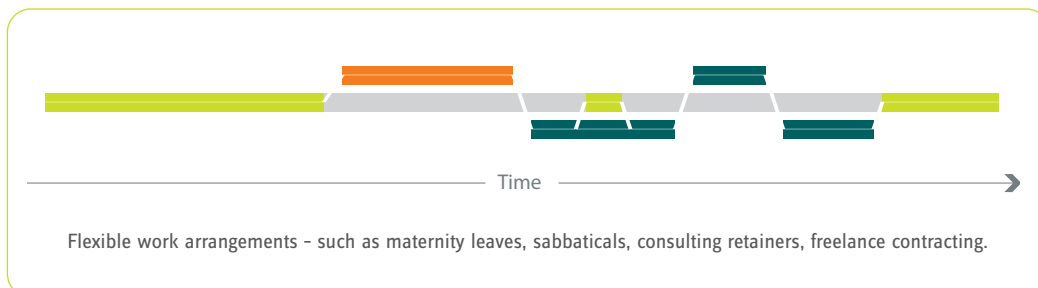
Haller-Jorden offered a number of more concrete examples and trends to illustrate her sense of the cultural shift taking place regarding what it means to be an employee. One was personal, recalling that when she first joined a large New York investment bank she was told that the minute she signed an employment contract, she was already an "alum," part of the family.

When she first joined a large New York investment bank she was told that the minute she signed an employment contract, she was already an "alum," part of the family.

Alumni networks merge with employee networks. Where once we thought in terms of the revolving door (you're either in or out), the new perspective thinks in terms of "on-ramping" and "off-ramping," the idea that there are various possible forms of an

employee's engagement with the company appropriate at different stages in a career (Figure 7.2). Flexible work arrangements – such as maternity leaves, sabbaticals, consulting retainers, freelance contracting – can be accommodated to maximize utilization of the available talent pool.

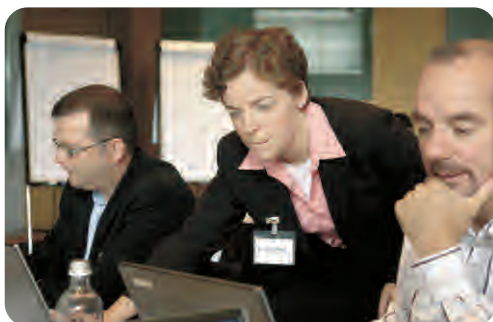
Figure 7.2: Flexible working arrangements



Haller-Jorden generalized her point:

“What companies have realized is that they need to manage their talent flow more strategically. We’ve shifted from the notion of lifetime employment to the idea that we join a company, and for varying reasons, stay for a while, or leave, or return at different points. The issue is whether companies can diversify the terms and conditions under which they engage people as employees. Those that are effective at creating different ways of engaging tend to do a better job of recruiting and retaining their people. And if they can reconcile the personal demographics with business demographics, they will be able to look at particular segments and actually predict their talent flows and build strategies around those expectations.”

Here, too, Haller-Jorden’s message chimed with the group’s observations earlier in the day regarding the increasing importance of corporate competition for talent. Catalyst’s research indicates that growth in the number, variety, and penetration of corporate networks is closely tied to their sponsor’s effort to be known as an “employer of choice,” one of those that appear in business journals’ lists of “best places to work.” The fact that employee networks have become an important component in company brand strategies is a significant indication of their increasing value, and, she says, bodes well for their future.





What are the critical success factors for a corporate employee network, alumni or otherwise?  
Haller-Jorden left the group with a list of “seven steps to success”:

Establish a well-defined mission and role in the organization

Articulate a clear business case

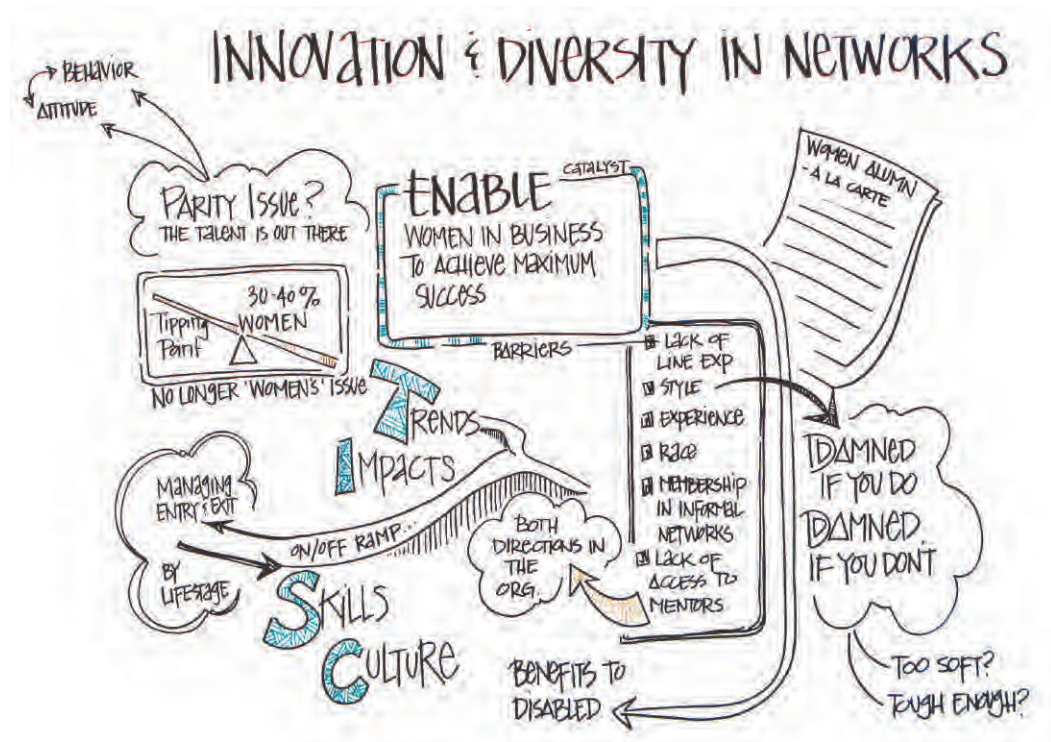
Develop a membership plan aligned with members' interests

Incorporate diversity in leadership

Plan well-managed activities and communications channels

Enlist support from senior leadership

Engage in periodic evaluation



Thought Leaders' Group Work:

## ➤ “Dialogue to Be Continued”

As befits a First Tuesday Zurich think tank, the day's proceedings concluded, not with a singular conclusion, but with a diversity of voices.

## > Thought Leaders' Group Work: "Dialogue to Be Continued"

As befits a First Tuesday Zurich think tank, the day's proceedings concluded, not with a singular conclusion, but with a diversity of voices. Recognizing that corporate alumni networks is an emerging field, and that the Think Tank could not do full justice to all its aspects, Susan Kish asked the Thought Leaders again to break into three groups and reflect on the day's discussion. She put it this way: "if the Think Tank were to continue another day, what one topic would you want it to give more attention?"

Each participant was to frame one question for discussion in his or her subgroup; then the subgroups were to focus on one of them to fill out with particulars – not so much answers to the questions as starting points for further consideration. The subgroups then presented their ideas to the plenum. Because the subgroups were not asked to focus on distinct subject areas, their interests and concerns naturally overlapped, so we have gathered their 21 questions into four fairly coherent categories: Envisioning Success, Making the Business Case, Implementing the Concept, and Changing Corporate Culture (see Figure 8.1); however, to reflect the diversity of voices, we have not combined similar questions.

Figure 8.1: Thought Leaders Questions for Further Discussion

### Envisioning Success

#### 1. How can we build sustainability into alumni networks?

2. What is the vision for an alumni network – what is the best that can be achieved?
3. What are the leading examples or success stories of corporate alumni networks?
4. What is the most important success factor for an alumni network?
5. What are the criteria for success, and how do we know whether we have achieved it?
6. How can we evaluate the success of alumni networks by performance measures?

### Making the Business Case

#### 1. How can I persuade my former company to implement an alumni network?

2. What percentage of alumni will really benefit from an alumni network?
3. What do individuals personally expect to give and receive from participation?
4. How do we manage the potential for conflicts of interest between alumni and the company?
5. Who will pay for the alumni network, and how does one decide? Should members pay?

### Implementing the Concept

1. How can we integrate our existing alumni associations within one network?
2. How do we achieve the best possible acceptance and usage in the launch phase?
3. How important is interconnectivity between online communities within a company?
4. Are blogs and related tools working in current alumni networks, and what are the examples?

### Changing Corporate Culture

#### 1. Do today's corporations have the right culture to develop corporate alumni networks?

2. What is the best way to achieve a "network-friendly" corporate culture?
3. How can we establish the idea of network collaboration in the corporate culture?
4. How does one establish trusted relationships, which are the foundation of networks?
5. How can we leverage social networks to normalize diversity?
6. How do we reconcile the diversity of our alumni and workforce with the desire to harmonize and "brand" the community?

The questions highlighted in bold type are those that were selected for extra discussion in the subgroups and the plenum, which served to summarize many of the important themes of the day.

***How can I persuade my former company to implement an alumni network?***

The Thought Leaders stressed the need to establish the business case and to identify and explain the tangible benefits. Advocates should form a project team, undertake competitive benchmarking studies, and develop a complete information package (including project plan, case studies, business analysis) for presentation to senior decision makers. The plan should be innovative, interesting, and easy to implement.

***How can we build sustainability into alumni networks?***

Here the focus was on maintaining commitment, budgeting resources, and managing expectations. Strong leadership is essential, and members should have access to key contact people. The program should include motivating incentives for participants. The content should be relevant, up to date, and target appropriate member segments. In the early phases, the accent should be on "near-term wins" and on quality rather than quantity.

***Do today's corporations have the right culture to develop corporate alumni networks?***

Regarding this question, the Thought Leaders focused more on challenges than on opportunities. They noted that while many leading companies have moved from the "awareness" to the "experimentation" phase, few have understood and integrated the potential of alumni networks within their business models and strategies for managing human resources. For many, the technology requirements for fully-featured networks are a significant challenge. Governance issues remain to be resolved. In all cases, the backing and commitment of the CEO was seen as an essential factor.

Author: Stephen Murray

Editor: Chris Gopsill



## ➤ Forum Producers

**Facilitator**



**Susan Kish**  
CEO First Tuesday Zurich

Susan Kish has more than two decades of executive experience in finance and starting businesses. As CEO for First Tuesday Zurich, she has led its growth into a recognized innovative think tank and knowledge network focused on new technologies and industries undergoing radical change, producing thought leadership and leading publications.

Prior to FTZ, Susan was with UBS for more than 14 years, most recently as Global Head of Structured Finance, based in Zurich. Before moving to Europe in 1995 with UBS, she held a variety of executive positions at UBS in New York, where she was responsible for their successful entry into several new financial markets and products.

Susan is an experienced public speaker and moderator at institutes and corporate events on topics including financial services, venture capital and entrepreneurship, risk and innovation. Susan graduated from Harvard University, and lives with her family in Zurich, Switzerland.

[www.xing.com/profile/Susan\\_Kish/](http://www.xing.com/profile/Susan_Kish/)

**Director**



**Chris Gopsill**  
Executive Producer, First Tuesday Zurich

As Executive Producer at First Tuesday Zurich, Chris Gopsill is responsible for establishing and growing their Network and Community Practice, which consults leading organisations on best practice in blended networking. He is also responsible for producing executive Think Tanks and enabling strategic dialogue.

Chris has more than 20 years experience in the global chemical, pharmaceutical, IT and consulting industries. He has held management positions at Novo Nordisk, Stanford Research Institute, Cap Gemini and Dow Chemical, as well as in start-up organisations.

He specializes in new product development methodology, technology management and transfer, innovation and emerging market exploration. Chris has broad experience in organisation development, change management, and assessment of commercial viability and implementation of new technology across a broad range of industries.

Chris holds a Masters Degree in Engineering from Cambridge University, England and an MBA from Indiana University, USA. He has lived and worked in the UK, USA, Germany and Switzerland and is married with 2 daughters.

[www.xing.com/profile/Chris\\_Gopsill](http://www.xing.com/profile/Chris_Gopsill)

Producer



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# ➤ Appendix

## The Status of Corporate Alumni Networks

A benchmark report by First Tuesday Zurich



## Contents

Foreword	73
Executive Summary	74
1. Background, Drivers, and Trends	77
What Are Corporate Alumni Associations?	77
Why Alumni Networks? And Why Now?	79
2. Benchmark Research Findings	82
The Survey	82
Characteristics of the Alumni Associations	83
Benefits of Corporate Alumni Associations	87

## » Foreword

### **The topic**

For many years, recognition of the advantages of alumni networks has largely been restricted to educational institutions and professional services firms. Recently, several significant trends – increasing globalization, the “war for talent,” the search for innovation from multiple sources, the emergence of adaptive enterprises, and the ubiquitous adoption of enabling technologies – have encouraged many companies across all sectors to proceed with major initiatives to harvest their intangible assets.

However, the value of alumni networks, and how to make this value more tangible, are subjects still not widely understood. What are the benefits – and the risks – of deploying these networks? What is their core value proposition? How can their outcomes be measured and managed? What are their critical success factors? To answer these questions, and to benchmark the current status of some leading examples of corporate alumni associations, First Tuesday Zurich (FTZ) conducted in-depth interviews with representatives of 15 major global corporations regarding their alumni programs. Their responses, presented and analyzed in this report, offer a rich representation of current thinking on this important subject.

This primary research was conducted in preparation for a First Tuesday Zurich think tank on the subject of “Corporate Alumni Networks: Leveraging Intangible Assets,” which was held on the 29th of August 2006 at The Gottlieb Duttweiler Institute (GDI), in Rüschlikon, Zurich.

## » Executive summary

In recent years a growing number of corporations have launched concerted efforts to cultivate their alumni relationships in purposively managed organizations. The basic enabling factor in this trend has been the ubiquitous spread of low-cost robust communication networks. Globalization has also lowered barriers of all kinds. Intense competition for human resources has led leading companies to reconsider how they manage their workforce and the shifting pool of talent available to them, and more companies realize that using networks to extend market reach can bring access to a larger talent pool.

The traditional paradigm of “employment for life” is no longer the norm; in its place we find greater emphasis on the idea of the “lifecycle of employment”. Faced with changing demographics, such as the aging of the workforce, and the need for diversity, employers are adopting flexible approaches to managing the flow of talent through their organizations. Here, too, networks will play a crucial role by crossing internal and external barriers to the flow of ideas, competencies, and intelligence.

Management teams that want to drive value through cultural change need to understand how to cultivate trust throughout their networks, which is another reason why corporate alumni networks are growing. A company’s culture is often seen as a function of its organization, but recent research shows that it is also importantly influenced by internal “social” networks that cross organization boundaries. An emerging management challenge is to understand how these networks work in order to leverage their positive effects.

To benchmark the current status of corporate alumni networks, FTZ conducted interviews with representatives at 15 well-known global corporations that either have an active alumni association or are considering or planning to launch one; respondents were based in either the United States (30%) or Europe (70%), including the UK, Germany, and Switzerland.

Over two thirds of the companies surveyed have established and formally manage an “official” company-endorsed alumni program. Enrollments ranged from around 1,000 alumni to as many as 17,000 or 20,000. Management responsibility for the formal alumni programs generally falls

to either the company's human resources or its communications department. A large majority of the companies justified development of their programs with a formal business case, and approximately two thirds of them regularly monitor the program's performance based on key metrics.

About one third of the surveyed companies have opted to use a system from an application services provider (ASP) for their alumni programs. All of those companies using an ASP rated their provider's services very highly (5 or even 5+ on a 1-5 scale) and in addition said they relied on the ASP for valuable guidance either in the program's development stage or for ongoing management and enhancements.

Four respondents said they regularly rehire former employees; several others said that they do occasionally but that it is not a focus or goal. Half of the respondents said their programs are open to current employees, while the other half said they are not. None of the surveyed companies charge their alumni for participation. However, one company had originally planned to and now had sufficient sponsorship to cover its costs. Also, secondary research in support of this study indicates that some programs to charge alumni a nominal fee.

Concerning the question of whether their alumni programs differentiate between members in terms of the benefits available to them and/or in terms of taking a different "targeted" approach to different types of members, the approach of the companies ranged widely but in general make modest distinctions, e.g., for VIPs, or for interns, or on a regional basis.

The key critical success factors for corporate alumni organizations are: enlist boardroom-level support; establish clear goals and objectives; ensure that the budget is adequate and in line with the business case; plan for commitment to the long term; and promote the network's reputation internally to current employees. Respondents mentioned two critical issues or challenges facing management: adequate budget and strong leadership.

The respondents were also asked to rank on a scale of 1 to 5 the benefits of alumni networks, both for the sponsoring company and for the participating alumni; the top-ranking benefits for each category are shown in the table below.

## Benefits of Corporate Alumni Networks

Rank	Benefits for the Company	Mean Score
1	Alumni as potential customers	4.2
2	Marketing/PR: the network promotes brand and reputation	4.1
3	Recruiting: alumni network as source of job candidate referrals	4.1
4	Alumni as potential long-term investors	4.0
5	Recruiting: alumni screening of job candidates	3.9
6	Recruiting: alumni as potential rehires	3.7

Rank	Benefits to Alumni	Mean Score
1	Participate in social events	4.5
2	Maintain a connection with the company	4.4
3	Maintain or re-establish connections with former colleagues	4.2
4	Share personal or professional network connections and knowledge	4.0
5	Participate in special interest forums	3.6
6	Find new business opportunities via the alumni network	3.6

## › 1. Background, Drivers, and Trends

### What are Corporate Alumni Associations?

For someone not familiar with the most recent developments in corporate alumni networking, the word “alumni” can be misleading. Its primary meaning is “former students” of schools, colleges, and universities, which may bring to mind the image of graying seniors gathering every five or ten years for the purpose of renewing old memories. In fact, some early corporate alumni associations, often inspired by and modeled after university associations, also resembled classic “old boy” networks. This image of alumni, however, has become radically transformed as their associations in both the academic and business worlds have evolved, gradually at first and with increasing pace in recent years. No longer limited to old boys, they are now just as likely to be focused on “bright young things” and to cultivate relationships with prospective alumni while they are still active students or employees.

For a long time in this evolution, university associations continued to lead the way in showing how cultivating relationships with those they had once “nourished” (the root meaning of the Latin word) could convert intangible assets into tangible benefits. University alumni, of course, differ from corporate alumni in several important respects: few of them, for example, will remain in or return to the academic world. Also few corporate alumni are likely to make voluntary contributions to a company’s capital reserves. However the similarities are more instructive and suggest useful analogies linking the two worlds. If former students are not much like former employees, from a business perspective they are rather more like former customers, and may become important repeat customers by sending their children to the old school. Satisfied customers are a product’s best salespeople, and alumni associations have extended networks essential to their school’s marketing and recruitment processes. Alumni are also the products of their schools: on the one hand, their success showcases and enhances the brand; on the other, their re-investment in the form of monetary contributions helps ensure they will continue to benefit from their brand’s reputation.

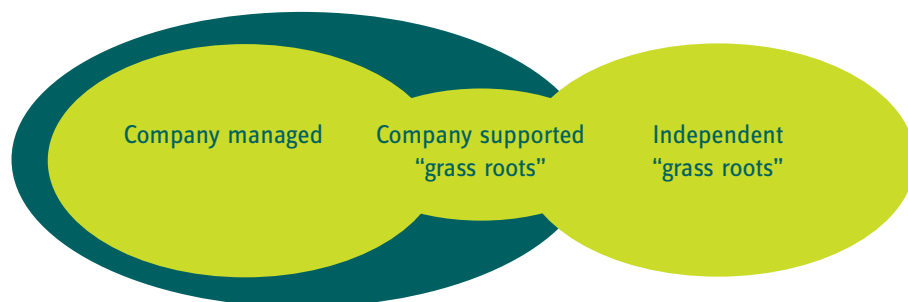
Simply stated, then, corporate alumni associations are organizations whose members are the former employees of a particular company. Beyond this basic characteristic, they vary widely in terms of size, longevity, origins, purpose, governance, authority, structure, activities, and even membership criteria. In general terms, corporate alumni associations fall into three basic types:

Independent “grassroots” associations are those founded solely on the initiative of former employees, without company support or specific approval (or disapproval). They are informal groups that provide directories of members, organize occasional events and reunions, and may coordinate other projects. It is hard to estimate their number, since there is no association of associations, but it runs into the thousands. Their success is often temporary or hard to sustain.

Company-supported grassroots associations were also founded independently but have grown sufficiently in size and stature to win recognition from the company, which may also provide financial and other means of support. These hybrids vary widely and are much fewer in number, probably because only a few large corporations have alumni populations large enough to reach “critical mass.” Their activities are similar to those of the independent groups, sometimes facilitated by web-based platforms.

Company-managed associations are those founded and chartered by the company with board-level approval, have explicit objectives and policies, and are managed by full-time staff, with executive oversight. This type has existed in the professional services sector for years, in a few cases for decades; but in recent years they have penetrated several industries, particularly among large multinationals.

### Three approaches to Alumni Management



- > Increasing number of very professional programmes
- > Expanding outside service sector

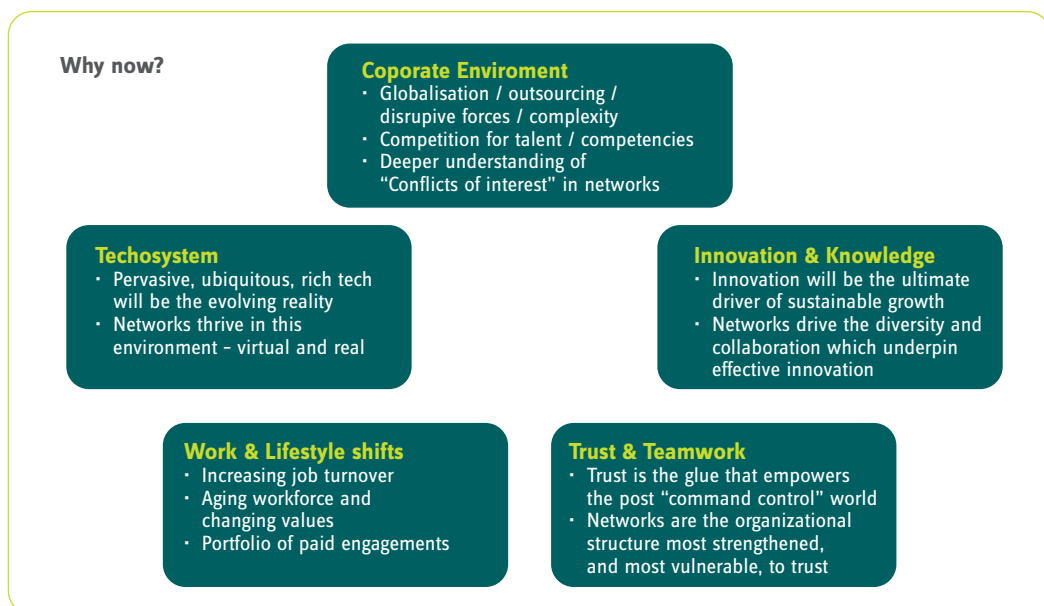
- > A few interesting programs

- > Large number of initiatives
- > Very mixed results

## Why Alumni Networks? And why now?

Corporate alumni networks are now well-positioned to develop and diversify beyond the university models by creating innovative “virtuous circles” of mutual benefit for the company and its employees. The possibilities have been explored by a relatively small number of pioneering companies, primarily in the professional services sectors. Only in recent years have a significant and growing number of corporations launched concerted efforts to cultivate their alumni relationships in purposively managed organizations? This section of the paper explores the trends and drivers behind this sea change in corporate culture, which may now be reaching a tipping point.

The key factors can be grouped under five subject areas: information technology, the business environment, the work environment, competitive advantage, and the culture of trust (see Figure 1 for a graphic “summary”).



**1. Information Technology.** The basic underlying or enabling factor in the rise of interest in alumni networks has been the revolution in IT, most importantly the ubiquitous penetration of low-cost and increasingly robust communications networks, what has been described as “the death of distance.” Alumni, almost by definition, constitute a widely dispersed population who no longer come to the office, attend meetings, and work on common projects. It has always been



possible to reach out to alumni, but the degree of difficulty has been lowered by orders of magnitude. Networks are the norm and have created an increasingly small world that becomes denser and denser as the webs connecting its locations proliferate.

They have also led to new forms of social behavior. The explosion of social networking on the Internet (MySpace, Bebo, Facebook, etribes) has captured headlines and attracted billions of dollars from media companies, and is now moving into a phase of intense competitive segmentation. These “communities” are relatively open and unstructured free-for-alls. But they represent a major trend that has important implications for traditional business corporations. A number of web service providers now provide more structured communities either for mature professionals as individuals, or as third-party platforms customized for the programs of specific corporations.

**2. Business Environment.** Globalization has been as pervasive as communications technology, for the two go hand-in-hand, and has lowered barriers of all kinds – regulatory, economic, national, and even corporate. More open markets for products and services have brought with them more open markets for labor and talent: outsourcing is just one example. Intense competition for human resources has caused leading companies to reconsider how they manage their workforce and the shifting pool of talent available to them.

In the past, many companies, fearing the loss of valued resources, have adopted defensive “fortress” strategies that discouraged communications with alumni, but in a war for talent amid scarcity, these policies can be self-defeating. Attitudes are changing, and more companies realize that using networks to extend market reach can bring access to a larger talent pool.

**3. Work Environment.** The traditional workplace, too, is being transformed by both the disruptive and creative effects of globalization, IT, and the competition for talent. From an employee perspective, job security is more vulnerable to restructuring, downsizing, and outsourcing. From a company perspective, employees are more mobile and more transient, leading to higher turnover rates, which increase the costs of recruitment. At the same time, more dynamic job markets are creating opportunities for innovation on both sides of the equation. The traditional paradigm of “employment for life” is no longer the norm; in its place we find greater emphasis on the idea of the “lifecycle of employment.”

Under the impact of changing lifestyles, many employees are developing alternative models for managing their careers, balancing their terms of engagement with personal commitments at different stages. Increasingly, the “best and brightest” view their professional experience as a portfolio of relationships that can be renewed as opportunities emerge. Faced with changing

demographics, such as the aging of the workforce, and the need for diversity, employers are adopting flexible approaches to managing the flow of talent through their organizations. From both perspectives, corporate alumni networks are a compelling means of negotiating the new dynamics of job markets.

**4. Competitive Advantage.** In many respects, the trends we have looked at have leveled the playing field for all players in any given market. With ready access to many of the resources that previously were difficult to tap, small and virtual companies can compete with the large and established companies. Equal access to resources, however, has placed a higher premium on what one can actually do with them. As a consequence, many authorities argue that in the future the essential sources of competitive advantage will be knowledge and innovation.

Here, too, networks will play a crucial role by crossing internal and external barriers to the flow of ideas, competencies, and intelligence, in the sense of “news about the latest developments”. Alumni networks, for example, can help address the problems of “brain-drain” and the loss of institutional knowledge by opening channels of communication between former and current employees. By the same token, they can open windows on innovations outside the company’s usual focus, creating opportunities for cross-pollination.

**5. The Culture of Trust.** One of a corporation’s most important sources of value is that intangible quality called “culture,” which can also be an agent acting both for and against change. A company’s culture is often seen as a function of its organization, but recent research shows that it is also importantly influenced by internal “social” networks that cross organization boundaries. An emerging management challenge is to understand how these networks work in order to leverage their positive effects.

Like markets, networks work based on an exchange of value. But without contracts or explicit organizational structures to govern the exchanges, they also depend to a greater degree on the element of trust that provides a foundation for collaboration. And trust is notoriously vulnerable to bad faith. Managements that want to drive value through cultural change need to understand how to cultivate trust throughout their networks. This is another reason why corporate alumni networks are so interesting: because membership in them is entirely voluntary, they rely on and cultivate loyalty and a perception of common bonds, which in turn provide a foundation for trust.

Loyalty too, of course, must be earned through an exchange of value, and the value proposition of corporate alumni networks will depend on balancing the practical and tangible benefits for both alumni and the company. Those tangible benefits will then strengthen the intangible relations built on loyalty and trust.

## › 2. Benchmark Research Findings

### The Survey

For the benchmarking survey, FTZ conducted interviews with representatives at 15 well-known corporations that either have an active alumni association or are considering or planning to launch one. The survey included two kinds of questions:

Open questions that called for a qualitative or unstructured response describing various aspects of corporate alumni programs. Some questions also asked for a data point, such as enrollment. The topics covered the organization's basic characteristics, mission and purpose, membership, management, service providers, performance measurement, features, and challenges and critical success factors.

Structured questions that called for a quantitative response rating the benefits of corporate alumni programs. Respondents were presented two lists of potential program benefits, one from the company perspective, and the other from the alumni perspective, and asked to rate their importance on a scale of one to five.

### The Companies

While all of the companies are global in their reach, the respondents were based in either the United States (30%) or Europe (70%), including the UK, Germany, and Switzerland. Their names would be familiar to any regular reader of the business press; to respect their confidentiality, we have not grouped together all of any one company's responses to create a full profile of its alumni program, but rather have reported all responses topic by topic. Company characteristics are as follows:

Just under half the companies are in the professional services sector and the remainder is in the information technology (IT), manufacturing, travel and pharmaceutical industries.

Their current employment figures range from several thousand to hundreds of thousands.

In general, the survey respondents were senior managers in their companies' human resources or communications departments who are actively involved in or very familiar with the alumni programs.

## Characteristics of the Alumni Associations

### Basic Characteristics

*Program Status.* Over two thirds of the companies surveyed said they have established and formally manage an “official” company-endorsed alumni program: one of them is of long standing, while another was begun in the early 1990s, and another in the mid-1990s; the rest were launched within the past six years. Three companies have informal grassroots associations that enjoy some degree of unofficial support or recognition from the company, although none of the companies currently intends to make the relationship official. One company is currently planning to launch an association within a year.

The companies with formal programs were asked to describe its development stage by choosing from four options: start-up, operational but fragmented, active and well-organized, or advanced (“best in class”). Nearly all of them chose the third stage; one chose the second, and one the fourth.

*Size and Reach.* Most of the companies with formal programs, particularly those of recent formation, said their organizations were global, or company-wide, although some of the larger ones have a de-centralized focus, so the level of participation varies from region to region. Others are concentrated around the central office. Enrollments range considerably, from around 1,000 alumni to as many as 17,000 or 20,000 for the two oldest organizations. Two IT companies with recent formal programs might stand as typical: one has 4,600 members representing about 40% of all known former employees, another put its enrollment at 1,000, or 33% of the potential population.

### Mission and Purpose

*Overview.* Just under half of the companies with formal alumni programs said they are guided by vision or mission statements, while the remainder said either that they had none or were uncertain. Nevertheless, as might be expected, all respondents described the purpose of alumni organizations in similar terms. At the same time, there were subtle differences in emphasis among the responses that suggest an interesting range of approaches and objectives. In some cases, the stated goal is simply to “connect”; in others, the objectives are quite specific.

The best way to show this is with some representative verbatim responses, which also note key aspects of the programs, followed by the company’s industry sector:

"Purpose to build a networking community; but no formal 'vision.' Key aspects of the program: a) Networking, b) Rehiring, c) Sales Opportunities." (Professional services)

"The key points are 1.) Business benefit: recruiting of future business partners 2.) Re-hiring and networking for hiring new people 3.) Marketing, positive image for a company." (IT))

"Keep in touch, contacts and network." (Professional services)

"To create a network of former employees, generate business." (Professional services)

"The purpose is to connect alumni, potential business." (IT company)

"There is no formal vision; it was started to build a networking community." (Professional services)

"To retain access to highly talented folks, create a strong employee referral program extended to alumni referral, and grow retention rates." (IT)

"The mindset is to maintain relationships and keep in touch. The vision is to build and enhance reputation of the company."

*Rehires.* A further open question related to the program mission concerning recruitment and rehiring. Asked whether they routinely rehire former employees, the companies again displayed a wide range of response: four answered with a definite yes, several others said that they do occasionally but that it is not a focus or goal, and the remainder declined to answer. In a later section of this paper, the discussion of the survey's quantitative results, on the relative importance of benefits, will provide further insight on this and several other specific goals and objectives of the alumni programs.

## Membership

*Policies.* The survey included questions on three basic topics concerning membership policies for corporate alumni associations: segmentation, current employees, and fees.

Regarding fees, none of the surveyed companies charge their alumni for participation

Regarding current employees, the companies were again fairly evenly divided: about 40% said their programs are open to current employees, while 40% said they are not. There was no clear pattern in the responses, except that most of those companies who answered affirmatively have relatively recent programs. Two other companies, with older programs, said that while current employees are excluded they do or can have access to much of the intellectual property made available to alumni.

On the subject of segmentation, the survey asked whether the company's alumni program differentiated between members in terms of the benefits available to them and/or in terms of taking a different "targeted" approach to different types of members. The responses tended to combine these two aspects of the question and exhibited the usual broad range, so a sampling of them will best characterize the findings.

Only two companies said they make no distinctions in either way, one of them adding that "it should be one big happy family."

Two others said they make no distinctions regarding benefits, but do, in one case, offer three levels of participation, and in the other have a special program for interns.

Other companies simply noted that, to qualify, alumni were required to have been employees for at least one or two years.

Several had special programs for "VIPs", ex-partners, retirees, or had segmentation according to the number of years of employment.

Yet others offered different content to alumni based on their geographical region.

*Membership Activity: Live Events.* Whether or not they are targeted at specific membership segments, live events are an almost universal feature of the surveyed companies' corporate alumni programs. Most of these events are organized by internal program managers, although some, especially, of course, for the informal associations, are organized by the alumni members. Some companies have special forums for executive level personnel, but for all the companies, most live events are simply social gatherings. Their frequency ranges considerably: one large professional services firm hosts 20 to 30 events each year; a large consultancy puts them on every two months; but most respondents said they hold live events around four to six times per year in different regions, so alumni will have at least one per year in their region.

### **Management, Service Providers, and Performance Measurement**

*Management and Staffing.* Internal management responsibility for nearly half of the formal alumni programs falls to the company's human resources department, either the director or a senior manager; for an equal number, it is the communications department. For the other programs, the director is either a senior partner or company vice president. Internal staffing required to support the organization, of course, varies with the enrollment size. Survey responses ranged from one to six full-time equivalents (FTEs)—and at the high end, the six FTEs were assisted by some 20 other current employees as needed. Two IT companies run their programs with just one FTE, but they also rely on the support of one FTE from their outside service provider.

Service Providers. As noted in the introduction to this paper, the recent flourishing of corporate alumni networks would be unthinkable without Internet communications and web sites. An increasingly important role in this flourishing is being played by independent application service providers (ASPs) who offer hosted third-party alumni management systems that can be branded and customized by companies that prefer to buy rather than make their own alumni portal.

About one third of the surveyed companies have opted to use an ASP's system for their alumni programs. For example, two of them are themselves IT services companies with fairly recent alumni programs. One large professional services company uses an ASP but has also developed in-house systems that link with the ASP's service.

All of those companies using an ASP rated their provider's services very highly (5 or even 5+ on a 1-5 scale) and in addition said they relied on the ASP for valuable guidance either in the program's development stage or for ongoing management and enhancements.

The remainder of the respondents has developed in-house systems, for a variety of reasons. For example, in one case a large but informal alumni association has very limited and simple on-line services; in another informal program the company is a major software developer; in other cases, the alumni programs pre-date the availability of ASP services and migration to a third-party platform would not be cost-effective.

*Performance Measurement.* A clear majority of the companies (about 80%) justified development of their programs with a formal business case, and approximately two thirds of them regularly monitor the program's performance based on key metrics, such as attendance at events, network usage and participation, and new business that can be attributed to alumni networking, as well as feedback gathered from surveys and web forms.

### Challenges and Critical Success Factors

*Challenges.* Respondents were also asked to identify any critical issues or challenges facing management that might be barriers to their program's success. The responses pointed to both internal and external factors:

Nearly half of the companies said that securing an adequate budget for the program continued to be a challenge.

Several noted that strong leadership was essential to success but occasionally lacking

Two large professional services firms, with origins in the accounting industry, were particularly concerned about government regulations regarding the privacy of personal and company data. However, most respondents felt that this was not (yet) a serious constraint, and one even believed that clearer and more exacting regulation was in fact an enabling factor. And none of the respondents reported having any problems with fraudulent registrations.

*Success Factors.* Finally, the respondents were also asked to identify what they perceive to be the key critical success factors for corporate alumni organizations. Their key lessons and recommendations were:

Enlist boardroom-level support for the program and sustain it with periodic board reviews of performance progress.

Establish clear goals and objectives – particularly, when the potential for rehiring alumni is part of the program, be sure to manage expectations to avoid disappointment.

Ensure that the budget is adequate and in line with the business case.

Plan for commitment to the long term (don't "dabble" and then retreat).

Promote the network's reputation internally to current employees.

## » Benefits of Corporate Alumni Programs

The quantitative section of FTZ's benchmark survey focused on the potential benefits of a corporate alumni program. The participants were presented with two lists: one of benefits a company might enjoy by offering an alumni program, and another of benefits alumni might enjoy by participating in an alumni program. They were then asked to indicate how important these benefits would be, regardless of whether their own company's program currently did or planned to include these benefits as goals. Thus a participant's responses do not necessarily describe the current status of his or her program, but they do reflect their company's general approach to the mission and purpose of an alumni network. Similarly, while their evaluations of benefits for the alumni are a bit more speculative, in that they address what alumni in general might expect or want, they naturally reflect the participants' experience with their associations.

As in the previous section, to respect company confidentiality, we do not present any one company's responses in a single profile, but variations among the companies' responses will be reported as further commentary on the aggregate results.



## Benefits for the Company

The aggregate results of evaluation of benefits for the company are presented in two forms.

Table 1 shows the aggregate ranking of the benefits for the company, the mean score for each, and the overall average score; the heavy line in the table divides the list into those above and below the overall average.

Figure 2 shows the complete list in the order and groupings presented; for each potential benefit, the aggregate average score (on a scale of 1 to 5) is indicated by the diamond and the range of scores is indicated by the triangles to the left and right.

## General Observations

The final ranking of benefits for the company (Table 1) is fairly closely packed: the high and low mean scores are only 0.6 of a point from the overall average, and the difference between any two proximate ranks is quite small. But it is very clear that the group of four benefits related to recruiting talent are higher in the companies' evaluations than the four related to knowledge and insights that might be gleaned from the network. Recruitment is a key part of the business case for alumni networks. Interestingly, however, within this group the alumni are seen less as potential rehires and more as a source of assistance in the recruitment process, either by referring (#3) or screening / evaluating; (#5) new candidates.

Table 1: Evaluation of Benefits for the Company

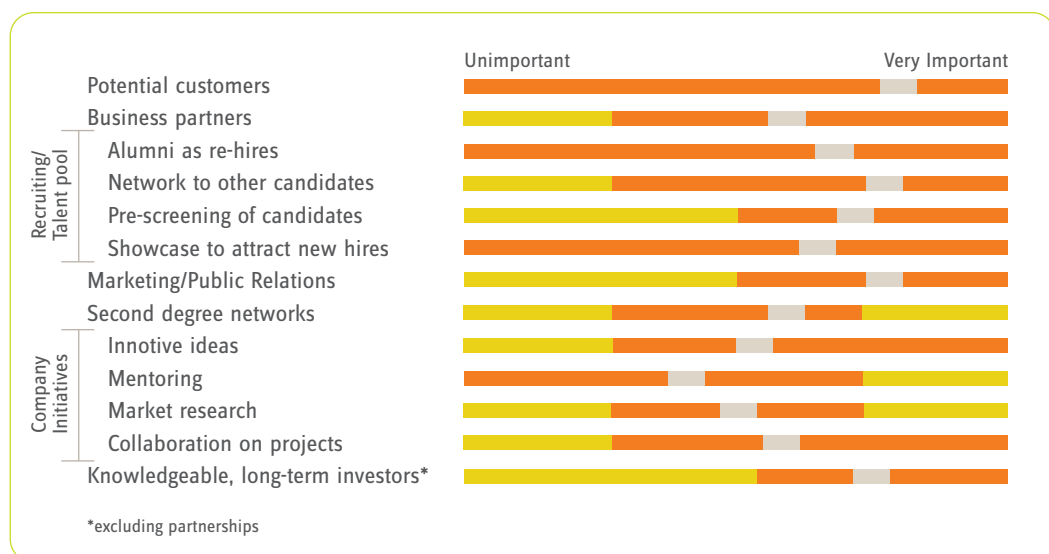
Rank	Benefits for the Company	Mean Score
1	Alumni as potential customers	4.2
2	Marketing/PR: the network promotes brand and reputation	4.1
3	Recruiting: alumni network as source of job candidate referrals	4.1
4	Alumni as potential long-term investors	4.0
5	Recruiting: alumni screening of job candidates	3.9
6	Recruiting: alumni as potential rehires	3.7
7	Recruiting: alumni showcase company quality & attract new hires	3.6
8	Alumni link the company to other, second-degree networks	3.4
9	Alumni as potential other business partners or suppliers	3.4
10	Knowledge / Insight: alumni as collaborators on projects	3.3
11	Knowledge / Insight: alumni as source of innovative ideas	3.1
12	Knowledge / Insight: alumni as source of market research information	3.0
13	Knowledge / Insight: alumni as mentors for current employees	2.6
<b>Average score</b>		<b>3.6</b>

Further evidence that the business case for alumni associations was foremost in the respondents' minds is the #1 benefit, which sees alumni as a source of new revenue. If this is the most tangible of all benefits, perhaps the most intangible benefit, affecting brand and reputation, ranked very close behind in the #2 position—but it is similarly focused on the business case. Another way in which alumni can contribute to new business, by becoming new business partners or suppliers, ranked rather lower, probably because, unlike adding a new customer, it would involve a strategic decision.

### Specific Comments

In this section we focus on the individual benefits in rank order, commenting on patterns and variances, including the ranges shown in Figure 2, in the company responses.

Figure 2: Benefits for the Company



**1. New customers.** The clear majority (80%) ranked this benefit very high; the wide range of scores shown in the graphic is due primarily to one respondent, whose program, although very large in enrollment, is informal (unofficial) and focused mostly on social networking or business potential outside the former company.

**2. Marketing/PR.** This benefit won the clearest consensus vote, as 50% of respondents gave it a full five points, and only 20% awarded its lowest score, 3 points. Notably, low scores were given by two IT companies with recent and robust formal programs, which along with their other scores awarded, suggests they are much more focused on the more tangible benefits for recruiting and new business. Even on the subject of recruitment they both took very pragmatic positions, rating rehire potential very high but rating the “showcasing” of alumni very low.

**3. Candidate referrals.** For this and the next two benefits related to recruiting (#5 and #6), the majority of responses fell in the upper-middle range (3 or 4 points), although at least three companies gave referrals full points—in fact, all three of them awarded all of the recruitment benefits the top score, a clear indication of their program focus.

**4. Long-term investors.** This benefit's relatively high rank is somewhat misleading, as the mean score is based on just four responses. And yet their scores make a strong statement.

**5. Screening of candidates.** Although this benefit received full points from a few respondents, most of the scores clustered in the middle and lower end of the range shown in Figure 2. The companies appear to think of this function as useful, but not crucial.

**6. Potential rehires.** This benefit might well have ranked highest among the “recruitment” group, and therefore among the top three benefits for the company, had it not been for two outlying scores that brought down the average. The lowest scores came from representatives of two of the oldest corporate alumni programs and reflect their different but highly distinctive cultures. A mid-range score came from another fairly traditional professional services firm. Despite a wide distribution of responses, this benefit ranked fairly high, which may indicate a divide between older and newer programs.

**7. Showcasing alumni.** The wide range of scores for this benefit, shown in Figure 2, is attributable to the “dissenting” votes of the two IT companies mentioned above (#2); otherwise 60% of respondents awarded it 4 or 5 points, so without the outliers it would have been more prominent in the rankings. This benefit is clearly closely related to the marketing and public relations value that ranked #2. Interestingly, the one respondent that gave “rehires” the lowest score gave this one the highest.

**8. Second-degree networks.** Although this benefit fell below the overall average score, it placed quite well, indicating that companies especially value their alumni associations for the connections they make beyond the association itself into industry sectors and markets that the companies would otherwise find it difficult to learn about. This “network effect” is a benefit that is closely related to those concerned with “knowledge and insights,” which follow just behind it in the rankings.

**9. New business partners.** One reason this benefit scored much lower than its “sister” benefit “new customers”, which ranked #1, is that the cluster of companies that gave it a low score are all consulting firms, which typically focus on business that they can keep in house or partner only on a project basis. In fact, all of these companies ranked the next benefit, collaboration on projects, rather higher.

**10. – 13. Knowledge and insights.** The clear majority of scores for this and the three following benefits, all clustered in the “knowledge / insight” group, fell within the 3-to-4 point range. On the low end, one company gave all four in this group low scores; and just a handful of low scores were given by three other companies, mostly for the mentoring benefit. In other words, all the surveyed companies expressed moderate interest in these benefits, but none of them considered this area a key focus of an alumni program. One reason for this may be that the surveyed companies are nearly all large, well-established, and very capable enterprises with strong positions in their markets.

However they all believed that alumni networks can be valuable for extending their industry knowledge and potential for innovation. And as noted under #9, “collaboration on projects” scored the highest in this group, reflecting the increasing need for partnering to address the complex requirements of contemporary business—and a strong source of interest in cultivating alumni networks.

**11. Innovative ideas.** In the “knowledge” group, only this benefit received full points, and that score came from just one company.

**12. Market research.** The mean score of 3.0 for this benefit very aptly represents its position in the evaluation of benefits: only one respondent scored it one point higher and only one scored it one point lower. Published market research is always welcome, but not always enlightening; market intelligence that comes through trusted network connections, however, can offer distinctive advantages.

**13. Mentoring.** Mentoring ranked lowest among the benefits for the company, perhaps because, while it is an attractive idea, it involves contact between alumni and current employees, a relatively new idea that is only recently receiving serious attention but nonetheless remains problematic because it requires a large degree of trust while being hard to supervise and control.

## Benefits for Alumni

As before, the aggregate results of evaluation of benefits for alumni are presented in two forms.

Table 2 shows the aggregate ranking of the benefits for alumni, the mean score for each, and the overall average score; the heavy line in the table divides the list into those above and below the overall average.

Figure 3 shows the complete list in the order and groupings presented; for each potential benefit, the aggregate average score (on a scale of 1 to 5) is indicated by the diamond and the range of scores is indicated by the triangles to the left and right.

## General Observations

While the scores for benefits for the company were relatively close, reflecting a fair amount of agreement among respondents, the scores for benefits for alumni exhibit a wider range, both in the range of scores for each benefit and in the aggregate ranking. Scores for six of the 13 respondent company benefits fell within a narrow range of three points and scores for only three ranged from one to five. For alumni benefits, however, only three benefits scored in the narrow range while scores for six benefits spanned the full range of one to five (four of these were for the four benefits in the “company initiatives” group). In terms of the ranking, the top six benefits for alumni were closely ranked, falling within a span of less than one point; but the remainder, including all the “company initiatives” group, dropped off precipitously.

*Table 2: Evaluation of Benefits for Alumni*

Rank	Benefits for the Alumni	Mean Score
1	Participate in social events	4.5
2	Maintain a connection with the company	4.4
3	Maintain or re-establish connections with former colleagues	4.2
4	Share personal or professional network connections and knowledge	4.0
5	Participate in special interest forums	3.6
6	Find new business opportunities via the alumni network	3.6
7	Contribute innovative ideas to the company	3.5
8	Find job opportunities: at the former company	3.1
9	Company initiatives: participate in volunteer programs or charitable giving	3.0
10	Company initiatives: participate in educational programs	2.8
11	Company initiatives: participate in corporate discount programs	2.7
12	Participate in mentoring programs	2.4
13	Find job opportunities: at other companies	2.4
14	Company initiatives: participate in travel programs	1.8
<b>Average score</b>		<b>3.5</b>

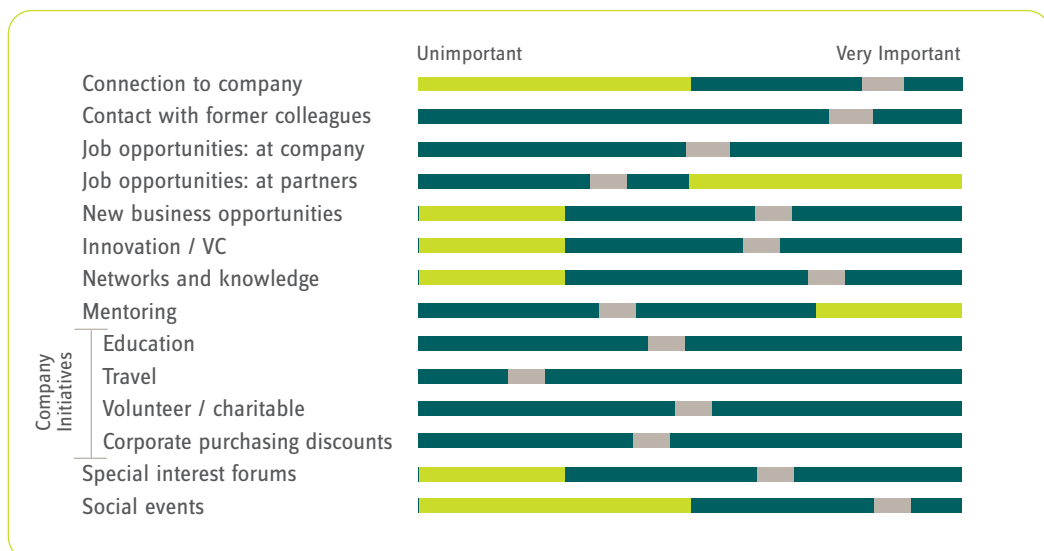
The pattern indicates that it is harder to find a consensus among the surveyed companies on the subject of alumni benefits; it also suggests that the respondents were somewhat uncertain about what former employees would expect or want to get from an alumni association. It is also notable that the highest ranking perceived alumni benefits were the very intangible and somewhat vague social benefits of meeting or connecting with other alumni, while the lowest ranking benefits were the more tangible, concrete, or pragmatic benefits of finding jobs, participating in company-initiated programs, or finding new business opportunities (although the last of these scored above the overall average and ranked #6).

Knowledge-related benefits fell in between the high and low ends and fared better than the knowledge-related benefits for the company, scoring at or above the overall average. The companies seem to think that alumni have more to learn than they do.

### General Observations

As before, in this section we focus on the individual benefits in rank order, commenting on patterns and variances, including the ranges shown in Figure 3, in the company responses.

Figure 3: Benefits for the Alumni



**1. Social events.** 70% of the respondents awarded this benefit either 4 or 5 points. The same respondents also gave the next two benefits in the rank order 4 or 5 points each, so their views were quite consistent. Only two companies (both of them in the IT sector, one with an informal association) gave the "social" benefits low scores as a whole - except that they did give the #2

ranking benefit, connecting with the company, the highest score of 5 points. Another company, now in the planning stage for its alumni association, frankly admitted that they did not know how alumni would perceive these social benefits.

**2. Connecting with the company.** 50% of the respondents awarded this benefit full points, and none of them gave it a score lower than 3, although one respondent, speaking for another informal association, observed that his membership probably ranged widely on this topic—on the other hand, he gave 5 points to the next benefit, connecting with colleagues.

**3. Connecting with colleagues.** Responses for this benefit were almost exactly the same as for “social events” at the high end; only two or three moderate-to-low scores lowered the mean score.

**4. Sharing network knowledge.** Of the three “knowledge-related” benefits for alumni, this one had the most to do with knowledge shared among alumni rather than with the company, and the companies sensibly rated it as likely to be most important to alumni. Half of the companies awarded it 4 or 5 points; two of the companies giving it a lower score were speaking for informal associations.

**5. Special interest forums.** 50% of the respondents awarded this benefit 4 or 5 points, with two consulting firms giving it the highest score. It’s relatively high ranking in the table, however, may be misleading, since 30% of the respondents did not give it any score but were not included in the average

**6. New business opportunities for alumni.** This benefit, like #4, is one that is likely to have value exclusively for the alumni, whereas many other alumni benefits rebound to the company as well. The range of scores awarded was wider than for the previous benefits: while 40% fell within the 4-5 point range, 70% fell within 2 to 4 points, and the plurality of respondents gave it the middle score of three points.

**7. Ideas for the company.** As is often the case for items in the middle of a table ranking, the responses for this benefit were mixed, making any pattern hard to perceive. A plurality of the respondents gave it 4 points, but half of them gave it a lower score, and only two of them gave it full points. Expectations differ considerably from company to company.

**8. Jobs at the company.** Here, too, the scores ranged widely, although they were a bit more polarized. The results may also reflect a dose of realism: while over 50% of respondents awarded 5 points to “rehires” as a benefit for the company (mean=3.7), perhaps reflecting a hopeful view, in this case only one company gave the highest score to rehiring as an alumni benefit, and about 40% gave it 4 points (mean=3.1). The discrepancy—if there is one—deserves more scrutiny.

**9. -12, 14. Company Initiatives.** In light of the survey responses, these benefits appear to be perceived as “optional” aspects of an alumni program that are not central to its mission or business case. But they may be “nice to have” features that contribute to the attraction of the program, the “stickiness” of the web site, the alumni’s perceived sense of value, or to the general sense of community. For those companies using ASP services to host their program, they may be “menu” items or “add-ons” that are implemented relatively easily.

Four of the respondents awarded the same scores to all four benefits in this group; in three cases they were uniformly low and in the other only middling. For the rest of the respondents, although the responses were mostly low, they were quite variable from benefit to benefit, reflecting the optional (“pick and chose”) nature of the offerings. For example, one IT company ranked “charity” (#9) and “travel” (#14) very high but “discounts” (#11) very low, while a comparable IT company ranked charity and travel very low, but discounts very high.

Volunteer programs and charitable giving. Of the four benefits in this group, scores for this one were the most evenly distributed, and it was the only one to receive three high scores (4-5 points)—two of them coming from the oldest of the alumni programs.

**10. Educational programs.** The pattern for this benefit was much the same as for #9, with only slight differences in the distribution. The two highest scores came from consultancies.

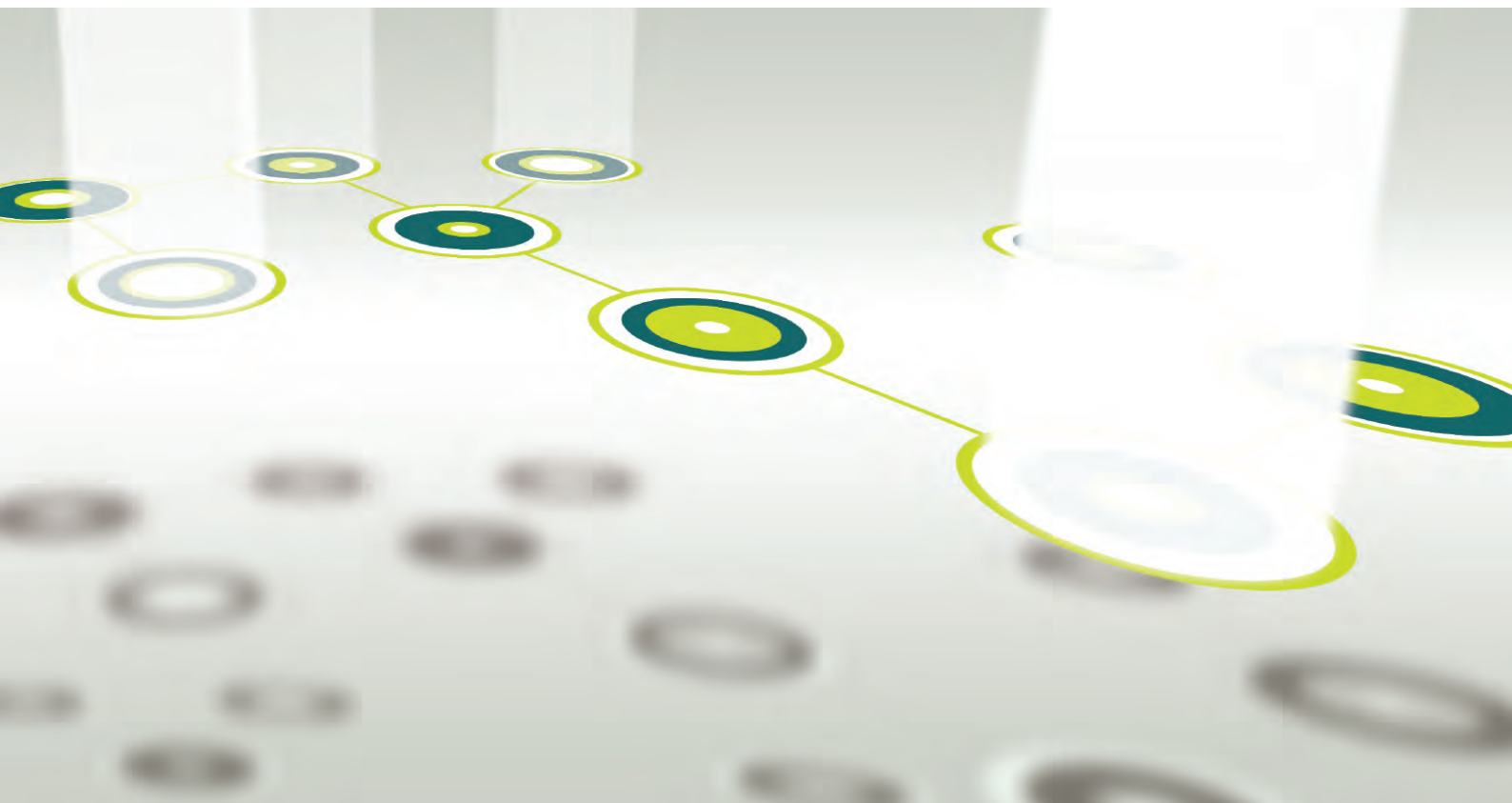
**11. Discount programs.** Only one company rated this benefit highly, but if its vote reflects the company’s actual experience with its program, this finding is nonetheless significant: discount programs may be working quite well for at least one major global company.

**12. Mentoring programs.** As with the benefits for the company evaluations, this benefit attracted very little interest from the respondents, although again the fact that one company awarded it 5 points is quite interesting. Here, too, this may be a potential benefit of alumni networks that is still unfamiliar and has yet to be fully explored.

**13. Job opportunities at other companies.** This was the only potential alumni benefit not to receive a high score (4 or 5 points) from any of the respondents, which may suggest there is a gap between company perceptions and alumni perceptions, at least on this topic.

**14. Travel programs.** Only one company rated this benefit highly, but if its vote reflects the company’s actual experience with its program, this finding is nonetheless significant: travel programs may be working quite well for at least one major global company.





For further information, please contact:

Chris Gopsill  
*Director Network Advisory*  
[chris.gopsill@xing.com](mailto:chris.gopsill@xing.com)

Amir Suissa  
*Director Client Development*  
[amir.suissa@xing.com](mailto:amir.suissa@xing.com)

tel: +41-43-268 8430

[www.xing.com](http://www.xing.com)

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