

## **The Role of Face-to-face Communication and Networking to Underpin Business Development and Innovation**

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### **Abstract**

Despite the advent of improved electronic communications technology, face-to-face communication and networking remain the most effective means of enhancing business performance and innovation, particularly for more complex products. During the recent global financial crisis, there has been substantial pressure to reduce the cost of doing business, which has resulted in many companies cutting their business travel and business meetings budgets. Concern has now been raised as to the consequence for long term business development of these changes.

This paper, which is based upon a study that was done for Australia's Business Events Council of Australia (BECA), examines the role of face-to-face communication and the networking that occurs, especially through participation in business events in underpinning business development and innovation. In recent times, a number of surveys of business managers have been undertaken to assess attitudes towards the role of communication and networking in underpinning business development and this paper incorporates the key findings from these studies.

Business events bring people together in face-to-face mode in order to provide a stimulating environment in which innovation can be created and outcomes disseminated. As Harry (2009) stated

'human interaction, especially face-to-face interaction, drives innovation and inspiration. Accidental connections between leading thinkers studying different topics can unlock seemingly intractable challenges and insoluble puzzles'.

Not only is this face-to-face mode important for the reasons outlined above, but it satisfies a basic human need as outlined in the next section.

The need for face-to-face communications is an area that has received substantial investigation and the findings support the opportunities that conferences, conventions, meetings and exhibitions bring to participants. However, in this time of financial restraint, many companies, approximately 85% (Moyn, 2009), have decreased travel spending despite the fact that business association reports argue that there is a clear link between business travel and corporate profit. In order to combat this decrease in business travel, the Convention Industry Council (CIC), for example, has

developed a program to promote the benefits of face-to-face meetings and the value they bring to the individual as well as organizations and society. Their program is entitled “**Face Time. It Matters.**” Arvey (2009) argues that, from a psychological perspective, face-to-face meetings allow members to engage in and observe verbal and non-verbal cues that add meaning to discussions. The human contact element of meetings addresses our need for contact with others – Arvey (2009) argues that ‘we are social creatures and isolation is harmful’.

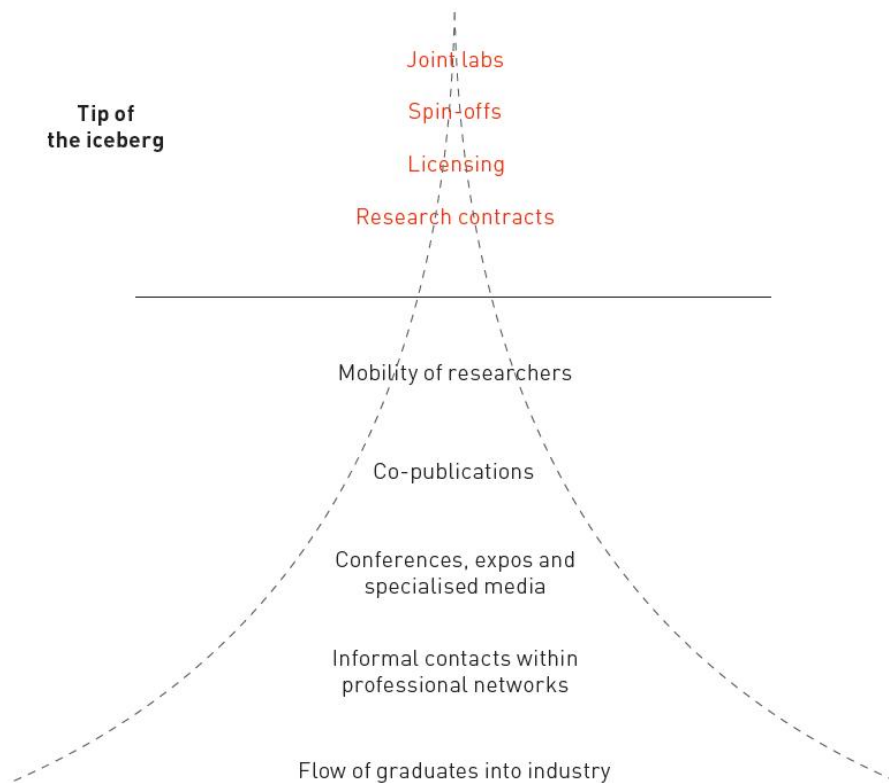
Not only do meetings and face-to-face contact assist in communication, but such meetings aid in building trust and developing transparency. They allow participants better ‘sense making’ of communications. From Maskell, Bathelt and Malberg’s (2006) discussion of meetings and conferences as temporary clusters for knowledge building, it is clear that technology will not be able to take the place of face-to-face contact. These authors argue that international professional gatherings can be viewed as temporary clusters that engage in knowledge exchange.

Trade fairs, for example, not only offer the opportunity to intensify social relations with customers and attract new ones, but also, through successive fairs, build up the trust and transparency needed to engage in knowledge exchange and deal making. In addition, these authors argue that firms use international trade fairs and conventions ‘to identify knowledge frontiers and select partners that can provide access to distant markets and knowledge pools’ (Maskell et al, 2006: 10).

Face-to-face meetings are also important for members to be better able to evaluate elements such as integrity and competency – these are difficult to determine through electronic mediums where misunderstandings can arise. Such meetings, conferences and conventions also allow participants to develop strong social relationships among themselves and therefore are able to develop a social identity. It can be seen in Figure 1 below the important role that networking and conferences play in underpinning innovation.

In a recent global survey undertaken by Harvard Business Review Analytic Services, “79% said that in-person meetings are the most effective way to meet new clients to sell business....and 95% said that face-to-face meetings are a key factor in successfully building and maintaining long-term relationships” (Harvard Business Review Analytic Services 2010, p1). The key outcome of this study and others such as the aforementioned Moyn (2009) article is that whilst electronic communication is an important asset, face-to-face communication is essential to develop relationships with customers and to build the networks needed for long-term business growth. Business events are seen as an important mechanism for fostering such communication and networks.

Figure 1: Industry–science relationships



Source: *Benchmarking Industry–Science Relationships* (Paris: OECD, 2002).

Source: Carr (2009)

This paper reinforces the fact that business events involve a wide range of stakeholders and complex inter-relationships. It supports the business event industry’s view that business events produce a range of outcomes in addition to tourism benefits. The very important role that business events are seen to play underpinning innovation is seen to be the key outcome of staging business events, which has substantial potential in helping to foster Australia’s efforts to compete internationally.

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