core group
theory & practice

With the publication of Art Kleiner's recent book Who Really Matters, The Core Group Theory of Power, Privilege and Success, Art shows that a "core group" isn't just the people at the top of the hierarchy; it is that group of people in any company whose interests and priorities are taken into account by people who make decisions. **For more on core groups go to www.workecology.com/thoughtleadership.html.**

Is Hewlett Packard the Laboratory for Core Group Theory Live Action Research? By Lavinia Weissman

This article was originally published on HR.com after Carly Fiorina joined Hewlett Packard. Fiorina's dismissal has proven again that the heroic/high control leadership model does not work. HP's new CEO, Mark Hurd has initiated a no nonsense approach that is operationalizing hidden innovations through out HP, that are stabilizing the company. It's an approach that is based on a similar attitude held by HP founders, Hewlett and Packard, both of them lived by "do it, don't talk about it."

It will be interesting in the next year look back at what has changed as a result of Hurd's initiative to simplify the HP bonus system and transfer the sales force into the business units. (Sales forces in many industries are now proving an out of date approach to income generation). Will these initiatives motivate the workforce and re-build employee confidence? Like anything history will tell the story.

The publication of **Who Really Matters: The Core Group Theory of Power, Privilege and Success** by Art Kleiner, opened a question for me that is most relevant any company or industry. The question is this:

> *"How does HR work with a corporate core group to deliberately build new thinking and leadership initiatives that weave learning into systems of action?"*

Hewlett Packard failed to learn this lesson through Carly Fiorina's leadership. When Fiorina led the merger of HP with Compaq, she recruited an executive core group drawn from best practice leaders from both companies. Members of this executive committee brought various forms of equity and social capital, e.g. credentials, relationships, fungibles, capability and rainmaking. The group comprised individuals, who were the thought leadership inventing the mission (post merger) the mission, **Invent.** Carly's dismissal reflected a need for control did not permit members of this core group to work through various social networks within HP to insure work effectiveness. Confidence across the board, the workforce and her core group dropped to reflect a soap opera of no action and change.

For the last few years, I have been looking everywhere I can to identify companies moving away from the dysfunction of founder's syndrome and heroic leadership, who lead a mission through a Core Group. I have focused on identifying leaders who are working with their HR leadership to build and engender a Core Group that models a thought and practice leadership system of thought that motivates the workforce beyond the dysfunction and builds an HR operation that is not simply an enabler "in the middle."

Here are is a summary of HR Strategies that I have collected and offer to this Core Group reflecting a thought leadership that fosters motivation and operationalizes an infrastructure that fosters high performance. I believe these strategies are example of initiatives that can put the lifeblood back into a company either living through the "survival and threat" chaos of downsizing or declining shareholder value. They are summarized here:

1. **Federated Organizational Structure –** Alvin Toffler as a consultant to AT&T in the mid 80's pre-divesture proposed an organizational model that based on a Star Trek-like federated structure. In Toffler's book **The Adaptive Corporation** (now out of print), Toffler argued for a core group as a leadership form that deliberately and consciously in the context of a mission makes decisions and model behavior that builds strategy and results. This is different from Kleiner's thesis, which hypothesizes that Core Groups as simply an inevitable part of organization's informal structures.

Toffler's view suggests that the key purpose of this Core Group is to drive a marketplace strategy drawing form the best practice/thought leadership that in the last decade has emerged in the companies led at the C-level by a team rather than an heroic hierarchical leader, CEO. This has replaced the hierarchy of traditional Fortune 2000 companies. This form of leadership practice is alive in thriving intelligent boutique companies. From my viewpoint, this leadership form is a learning strategy for success for any Fortune 2000 company evolving from a tight and controlling hierarchy into an intelligent market system.

One company that I have identified that fits this form is International Data Group (IDG). IDG is the world's leading technology media, research and event company. Founded in 1964, IDG had 2002 revenues of $2.58 billion and has more than 12,000 employees worldwide. A series of smaller companies and ventures that are autonomous and have their own bottom line produce IDG's publications, research and events. The common thread that weaves this federation is IDG's mission, "To enhance the quality of human life by being the world's leading source of information on technology."

2. **Succession Planning –** More and more shareholders and investors are recognizing that success that grows from founder's syndrome or a heroically driven company hinders succession planning.   Small start-ups more often than not, do not survive founder's syndrome.   Founder's syndrome within Digital Equipment Corporation stopped innovation and in a short time, shareholder value declined and layoffs and workforce reduction took that company from a census of 160K to 35K (at time of Compaq merger). MBA's like Sculley or Amelio at Apple come on board and did not have the product/customer knowledge to continuously leverage a smart strategy. The return of Steve Jobs as CEO recovered what was lost in passion and competence to reinvent Apple as a lifestyle company rather than a software/hardware empire which was destroyed by Sculley and Spindler with downsizing and cost cutting measures that led many innovators to leave Apple and successfully form their own companies.

3. Juliette Saisselin, President of Gordian Knot Investments, New York, a leader-participant in my Core Group Theory and Practice group described to me recently a deliberate plan on the part of Gordian Knot, Ltd. to synthesize an international strategy

weaving its directors globally into a core group. The individuals in this group have success stories and career track records of specialization that add to the value of Gordian Knot's tangible assets. With their combined knowledge, this group is building on the founder's original success and adding value. The next few years for this company will be very telling as this group weaves its knowledge through annual meetings where they core group makes decisions on direction and strategy that they adopt into their the areas of operation which they lead.

In my view, it takes three to seven years for any Core Group to solidify its direction and integrate decisions and expertise into company wide initiatives that build assets. This shifts the founder(s) or CEO's role to mentoring from directive. With the fluctuations that occur in the membership of a group due to natural causes, e.g. new life choices, illness or death, a group can become the fiber of thought, strategy and implementation adapting to its marketplace and external environmental changes that sustains ongoing thought leadership.

It will be interesting to benchmark the new "hp ™" Core Group's initiatives and capture the story of what emerges while measuring their impact over the next few years. Certainly, the formation of this group suggests something different from the organizational leadership of a heroic leader or family leading from a vision authored out of personal passion. An interdisciplinary Core Group offers an alternative to a founder/heroic vision driven model. An interdisciplinary group can build a forecast system of future scenarios from that integrates expertise and knowledge extracted from shared learning in and outside the group.   In my view, the Core Group can spark an iterative process of dialogue to shape the company and its culture through its leaders and larger social network of employees, consultants and out sources?

4. **Workforce Strategies** - In larger companies led by a Core Group, the most empowering leadership practice will be mentoring.   In smaller boutique expert firms, the C-Level group will model this through actual practice. These knowledge leaders will mentor their social network, which includes partners, employees, consultants, and out-sources. The actual mentoring form will be primarily conducted by role modeling conduct, educating its social network as to the meaning of the Core Group mission and impact of its decisions and extracting knowledge

from the social network's expert action laboratories of actual practice within informal and formal network, including customers that can form intangibles and tangible metrics.

The decision-making practices and structure of dialogue led by the C-Leadership individually and as a group will serve as a model for teams and their project/program leaders. This will take on a new form of coaching formerly organized through new employee orientations and performance reviews. Rather than conducting annual reviews, the C-Leader will be responsible for sustaining dialogue as a coach on organizational practices, culture and decisions through virtual means that include thoughtful designed retreats and events that encourage personal connection, reflection, cooperation and trust, not easily built through email, virtual conference and webinar broadcasts.

The C-Leader in the role of organizational coach, guiding best practice workers to package, present and organize knowledge assets to serve the corporate mission through team work and the production of intangible practices that serve research and development, knowledge acquisition, superior employee training and hr programs and customer acquisition.

Employees and contractors will work with independent coaches outside the organization practice to learn self-mastery and leadership as a core competence. This practice will serve what Futurist Charles Handy described in his book, **The Age of Unreason,** as the emergence of portfolio workers. A portfolio worker career leverages his/her career through life-long learning. The worker will codify his/her knowledge through the development of conversations, contributions to projects and the building of relationships and networking that expedites one's ability to get things done. Jobs and contracts for these workers will grow out of actual work.

Firms that attract best practice talent will guide a practice from iterative plans that lead change through continuous learning and feedback. This will create culture of work that supports employees to work their best. Portfolio workers will use organizational templates to benchmark their equity and value to a community of practice that will be available for public view.

In global networked international companies (holding companies and large scale corporate systems), the federation of departments, autonomous organization, C-Leadership will report and communicate decisions and facilitate difficult conversations or organize win/win negotiations within networks of knowledge that create value. When trust is built between the Core Group and the Social Network, employees can accumulate their own "equity" out of expert work and high performance shared with others.

One of the best Core Group practices authored, by Art Kleiner and numerous of his colleagues (DeGeus, Schwartz & Jaworski), is to consider these strategies as elements of a story or futures scenario to spark and lead change as part of any change initiative when the Core Group sets out to redefine its pattern and lead a new mission impossible.

In conclusion, I view that Hewlett Packard has an opportunity by adopting these strategies to shift it sails from the current wave of fighting for survival and focus on bottom line shareholder value. While "hp ™" leaders grapple with layoffs, overseas outsourcing and more immediate initiatives that cannot be prevented, a Core Group can author a new the mission, strategy and operationalize initiatives that create new jobs based on a competency model and skill set that the company has not exercised in the past.

One example of this may be learning how to produce sales out of business units rather than through a sales force virtually isolated apart from the business units, where the sales force can stay up to date on new product development and give feedback on what customers want live, rather than through slow paced market research. In this way, the Core Group may be able to generate its mission of **INVENT** by developing new practices of value with the social network.

These strategies summarize the paradox of our times and how crafting a bottom line is an interaction that integrates a skill set that is crafts from leadership, vision and mission. This approach is how leaders in the Core Group are building a workforce where workers and out-sources are given legitimacy for exceptional performance and empowered to produce intangibles that sustain the value of the bottom line. This is article is merely an introduction to what is possible through the adoption of core group theory and practice.

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WorkEcology is a **"tipping point"** for companies and individuals who are learning and employing sustainable and ethical work practices. Initiatives organized by companies within the WorkEcology CoP spark an organizational health that provides a return on investment to investors and continuous flow of work and influences emotional stability and health for today's workers who chose to contribute to a job well done.

Lavinia Weissman is the founder of WorkEcology CoP. Lavinia is an experienced researcher, analyst and organization development/effectiveness consultant.