
NETWORK MANAGEMENT – The PIANO Tool

Background and Purpose of Networks / Cooperation Systems

Networks / Cooperation systems are negotiation-oriented, flat organisations that normally require purpose-built structures for effective communication among the actors. They develop on the basis of a variable geometry of actors' interests and perform their own dynamics which respond mostly to the purpose and the expected benefits of the network. Developing and promoting these networks / cooperation systems requires a clear understanding of the interdependencies of the actors, and the incentives that motivate and drive their actions. These **incentives** include in particular:

- economic incentives: access to new resources, market access, access to new knowledge
- status incentives: power accrual, influence, recognition, social relationships
- coherence incentives: enhanced performance when discharging mandate, strengthening of path dependency, and avoidance of dissonance with acquired behavioural patterns and cultural orientations
- cooperation rent incentives: expected economic benefits distributed among the involved actors - in accordance to their own effort and contribution

The **basic motivation** to join the network / cooperation system roots in the fact, that a single actor cannot reach the results reflected in the purpose of the network. Cooperation is needed to realize what a single actor cannot achieve.

Networks / cooperation systems function on the basis of a **culture of structured and free interaction and negotiation**, which the actors need to acquire. This cultural pattern is necessary, but not a quick fix. First, the actors need to develop mutual trust and confidence. Second, they need to design their own interaction and coordination tools and define on what level of interaction they would be engaged: (i) exchange of information, (ii) knowledge sharing, (iii) coordinated action, (iv) joint projects with jointly managed funds (joint ventures).

Networks / cooperation systems are **shaped by the members themselves** – they are auto-reflexive - and in view of the purpose they consist of interdependent actors creating their own space, making their own rules and enabling their own way of decision-making through consultation and negotiation.

Networks have to **overcome patterns** of state bureaucracy and market principles. The traditional coordination mechanisms in public administration (strict hierarchy, bureaucratic rules and slow formalistic standards, etc.) are unsuitable for networks. At the same time, the actors have to overcome the market principle of competition. However, most actors aren't well prepared to replace competition by cooperation.

Networks usually need a small but **effective coordinating mechanism** that may rotate among the members. The key task of this unit is to promote communication and knowledge sharing among the actors and provide adequate and effective process facilitation for negotiation.

Networks / cooperation systems can potentially be related to any topic or task, and are formed on the basis of information and knowledge exchange. They are topic-oriented and also actor-specific in their orientation, e.g., according to clusters and value chains or around research or marketing objectives. The structuring of the actor-specific orientation (inclusion and exclusion, definition of relationships, actors' capacity to articulate their interests, degree of participation) becomes crucial above all in the policy context, when new rules and norms have to be negotiated and agreed on. For reasons of practicability (time, resources, number of actors and interactions) and the number of interfaces, it is necessary to realistically define, agree on and gradually develop system boundaries, anticipated products and coordination mechanisms.

Against the general background of growing **interdependence** in view of a political issue, a specific **policy network** brings those actors together who in any case hold an active interest in the issues at stake. These networks are based on the premise that, given the interdependencies of involved actors, none of the participating actors are able to develop viable solutions on their own. These policy networks therefore build bridges between the public sector, civil society and the private sector.

Given their rather flat, horizontal configuration, networks / cooperation systems are considered to hold a high potential for **democratically legitimate and stable agreements** that are accepted by the actors. In the course of the negotiation process, the actors – who possess different interests – gradually develop a relationship of interdependence. They begin to understand other interests without sharing them. They begin to acquire new knowledge and to develop and explore a range of alternative options. As a result, the solutions proposed in the course of the negotiation process become more realistic, context-sensitive and ready to implement. The negotiation among the actors opens the space for viable, stable compromises.

Key Principles of Network Management

The literature on network management can be boiled down to a few guiding principles:

- **Establish coordination mechanisms**

Even networks are not self-administering enterprises but take substantial resources to coordinate and steer. If these resources (mainly staff time) cannot be provided, networks risk creating their own dynamics and the members start using the network resources to follow their own agenda.

Networks do require a small coordination unit for communication, gathering and disseminating information and knowledge, and – most important – keeping the members on board through the so-called *social coordination* of the network: e.g., provide the opportunity that members present themselves in the network's *facebook*, join network projects and contribute to the own *wikipedia*.

- **Ensure early tangible results**

To keep commitment and motivation among network members high, it is important to start early with concrete activities or small projects. Such activities show that the network is actually doing something that meets the needs of its members.

In the start-up phase a strategy paper should be agreed upon, defining the most important thematic areas and the members of the network.

- **Define clear roles and responsibilities**

Experiences show that the presence of clear roles and responsibilities, the capacity to set boundaries, the presence of concrete achievable goals, and good communication were the key characteristics of successful networks. To ensure the network generates an added value compared to a single-actor endeavour, every network member should know precisely why they are there, what they bring to the alliance, what to expect from others, and of course what to be achieved together – or in other words, what is expected of them.

- **Communicate!**

Communication has both an internal and an external role. Regarding the former, it is crucial to the functioning of networks that there are clear and formalised information flows among the members. Unequal access to information endangers networks to fall apart. Common understanding on key concepts and issues is another important aspect that is related to internal communication or a lack thereof.

The external role of communication is to ensure that the network becomes visible and recognised within its designated area of activity, and not least to secure support and funding. Therefore, a communication strategy should be in place and applied throughout the networking process.

Particularly in the start-up phase of a network, proactive communication is essential. People are keen to know how it is progressing. Many questions have to be answered, misunderstandings clarified, and expectations moderated.

- **Recognise and respect all network members**

Collaboration in networks only makes sense, if the members recognise each other's assets and competencies and have a certain degree of mutual respect and trust. Lack of trust and misperception among network actors are regarded as the central obstacles to successful cooperation in networks. To overcome mistrust among actors and foster the recognition of the qualities and assets of each member organisation, cooperation on pilot projects yielding relatively quick result (easy wins) may help or a consultation among all members on thematic focus, objectives and time frames.

- **Maintain structured informality**

Networks must avoid falling into the trap of becoming just another institution, with an established bureaucracy and a rigid hierarchy. Network managers must therefore focus on maintaining *structured informality* - on keeping relationships loose and non-confining while at the same time building in enough organisation and commitment to get things done. One way to dodge the institutional trap is to build the network on existing organizations, keeping the network's own secretariat to a minimum.

- **Set up practical rules for managing network conflicts**

Managing and resolving conflict in networks is no small task. In particular in development cooperation, networks are complex conglomerations of diverse organisations and individuals, where competition and even conflict between members is likely to happen. Therefore, already in the start-up phase, a thematic focus and some practical common rules of engagement should be defined.

- **Take into account cultural diversity**

Particularly in the field of development cooperation, networks consist of members from different cultural backgrounds. Depending on their cultural background, members have

their own perceptions of certain issues and have different ways of dealing with upcoming challenges. This variety of perspectives should be valued and seen as an asset to every network. To be able to fully unleash the potential of diverse members, networks have to proactively learn from this diversity and integrate the varied perspectives and perceptions into the network process.

How to proceed?

Tool 1: Set up the network – the four initial steps

After the decision is taken to set up a network, the following three initial steps should be considered:

1 Build on the initial enthusiasm

Do not wait too long with network design on paper; use the initial enthusiasm and motivation to start setting up the network right away. Bear in mind that not just you but also potential members, supporters, partners, and other stakeholders will have high expectations in shaping the network.

2 Organise a start-up workshop

Bringing together the core team with potential members, stakeholders, supporters is an effective measure to define network purpose and concept and to establish a network spirit. At the same time, this is a good opportunity to learn more about the expectations of the members, to collect feedback, to get to know what the possible contributions of network members and their roles will be, and to explore ideas.

3 Start with a few concrete activities: work on joint short term kick off projects

The energy level and the expectations are high during the start-up phase. You should make use of this by starting early with one or more small projects to show the network is actually producing something. Even if they are minor ones, these initial activities will also help to refine the focus and clarify the network concept. And such jointly planned and implemented activities serve to weld together the network community.

4 Become operational

Finally, you should try to become operational as quickly as possible. Key activities include:

- Agree on a network governance structure
- Establish coordination mechanisms and back up services
- Develop the minimum body of necessary rules and regulations
- Start promoting the network and creating awareness and communication (e.g., by setting up a website)

Tool 2: The PIANO-Analysis

1. Purpose

The PIANO tool is designed to analyse a network. It can be used both to help create a network, and to analyse and monitor its development status. It aims to strengthen the following success factors for network management:

- functional and active participation by actors
- strengthening of the shared vision
- confidence-building and consolidation of relationships among the actors
- maintenance of equilibrium among actors with different power resources and degree of influence
- strengthening of the actors' identification and motivation
- equal and timely access to information
- learning by knowledge sharing
- pragmatic orientation towards joint products
- reasonable transaction costs for coordination and network management
- legitimacy and confidence towards coordinating actors

A network / cooperation system is perceived and judged differently by the participating actors, depending on their views, linkages and interests. To make these different perspectives visible and negotiable, it is helpful to apply the tool separately by different groups of actors.

Step 1: Fill in the PIANO table

Regardless of whether an existing network / cooperation system is being analysed or a new network developed, the first step is to discuss and fill in the boxes in the PIANO model. Where an existing network is being analysed, this step involves performing an inventory. Where a new network is being developed, it involves developing a vision that will need to be negotiated and harmonised with the partners concerned at a later date.

First of all, the PIANO boxes for Products, Incentives, Actors, Negotiations and Orientation should be filled in. This is done by answering the key questions shown in the respective columns below, and documenting the answers in writing in a PIANO table like the one below on a (virtual or real) pin board.

P Products	I Incentives	A Actors	N Negotiation	O Orientation
What are the next three things we wish to achieve or create in the network? What will be our contribution to these results?	What motivates us to join and remain in the network? What benefits and value added do we expect to obtain from our participation (cooperation rent)?	Beyond our own membership, what are other actors that should be invited to join the network?	What minimum agreements do we need to ensure required level of performance in the network? How should we ensure that these agreements are kept?	What vision do the actors in the network share? Where do we see the greatest divergences in the future?

How is synergy created? How do we promote the exchange of information and knowledge within the network most effectively?				
With whom do we wish to design and produce the agreed products?	With whom we need to cooperate to achieve the agreed results?	Who doesn't belong to the network but should be consulted or involved?	How should decisions be taken in the network?	What concrete measures will we apply to strengthen the overall orientation of the network?



Networks are always perceived and judged differently by the participating actors, depending on their profile, experience, expectations and interests. To make these different perspectives visible and negotiable, it is helpful when – in a first round - the PIANO tool is applied separately by different groups of actors.

Step 2: Identify deficits

This step is only relevant where existing networks are being analysed, and can be omitted where new networks are being developed. To facilitate a discussion, participants can go through the PIANO table once again column by column, asking themselves whether the functionality of the network as it stands is adequate, or whether a need for further steps is becoming evident. Once a PIANO table has been completed for a network, we recommend referring back to it at appropriate intervals for discussion and review purpose. In this sense, the series of PIANO reviews results in a monitoring process.

Step 3: Harmonising the perspectives of relevant groups of actors

Here it is important to remember that before development measures are defined, ideally the perspectives of the respective groups of actors should be harmonised. In practical terms this would mean considering whether at a joint working meeting the relevant groups of actors should for instance perform steps 1 and 2 in separate rooms at the same location. The perspectives should then be compared and harmonised in a plenary forum or in the form of an information market.

Step 4: Define measures

This step is designed both to help establish new networks and to help further develop existing ones. Measures are identified and defined by working through the PIANO table (in the case of existing networks in conjunction with the identified deficits) column by column. Wherever possible, the needs and perspectives of other groups of actors should be taken into account.

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