

# The Design of Organization Next

A White Paper

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## Executive Summary

As the global economy emerges from the Great Recession, many organizations continue to experience its far-reaching effects, but it is not the only force at play as organizations continue to evolve.

Technology, demographics, shifts in work relationships, regulatory environments, and globalization exert themselves to reshape work. And many uncertainties remain about the future of the work that will affect the structure and practices of the work experience.

Organizations will need to redesign hire-to-retain cycles as they encounter new work relationships models such as temporary and contingent staff, contract workers, and outsourcing partners. These relationships are not new, but the shifting model of global work and growing disparities between skills and talent supply suggest that organizations will need to consider how people working under different models collaborate and integrate to create ongoing, consistent, and meaningful value.

Relentless demographic shifts continue to give notice that much of the developed world is aging while emerging innovators create vast new pools of young workers and young consumers. According to the United Nation's Hania Zlotnik (2005), "Out of every 100 persons added to the population in the coming decade, 97 will live in developing countries." This reality will change not only **where** work is done, but also perhaps **what** work is done, **when** it is done, **with whom** it is done, and perhaps even **how** it is done.

Beyond the models of work relationships and demographic changes, organizations also face shifts away from the command-and-control organizational hierarchy of traditional workplaces toward networks of value that weave through workspaces. Even where hierarchies continue to dominate, networks will increasingly represent the reality for how work gets done. These global networks are forcing many aspects of the work-life equation to blend, including generations, cultures, and time. Workplaces are becoming workspaces as people treat work more virtually, time-shift, and make more choices about where and when they work. And with technology-empowered choice about when and where to work, the demarcations between personal and professional disappear, creating yet another challenge to tradition—one that may lead to a more stable, engaged workforce dedicated to helping the organization survive, thrive, and innovate while social networks create the new fabric of relationships that support the long-term goals of individuals.

Organizations have a choice. They can let change happen to them, or they can actively confront, embrace, and manage change by designing engaging work experiences. This paper explores these topics in depth and recommends that organizations take the following actions to successfully evolve toward "Organization Next":

- Identify and recognize the changes that are most effective for their success models.
- Purposefully explore uncertainty in order to better anticipate change and avoid surprises.
- Design flexible, equitable, ethical, and sustainable work experiences for their workers, regardless of their relationships to the organization, where they live or, what tools they choose to employ to accomplish and exceed their commitments.

## Position

Organization Next will exist in a future where uncertainty and change are the norm. The best organizations will not only recognize the need to navigate change, but they will also create core competencies around embracing it, anticipating it, and turning it to their competitive advantage.

## Introduction

*The management of knowledge workers should be based on the assumption that the corporation needs them more than they need the corporation. They know they can leave. They have both mobility and self-confidence. This means they have to be treated and managed as volunteers.*

Peter Drucker, *The Next Society*

People reading Peter Drucker's comments in *The Economist* in November 2001 might have been skeptical of this forward-looking prediction. But he was not predicting—he was talking about 2001, and his comments are even more relevant a decade later. Although the world has gone through the Great Recession—and many continue to feel its effects—the relationship between work and the worker has been irrevocably changed by network technology and new business models of employment. Many people may be happy with any job during a downturn, but business leaders are already seeing the pending talent strain created by a recovering economy where younger workers will once again rapidly change jobs, forcing organizations to constantly reevaluate their talent pool. The biggest threat arrives in the coming decades when many organizations may face operational discontinuity because they cannot transfer knowledge to a stable workforce. And as new industries develop, the hunt for talented individuals will intensify. Workers will realize that in a technology-enabled global economy they will have the freedom to choose where and when they work—and they will avail themselves of that freedom.

Not only has the employment paradigm evolved and dissolved, but many other things have changed about work. And the rate of change has quickened. The Baby Boom generation has experienced dramatic changes to work within their lifetimes. Gone are the tap and clank of the typewriter, the pervasiveness of cigarette smoke and paper forms scribbled with ink-based records and histories. The noisy, local, water cooler conversation workplace has become a quieter, more automated, often more distant place. People, however, remain central to the work experience. People bring vitality—they bring their hearts and their passions, their creativity, and their willingness to take risks in the name of innovation. The vitality that was once evident, and often confined to a physical workplace, is now infused throughout a workforce unleashed by mobility, always on and always virtually connected to peers and colleagues through the social fabric of the Internet. The workplace has become a workspace. And workspaces know no temporal or physical bounds.

Despite dramatic shifts in work relationships, and the influx of innovative technologies, in general work continues to just happen. At some scale, people consider the effects of process improvements or the

deployment of new devices, but on a larger scale organizations spend little time crafting experiences for workers designed to intrigue them, engage them, and, in turn, retain them. Organizations that want to excel in the future will need to understand the new economic, demographic, and workforce realities so they can design experiences that help workers excel, encourage organizational performance, and empower innovation.

## Redesigning the Hire-to-Retire Cycle

Design is often as much about forgetting as it is about vision. Good designers borrow liberally from the past, but they also abandon notions and concepts that no longer work. When we think about Organization Next, we need to consider forgetting much of what we know about the hire-to-retain cycle and, in some cases, reimagine it completely.

The hire-to-retain cycle includes many processes, from bringing new employees onboard to their retirement, that reflect traditional models of employment. Changing work relationships, the global economic environment, and emerging technologies have started to make this traditional cycle seem out of touch with reality.

Figure 1 illustrates an overview of the factors that are putting pressure on the hire-to-retain cycle.

**Figure 1 The Hire-to-Retire and Beyond Model** (The Traditional hire-to-retain cycle is in the center in red. New forms of exit and entry are shown in blue.)



## You May Never Arrive and Never Leave

The movement away from traditional employment introduces many new entry points for the work relationship. Figure 1 illustrates multiple paths into and out of a work experience. Those who do work with firms through traditional employment may well be working with people under other work arrangements. Imagine information technology teams consisting of employees as well as employees of an outsourcer. Although they are all on the same project, for instance, they are paid differently, they experience different review cycles, and they look to different shareholders for expectations. This reality is critical because traditional employment models also come with traditional management models, which do not account for these new relationships. Motivations, assignments, and rewards must fit the constructs available to the parties involved. Creating motivation and incentives for a contractor is very different from motivating and creating incentives for contingent staff, and very far afield for the emerging relationship of out-tasking where the firm may not ever know the real identity of a person conducting work on its behalf.

These nontraditional models require new skills for managers, executives, and human resources. In the case of outsourcing and placing former employees into outsourced positions, it is not enough to assume that the new employer owns the transition. The event was co-created, so the transition must also be co-created. The outsourcing firm, the former employer, and the employee must create a meaningful transition that literally reintegrates the employee back into the work experience, even if the employee sits at the same desk—because how the employee is measured, the actions the firm can take to reward or reprimand the employee, the employee's access to proprietary information, and many other elements of the traditional employee experience no longer apply. The new employer, the outsourcer, has its own processes and agreements, which the new employee must fathom while still executing a role that is nearly identical to the employee's pre-outsourcing role. These transitions require careful and sensitive execution—transition failures result in confusion, disengagement, and departure.

With contract workers, some people may work for a firm years at a time without going through more official orientation than how to invoice through the procurement system. But they, too, work day-to-day within the same buildings or on the same projects as full-time employees, but are not privy to all the information about the business, nor can they reap the rewards of a successful year in stock and bonuses. They may well be compensated with renewed contracts, but there is no legal obligation for these contracts—so both parties live in an at-will working environment that can seem natural and fluid when in the heat of a project, but can be strained during times of economic downturns when contractors can find themselves terminated with a progress payment, or their deadlines pushed to distant dates. For long-term contractors their departure is no less emotional for the employees working with them than for the departure of another employee.

All of these cycles interact, as do the people that travel through them. And with some seeing an uptick in the economy, even human resources is affected as recruitment process outsourcing (RPO) gains traction.

**Reduction in Force** The last thing most new employees think about when they start a career is the day they will be asked to leave. They may have some interest in retirement as they process 401K and IRA enrollments, but the idea that someday they would just be asked to leave because of changes in

business direction or economic difficulties for the firm are not top of mind—at least not until recently. Many organizations are now all too familiar with the ritual of reduction following the Great Recession and its smaller antecedents. Unfortunately, labor-reduction actions are one of the more engineered experiences for workers because of the high risk of lawsuits, especially among older employees or others classified as “protected classes” of workers. Other laws, in the United States and elsewhere, protect various benefits for some period of time, and other processes prepare the worker for government assistance along with a connection to outplacement services for activities such as recruiter introductions and resume reviews.

But for nonemployees, such support practices do not exist. Temporary workers are terminated with little fanfare. In many cases temporary, or contract workers, remain employed by a contracting firm, but assignment transitions are seldom orchestrated between two entities. The contracting firm remains responsible for finding new work for displaced workers, or for initiating their own reductions. Reductions in force are different from selective removal of underperforming employees. Reductions in force, by their nature, eliminate functions through outsourcing which may lead to lower costs, but may also reduce the effective flexibility, capability and capacity of an organization.

**Outsourcing** Hire-to-outsource offers another anomaly to the hire-to-retain cycle. Hire-to-outsource is unique because this break in the cycle can result in multiple outcomes. People can face a reduction-in-force action, losing their job when it is outsourced, or they can be offered a position with the outsourcer. The latter is another example of loss of choice, because individuals are presented with options over which they have little control. Outsourcing is not inherently bad, nor does it necessarily represent a reduction in jobs, but it does create new relationships that must be effectively managed if both parties are to succeed.

### From Hierarchy to Network *or* Ladder to Lattice

Not only has the employer-employee relationship shifted dramatically, but the relationship with careers—for those who still see careers as viable—has also changed. The flattening of organizations and the high connectedness of communications and collaboration systems have changed career paths from hierarchical ladders into networked lattices. Career advancement in many cases is no longer about getting a more responsible role, but simply getting the opportunity to do something different.

In this networked world, union employment continues to offer wage premiums, but in the United States only 11.9 percent of the workforce currently belongs to unions<sup>1</sup> (the percentages in several European and Scandinavian countries, notably Italy, Belgium, and Norway, remain much higher). The concerns of trust, reductions in union affiliation, more tenuous employer connections, and the emergence of new technologies such as social software result in individuals tied more to each other than to an employer or other institution.

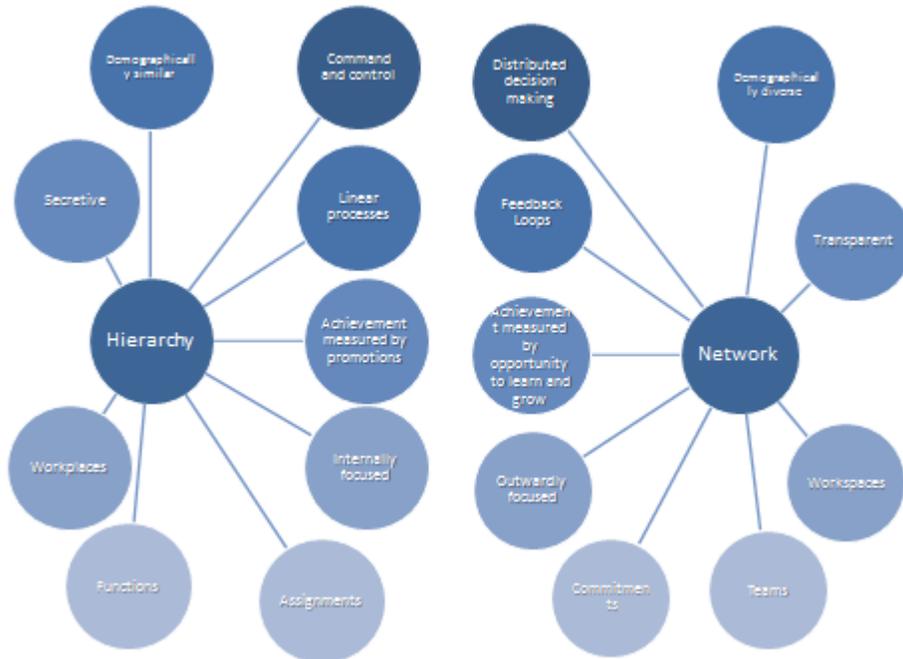
Figure 2 illustrates several ways that networked, or latticed, organizations differ from hierarchical, or ladder, organizations. Regardless of the structural differences, some areas are converging based on general changes in social attitudes. These areas include work-life balance and a movement toward

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<sup>1</sup> *Union Members Summary*, Bureau of Labor Statistics. <http://www.bls.gov/news.release/union2.nr0.htm>

competencies as a way of defining roles. We may well see competency profiles replace job descriptions, and experience portfolios replace resumes.

**Figure 2 From Hierarchy to Network**



## Rebuilding Trust, Post-recession

The disruption of the hire-to-retire cycle is not limited to the actions of employers. As employees seek new employment, they negotiate based on recent experiences, including the perception that organizations are no longer capable of delivering on long-term commitments.

The recession cut deeply into the workforce. It has also made it tough for employees who remained behind. As long-term employment starts to rise, existing employees will ask their employers to compensate them for the sacrifices they made to accept extra hours, work multiple rolls, accept salary reductions, and contribute more to healthcare. They have accelerated productivity by assuming the responsibilities of displaced colleagues, while working through their ambivalence about layoffs or downsizing on the personal side. At least early in the recovery, productivity increases have allowed organizations to refrain from hiring. In February 2011, American workers were producing roughly 5 percent more in goods and services than they were in mid-2008.

Those who lost their jobs because of economic retreat have already experienced the most damaging of employer-employee, reductions-in-force (RIFs). Many employers will try to rebuild trust, but they will find it difficult because recent actions remain very fresh. Even employees taking jobs will only reluctantly believe promises made to them. It is a battle that may be over before it begins according to London Business School professor Lynds Gratton in a recent Financial Times article: "Loyalty is dead—killed off through shortening, contracts, outsourcing, automation and multiple careers. Faced with what

could be 50 years of work, who honestly wants to spend that much time with one company? Serial monogamy is the order of the day<sup>2</sup>.”

### Knowledge Loss and the Threat to Business Continuity

One particularly difficult area for businesses is their deeply seated reliance on the Baby Boom generation, who has held managerial positions for decades, is often characterized as wanting to live forever, and has just suffered deep retrenchment in their investment portfolios. Organizations also know that the Boomers represent people who have a proven track-record and often deep knowledge of their areas of expertise. In other words, they are hard to replace. Unemployment for older workers in the United States was 2 percentage points lower than it was for younger employees during the Great Recession. Business knowledge and the threat of age-related lawsuits combine to create better-than-average demand for older workers. But in the long term, the alienation of the young workforce threatens business continuity. As the older workers leave—inevitable in the long term—the question of whom they will transfer their knowledge to is of increasing concern. Rana Hobbs, Principal Consultant, Workforce Analytics & Planning at SuccessFactor’s Inc., sees this “realization particularly acute in high technology, where they worry if they can recruit people willing to take on what is perceived as an *old* or *legacy* job.”

This matter is, of course, tightly tied to reductions in force. Regardless of the motivation, reductions in force fortify worker tendencies to hoard knowledge—because it is through that knowledge that they retain value. For organizations to address their business-continuity concerns, they will need to integrate knowledge transfer into their performance-review systems by creating incentives for sharing knowledge and disincentives for hoarding it—accounting for social systems and distant relationships, not just one-on-one transfer, for instance, through traditional coaching or mentoring relationships. They will also need to recognize generational uniqueness in approach, because Generation X (GenX) and Millennials may find the accrual of reputation to their personal brands, and the opportunity to experience different facets of the organization, more motivating than cash payouts.

Finally on this topic, it is advantageous for organizations to recognize the skills and talents that they may lose because of retirement or other noncompetitive departures, and pre-negotiate arrangements with soon-to-be former employees who can give the organization access to their knowledge and talent at a forecastable rate. They should also consider emerging social phenomena to keep former employee knowledge accessible and transferable, including physical or virtual retiree and alumni communities.

### A Blended Reality

Several themes of change that involve the blending of one thing into another have emerged. The most blatant example is a merger or acquisition where two company cultures, and their staffs, their processes, and their customers, are required to blend with each other. Some of the other blends are more subtle. The following sections outline numerous ways working realities have blended and will continue to blend:

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<sup>2</sup> *Is Loyalty in the workplace an outmoded concept?* The Financial Times, March 9, 2011.

**Blending Company Cultures Through Mergers and Acquisitions** Mergers and acquisitions create a unique discontinuity in the cycle. Companies that are merging find that, from the employee standpoint, neither group signed up to work for the new entity—and both know that duplicate functions will lead to inevitable reductions in force. Along with the merger or acquisition will also come the inevitable blending of company cultures. The effect of this blending cannot be underestimated. Dan Dalton of Indiana University's Kelly's School of Management highlights five critical areas to focus on when merging two firms, and among those is not underestimating the number of good people who will leave and the hundreds of new processes and procedures that will come out of the merger<sup>3</sup>.

**Blended Generations** Today's workers come from four generations, but three are predominant: The Baby Boomers, Generation X, and the Millennials. As of 2011, the first of the Baby Boomers will reach 65 years of age, typical of retirement in years past, but with the Great Recession's effect still looming over financial portfolios, many individuals may choose to keep working. Although we can count the number of people in each cohort, how they influence each other at work and the unique requirements each generation brings with it have and will create unique situations for employers.

**Blended Time** As the old adage for drinkers goes, it is always "5 p.m. somewhere", it is also true that it is always "8 a.m. somewhere", and people are getting ready for work. Business partners, managers, and others who work with people around the world need to coordinate overlapping times; sometimes that coordination requires shifting their own time to accommodate the availability of people in other time zones. The ultimate expression of this blend comes in people who synchronize their life with a nonlocal time, completely shifting their life to the clock in another place in the world.

**Blended Life** When time blends, work and life tend to blend as well, resulting in email messages before bed; conference calls in the morning; or checking email (while parked) in the drop-off line at school. Flexible work time is empowered and facilitated by collaboration technology that keeps people connected, and mobile technology that readily delivers messages any time of day or night. A December 2008 Pew Internet & American Life Study<sup>4</sup> reported that 56 percent of its survey respondents indicated that by 2020 few lines would divide professional time from personal time. This continued blending of work and life will force organizations to address people's need to choose where and when they work, leading to a much higher reliance on commitment-based work as a result.

This blended life is not without risk. Hourly employees advocating for their employers may readily promote products or services, and engage in conversations about their work during non-work hours. How is this "work" accounted for? Does it violate labor agreements and constitute unfair use of labor? What if people active in social media find their off-hours work a positive note on the way to a promotion?—is that fair to others not so engaged? If some statement or response goes awry and becomes a public relations fiasco, how are employees coached or reprimanded for "work" done on their own time?

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<sup>3</sup> Ben Worthen, *Scent of a merger*, CIO, January 15, 2007.

<sup>4</sup> *The Future of the Internet III*. Pew Internet & American Life Project, December 14, 2008.

<http://www.pewinternet.org/Reports/2008/The-Future-of-the-Internet-III/11-Scenario-8-The-Evolving-Concept-of-Time-for-Work-Leisure.aspx?view=all>

In some industries, such as banking, social media interactions are highly regulated, and all material conversations in public companies fall under disclosure regulations. All of these situations imply that employee agreements, compensation models, labor agreements, and engagement models may all change as work and life continue to blend.

**Blends of Culture** As people work together in global workspaces, they cannot afford to be parochial in their world view. Their colleagues, partners, and customers in other parts of the world come from many traditions, and they all see the world through different cultural lenses. Recent research<sup>5</sup> indicates that people reared speaking different languages actually think differently, and they perceive the world in different ways. Just because a colleague seems to speak the same language does not mean that person perceives the world in the same way, or shares conceptual understanding. As people of various cultures collaborate, they need to explicitly seek to understand the subtle differences in how they acknowledge assignments, recognize commitment, and view authority by negotiating and converging on a common understanding of performance.

Organizations will need to consider this matter of culture comprehensively. In the developed world, this phenomenon is currently work-related, but it will become increasingly important to sales, marketing, R&D, and other departments as the emerging innovator nations eclipse western populations in terms of workers and consumers. The future of all aspects of business will depend on understanding the needs, perceptions, and behaviors of people from all parts of the planet.

## The Shape of Things to Come

These various pressures on the traditional hire-to-retain model have already created a cycle with multiple entry and exit points—and new business models will continue to challenge traditional notions of employment. This phenomenon is being seen in the out-tasking movement, where millions of people globally bid on work over the Internet. These “out-taskers” deliver products or the output of a service (such as the design for a marketing brochure or a piece of code) to specification, without meeting the person writing the specification.

Models for employee engagement and development will also change, as cross-functional and cross-organizational use of social media and enterprise collaboration requires individuals to hone new communication skills and adopt new, more collaborative models of work. At the same time, people will experience changes to their core work, as automation, facilitation, and innovation change nearly every aspect of work in every industry. Manufacturing has already seen these transformations in areas such as automated punch presses, printed circuit board pick-and-place machines, and robots that paint and weld. Knowledge workers, such as computer operators, are just starting to see their core competencies challenged—and their jobs made obsolete. Workers will find that high levels of technical proficiency are no longer the sole determinant of hireability or success. Success will come when people can combine technical skills with the ability to adapt and communicate. In order to keep people engaged, businesses will need to find new ways to take advantage of the human skills of decision making, insight, and innovation.

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<sup>5</sup> Boroditsky, Lera. *How language shapes thought*. Scientific American, February 2011, p.63.

## Designing Organization Next

With these trends and forces at play, it becomes apparent that traditional, one-size-fits-all lifecycles for employees will be less and less relevant. Organizations will need to design experiences that accommodate and integrate different cohorts and different types of work relationships, their entries, and their exits. The work experience is a holistic one, as people with different relationships intermingle to produce value. Although the question of *who is responsible for contract labor, human resources or procurement?* must be addressed, regardless of responsibility for individuals or contracts, the way people integrate into the employee experience matters to employees and nonemployees alike. The question should not be who owns the relationship, but how to make the work experience effective regardless of the source of talent and labor.

Workplace experience design begins by exploring and understanding the organization's mission, and the goals and objectives, strategies, and tactics, assigned to fulfill it—and how they compete over time. Selecting the most important elements and telling people to concentrate on those elements must be combined with a measure of time, or a trigger, that forces the reexamination of priorities in light of a new threat, opportunity, or other event that could change those priorities. Missions and goals create context for design choices.

Change management must be designed into the organization as much as accounts payable. Jack Welch is quoted as saying, "Willingness to change is a strength, even if it means plunging part of the company into total confusion for a while". Everyone working for a firm contributes value in support of one or more high-order goals, but they are also responsible for reacting to change. In a connected world, people are part of the mechanism that senses change, and they are the primary instrument for responding to it. The relationships they have built and the trust they have garnered become the medium by which communities adapt.

Be it periods of lock-in or periods of chaos and confusion, the goals must be clearly stated. Even in times of confusion, the confusion should come from the transition—from the change of states—not from a lack of direction. It is important for everyone in an organization to state what they are doing and why they are doing it. Without clear goals people doing good work may feel disenfranchised, or frustrated, because they do not see how their work supports the organization's goals. A well-designed work experience clearly and transparently articulates strategic and tactical goals, and the relationships between these goals.

In traditional models of the workplace, the hire-to-retire cycle was a standard model for the relationships between employees and employers. People were recruited, they worked for a number of years, and they eventually retired. As the human resources discipline matured, several sub-processes developed that focused on making this cycle more rewarding for the employee, and the employee more effective for the firm. Onboarding and employee development are two examples of how the hire-to-retire cycle was enhanced over the years. Becoming an employee was part of an experience.

People flow through many experiences every day: from meetings to selling to a customer—from new contractor selection to passing along knowledge to a recently transferred employee. In the future, work experiences need to be elevated and reexamined with design in mind. "Process reengineering" will not

suffice. Focusing on efficiency will not create engagement. Organizations that want to retain talent and help their people reach their highest potential will need to develop work experiences that engage people, help them grow as individuals and professionals, and provide context for how their work fits within the value network of their employer.

The book *Management by Design*<sup>6</sup> suggests that organizations will rely primarily on three elements to shape experiences:

- Technology
- Space
- Policy and practice

How these elements are optimized, and how they are used together, define how the work experience will be realized. Design should focus on degrees of freedom rather than constraints.

### Technology: From Automation to Facilitation

Technology has two roles it can play: it can automate or it can facilitate. History records the replacement of people with robots in manufacturing, and they can be seen in documentaries, television commercials, and visits to manufacturing plants. In high-technology fields like computer operations, automation increases efficiency—but it also displaces workers<sup>7</sup>.

The economic solution to automation is the expansion of the economy through the creation of new industries. As new industries launch, they tend to need more people initially because of their internal inefficiencies, but they also expand jobs by creating new roles. Twenty years ago mobile “app” developers were unknown, as were commercial DNA sequencing specialists. Adaptation to new work roles and new technologies must be built into the work experience. But when the economy does not expand, automation can contribute to “jobless recoveries”. Businesses turn to automation to achieve efficiencies and stave off the cost and the emotional pain of laying off workers in times of uncertainty<sup>8</sup>.

Consider collaboration technology. Organizations can debate the merits of Facebook and Twitter compared to internal discussion databases and social media, project management and content repositories, or online meetings and email—or, they can discuss what it means to work in a world where those technologies are available. How, for instance, does an organization better innovate through collaborative technology? In the worst economic times, layoffs can become so severe they break networks and reduce the innovative capacity of firms, further exacerbating economic decline, or delaying recovery. It is in these times that technology can play a particularly important role. The use of traditional collaboration technology, and the advent of social media, can sustain networks and encourage innovation even when the firm is not specifically concentrating on it. Access to technology permits behavior; it increases the degrees of freedom. As Tammy Johns, SVP of Innovation and

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<sup>6</sup> Rasmus, Daniel W. *Management by Design*. Wiley. 2010.

<sup>7</sup> Waligum, Thomas. More Jobs Vanish: IT's Gains Are Real People's Losses. ComputerWorld, November 2, 2009.

[http://www.computerworld.com/s/article/9140221/More\\_Jobs\\_Vanish\\_IT\\_s\\_Gains\\_Are\\_Real\\_People\\_s\\_Losses?taxonomyId=9](http://www.computerworld.com/s/article/9140221/More_Jobs_Vanish_IT_s_Gains_Are_Real_People_s_Losses?taxonomyId=9)

<sup>8</sup> Ryssdal, Kai. Jobs of the Future: Middle class struggles with changing job market. Marketplace, American Public Media, October 25, 2010. <http://marketplace.publicradio.org/display/web/2010/10/25/pm-future-jobs-working-class-recession/>

Workforce Solutions at Manpower, Inc. believes, “it is not as important to understand specific technology as it is the impact of technology”.

In an October 2009 study, Robert Half Technology, an IT staffing company, reported that 54 percent of companies banned workers from using social media sites while at work<sup>9</sup>. In the intervening time, social media has continued to grow in popularity, and regardless of attempts to curtail social media in the workplace, the consumerization of IT and its complementary personal technology mean that people, rather than using work computers, turn to their personal smartphones to update their statuses and check in to locations. Although the banning of social media from enterprise computers may appear to improve intellectual property and security and reduce public relations exposures and enhance productivity—what it really does is create negative tension for the work experience and reinforce the risk aversion of the enterprise and alienate employees.

Those same companies that complain about a lack of innovation reinforce their non-innovative spirit by failing to trust their employees, and removing empowerment. The workers themselves use personal technology to circumvent organizational restrictions, fueling innovation, perhaps toward less strategic areas—even personal pursuits—and in so doing they introduce potentially more risk and exposure to the organization. If an organization uses its goals and commitments effectively, it need not over specify how or what technology is employed—part of the experience can be a willingness to experiment and learn within a context of trust and transparency.

### Space

Space can be inspired, and it can be inspiring. But space can also be drab and depressing, messy and confining. When organizations design for worker engagement, they must think about space. They must think about what it means to the people who use it, and how it integrates into what they are trying to accomplish. Should space consist of hallway-upon-hallway offices with doors, or should areas of high-walled cubicles open into shared workspaces with walls that people can draw upon, where bins of toys sit nearby to stimulate creativity through play. Do they want isolation or integration?

And what of virtual spaces where people gather to collaborate, or to present to each other? What of personal spaces, such as a cozy home couch where a person can engage in a presentation from a tablet computer? Organizations must ask, and study, how space affects people’s work. The way space is used will be an ongoing determinate in recruiting—as well as retention. How tethered people feel, or how free, reflect on how space is used. Space ultimately mirrors and reinforces policy and practice.

### Policy and Practice

Investments in technology, beautiful offices, and inspired campuses mean little if the organizations making those investments do not simultaneously create a culture that empowers people to connect, and through those connections execute at high levels and continuously innovate. Culture is a difficult and abstract concept. It becomes easier when seen as the manifestation of policy and practice. Policy need not consist of thick, unreadable tomes. Policy can be, and perhaps should be, pithy and accessible. “Our people should be given permission to fail, and to learn—and with that, accept the responsibility to

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<sup>9</sup> Gaudin, Sharon. *Study: 54 Percent of Companies Ban Facebook, Twitter at Work*. ComputerWorld, October 9, 2009. [http://www.computerworld.com/s/article/9139020/Study\\_54\\_of\\_companies\\_ban\\_Facebook\\_Twitter\\_at\\_work](http://www.computerworld.com/s/article/9139020/Study_54_of_companies_ban_Facebook_Twitter_at_work)

teach what they learn to others.” That is a very clear policy that, if it sits on paper, becomes rather meaningless over time. If it is embraced and acted upon, it becomes a guiding principle of organizational culture.

Critical policy and practice areas to consider, including examples of questions that should be raised during design, follow:

- The network must be reconciled with the hierarchy, such as recognizing the need for feedback among “business partners”, not just managers or those who are documented in the organization chart. Such partners may include cross-functional peers, customers, contingent staff, and others.
- Organizational learning and adaptation, including how to make time to capture learning as it happens, and how to make sure that learning perpetuates over time, must be considered.
- Scenario planning, horizon scanning, and anticipation should ensure that everyone in an organization feels an obligation, and that they have the time and the mandate to discover and share information they think will affect the organization in the future. As an experience, this information sharing would not end with the posting of a discovery, but would create an ongoing feedback loop that evaluates, monitors, and acts on such a discovery, with the original person clearly given credit for the insight.
- Do meeting protocols clearly favor design in each meeting? What is the meeting for—information sharing, decision making, training? Do the attendees co-create the meeting? Is the meeting for the organization or the attendees? Is the meeting really needed? What is the experience for remote employees and partners? Where and how does the organization consistently share information? How does it automate agendas? Polling? Meeting feedback?
- With regard to innovation, how does the organization experiment? How does it learn from its failures? How well does it communicate the lessons learned? How does it challenge customers to think beyond current products? How does it encourage people to take risks?

When designing a work experience, organizations should list and review all policies and practices associated with the experience. They should aggressively curtail policies and practices that create dissonance, and retain those that empower. Organizations need to be realistic about policies perceived as protective. They need to ask if the policies exist to meet a compliance need, and if they are meant to protect, how effective they are at meeting the need—and if the need truly exists—or if they have just evolved over time, outlived their usefulness, and are now more impediments to innovation than protectors of people or property. Most important is the adoption of policy and practices that managers, staff, and partners then adopt and exhibit in their behavior every day.

### **Synergies Among Technology, Space, and Practice**

Technology, space, and practice offer three elements that can be manipulated to create an experience. They can be optimized independently, but they are best considered as parts of an interrelated whole, where trade-offs and reinforcements combine to create a better experience. Consider the combination of technology and space where video conferencing is used to enhance a remote space through high-resolution, near face-to-face communication. Think about online communications where hash tags create “virtual spaces” within the confines of a twitter-like conversation. Consider mobile robot-like

devices that roam the halls as proxies for remote individuals, attending meetings with their video-faced, roller-legged avatars.

Technology, space, and practice are the design elements that create transparency, support sustainability, encourage pluralism, and guide ethical behavior. They are also elements that can enable simplicity, equitability, and agility. Organizations should create experiences that recognize and take advantage of the synergies among these design elements in order to facilitate strong performance.

## Conclusion

It is easy to paint an optimistic picture of the future. As psychologists have stated about many of the recent natural disasters faced in Japan and Chile, and considering the unrests and reinvention of countries in the Middle East and Northern Africa, and the financial and housing crisis that led to the Great Recession—people do not want to deal with uncertainty. As Dan Gardner's recent book *Future Babble* points out: people cannot tolerate uncertainty.

The future of work will continue to be one of the most volatile areas to predict. Work is at the confluence of the economy, nature, technology, and politics. Most importantly, how we work, and the cycles that govern our work lives, are affected by individual people, who constantly surprise those who attempt to predict their behavior and the choices they make. And when you add in technology, you end up trying to predict not only the maturity curves of individual components, but the human creative capacity to put those components together into products and processes that intrigue others enough to adopt them and make them economically viable.

All of this analysis leads to the conclusion that what organizations can do best is design systems that are resilient to change, flexible and forgiving, simple and equitable. We can no better predict where the next great idea will come from than we can accurately describe what the workplace of tomorrow will look like. What we **can** do is understand the variables at play, and actively engage in understanding, monitoring, and incorporating those uncertainties and their resolutions, as they become clearer, into our plans.

Organizations should not blindly adopt a future, but they should clearly articulate their vision, and then actively grapple with the implications of that vision, on every dimension. Successful execution is not about the most efficient individual transactions, but about sustaining the organization over the long term. Only by empowering a culture that clearly places current work in the context of longer-term goals does the current work become meaningful—and that context is now multilayered, no longer just about a company and its employees, but about the entire ecosystem of relationships, from partners to contractors, to employees and customers. The work experience is but one part of the larger experience of value realization that is measured by the willingness of people to buy a firm's goods and services, and to do business with its people. The best companies know that quality experiences do not just emerge, but that they are designed—and that good designs are a co-creation of all those who will pass through the experience. Those organizations that actively engage in shaping the future through observation, anticipation, and adaptation will be the organizations best positioned to attract tomorrow's talent and not only **create** Organization Next, but also **direct** it.

## Recruiting at Electronic Arts

At the January 2011 *Talent Strategy and Workforce Planning Conference*, Cindy Nicola, the Vice President of Global Talent Acquisition at Electronic Arts (EA), shared that EA was facing a shrinking talent pool as a result of converging industries and a reduced pool of “experienced” talent. It was imperative that EA create a recruiting experience that gave them a competitive edge in the recruitment of global talent. EA is looking for top talent, and the company believes that 90 percent of the top talent is not actively looking for a new job. This reality means organizations need to figure out ways to stand out from the crowd and look like attractive places to work. EA observed that the best candidates may not have considered working for your company, or even heard of you.

The experience begins with employee branding on the website. If you search for your company on the web, do the results reflect the kind of environment you are trying to describe to potential employees? In the era of free information, the experience of employment begins not when the company contacts potential employees, but the first time potential employees learn of the company and start creating their own perceptions of it based on available information from the Internet. The company must create a clear employment brand that helps focus potential employee attention.

The design goal is to expand and inspire the universe of talent and get people excited about EA before they ever officially reach out to them.

EA recommends that firms create an employment image on the web that gets people to identify positively with the company before they even consider working for it. That perception has to be authentic, however, because it should reflect the experience and enthusiasm of current employees. Employees become “talent magnets” and evangelists for the firm. This experience should include:

- An impactful web presence
- Fresh, informative, engaging collateral
- Targeted, creative outreach campaigns
- Carefully architected candidate and employee experiences
- An integrated social media strategy

EA uses social media as a primary channel for engaging potential employees, but EA does not initially recruit, it first defines and creates community, holds open and transparent conversations, and attempts to get people to identify positively with the firm and present opportunities for them to share ideas. As a result of this non-recruiting recruiting experience, EA now hires 65 percent of its talent through commercial social media interactions.

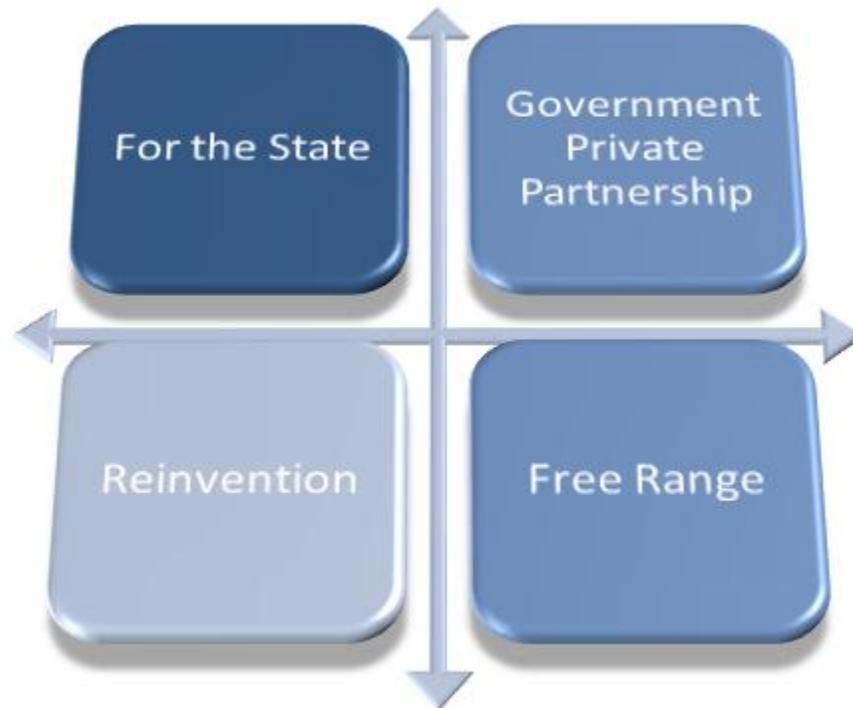
And after EA intrigues a potential employee, the company turns the application and interview processes into experiences that offer respect, a reinforcement of the employer brand image, and personalized and timely feedback. And then EA offers the job in a spirit of celebration.

As a result, EA has created a talent database of 800,000 potential employees, developed pipelines for all its major disciplines, reduced recruiting expenses by several million dollars, and shortened hiring cycles. And EA has also created a humanized company that is perceived as a world-class employer by carefully designing the recruiting experience to be thoughtful, engaging, and authentic.

## Rethinking the Future of Work

Any forward-looking vision or analysis runs the risk of being wrong on many dimensions. Several forces in play will influence how an idea or function evolves over time, how organizations adopt and deploy new technology, and how people think and feel. In order to account for these variations, scenario planning creates multiple futures that help organizations challenge their assumptions and explore possible ways the future will unfold.

**Figure 3 Four Future-of-Work Scenarios**



These scenarios tell the stories of four different futures directed by two important uncertainties: the organizing principle of business (hierarchical/ladder or networked/lattice) and the economic model (consumer-led or sustainable).

**Government Private Partnership** Governments and business work closely together to shore up domestic and international competitive positions. Business is a major influence on government policy and regulation, including international commerce and education. Business and government encourage expansion through the growth of global consumer markets. Large firms dominate the landscape, all of which have invested heavily in acquisition or control of their supply chains. Workers associate closely with their organizations, many of which have deployed innovative new incentives to retain their best talent, and economic barriers to turnover of lower-level labor. International tensions are low as business becomes the common conduit for policy around the world.

**For the State** The regulatory environment has become so burdensome that many organizations act like state-run partnerships—or are indeed state-owned. Economic development is heavily state-controlled,

with international competitive positioning tied to state survival, which is seen as more important than individually competitive markets and innovation. Globalization has fractured, and many expatriates—and expatriate businesses—are returning home. The United States is investing heavily in reestablishing traditional manufacturing as wages in the United States and Europe intersect with those of the now emerged markets. Work is highly collaborative within firms and through facilitated government-sponsored partnerships. Focus is on nationalistically led survival and superiority.

**Reinvention** Uprisings in the Middle East generally take nearly a decade to resolve themselves, and while Europe, America, Japan, Canada, and other western democracies watch with alternating fear and jubilation, rising food and energy prices, noncompetitive education, and continued reliance on foreign manufacturing and processing capabilities, along with economic bubble after economic bubble, have led to civil unrest. Massive strikes come from students and software developers in developed countries. Poorer parts of the developed world demand a combination of redistribution and empowerment. Work is unevenly available and highly chaotic as social movements disrupt local work, supply routes, distribution channels, and Internet commerce. The U.S. government finds itself under pressure for a constitutional convention directed by those who wish to both limit the size of government and increase its role in the regulation of commerce as the ratio of rich to poor continues to rise.

**Free Range** Many large companies have divested themselves of nearly all functions, creating talent conglomerates versus traditional corporations. Individual workers are free to work for multiple firms as long as they abide by their intellectual property agreements and get their work done on schedule within a budget. Technology facilitates the change on all fronts. Corporate data is tagged and encrypted. If it is unlawfully disseminated it can be traced, and when a partnership ends, all access to the data is immediately revoked and it becomes useless. Individual workers use social media to create collectives that collaborate on work, assembling and disassembling to quickly adapt to demand. Over time, some of these collectives become more permanent entities that may pick up a brand, but that higher-level brand is only as good as the individual brands that have banded together. If you do not have a strong personal brand reputation and demonstrated influence, it is hard to find work. Everyone is responsible for figuring out their own healthcare and long-term savings programs (retirement is nearly obsolete).

### Employing Scenarios

Scenarios help organizations imagine different futures and actively engage them. These scenarios should be considered a brief glimpse into a much larger playground of ideas that can be used to stretch imaginations and challenge assumptions. Organizations can use them to reconsider ideas that do not fit current models, to develop contingency plans for previously unimagined events or to brainstorm about a product or concept stuck by the trap of its own success.

## The Design of Organization Next

### Uncertainties

Consider how the following major uncertainties that underlie the concerns putting pressure on the hire-to-rotate cycle change under different social, political, economic, and technological conditions.

#### Where will economic growth come from?

Where economic growth will originate is perhaps the biggest uncertainty when it comes to the future of work, and it can be examined from many angles. First is the question of what type of work? Many governments see the transition from fossil fuels as being a primary growth mechanism, but others point out that with continued access to oil and relatively low prices, the alternative energy market may not be positioned to take off for decades. And even if it does take off, it raises the second general question: which facet of alternative energy will create jobs (a topic that bears on the skills uncertainty discussed later in this paper)? This aspect of the question can be applied to all future work because it is impossible to tell with any certainty what new markets will emerge, where in the world those markets will take hold, where the supply chains for those markets will center themselves, and how extensive the effect of those markets will be in terms of growth and penetration (including global adoption and the duration of the market). It is important that organizations monitor economic developments, scientific breakthroughs, and market adoptions closely in order to better anticipate how, when, and where these developments will transition from speculation to reality.

#### How far can organizations take wellness?

In many presumptions about the future, organizations faced with increasing healthcare costs may believe that intervening with employees to help them stay in shape and curtail life-threatening activities such as smoking, drinking, and driving recklessly is inevitable. With information systems and easy-to-administer tests (not to mention embeddable sensors), wellness monitoring will become easy. Insurance firms may even extend such interventions to the self-employed. In a recent interview, a management consultant shared that she was placed into a nurse-practitioner program through her healthcare plan to help her manage multiple conditions, such as diabetes and blood pressure. She described the dialog with the representative as pedantic. The insured professional realized that this treatment was not about her health, but about compliance and keeping the healthcare provider's costs down. Until she was seen as compliant, she would not be relieved of these weekly calls. In the end, she answered "yes" regularly to everything. She stopped reporting anomalies and was signed out of the program. The debate over healthcare costs remains virulent, and the approaches to intervention and monitoring experimental. In some futures, consumers may well push back against personal healthcare interventions. The sheer amount of information available about people may make insurance companies obsolete as risk pools shrink because so much is known about potential future diseases in individuals based on a combination of lifestyle analysis and genetic testing, forcing the governments into extended healthcare entitlements. In healthcare, too much information becomes as useless as no information, because it becomes clear that everyone is at risk of something, and therefore the idea of risk becomes meaningless.

#### How will the generations get along?

The generations already exist together at work, and for many this question has already been answered. But the relationship is still one of Baby Boom power and Generation X and Millennial subservience. As that scale tips, new dynamics will evolve. Will the Baby Boomers attempt to hold on to managerial and executive control of their organizations into their 70s, 80s, and even 90s, leaving Generation X and the Millennials in second-class positions well into the 2030s? Or will the Millennials find ways to undermine and circumvent traditional organizations by creating new businesses, making them less and less available for the transfer of knowledge and operational responsibility, leaving large companies vulnerable to continuity threats? Generation X becomes a wildcard in either event, partnering with the Boomers as well-paid accomplices in retaining power, or with the Millennials in accelerating the creative destruction.

#### Will there be a talent shortage?

If the world is global, and talent can be sourced from anywhere, there will probably not be a net talent shortage; however, access to talent that can meet specific local markets needs may prove problematic. If nationalistic tendencies prevail, then the outcomes of individual education systems, public and private, and training programs provided by firms and immigration policy will combine to determine the available talent pools. Local mismatches are likely to occur between needs and skills—and depending on the nature of the need, remote talent may not be an option. And because future skills anticipation is relatively poor, governments and businesses are likely to recognize the need too late to create supply. If, however, technology is used and collaborative monitoring through the human-sensor network is sufficiently applied, business and science research could be monitored to reveal future potential for new industries, and imagination could be applied to anticipate the jobs required to support those industries. It may not prove 100-percent accurate, but an investment in foresight is better than a loss in hindsight.

#### What competencies will the organization need?

The ability to anticipate future jobs will also help define the competencies people will need. Robust implications across the scenarios suggest that a handful of competencies designed to help people adapt to change should be precursors to any more tangible skills. Consider the value of these skills: change management; creating and maintaining social networks; building and understanding models; scenario planning, horizon scanning, and foresight; negotiating boundaries; and innovation, creativity, and cognition. If people learn how to think—how to embrace change—then when change of industries or skills occurs, they will be accepted as challenges rather than obstacles. This reality does not imply that organizations should not continue to monitor and responsibly anticipate future skills and technologies and turn them to advantage before the competition. Another Jack Welch quote is apropos here: "Change before you have to."<sup>10</sup>

#### What work relationships will prevail?

Over the last several years, new work relationships have emerged. It is estimated that a small percentage of people work as temporary or contingent staff, but the Great Recession and the problems faced by employers and employees involved in layoffs and other reductions in force may make temporary and contingent staffing more common. These are not the only emerging models. Outsourcing is well-established, but because outsourced staffs work for another company, they are not counted as contingent staff. In some futures, freelance workers dominate the scenarios, whereas in others traditional employment remains dominant. The actual future may be a common ground between these extremes, but one that is very different from traditional employee-employer models.

#### How will performance be measured?

The people who run an economic system determine the measures of performance. In a consumer-directed economy, gross domestic product (GDP); housing statistics; employment; consumer confidence; salary increases; and other competitive, comparative measures predominate. In a more individual-directed economy, still consumer-directed GDP may remain important, but individual contracts, contract duration, contract value, and social network reach may be more important. In more state-oriented economies, achievements of economic plan goals predominate. And in sustainable economies feedback loops and trade-offs are likely to dominate the measures. Consider the idea of quadruple-profitability accounting where each firm must report its revenue, its sustainability index, its human capital investments, and its citizenship quotient. A firm that is overinvested in older employees may look like a good short-term financial bet, but the details of its human capital investments clearly identify a long-term risk. Ultimately, how people measure their success at work is directly tied to what governments and businesses—and the world at large—consider important.

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<sup>10</sup> Welch, Jack. *Straight from the Gut*. Business Plus, October, 2003.

## Serious Insights

By Daniel W. Rasmus



### The Tens: Designing Organization Next

**1** Organizations that want to excel in the future will need to understand the new economic, demographic, and workforce realities so they can design experiences that help workers excel, drive organizational performance, and empower innovation.

**2** Organization should create holistic and effective work experiences regardless of whether a person is an employee, a contractor, contingent staff, or a partner.

**3** Organizations should state their strategic and tactical goals clearly and make them available, even in times of change. Any confusion during these times of change should come from the transition, not from a lack of direction.

**4** Organizations will need to design experiences that accommodate and integrate different cohorts and different types of work relationships.

**5** Organizations should create experiences that recognize and leverage the synergies among space, policy and practice, and technology.

**6** Technology should not be used just to automate, but to facilitate. Automation takes people out of processes and away from decision making. Facilitation helps people work together. They both have a place. Organization Next will continue to automate, but it will expand opportunities and encourage innovation through facilitation.

**7** In a hyper-connected world, innovation can no longer be left to a handful of creative individuals. Innovation results from the awareness opportunities and discontinuity. The Internet amplifies people's awareness of trends taking place all over the world and facilitates decision making and action on how to respond to those developments.

**8** Design should focus on degrees of freedom much more than constraints. When developing policy, organizations should outline the goals, not the details of how to achieve those goals. With the rapid development of technology, organizations should be more concerned about **what** gets done than **how**. Creating constraints also curtails learning.

**9** Organizations should not blindly adopt a future, but they should clearly articulate their vision, and then actively grapple with the implications of that vision on every dimension of the business, including using scenario planning to explore uncertainty and develop more resilient plans in the face of change.

**10** The best companies know that quality experiences do not just emerge, but that they are designed—and that good designs are a co-creation of all those who will pass through the experiences.



### About the author

Daniel W. Rasmus, the author of *Listening to the Future*, is an analyst and strategist who helps clients put their future in context. Rasmus uses scenarios to analyze trends in society, technology, economics, the environment, and politics in order to discover implications used to develop and refine products, services and experiences. His latest book, *Management by Design* (Wiley, 2010) proposes an innovative new methodology for the design work experiences.

Prior to starting his own consulting practice, Rasmus was the Director of Business Insights at Microsoft Corporation, where he helped the company envision how people will work in the future. Rasmus coordinated the Microsoft® Office Information Worker Board of the Future, an advisory panel composed of college-aged students who share ideas on how to better serve the Millennial Generation as they join the workforce. Rasmus also managed the Center for Information Work, an immersive experience that helped Microsoft's customers experience the future of work first hand.

Before joining Microsoft, Rasmus was a research Vice President with the Giga Information Group, and later Forrester Research Inc. Rasmus also served as Giga's Chief Knowledge Officer. He is the author of over 220 trade journal articles and four books. Rasmus blogs regularly for *Fast Company*.

Rasmus attended the University of California at Santa Cruz and received a certificate in intelligent systems engineering from the University of California at Irvine. He is currently the Visiting Liberal Arts Fellow at Bellevue College in Bellevue, WA.

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