

## SHRM RETREAT: Keynote Slides

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**Social Capital: The Missing Link  
in the Value Proposition for Talent**

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**SOCIAL CAPITAL GROWS ORGANICALLY  
WHETHER YOU MANAGE IT OR NOT!**

**Knowledge Capital** = Intellectual Capital + Artifacts

Intellectual Capital = Human Capital + **Social Capital**

**Missing  
link!**

## TACIT KNOWLEDGE & SOCIAL CAPITAL

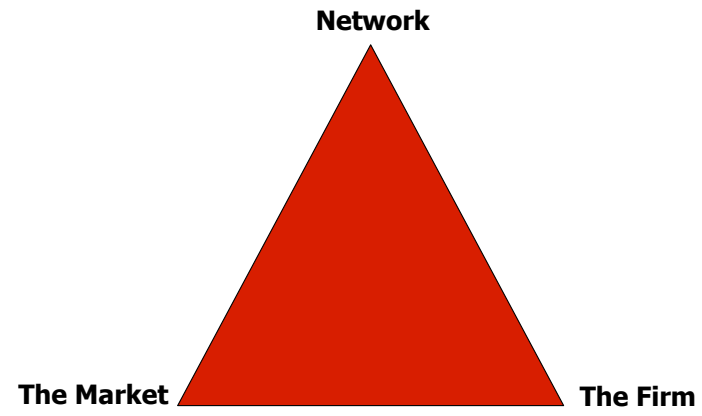
- **80%** of human knowledge is not written down in policies or procedures but held in the **TACIT KNOWLEDGE** shared among colleagues who have worked together or collaborated in some capacity.
- **SOCIAL CAPITAL** - is a core concept in business defined as the advantage created by a person's **location in a structure of relationships**. It explains how some people gain more success in a particular setting through their superior connections to other people. **Yet it is this interaction that is difficult to recognize as “credible” and therefore a challenge to formally measure.**

## SOCIAL CAPITAL: WHY MOST CHANGE FAILS

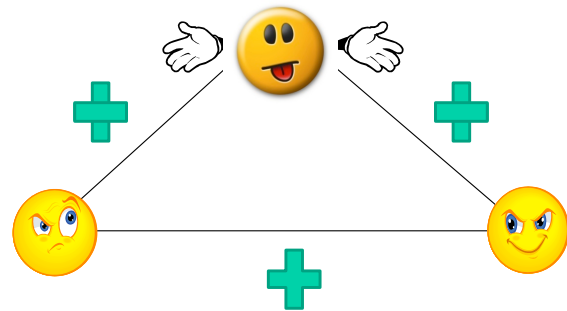
Most strategic insight is fundamentally flawed because it rests on individual **perceptions** of personal networks (e.g. egocentric networks or collections of friends & colleagues); not on how individual networks are trusted or connected to each other.

The unintended consequence of not knowing the **reality** of trusted networks can result in an organizational unraveling, where all attempts to solve problems, deliver services or adapt to change are frustrated. That's why it's important to detect where trusted networks exist, diagnose if they are aligned with objectives, then design & manage them for more effective governance.

## TAXONOMY OF ORGANIZATIONS



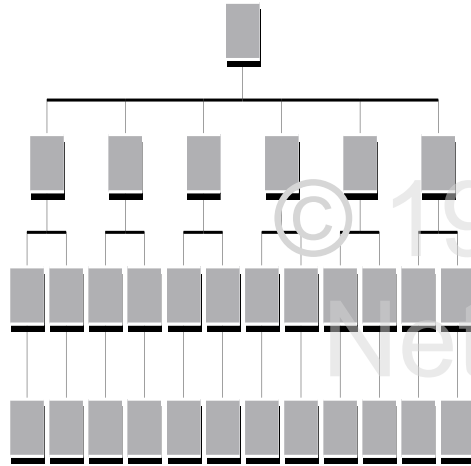
## AN INCONVENIENT TRUTH



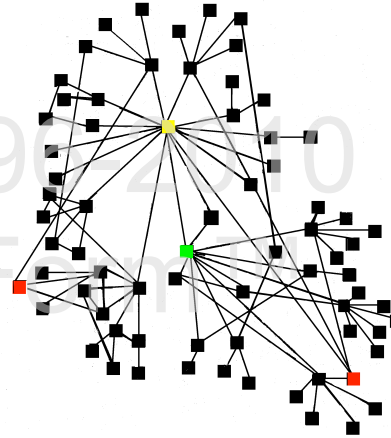
Indirect linkages are not subject to *direct* control

## The Model

Human Capital  
(HIERARCHY)

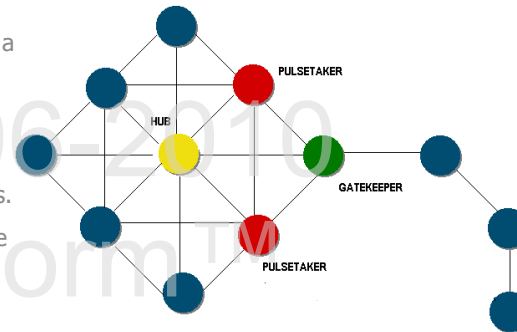


Social Capital  
(NETWORKS)



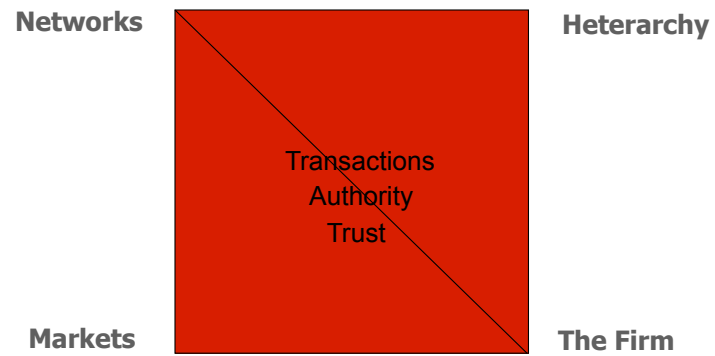
## TIPPING POINTS

- **Hubs:** are people who are highly and directly connected with many people; communicating and disseminating knowledge throughout a region.
- **Gatekeepers:** link people and customers together acting as information gateways and brokering knowledge between economic sectors.
- **Pulsetakers:** are subtle having the maximum influence across cultural differences and working entirely through indirect means.

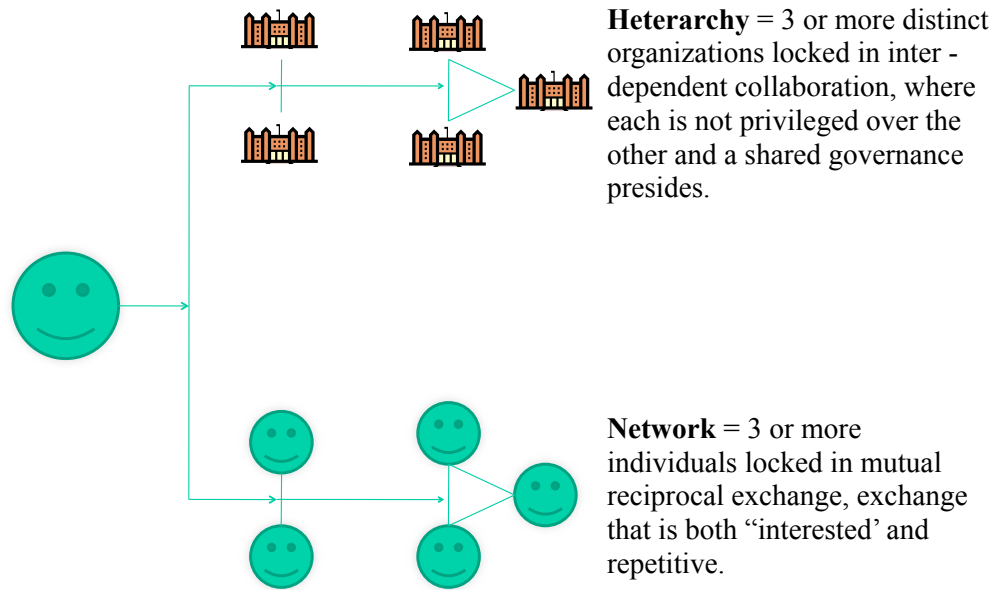


All it takes is 5% to make a change.

# Increasing Complexity

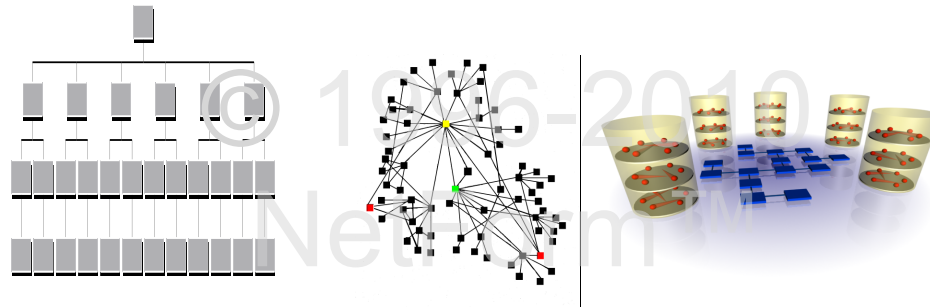


## TAXONOMY OF PARTNERSHIPS



# THE TRANSFORMATIONAL CHALLENGE

Now: Hierarchy → New: Network → Next: Heterarchy



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## CORPORATE APPLICATIONS

UCLA Med School	New performance metrics in clinical settings
JPMorgan	Detecting and analyzing risk
Merrill Lynch	Cross-validating 360 degree reviews
IBM	JV – consultative services – measuring change
Harvard University	Designing space by diagnosing culture
Statoil	Measuring team effectiveness
Zurich Insurance	Enabling rapid globalization
Amgen	Diagnosing and leveraging innovation
Steelcase	JV – consultative service - workspace planning
Mobil/Shell	Measuring post merger integration
Saatchi & Saatchi	JV – service - identifying tipping points

## GOVERNMENT APPLICATIONS

DARPA	Metrics for sustained collaboration
NIH (Division of AIDS)	Aligning organization with grants
Pentagon	Military cross-collaboration
City of Philadelphia	Identifying informal “connected” leaders
U.S. Navy	Effective change management
Intelligence Agency	Integrating, not disintegrating silos
U.S. Army	Optimizing life cycle management
Dutch Antilles	Integrating police force
United Kingdom	Metrics for public-private partnerships
Intelligence agencies	Terrorism and counter-terrorism
U.S. Coast Guard	Sustaining “can do” culture thru change

## APPLICATIONS USING NETWORK ANALYSIS

Succession Planning

Team Development

Knowledge Succession

Workplace planning

Communication Strategies

Optimizing Restructuring

Mergers and Acquisitions

On-boarding New Hires

Identifying & Leveraging Innovation

Sustainable Change Management

Collaborative Leadership

Optimizing Decision-making

Social Capital Metrics

Strategic Coaching & Mentoring

Validating 360 Cross-Evaluations

Treating Bureaucracy

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The Economist	1996 "Making Companies Efficient"
Forbes	1997 "Who's Mentoring Whom"
CIO Magazine	1998 "Mapping the Invisible Workplace"
The Wall Street Journal	1998 "The Corporate Jungle"
Knowledge Mgt	1999 "It Takes a Chemist"
The New Yorker	2000 "Designs for Working"
Wired Magazine	2001 "Guilty by Association"
Strategy + Business	2002 "A Quantum Theory of Trust"
CEO Magazine	2003 "From the Ant Farm"
DEMOS	2004 "Towards a Theory of Government"
<a href="http://www.leader-values.com">www.leader-values.com</a>	2005 "What Knowledge Tears Apart..."
Business 2.0	2006 "The Organization Woman"
Strategy + Business	2007 "The Community Network Solution"
Knowledge-based Policing	2008 "Rethinking Governance"
People + Strategy	2009 "An Argument for Heterarchy"
Fifth Conference	2010 "The Future of Social Capital Standards"