SSDA News

Service Station Dealers of America and Allied Trades

VOLUME 37, ISSUE 11 DECEMBER, 2023

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Right to Repair on the Move

By Roy Littlefield

Right to Repair Passed By Congressional Subcommittee- Huge Step in SSDA's Efforts

The REPAIR Act, which would give vehicle owners the right to repair their cars where and how they like, was unanimously approved by the House Energy and Commerce Subcommittee on Innovation, Data, and Commerce on Thursday, November 2nd.

SSDA is a strong supporter of the legislation and we continue to work on adding co-sponsors to the bill.

Maine Voters Overwhelmingly Approve SSDA-AT Supported Right to Repair

Maine voters decided "yes" to Question 4, allowing local repair shops and mechanics access to the same data as dealerships.

The ballot read: Do you want to require vehicle manufacturers to standardize on-board diagnostic systems and provide remote access to those systems and mechanical data to owners and independent repair facilities?

A "yes" vote allows all mechanical information about a vehicle to be made available beyond dealerships regarding things like being able to diagnose and repair vehicles along with regular maintenance issues.

The Maine initiative was spurred by a group of independent auto repair shop owners and other right to repair proponents through a citizens' petition of over 70,000 signatures presented to the Maine Secretary of State's Office.

Opposition to Question 4 primarily came from the Alliance for Automotive Innovation, a trade group representing car manufacturers like General Motors, Ford, Subaru, and Toyota.

Locally, Question 4 was also opposed by the Maine Automobile Dealers Association, a group representing franchised new car and truck dealers.

Over 84% of voters supported the measure.

SSDA supported the efforts and will work towards enacting the new law.

Does Your Online Presence Deliver the Information Your Website Visitors Expect During the Holidays?

When shoppers come to your store in person, they expect a certain level of customer service. They expect to be greeted by a friendly salesperson. They expect to receive answers to all their questions. They expect to see signs and find helpful information about your store hours, product pricing, promotions and more.

The same is true for your digital storefront. When shoppers visit your website, they expect a certain level of service and customer convenience. They expect to see the same information and receive the same helpful guidance they would get when they visit you in person. If they don't, it's easy to exit your digital store and search for something else.

Does your online presence live up to these high expectations? Does it deliver all the information your customers expect? This article will outline some necessities that customers expect to see on your website, especially during the holiday season:

Digital Storefront Must-Haves

- Store hours
- Comprehensive product listings

Customer reviews and ratings

- Contact information and support

Online financing tools

Holiday Support Services

- Holiday promotions and discounts
- Gift guides

Service and maintenance information

- Safety information
- Shipping and delivery
- Returns and exchange policies

Weather-related and other alerts

Additional Online Outlets

Social media integration

Digital Storefront Must-Haves

Store Hours

Even though your digital storefront can offer customers just about everything they can find at your physical store, including a seamless online buying experience, many customers will still want to visit you in person. They may want to see a unit before purchasing or meet a sales rep to ask questions, or just experience the thrill of browsing a showroom and being around likeminded, similarly passionate people. Whatever their reasons, your website should display easy-to-find store hours that tell customers when and how they can come see you.

Display store hours in an easy-to-find place on your website. If your dealership has adjusted hours or holiday closures, these changes should be displayed prominently. You may even consider including adjusted hours and holiday closures on your homepage banner.

Comprehensive Product Listings

Shoppers want to see features that empower them to continue down the path to purchase. Among the most important of these features are your product listings. Shoppers want to actually see your available inventory, not just the brands you sell or a vague description of the items you have in stock.

They want to see detailed listings of all available units with accompanying pricing, availability and high-quality images. Include details about technical specifications, especially if a unit has some uncommon or highly desirable feature.

Let shoppers know what's in stock and what's coming soon. Tell them about limited-time promotions or special offers on the product pages. Include information about recommended service and maintenance, so

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NET DRIVEN

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they can take care of their new purchase.

Customer Reviews & Ratings

Reputation management for online businesses is all the rage these days, and it's easy to see why. Customers can say just about anything about your business and your products online—good or bad. You can either offer your customers a platform for speaking their mind and leverage those reviews to generate more customer interest, or you can leave your business and your reputation to the whims of online discussion boards and review sites.

Specifically, when it comes to retail, customers want to learn more about what you offer and what other people think about the products themselves. In fact, they expect to see this. According to Global Newswire, **95%** of consumers read online reviews before they shop and **58%** say they would pay more for the products of a brand with good reviews. Adding reviews and ratings for both units and accessories might be one of the best things you can do for your business. That's because **90%** of customers say that what they decide to buy is influenced by positive online reviews, and **94%** will use a business with at least four stars.

Contact & Customer Support

When customers come to your website, they have questions. They should be able to answer a lot of those questions just by browsing your website. But in addition to doing their own research, many shoppers will want to reach out to you, and most of them will want answers immediately, especially in cases of support.

Give your website visitors clear contact information (perhaps included in a dropdown menu on your site) and customer support options such as live chat, email, and phone support. Live chat, email and phone support can give shoppers quick answers to their questions and help direct them to the department or person they need to speak with in a timely manner. As much as **38%** of consumers are more likely to buy from a company that offers live chat, according to Kayako.

Online Financing Tools

Shoppers want to see every last detail of your inventory. When they find a unit they're interested in, they'll naturally want to know what it takes to buy it and whether or not they can afford it.

The more information you can give your customers about your pricing and financing plans the better. Not only does this act as a natural filter to separate the browsers from the buyers, it gives shoppers a chance to take the next step toward purchase, right on your website.

Give your customers information about available financing plans, interest rates, and monthly payments. This information can push interested buyers closer to making a purchase.

Deliver the Online Presence Your Customers Expect

Modern shoppers expect a lot from modern dealers, but the good news is that you can deliver on their high expectations with a few smart inclusions to your website. Review this article and pay attention to what your customers want as you meet and interact with them. With a few smart inclusions to your website, your business will deliver the ultimate online shopping experience to attract more customers and close more sales this holiday season.

Contact us for a free demo today! https://www.netdriven.com/

W. Texas Producers Face Dwindling Water Disposal Options

The Railroad Commission of Texas said it's ready to impose additional restrictions on wastewater injections into deep disposal zones in response to the recent 5.3 magnitude earthquake in West Texas, potentially eliminating an additional 600,000 barrels per day of injection capacity in the Northern Delaware Basin. This could force oil and natural gas operators to shut in production unless viable alternatives for disposing of produced water are identified, according to Ryan Hassler of Rystad Energy.

Innovative Solutions Slash Wastewater Recycling Costs

Technological advancements and collaborative efforts are narrowing the cost gap between produced water recycling and injection, speakers said at a recent oil conference. The industry is pursuing a $1-per-barrel target cost through innovations such as evaporation and membrane technologies.

Floating Factories of Artificial Leaves Could Make Green Fuel for Jets and Ships, The Guardian

The artificial leaf created at Cambridge takes its inspiration from plants, which use photosynthesis to create food. An early prototype consisted of chemical light absorbers and catalysts that turned carbon dioxide and water into a mixture of carbon monoxide and hydrogen. This combination is known industrially as syngas and it is an intermediary in the production of many chemicals and fuels. It was a crucial first step. But the device consisted of cumbersome glass sections and protective coatings. Improvements were needed and were made by exploiting thin-film metal oxides and materials called perovskites to create devices that were covered with micrometre-thin, water-repellent layers. The result was a highly effective but non-bulky device that is a millimetre thick and covers an area of 100 square centimetres, a bit like a leaf.

Floated on water, the artificial leaf produces hydrogen and carbon monoxide. "Crucially, we use sunlight to power these transformations," said Reisner. "And the chemicals that we make this way have already been used to manufacture feedstocks, though it is fuel – like diesel or petrol – that we really want to target. One goal would be to make green sustainable kerosene for the aviation market."

Ships are another target. About 80% of global trade is transported by cargo vessels that burn fossil fuels and their emissions account for more than 3% of the world's total industrial output of carbon dioxide. Substituting their fuel with an effective green alternative would play a big role in helping in the battle against global heating.

A crucial advantage of this technology is the fact that it floats and so does not occupy the large amounts of land needed for crops and woodlands. "Clean energy and land use would not be competing with each other," he added.

Floating farms of solar fuel leaves could also supply coastal settlements and islands, and exploit water in industrial ponds and irrigation canals.

"You could roll up these devices and put them almost anywhere you wanted," Reisner said. "They are fantastically flexible."

The team have now created a startup company to commercialise these inventions. "We have taken the science of these systems as far as we can and it is now up to engineers to scale them up so that they can be used on scales large enough to have an impact on carbon emissions," Reisner told the Observer.
"We need to take solar chemistry from the laboratory and take it to a large-scale industrial level, and that will take millions of pounds of investment."

Senate Hearing Zeroes in on Industrial Decarbonization, ACC

The Senate Environment and Public Works Committee hosted an important discussion on strategies to reduce greenhouse gas emissions in the industrial sector. The hearing, "Opportunities in Industrial Decarbonization: Delivery Benefits for the Economy and the Climate," addressed some of the technologies, policies, and actions necessary to achieve significant progress while supporting U.S. competitiveness and innovation.

Much of the focus was on hydrogen technologies – an area where momentum is growing and the business of chemistry is "leaning in." Just last month, the U.S. Department of Energy (DOE) announced "$7 billion to launch seven Regional Clean Hydrogen Hubs (H2Hubs) and accelerate the commercial-scale deployment of low-cost, clean hydrogen," funded by the Bipartisan Infrastructure Law. A number of ACC member companies are participating in one or more of these hubs. Carbon capture and storage (CCUS) and advanced nuclear also got airtime at the hearing.

Opportunities & Potential Obstacles Ahead

As Chairman Carper wisely noted, "there are real challenges when it comes to decarbonizing the industrial sector. For example, because of the diverse industrial processes we use to make a variety of goods and materials, there isn't a simple one-size-fits-all approach. Instead, we must deploy a variety of different technologies and process changes."

Ranking Member Shelly Moore Capito (R-W.Va.) pointed out that permitting challenges and new regulations could block or delay key projects. She cited"regulations such as the Clean Power Plan 2.0 that would undermine reliability and drive up the cost of power for manufacturing with its unachievable short-term targets." We agree! EPA's proposal is a prime example of regulatory overreach that could harm energy reliability and affordability – making it more difficult for U.S. manufacturers to compete and innovate. House Environment, Manufacturing, & Critical Minerals Subcommittee members

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Senate Hearing Zeroes in on Industrial Decarbonization, ACC

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made a strong case for these concerns at a hearing earlier this week.

Collaboration Is Key

We're working with DOE, the Biden administration, and Congress to support timely and efficient implementation of the Inflation Reduction Act (IRA) and the Bipartisan Infrastructure Law (BIL), which provide research and funding authority for a variety of projects. We're discussing ways to optimize federal and private investment in the critical RD&D activities necessary to bring lower-emissions technologies to at-scale, economically viable commercialization. In our responses to DOE's Requests for Information, we've highlighted cross-cutting chemical industry priorities and offered recommendations for future action.

A few things to keep in mind in any discussion of this topic: Chemistry and plastics play an essential role in helping society reduce emissions -- through exploring and developing technologies like hydrogen, CCUS, and advanced nuclear and providing "inputs" for applications such as solar and wind power, electric vehicles (EVs), high-performance building materials, advanced batteries and more.

Chemical products and processes are diverse, and the industry operates in global markets where it faces intense competition. There is no 'one size fits all' solution. Meaningful emissions reduction is supported by a portfolio of approaches. Policies should encourage the development and use of energy sources, infrastructure, and manufacturing technologies of all kinds.

Significantly reducing emissions will require rapid infrastructure development. As part of this effort, our nation must modernize the permitting process. Proposals need to spur innovation while maintaining U.S. competitiveness. Effective coordination across agencies and programs is critical.

American Chemistry Council

3 Takeaways from Biden's Big Transmission Plan, E&E

Uncertainty over DOE plans

In a notice issued earlier this year, DOE explained its likely approach to developing national transmission corridors where new long-distance power lines may be needed.

While the approach could change significantly in response to input from companies, states and other interested parties, the department described the transmission needs study as "a key input into the designation" of the corridors. These are areas where "urgent transmission investments" will be needed to reduce consumer costs and improve grid reliability, according to the department.

The corridors would open up billions of dollars in financing opportunities for eligible transmission projects. More controversially, projects located in the corridors would be eligible for backstop siting. That means FERC could approve projects in those routes if states, which normally permit transmission lines, either deny permits or don't act on applications.

Congress created the backstop siting authority in 2005, but it hasn't been exercised because of successful legal challenges in past years.

Still, questions remain about how quickly the process will proceed and the extent to which transmission developers look to the federal government for siting help.

The needs study provided 84 pages of reactions from across the grid industry and outside interest groups. The Center for Biological Diversity, an environmental group that has pressured the administration to cut back much harder on fossil fuel emissions, said it recognized the administration's rush to build out transmission infrastructure. But it added that "meaningful community engagement and trust are crucial to effective implementation" of this effort, according to the needs study's summary.

Howe said the use of federal backstop authority still requires FERC to complete a rulemaking process. Even then, there may be reluctance to use the power because of likely political backlash. The mere potential for federal siting of transmission lines in the absence of state action will be a more useful tool for developers than actually seeking federal approval, said Howe.

"I think that's where the real power comes from," he said. "It's not so much that the feds would overrule what the state does. But it says to a state: 'You just can't do nothing on this.'"

"This says, 'Yes, there is a need, those actions are justified and it's for the good of the nation,'" La Joie said. "It's the kind of thing advocates and policymakers can lean on to show that these lines will be used."

Mind the gaps

3 Takeaways from Biden's Big Transmission Plan, E&E

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The Southline project will ship power produced by wind in New Mexico to cities in Arizona. The Cross-Tie project will connect Utah and Nevada, which will enable delivery of more renewable energy among additional Western states. DOE expects both projects to start construction in 2025. A third project, New England's Twin States Clean Energy Link project, is slated to begin construction in 2026, DOE said.

The federal money is going to pay tolls to transmission operators, which experts say provides assurance to private developers that the shipped power will ultimately be purchased by parties known as offtakers.

But the study outlines a need for new transmission in wide swaths of the country.

One of the biggest areas of need is in Texas. The Electricity Reliability Council of Texas (ERCOT) grid, which handles about 90 percent of the state's power demand, will need a 140 percent median increase in transmission deployment between 2020 and 2035, the study found.

That's in large part because the state's best sources of renewable energy generation — the solar-rich western plains and offshore wind along the coasts — aren't close to Texas' large city centers. The market has had to curtail some renewable generation and even came close to rolling blackouts one evening in September when transmission constraints contributed to a drop in frequency.

Even greater could be the need for transmission out of Texas. DOE estimated that under a high load and high clean energy growth scenario, the Lone Star State would need to boost transmission to the plains region by more than 3,500 percent.

Role for islanding?

DOE's needs study also highlights policy changes that could help address potential transmission deficits, according to former FERC Chair Richard Glick.

In particular, the way transmission projects are planned at the regional level is not working as well as it could, and permitting barriers "need to be removed," said Glick, a Democrat who served at FERC from 2017 to January of this year.

Under Glick's watch last year, the independent agency proposed broad changes to how transmission projects are planned and paid for. Acting Chair Willie Phillips, also a Democrat, aims to finalize those changes in the coming months.

Some experts say there's another option to relieve electricity congestion: smaller, self-sustaining "island" grids that are now eligible for a 30 percent investment tax credit in the Inflation Reduction Act.

Energy Department Offers $3.5B for Battery Manufacturing, Utility Dive

The Biden administration announced $3.5 billion from the bipartisan infrastructure law to fund domestic battery and battery material manufacturing.

The Energy Department money will go towards establishing, retrofitting and expanding domestic facilities to process critical minerals, battery precursor materials, battery components and cell and pack manufacturing. It's one of the White House's latest pushes to reduce the country's dependence on the import of critical minerals and battery materials from foreign entities of concern, a list of countries that includes China.

The funds are the second phase of a total of $6 billion allocated by the bipartisan infrastructure law for battery manufacturing. The first phase of funds went to 15 projects that could catalyze further public or private investment, according to the release. Money allocated in the next phase will be used to support domestic battery materials processing as well as battery production.

The department also said it will prioritize projects that create jobs for low- and moderate-income communities and support the administration's goal that 40% of overall benefits from federal investments go to underserved communities as part of the Justice40 Initiative.

Funds will also be prioritized for lithium-based technologies as well as other battery mineral makeups, and manufacturing for medium- and heavy-duty vehicle markets.

"DOE is also calling for projects that will increase separation of battery-grade critical materials, expand production facilities for cathode and anode materials production, and expand battery component manufacturing facilities—i.e., projects that will attract further investment into topic areas solicited in the program's first phase," the department said in its release.

Concept papers for funding applicants are due Jan. 9, 2024, while full applications are due March 19.

SSDA-AT Joins Joints Trades Letter

Dear Majority Leader Schumer, Speaker Johnson, Minority Leader McConnell, and Minority Leader Jeffries:

The undersigned organizations, including SSDA-AT, representing millions of small businesses operating in every state and community across the country, join the American Institute of Certified Public Accountants (AICPA) and strongly urge Congress to delay implementation of the beneficial ownership reporting under the Corporate Transparency Act (CTA) by one year.

The CTA requires the submission of regular reports to the federal government identifying the beneficial owners of businesses and other legal entities. The stated goal is to target shell companies used in illicit financial transactions, but the new law defines the targeted entities as those having fewer than 20 employees and $5 million in revenues. In other words, not just shell companies but nearly every small business in America.

The scope of the data collection is beyond anything the Federal government has ever attempted outside of the Tax Code. Covered entities will be required to provide the personal information of their so-called beneficial owners – owners, board members, senior employees, attorneys, etc. – and then constantly monitor the information to ensure it is current. The Financial Crimes Enforcement Network (FinCEN) expects to receive more than 32 million separate reports in 2024, with an additional five to six million filings each year thereafter.

Despite this unprecedented challenge, FinCEN is simply not ready. Of the three primary rules necessary to implement the new law, only one has been completed, the second is still at the "proposed" stage and needs to be finalized, while the third has yet to be released even as a proposed rule. FinCEN's leadership has assured Congress they are ready to go starting next year but that is clearly not the case.

Meanwhile, FinCEN is woefully behind when it comes to educating stakeholders of their new obligations. A National Federation of Independent Business survey found that 90 percent of respondents were entirely unfamiliar with the reporting requirements. The CTA includes civil and criminal penalties of up to $10,000 and two years of jail time for failing to comply, so this lack of awareness is alarming and needs to be addressed before the law is implemented.

A year's delay will provide FinCEN and the business community with more time to educate owners of their new obligations. It will also give Congress and FinCEN time to review the new rules to ensure they are successful. As the AICPA noted in its letter, FinCEN has significantly underestimated the cost burdens associated with the new reporting regime, it has relied on vague and arbitrary standards in laying out the criminal and civil penalties under the statute, and it has implemented filing deadlines for newly-formed entities which in some cases are impossible to meet. All these shortcomings need to be addressed.

We strongly urge Congress to act now and delay implementation of the Corporate Transparency Act by one year. Doing so will give FinCEN sufficient time to improve and finalize the statute's regulatory framework while giving stakeholders time to prepare for their new compliance obligations.

Sincerely,

SSDA-AT and other trade associations

SSDA®
SERVICE STATION DEALERS OF AMERICA
AND ALLIED TRADES

Congress Introduced CRA to Overturn the NLRB's Joint Employer Rule

On November 7, U.S. Representatives John James (R-MI), Virginia Foxx (R-NC), chairwoman of the House Education and the Workforce Committee, and Mike Johnson (R-LA), Speaker of the House, as well as U.S. Senators Bill Cassidy, M.D. (R-LA), ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, Joe Manchin (D-WV), and Mitch McConnell (R-KY), Senate Minority Leader, introduced a Congressional Review Act (CRA) resolution to overturn the National Labor Relations Board's (NLRB) new joint employer rule, which would radically expand the joint employer standard under the National Labor Relations Act (NLRA) by specifying that either indirect or reserved control may stand alone as basis for finding a joint employer relationship.

The Congress may use the CRA to overturn final rules issued by federal agencies. Any member of Congress can introduce a joint resolution disapproving of a final rule and Congress then has 60 days of continuous session from the date a rule is submitted to use the procedure. A simple majority in both chambers is then needed to send the measure to the president's desk. If vetoed, a two-thirds majority in both chambers is necessary to override; if signed into law or Congress overrides the veto, the rule is prohibited from either going into effect or continuing in effect.

Ohio Commission Approves Fracking in State Parks, AP

Some state parks can be fracked in Ohio, a decision made by a government commission Wednesday despite an ongoing investigation into claims of possible fraudulent support by an industry group that represents energy companies.

During a raucous meeting attended by many fracking opponents, the Ohio Oil and Gas Land Management Commission OK'd several parcels for fracking by outside entities — all of them owned by the Ohio Department of Natural Resources and the Ohio Department of Transportation — that include state parks and designated wildlife areas.

Under state law, the identities of those who nominated the land for oil and gas drilling are confidential.

Advocates accused the state board members of lacking transparency, upholding the interests of corporate greed and poisoning future generations. Some threw money in front of the commissioners and shouted them out of the state meeting, while others sang protest songs in and chanted "Don't frack our futures," and "Shame."

A member of Save Ohio Parks, Cathy Cowan Becker, said opponents were disappointed by the vote but vowed to continue to show up to meetings.

"At a time when the science is telling us we have to stop all the oil and gas, instead we're doing this in our parks," Cowan Becker said. "We're rightfully really angry about this."

The decision is the first of its kind in Ohio, although laws allowing fracking have been on the books since 2011.

Legislation under then- Gov. John Kasich, a former Republican presidential candidate, called for a state board to allow state-owned land to be "leased for the exploration for and development and production of oil or natural gas."

The commission was formalized in 2017 under the Kasich administration following the 2011 legislation and held its first meeting in March 2018.

Hydrogen Offtake is Tiny but Growing, Bloomberg

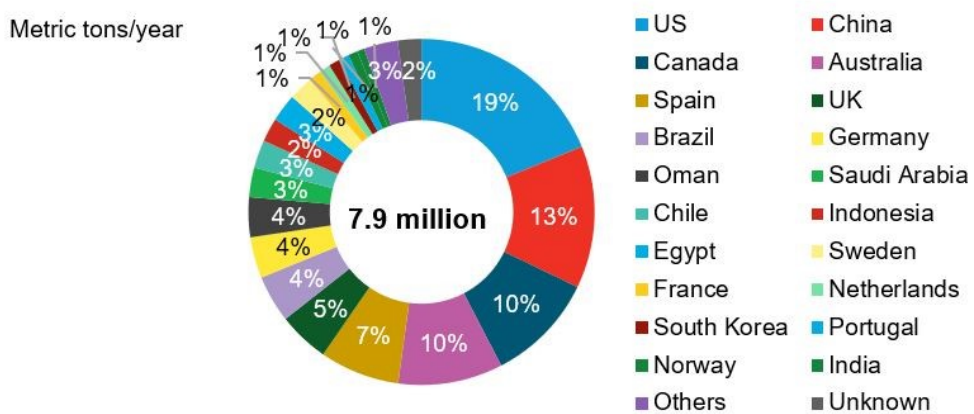
Many companies have plans to make hydrogen, but many fewer are enthusiastic to buy it. Only 10% of the clean hydrogen capacity planned by 2030 has identified a buyer, BloombergNEF research shows. BNEF launched a Hydrogen Offtake Agreement Database that tracks 149 offtake agreements for clean hydrogen and derivatives.

According the BNEF database, only 13% of the contracted volume (or 1 million metric tons/year) is binding. Another 7% are pre-contractual agreements with a solid chance of becoming binding contracts. The remaining 80% are either memorandums of understanding or unspecified. These might take a while to become binding, if they ever do.

Nearly half of the contracted hydrogen volume is planned to be delivered in the form of ammonia (NH3), a gas that is much easier to transport than hydrogen. Buyers of ammonia include fertilizer companies and offtakers for export projects aiming to use ammonia as a hydrogen carrier.

One third of the contracted volume will go to replace emission-heavy 'gray' hydrogen, which is produced from fossil fuels, while emerging applications such as steel, power and heavy transport fuels account for 20%. The remaining 43% of contracted volume has no specified end use and is planned for overseas export. Among projects that identified offtakes, the US is the largest supplier, followed by China, Canada and Australia. Most offtake capacity is for domestic use, while 36% – 2.8 million tons/year – targets export. This is slightly over 10% of the announced clean hydrogen export pipeline by 2030. South Korea and Europe are the largest export destinations.

Figure 4: Low-carbon hydrogen offtake by supply market



Source: BloombergNEF. Note: Data as of Sep 29, 2023. The database only includes projects of over 20MW or 2,800 metric tons/year of capacity.

Working Knowledge: Harvard Business School

In today's high-tech economy, it's not just quant skills and R&D know-how that confer competitive advantage. Relationships still matter—maybe more than ever, as social media turbo-charges old-fashioned networking.

A new study mapped LinkedIn connections among firms woven out of 2 billion individual employee relationships at 7,715 public US companies representing 19 industries. The researchers found that companies whose real-world employee connections put them at the center of their professional communities performed better than peer companies whose workforces were less well-connected and, as a result, on the periphery of the same community.

"WHAT WE'RE TRYING TO SAY IS THERE ARE MANY MORE JOBS THAN YOU MIGHT IMAGINE WHERE HAVING THE RIGHT CONNECTIONS CAN BE HELPFUL TO YOUR COMPANY."

The study reinforces the value of human capital and knowledge-sharing and highlights a surprising conclusion—professional social networks "may have potential benefits to companies, and not only to the individual," says Frank Nagle, an assistant professor at Harvard Business School. "What we're trying to say is there are many more jobs than you might imagine where having the right connections can be helpful to your company."

The study's findings also underscore the growing possibility of mining "nuanced and granular" social media data to understand how and why employee networks form and what advantages they provide to their larger organization. Nagle coauthored the study with Shelley Li, an assistant professor at the University of Southern California, and Aner Zhou, an assistant professor at San Diego State University.

Mapping employee connections through LinkedIn

The team obtained data with the cooperation of LinkedIn and analyzed links among more than 9 million employees between 2004 and 2018. In total, the study extracted and analyzed more than 2 billion professional connections—the "most comprehensive collection of employee-level connections in the world," the paper says.

Based on the analysis, the study found that companies in the information, manufacturing, and finance/insurance industries are the most highly connected of the 19 sectors evaluated, while the manufacturing industry sits closest to the network's center. Unsurprisingly, the study found that companies such as Microsoft, Alphabet, IBM, Oracle, Honeywell, General Motors, Target, Pfizer, AT&T, Texas Instruments, and Apple were among the most highly connected and at the center of their professional communities.

While this makes sense, Nagle says, the study also uncovered that there are "big companies that are not well connected, and there are small companies that are well connected and central to the network." He adds, "So it's interesting to look at some of the cases where there are surprises."

Why connections matter

To highlight the importance of employee networks to the success of firms, Nagle and co-authors sought to determine if there is a relationship between the connectivity of firms and the value they produce.

The researchers correlated the network data to measures of success in innovation, such as investments in research and development and the number of awarded patents and their impact.

The study found that companies that are more central in their relevant communities tend to produce more patented innovations, and those innovations are typically more scientifically and economically valuable.

"WE FOUND THAT COMPANIES THAT ARE MORE CENTRAL ARE HAVING A BIG-

Working Knowledge: Harvard Business School

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GER IMPACT—THE INNOVATION THEY PRODUCE IS MORE SUCCESSFUL IN THE MARKETPLACE."

According to the analysis, companies that become more central to the network by one decile group (for example, from the thirtieth percentile to the fortieth percentile) increase their research and development spending by 5 percent and their patent output from 3.5 percent to 5.8 percent.

"On both those dimensions, we found that companies that are more central are having a bigger impact—the innovation they produce is more successful in the marketplace," Nagle says. Patents from those firms also tend to be more frequently cited by other patents.

Implications for managers

The authors emphasize that their study is more about the value of forming tangible real-world connections than it is a clarion call for employees to flock to professional online network sites. It's just that data from social media offer unique opportunities to measure and study how networks form and to look for lessons that managers may find helpful in their organizations.

At their broadest level, however, the findings in the study reinforce the importance of robust personal and professional networking as a consideration in hiring decisions. In that sense, LinkedIn connections become a proxy for real-world connections, and potentially a tool for differentiating the potential contributions of job candidates.

"Managers, when they hire somebody, know to look for many different qualities. How well-educated are you? How much job experience do you have?" Nagle says. "Today, in some jobs, such as sales or higher-level management, managers may think about how well-connected you are, but our work shows that might be a consideration for a broader set of jobs."

Future questions to answer

The study, Nagle says, lays the groundwork for other types of inquiries using the data that may provide managers with deeper insights into the power of professional networking in driving a company's performance and competitive success.

One of the more surprising findings was that middle- and lower-level employees, more than senior executives, provide the backbone for the importance of a company's connectedness.

"WHAT TYPES OF CONNECTIONS MATTER MOST?"

This suggests connectivity plays a role in driving value even in decisions outside the C-suite, Nagle says. Researchers can use that data to identify more precisely where this influence matters.

"We're interested in digging deeper to understand when this matters more," Nagle says. "What types of connections matter most? Are these connections more important if you are somebody in sales versus someone in research?"

SERVICE STATION DEALERS OF AMERICA
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