

Leadership and Social capital¹

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The second form of capital in the organisational I.Q. is social capital. This is the asset created by relationships, both internal and external, both in quantity and quality. The modern business organisation of today has a web of external connections. Alliances, partnerships, joint-ventures etc. are common. The web may be so vast that it is bound to contain 'nodes' where competitors sit. Companies may find themselves competing and collaborating at the same time. It has been called co-opetition. Internally, organisations are rich in connections and relationships but most of the time they are ignorant, focusing only on a relatively small part of human collaboration models: the teams. I have called the current business organisation a *teamocracy* because this model of collaboration has become coterminous with 'organisation'.

In today's business organisation, the organisation chart is dead. The job description is dead. But, as of Mark Twain's, the death of the *structure* may have been grossly exaggerated. For clues, see Biology.

Like biological organisms, business organisations are in continuous adaptation to stimuli (external and internal environments), and must change and evolve accordingly. Biological organisms do not understand one year budget cycles, quarterly reporting on activity, one-off post-retreat reorganisations, static organisation charts, two-page-forever job descriptions, or annual objectives set up in January and assessed in December. They grow, generate antibodies, move, reproduce, get smaller or bigger, and die at different paces and rhythms.

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Their 'ultimate structure' is created by their functionality "*The function creates the organ*", I learnt from my anatomy teacher. Also, they can not be fully explained without reference to another system to which they belong or are connected to. In fact, they are *complex systems* that are better understood through the glasses of complexity theory.

Organisations may be just the same. What happens inside them can't be tracked by the static organisation chart and the job description manual. The different components (people, groups, teams, networks of influence and power, etc.) are linked by an information flow which is far from static. The organisation *is* an information network. Leaders today need to understand this. Organisation-chart-management - fiddling around with reporting, solid lines, dotted lines, any combination - is like grammar. It has to be right. But leaders should play their role in literature. Mistaking one for the other is not a good sign of leadership. Let's take a further look at this property of the organisation to create its own connections, because if this is true, then leaders have to be aware and also lead this 'more invisible part'.

You can read more about this dimension (Homes) by choosing from this list:

- [Leadership and 'home effects'](#)
- [The investors metaphor](#)
- [Leading the organisation you can't see](#)
- [Creating associability](#)
- [Bowling regardless?](#)

You can also read more about the other two dimensions by choosing from this list:

1. [Time and Space](#)
3. [Legacy](#)

If you want to read more about leadership or want to continue reading from the above, you can read it all in my book [*The Leader with Seven Faces: finding your own ways to practice leadership in today's organization.*](#)