



CENTRE FOR
PERFORMANCE-LED HR

The Golden Triangle

How Relationships Between Leaders Can Leverage More Value From People

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Introduction

If the credit crunch has taught us anything it is that the success of organisations and their leaders are inextricably linked with the performance of their counterparts. The construct of the heroic leader is now being subjected to new levels of scrutiny by markets, shareholders, analysts, customers, employees and the academy. It appears many do not like what they find, as the chief executives of Citi, HBOS, Lehman Brothers, Merrill Lynch, UBS and Northern Rock will testify.

Part of the problem lies in the conventional ways in which the personalities and roles of executives have been constructed. Executive literature is replete with the 'secrets of leadership', be they observations of the innate skills and competences possessed by great men—and they usually are men—their charisma, or their transformation-inducing strategic visions. The faith once placed in these fixed, solid and irreducible constructs is now unravelling leaving an operational vacuum where there was once merely a challenge, albeit a steep and competitive one, to identify and secure the requisite top talent to lead organisations.

In this paper we suggest this vacuum in our understanding of leadership capability can in part be filled by identifying, exploring and ultimately understanding and learning from the social processes engaged in by executives in the day-to-day relational activities of leadership. Our argument is a simple one. Leadership is not reducible simply to what leaders do, or in fact who they are or even the capabilities they possess. Our focus is instead on whom leaders do leadership with, and how they achieve together what they cannot achieve alone. We will reveal how our observations of these different strategic social relations have led to the detection of what we refer to as the "Golden Triangle" — an informal, tacit or intangible network of executive relationships and conversations — typically, although not exclusively, operating between the chief executive officer (CEO), finance director and their director or vice president of human resources as leaders recognize the increasing centrality of people to the execution of organisational strategy.

Who Leads People Strategy?

There has in the last two decades been a growing recognition of the competitive advantage to organisations derived from their people. Those with the best people win, is the new mantra replacing the old adage people are our most important asset. Nevertheless, there remains a vacuum in our understanding of the role played by those individuals primarily responsible for the construction and enablement of people-specific solutions inside executive management teams

The reasons for this vacuum are complex. For example, if we are to believe emerging research findings, an increasing number of CEO's are cognisant of the primacy of having the requisite capability in place to achieve their strategic plans.¹ So much so, that many what might be described as "people-oriented" chief executives assimilate human capital and its leadership under their wider remit of driving the future strategic direction and performance of their organisations, hence precluding the need at the boardroom table for a director or vice president of human resources.

Despite these hard boardroom truths, human resources directors are exerting new levels of influence on the strategy formulation of their organisations.² In this paper we explain how this largely informal and highly political influence comes to pass in leading blue-chip organisations we have studied at close quarters. Our work draws on interviews from our ongoing research with a range of organisational leaders - be they chief executives, human resource directors, or other executive management board members - in an attempt to shed light on what has become a dark spot in our understanding of the activities and processes engaged in by executives when formulating and implementing business strategy.

In what follows, we report on our research exploring the decision-making processes of executives in general, and the role of people in this process, in particular. After exploring the current challenges now facing HR professionals, we suggest understanding the formulation of people strategy requires the establishing of the presence or otherwise of the Golden Triangle. We present the characteristics shaping the emergence of a Golden Triangle and introduce the case study of BAE SYSTEMS in the latter stages of the paper.

Human Remains

We want first to begin by contextualising our work and challenging two long-standing assumptions that have dominated wider debates over leadership in general and the role of the Human Resources (HR) function in particular. The two assumptions are inextricably linked.

First, HR has been dominated by debates concerning the credibility, some might even say, viability, of the Function. This has largely manifested itself in the furore over the contribution to organisational performance made by people³, but wider debates have also taken place regarding the design and service delivery of human resources and their contribution to the top-line performance of organisations⁴. Clearly stated, the assumption is an improvement in the design and delivery of HR will lead to a causal improvement in the performance of the host organisation.

Second, after work in the 1990s claiming to have established a formula for calculating the causal and *financial* rate of return to the investment in people, the elusive door to the boardroom was seemingly thought to be opened for a new generation of human resources executives capable of establishing their contribution to the bottom-line⁵. Thus a *measurable* link between an organisation's people and its top level financial returns was widely seen as the grounds on which HR executives could articulate a reason for their inclusion in developing the strategic direction of their organisations. Both of these assumptions have proved to be a miscalculation of spectacular proportions for two reasons.

On the one hand, despite the warnings from leading commentators that HR was being dragged into a political debate not of its own making, nor to be determined on its own terms, the Function ploughed head first into a concerted political campaign to establish its financial and strategic credentials in the boardroom. Whilst the debate over the strategic contribution made by people has developed in to the tangential field of talent and its management — and, as we shall see below, has also become an area of responsibility largely acquired by chief executives—the future of the HR function and its services has been relegated to back office status and seen as a major source of potential cost reduction via outsourcing.⁶

On the other hand, warnings over the magnitude of the task of attempting to take that which was largely seen as an intangible, albeit highly valuable, resource and make it tangible were ignored.⁷ A bet the ranch, all or nothing strategy, was invested in academic research which at best was problematic, and at worst, philosophically flawed.⁸ The 'science' underpinning the financial contribution of HR to the organisation has not stood up to empirical scrutiny. Despite a number of research projects claiming to have established a demonstrative link between people management and organisational performance, one recent influential text on the future of the Function has suggested that such measurement techniques, 'hit a wall ... despite ever more comprehensive databases, and ever more sophisticated data analysis and reporting, HR measures only rarely drive true strategic change.'⁹ The corollary has been the exclusion from the boardroom of senior HR executives.

Introducing Executive Strategic Agency

The reality, of course, is much more complex than the mere symbolic status of the presence of HR in the boardroom. It is our contention that this 'presence' is far more complex than mere access to the formal decision making structures of an organisation. Access to the boardroom is in fact a chimera to the role played by HR inside organisations. It distorts and relegates the debate over the importance of people in strategy development and deployment and organisational design to the mere symbolic status of a seat at the table.

To fully understand the role of people strategy within organisations in general and the role played by HR executives in particular, our focus needs to uncover the more relational and informal aspects of leadership between the individuals involved. In short we need to understand more about the complex interplay between HR executives and their fellow executive peers across different functions. This involves examining the 'zones of manoeuvre'¹⁰ that are located outside formal structures of the boardroom, yet available only to a few organisational elites and the relative capabilities they utilise when seeking to achieve their own personal strategies as well as realising the institutional, material and political goals of the functions they are responsible for. These personal strategies involve executives in power struggles over limited resources and involve the deployment of material, symbolic and ideological power to secure distributional advantages for both themselves and the functions they represent.

This area of work has been overlooked in previous research for one understandable reason, and two rather surprising ones. First, we can understand why researchers have found access to the political processes through which executives mobilise and enhance their collective power within their own networks and across the organisations in which they work. Such 'ruling minorities' not only benefit from operating in what is to all intents and purposes a tacit and subliminal world, but they also benefit from the control of such organisational hierarchies, which in turn governs access to the dynamics which control power struggles within organisations. Competition for resources, the mobilisation of power and socio-political struggles and affiliations of the executive world take place behind closed doors. One cannot subject the discursive regimes, elite agency and practices that shape subjects' subjectivities to empirical scrutiny without access to those same individuals who participate in such power struggles.

What is less clear to us, however, is the oversight first of the importance of these networks in constructing, shaping and ultimately determining the outcome of material resources, or, secondly, why their ultimate value to the organisations which possess such power networks has been under-estimated.

Introducing The Golden Triangle

The position that HR occupies in terms of its power and influence within organisations is highly contested both within and without organisations. What we do know is that across corporations and industries the position and status of HR is highly differentiated.

Furthermore it is evident that this differentiation is not always due to purposeful decision-making, by for instance the CEO or the board, based upon established policies or strategies. It is often more random than this — almost an accident of history! For example, some CEOs may be operating with a board level HR Executive who will determinedly lead HR and People strategies on behalf of the board while in other companies of similar size, product-market, etc, HR is not on the board, is far from powerful and remains little more than a “gopher” function operating as an implementer of pre-determined people strategies and policies.

It may be a symptom of this erratic power and influence position of HR that has led significant business commentators to predict the demise of the HR function. For Rosebeth Moss Kanter, ‘the end of the aging and ailing HR empire’ is imminent.¹¹ In recent years we have seen a number of significantly sized organisations appoint non-HR professionals to the top HR position validating Moss Kanter’s prognosis. This has been further exacerbated by the power and influence of HR being negatively impacted by a widely held view of the function’s organisational isolation, a point not lost on Ulrich and Brockbank in their influential *HR: The Value Proposition*,¹² where it was identified that all too frequently HR professionals and their stakeholders have operated in separate worlds.

What is an absolute truism is that an effective HRD must achieve power and influence within their organisations if they are to play a meaningful role. With that power and influence their HR function can lead rather than simply follow. Without power and influence HR executives are merely implementing policies and strategies for the organisation that have been determined by others.

We believe that this facility on behalf of HR to lead rather than follow is given major impetus if an organisation operates at a senior level, with what we term a “Golden Triangle”. The Golden Triangle can operate at corporate board level or within a business unit management team. In essence it is an informal component of the formal organisational structure. The key characteristics will vary from company to company depending upon local cultural and environmental circumstances but will certainly include:

- a close working relationship both formally and informally between the CEO, CFO and senior HR executive;
- a pattern where members meet frequently, often in an informal and relaxed manner;
- a culture of mutual trust and respect;
- the triangle focusing upon reflection, “temperature” assessment, counsel, discussing linkages to the corporate centre, business performance “hot spots”, and being a mini think tank for the organisation;
- the HRD acting as a coach, counsellor and, in some special cases as “consiglieri” to the CEO in particular;
- micro and strategic people issues will be part of the ongoing agenda; and,
- where the HR executive is clearly perceived as a key member of the senior team.

Operationalising The Golden Triangle

The role of the HR executive in shaping the development of a Golden Triangle turns on the capability of an individual to have key influencing and leadership skills across four key organisational contexts, each of which transverse conventional functional demarcation lines. These are in executive level recognition, strategy, operations and performance (see Table 1).

Table 1: Operationalising The Golden Triangle The Role of the CHRO

Context	Operating	Not Operating
Executive Cadre	Participating in strategic discussions	"Talked about" but not "talked to"
Strategy	Strategic Progenitor	Strategic Implementer
Operations	Operational Leadership	Operational Expert
Performance	Performance Orchestrator	Performance Enabler

Executive Cadre Recognition

It is worth recording here our view that the triangle will operate with optimum efficiency and effectiveness if other senior team members accept the legitimacy of the existence of the Golden Triangle. It requires political acumen on the part of the HR executive to ensure that this acceptance is achieved and maintained. This political legitimacy lies at the heart of the distinction between whether or not HR executives or their equivalents inside organisations are included in the zones of manoeuvre over strategic resources. The obvious indicator of the recognition by executive cadre-level colleagues of HR being an equal player is a position on the Board with equal voting rights such as, for example, when Allan Leighton appointed Tony McCarthy as HR Director of the Royal Mail Group in the UK.

An HR executive on the Board is not an automatic indicator of a Golden Triangle in operation, however. On the contrary, as well shall see below, some HR executives find widening their strategic agencies to matters outside the Function to one encompassing the Corporation as a whole as a step too far for their business acumen. Similarly, not being on the Board does not automatically preclude the existence of a Golden Triangle. A number of organisations, to quote Lee Patterson of Shell, "may not be at the table, but are certainly in the room." Indeed, this lack of a formal position on the Board heightens the importance of the Golden Triangle in accessing top table executives if HR is to find a strategic voice in the Boardroom. As one CEO put it to us:

"There's nobody that I'm more intimate with than my HR Director. Typically the person the General Manager is closest to is the Finance Director. Part of my philosophy is that the two people I'm closest to are my finance man and my HR man."

Strategy

Even if we accept it is reasonable to head HR structures with non-HR professionals and although it is absolutely clear that HR isolation is damaging to all parties, those charged with leading the Function need to have access to the discussions and subsequent decisions that determine not only how HR is managed but also to play a major role in their organisation's strategy formulation and implementation, governance and management decision making. Or, as a minimum, CEOs need to consciously determine the nature of the role HR is to play.

The defining hallmark of a Golden Triangle in play here is the capacity of the HR to lead strategic thinking with the full support and recognition of their CEO and finance director. As opposed to those who follow or implement others' ideas, *strategic progenitors* see corporate-level strategic possibilities before other executives. They understand the financial implications of their ideas and choices not just for their own Function, but also for others. Strategic progenitors contribute not just to innovation at corporate level for their own Function, but they contribute to the articulation and shaping of underpinning strategies and business models across other parts of the business with co-progenitors from other functions. Indeed, our research has revealed a new generation of commercially savvy HR executives is emerging with clear aspirations to move outside HR across the Boardroom table into other executive functional roles. This is a major development and one made possible by the Golden Triangle as relational capabilities involved in articulating strategic agency are developed and enhanced across those with access to its informal executive networks.

Those on the outside of the triangle are simply implementers – they execute the ideas, choices and decisions of others – without first having helped to shape them. This is not to say that high quality execution is not celebrated – indeed it is what the majority of CEOs wish from their HR functions. But to be an operational Golden Triangle HR executives need to be at the vanguard of strategy formulation, not simply informing others on the people connotations – but thinking first about the business and then the concomitant people issues.

Operations

Those in Golden Triangles seek more than operational expertise; they seek operational leadership. Leadership here involves new and innovative thinking around how to deliver operational imperatives of the business. HR executives have increasingly become progenitors of new operational delivery business models, which themselves require new and innovative accounting methods as well as world-class execution.

Golden Triangles generate new models such as service delivery, enterprise partnerships, and technical solutions, as key players unite in their understanding of both the underlying strategic, operational, financial, and people issues. Indeed, one possible observation here might be that people and talent have become the new operations of the business as IT and other e-enabled systems and processes are increasingly outsourced.

An effectively operating Golden Triangle recognises the centrality of people issues and the need for the HR executive to play an increasing role in articulating and shaping the underpinning strategies and business models of new and evolving operational models. This extends well beyond the comfort zone of traditional HR administration — although a classic indicator of a successfully operating Golden Triangle is a high degree of satisfaction with HR held by line managers — and out into complex service delivery and financial models which comprise recent large scale outsourcing agreements such as that undertaken by Dupont with Convergys and Unilever with Accenture.

Fresh from the successes of negotiating these large scale deals with senior executive colleagues, there is a new generation of HR executives who do not simply have aspirations to rise to the top of HR but view the other seats around the boardroom table as possible trajectories for themselves. These individuals are highly politicised, understand and possess the leadership traits of empathy and wider forms of social capital and convert/commodify their economies of experiences into executive leadership signalling devices. The emergence of Golden Triangles is as much a testimony to their increasing political skills as it is to the rising status of people issues inside organisations.

Performance

The role of HR in driving the performance of organisations has reached almost fever pitch in the decade since Ulrich published *Human Resource Champions*. But HR leadership is more about simply articulating, or even accounting for, HR's value proposition. It is even more than enabling the business to perform and enable different business scorecard-holding stakeholders to deliver service-critical operations. It is, rather, about the orchestrating of performance-enhancing transformations of people and operations and their underpinning architectural forms. It is leading performance transformation with, if not even ahead of the CEO.

Performance orchestrators see strategic possibilities before other executive colleagues; they understand how changes in operations, IT, strategy and a whole host of other things can be shaped before others, and they know what the costs and potential return on investment will be. This is not just in terms of HR streamlining, but in terms of the currencies of the CEO and finance director – they understand how their interventions will orchestrate profitability within the business, drive share price and enable the other Golden Triangle players' agenda of driving p/e ratios. In the words of one finance director, 'HR can talk to me in Excel, not PowerPoint.'

One additional observation we need to acknowledge before examining the evidence for the existence of Golden Triangles is required, notably, the willingness of HR executives to find themselves in the middle of the political power games executive networks inevitably entail. Participation in a Golden Triangle is not always of an individual HR executive's choosing.

On the contrary, whether HR likes being propelled to the front of service businesses or not, the role of people strategy has become paramount in the face of growing emphases on human capital management, intellectual capital and the knowledge-based economy. Propulsion works both ways. Those HR executives who actively court engagement in Golden Triangles and fail, or those who are invited only to fail to live up to expectations, can equally find themselves forced outside the Golden Triangle.

Those HR executives who make the step up to CEO only to step back again will testify to the height of the stakes and the intensity of the performance expectations. Consequently, Golden Triangles are temporal — they may or may not last. they remain highly contingent on context and a whole raft of other externalities to the relationship between the three individuals in question each of which are subject to a number of changes including a change in market performance, mergers and acquisitions, career progression, etc.

Evidence For The Existence of Golden Triangles

By their very nature Golden Triangles are highly contingent, tacit, intangible and consequently highly problematic to identify and examine. Three questions immediately spring to mind when reflecting upon the existence of the Golden Triangle:

1. Can we discern companies that have operated with a Golden Triangle and those that have not?
2. Where Golden Triangles do exist, is their life finite?
3. Do Golden Triangles bring effective people strategies to the fore?

The answers to these questions are, respectively, yes, yes and definitely maybe! We will return to the first two questions below but it is worth exploring first the legitimacy of the Golden Triangle in the eyes of executives in terms of its capacity to facilitate effective people strategies.

A Strategic Contribution?

Our hesitancy over the contingency of the positive impact of the Golden Triangle lies in the competence of the HR executive in question. Generally the existence of the Golden Triangle with a credible and competent HR executive as part of the trio will enhance the emphasis upon people strategies. However, in a company where the Golden Triangle is absent, there may be in position a very people oriented and people knowledgeable CEO or, possibly, a chief operations officer who will compensate for the absence from the inner sanctum of the HRD.

A Finite Life?

We believe so. There are influencers for the existence of the Golden Triangle that can change rapidly and that preclude, in our minds, the notion that the triangle is a permanent fixture in any organisation's formal or informal structure. We will turn our attention to these influencers in the next section.

Golden Triangle Influencers

In our view there are certain influencers that will impact upon the likelihood of an organisation operating with a Golden Triangle. The influencers will be organisational, what we call *Structural* and also what could be seen as interpersonal or what we refer to as *Relational*.

Structural influencers refer to organisational aspects and will include characteristics such as size, culture, environment, industry and are likely to only change over a period of some time whereas Relational influencers will relate more to individual and group characteristics present within the organisation at any given time — the current “politics” and personalities — and therefore could change in an instant. It is the Relationals that give the Golden Triangle it’s sense of impermanency and it’s essential fragility. Some key influencers are outlined below (Figure 1).

Figure 1: Golden Triangle Influencers

Influencers	Structural	Relational
Positive	Large (10,000+ employees)	‘People-Oriented’ CEO
	High Labor Costs	Credible, Respected, Politically-Skilled HR EXECUTIVE
	Powerful Trade Unions	Team-Oriented CFO
	‘HR At The Table’ Culture	‘Accepting’ C-suite
	People Confident CEO	Less Emphasis on Measurement, More on Quality
	Distant, Non-Confident People Line Managers	Adequate HR EXECUTIVE/HRD
	Centralized Shared Services/Third Party Provider	Customer-Focused and Entrepreneurial Mindset
Negative	People-Confident and Competent Line Managers	Bottom Line’ Only CEO
	Function ‘X’ Dominated Company	Inadequate HR Service Delivery
	Global Listing	Inadequate, Devolved And Expensive HR Delivery
	No History of HR Influence	Low Personal Credibility of those in HR

We should also observe that many structural influencers, while predictable after a period of time, are slower to change. Structural factors often but not always represent a key target for transformation for those in Golden Triangles. Alternatively, relational factors are those C-suite players seek to embed in their organisations - for example, customer focus, engagement, etc. - and, typically, are those factors which are typically unpredictable and subject to constant, even rapid change! In what follows we forge a distinction and discuss the different ramifications for Golden Triangles between those structural and relational factors that have a positive and negative influence.

Structural Pluses

Large size organisations tend to have evolved and complex organisational structures and, as part of that process, will have recognised HR has a significant role to play in terms of optimally managing what is likely to be a large and stratified group of employees. However this factor of size could be linked to a long history of downplaying HR so although a plus, large size is not a major plus factor for engendering Golden Triangles.

High labour costs are often associated with the negative aspects of HR. Enlightened CFOs recognise the distinction between the costs of their human capital and its return on investment. Conversations in Golden Triangles focus less on the typical costs of HR per FTE (estimated to be roughly \$1,000 in a typical US organisation), or the value added by each employee (£56,700 in the top EU 750 in 2007). Instead, those in Golden Triangles understand the key metric to be the extent to which the investment in people and equipment is leveraged; quite literally, the return per £1 spent on people (currently on average in the EU 750 in 2007 at £1.63). Even smarter HR executives learn from their corridor meetings with the CFO how this *People Leverage* figure is changing over time (which is nearly as important as the actual amount leveraged), informing them about the direction in which the performance of the company's, and not just the HR Function's talent, is progressing. They will also understand that there is a very high correlation between the changes in their company's Market Capitalisation and people leverage and will keep this relationship under constant review.

Powerful labour unions frequently make CEOs nervous, particularly if they are short on experience of dealing with industrial relations. There is an international mystique regarding the conduct of industrial relations that can create a powerful position for HR professionals who are seen to have the competence to conduct effective relationships with unions. Thus strong unions can lead to prominent HR activity, which can cement the creation of a Golden Triangle when CEOs rely heavily on their HR executives to drive through negotiations on change, "rightsizing" and remuneration.

A “HR at the table” culture is, in a sense, a self-evident influencer. If the company has a history of HR as a major player then this will support the existence of the triangle.

We have been involved in a number of companies where distant/non confident Line managers are largely recruited from a cadre of highly qualified scientists/technologists, who often lack in depth preparation for people management roles. They can often lack both the confidence and the motivation to deal with people management issues and therefore become highly reliant upon HR to support them in these issues including labour relations, development, remuneration, career advice and general engagement. This reliance can permeate the whole company structure and can only lead to increased HR power and influence. This all may seem somewhat *Machiavellian* on the part of HR — to seize influence based on managerial incompetence. However if a void exists that requires HR filling it then it is a pragmatic reality that this will extend HR influence within the company.

Structural Minuses

People-confident and competent Line Managers — and yes they do exist in companies that have a strong people managerial tradition, supported by rigorous managerial preparation and training represent a potential threat to the development of Golden Triangles. In this environment HR may be seen to play a support role only with the line handling all people management activities and where people strategies are initiated and developed by the whole senior team. An absence of hostile labour relations or indeed non-recognition of unions is likely to characterize this sort of company.

Global-listing as a minus is clearly open to debate. However we base the categorisation upon the notion that many global corporations delegate HR to an in-country activity, which in many ways weakens the corporate influence of HR.

A low history of HR influence can characterise some companies whom have developed quite successfully with a low level of HR influence and strategic involvement. This low involvement becomes a cultural facet that is hard to change — as long as “satisfactory” performance is maintained!

Relational Pluses

A people oriented CEO is almost always predisposed to place a high value upon HR's contribution and will tend to be the major driver in creating a Golden Triangle. It is also probable that the very confidence that is part of the CEO's personality will enable them to make a "strong" appointment as HR executive. Needless to say this influencer is a crucial one.

A credible HR executive is the critical influencer! Even if the company has a culture that supports the existence of a Golden Triangle an inadequate incumbent can demolish the triangle's very existence. Newly appointed HR senior team members need to make an immediate impact in terms of delivery, respect, teamworking, coaching and strategic contribution in the eyes of both CEO and CFO: no small feat.

A "team-oriented" CFO heads off the Achilles' Heel of Golden Triangles: that they can be subject to acts of sabotage! If the working relationship between the HR executive and the CFO suffers from negative "chemistry" then the triangle will have a diminished effectiveness. The HR executive may have to take a decision as to whether the triad will ever operate effectively as long as the personalities remain the same and they may need to work on forging a strong dyadic relationship with the CEO.

An "accepting" C-suite is paramount in the formation/existence of the Golden Triangle and may cause some discomfort within the remainder of the senior team with VPs/Directors responsible for Operations, Commercial/Marketing, Procurement, IT, etc., puzzled and resentful. This is a delicate issue and needs to be managed carefully by particularly the CEO and HR executive. An "adult" senior team may be calmly accepting but if there is an issue then the CEO may need to discuss their motives and purpose openly with his/her senior colleagues.

Relational Minuses

A "bottom line only" CEO driven only by financial returns for shareholders, particularly on an annual or even quarterly basis, and who see the future prosperity of the company as being derived by external market and financial factors, may be inclined to undervalue the contribution of both effective people strategies and HR leadership. In situations such as this the HR executive, if indeed the organisation has one, must focus upon a longer-term policy of strong HR advocacy and delivery tightly focused on business success/performance criteria.

An inadequate HR executive is very much the opposite to the positive influencer of a credible HR leader. In a performance oriented organisation an HR leader who fails to contribute, convince, coach the team will at some point fail the standards expected by his or her executive colleagues and depart the Golden Triangle---and it will be very difficult for their successor to win that position back.

At the next level down, an inadequate HR Team/HR Delivery will eventually undermine the credibility of a HR executive, however good an advocate regarding the crucial contribution of HR. If their team consistently fails to deliver in the medium and long term then life in the triangle will become very stressful indeed! Their choice is very simple: either revamp and improve the team or face exit from the triangle.

The emergence of a Golden Triangle at BAE SYSTEMS

An excellent example of a company where HR has been of major influence and, where there a Golden Triangle culture exists is British Aerospace/BAE Systems (BAE Systems was formed in 1999/2000 with the merger of British Aerospace and Marconi Defence).

From the early 1990s through to the present day one can discern the existence of Golden Triangle characteristics in terms of the key strategic and tactical role that HR plays. The organisation possesses many of the structural and relational pluses outlined in our paper.

In terms of structural pluses BAE is characterised by:

- Large size/employee numbers as one would expect from the second largest global defence company.
- With high labour costs based on a well educated labour force.
- In UK terms still powerful trade unions who were relatively untouched by "Thatcherism".
- From 2002 a centralised shared services provider in the form of Xchanging.

BAE from the early nineties also possessed many of the relational pluses including:

- A series of people oriented CEOs including Sir Richard Evans, John Weston and latterly Mike Turner who really believed in BAE people as a key competitive asset. From the 1990s there also existed within key strategic business units people committed Managing Directors such as Kevin Smith at Military Aircraft Division and Chris Geoghan at Airbus division.
- Throughout this period the HR Director role was occupied by highly credible individuals such as Rob Meakin, Terry Morgan, Tony McCarthy and the present incumbent Alistair Imrie. All had clear views on a range of issues and were well able to contribute to all elements of the key strategic debates.
- Because of the clearly visible orientation of the COEs and MDs, linked to the credibility of senior HR leadership, it is fair to say that overall functional leaders at BAE were accepting of the core strategic role of the HR function.

As a result of possessing these significant pluses HR visibly participated in all major decisions and led in a number of key activities both at corporate and business unit levels. HR was a prime architect in the major corporate change initiative at the then British Aerospace recorded in the book Vertical Take Off authored by Sir Richard Evans and Colin Price, published in 1999.

Commenting on the HR sponsorship received from both the CEO, Dick Evans, and the company chairman, Bob Bauman, the then Group Personnel Director Rob Meakin is cited by Evans who records, 'one thing that everyone comes to see as Bob's signature are firmly held views about the sorts of organisations that are going to be successful, those that have the talent for perpetual change.'

The Benchmark Change Program led to a major leadership cadre-sponsored role for HR as Terry Morgan highlights: 'I've experienced several change programs in other companies. The difference about Benchmark that sets it aside from the others is the amount of time and effort that has been spent by the leaders – making their mark and giving it their stamp. There has not been what I have seen elsewhere, delegating change management to a set of willing champions. Very soon those champions hit a wall because they don't get the support they are entitled to.'

An interesting example of the strong relationships that existed between HR and top management at BAE was when Rob Meakin in 1996 passed the baton of day-to-day leadership of the benchmark programme to Kevin Smith, previously the very high profile managing director of the Military Aircraft Division. According to Damien Turner, himself a managing director at BAE SYSTEMS, 'Perhaps it was the single biggest thing in the Program – to take the man who was running the largest part of the business and say that this culture change program is so important that it merits this guy's undivided focus. This carried an awful lot of weight.'

A progressive and confident HR at BAE SYSTEMS was also exemplified by an early commitment to the 3 Box model which was initiated in 1999 and was reinforced by a pioneering move to an HR outsourcing agreement with Xchanging with discussions/negotiations commencing in 1999 and culminating in the launch of a formal joint venture in 2001.

Before drawing some general conclusions in terms of the Golden Triangle and its implications for CEOs and HR executives it is worth reflecting upon the interactions deriving from the influencers as outlined. We have demonstrated in an earlier section of the article that within individual companies the existence or not of the Golden Triangle can alter over relatively short periods of time. We believe the life cycle is governed by the interaction of the influencers and that fragility is more often derived from interpersonal influencers. Clearly if the long term culture of the organisation is favorable to the triangle's existence then this is a major boost to HR power and influence but if the interpersonal relationships are counter productive and the CEO loses confidence in the HR leader then the triangle is likely to collapse, at least, until the actors change.

Conclusion

In terms of our thinking regarding the Golden Triangle we would draw a number of insights. Firstly, whatever the future governance and leadership of HR by HR professionals or not, the Golden Triangle will still continue to exist as an organisational facet in a high proportion of large organisations. Secondly, the Golden Triangle ensures that the “separate world” issue of Ulrich and Brockbank is negated.

Thirdly, the existence of the Golden Triangle within companies, leading to a powerful and influential HR function is unpredictable, random to a great extent and varies over time. We can predict, with a high level of confidence, that the Marketing VP/Director in global fast moving consumer goods companies will be part of the senior team “inner sanctum”. One could not make the same confident prediction regarding the HR executive in those same companies. The concept of the Golden Triangle merely highlights the importance of HR achieving authentic credibility. Finally, and very importantly, the Golden Triangle highlights qualities of wisdom, political awareness, business awareness, coaching and respect that any leader, HR or otherwise, must possess.

That HR is the Function charged with the responsibility of developing these qualities provides HR executives with their mandate to create lasting value through the strategic enablement of theirs and their colleagues’ commercial aspirations.

Endnotes

- 1 IBM (2006) *The IBM Global CEO Study* (London: IBM)
- 2 See for example, Sparrow, P., Hesketh, A., Hird, M., Marsh, C. and Balain, S. (2008) *Reversing The Arrow: Using business model change to tie into HR Strategy* (Lancaster: CPHR).
- 3 For example see Huselid (1995), Ulrich (1997) and Becker, Huselid and Ulrich (2001). The latest manifestation of this approach can be found in Purcell, Kinnie, Swart Rayton and Hutchinson (2009) *People Management and Performance* (London: Routledge)
- 4 This debate was initiated by Dave Ulrich's (1997) *Human Resource Champions*, complimented by Becker, Huselid and Ulrich's (2001) *HR Scorecard*, and several other publications culminating in Ulrich, Brockbank, Johnson, Sandholtz and Younger's (2008) *HR Competencies: Mastery At The Intersection of People and Business* (Alexandria, VA: RBL/SHRM)
- 5 An extensive discussion of the development of these events can be found in Fleetwood & Hesketh (2008).
- 6 Lawler, Ulrich, Fitz-Enz and Madden (2004) *Human Resources Business Process Outsourcing: Transforming How HR Gets Its Work Done* (San Francisco, CA: Jossey Bass)
- 7 The best example of this can be found in Pfeffer (1997), a theme he picked up again with even more venom in Pfeffer (2000). The pursuit and later abandonment by the UK government's Treasury to impose a strict system of *Accounting for People* also reveals the philosophical aporia that the debate over measuring the financial impact of human resources has become.
- 8 See Fleetwood and Hesketh (2008).
- 9 Bourdreau, J. & Ramstad, P. (2007) *Beyond HR: The New Science of Human Capital* (Boston, Mass, Harvard Business School Press) p. 189
- 10 Clark, P. (2000)
- 11 Moss Kanter, R. (2003)
- 12 Ulrich and Brockbank. (2005) *The Bottom Line Lent: HR's Value Proposition* (Boston, Mass, Harvard Business School Press)

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