



## The New Business Landscape

As we forge ahead into a new millennium, society is undergoing a fundamental and global transformation. It's a shift from the production-oriented industrial era of yesterday to tomorrow's knowledge-based information era. This shift is radical and far-reaching – stretching from Helsinki to Cape Town ... from Montreal to Sydney ... across borders, cultures and languages. It's inescapable, and inevitable. You've undoubtedly seen this change in your own life and business. For example, a call to a customer service hotline is routed to a representative in India. My website – an integral part of my business – was designed in Australia.

As a result of this shift, work is changing dramatically – and we must change and adapt to this new information-driven marketplace. We need to take a close look at the economic environment we live in, embrace the new technology, comprehend these changes in society and adjust to them. If we

don't, we'll be left standing on the sidelines watching others play the game and win.

“The rapidity of change has clearly raised the level of anxiety and insecurity in the workforce.”

– Alan Greenspan<sup>1</sup>

## Job Security is Gone

This economic shift signaled a dramatic decrease in job security. I have noticed that trend in my own circle of friends:

- Cullen Owen, one of my soccer buddies, works for a computer device manufacturer in San Diego. The company was bought by another high-tech company in the summer of 2004. A few months later, they laid off 20 percent of their employees. In his three years with the company, Cullen has survived five such lay-offs and he is wary of sticking around for a sixth.
- Michael Day – who has a stellar resume in information technology – was employed by Hewlett-Packard and telecommuted from San Diego. He was responsible for establishing strategic alliances in the area of networking and Web security. Five months after his company merged with Compaq in 2003, he was fired along with 6,000 other H-P managers and employees. He is now pursuing an entrepreneurial career in Barcelona, Spain.
- Marco Kuna, a friend from Switzerland, was an account manager for Agilent Technologies, a global high-tech company. Even though he was one of the highest performing sales representatives, the company laid him off during a downsizing phase in 2003. Fortunately, he was hired as general manager of a competing company shortly thereafter.

The trend is clear: even strong performers cannot rely on companies to secure their jobs. Loyalty between employer and employee is a thing of the past. Lifelong employment is over.

Big companies accelerate the trend through offshoring: In December 2003, IBM moved nearly 5,000 programmer positions to India and China. GE has moved much of its research and development overseas. Microsoft, Dell, American Express and other major multinational companies have either offshored work or are considering such changes. In just the realm of information technology, the Gartner Group estimates that 500,000 positions may leave the U.S. for lower-wage countries by the end of 2004.<sup>2</sup> Although millions of jobs disappear from the national economy, the good news is that millions of new jobs are created. An analysis of the U.S. economy between 1980 and 1998 showed that 44 million jobs were eliminated and a staggering 73 million new jobs were generated – a net gain of 29 million jobs. By comparison, the European economy created and destroyed 4 million jobs, with a net change of zero. Even German Chancellor Gerhard Schroeder understands the severity of today's business climate. In his words, "Either we modernize or we will be modernized by the unremitting force of the market."

Tom Peters, a world-renowned management guru, predicts the future in a thought-provoking, dramatic and very realistic way. In his latest book, *Re-Imagine*, he writes: "All of our organizations will be reinvented – completely – in the next 25 years. All of our careers will be reinvented – completely – in the next 25 years. All job security, as we have known it over the past three or four generations, is over. Over and gone."<sup>3</sup>

What's the consequence for us, the individual workers? We can only rely on ourselves to protect our jobs. **We must take charge of our own careers and our own destinies.** As long as we remain flexible, adjust to today's business reality and continually update the value we offer to the world, we will never be out of work.

## Welcome to a World of Free Agents

There is a broad shift in power from the organization to the individual. More and more people in traditional jobs – the permanent, year-around, full-time, outside-the-home employment arrangement that is the basis of nearly all American labor and social assumptions – are dissatisfied and want to be in charge of their own lives. I declared my own independence by quitting my traditional job in 2001 to become a free agent.

Daniel Pink, author of *Free Agent Nation*, estimates that there are 33 million free agents in America. That is one in four American workers (not including telecommuters). In his book, Pink categorizes them into three groups:

- Soloists (16.5 million): Soloists are people who work for themselves, generally alone, moving from project to project and selling their services. They are independent consultants, graphic designers, writers, carpet installers, computer programmers and other freelancers.
- Temps (3.5 million): Working for a temp agency, they “hop” from assignment to assignment. This group can include lawyers, temporary engineers, temporary project managers and even temporary CEOs.
- Micro businesses (13 million): These are home-based businesses or enterprises that employ four people or fewer.

The following statistics support that trend toward free agency:

- The percentage of workers who described themselves as self-employed jumped from 22 percent in 1998 to 26 percent in 2000. More than 40 percent of Americans have had a period of self-employment at some point during their careers.
- A 1996 study found that 80 percent of independent

contractors preferred working independently, as opposed to being someone else's employee.<sup>4</sup>

- Given a choice between an employee and being self-employed, more than seven out of ten Americans choose self-employment.<sup>5</sup>
- Fewer than one in ten Americans now works for a Fortune 500 Company. The largest private employer in the U.S. is not General Motors or Ford, but Manpower Inc. – a temporary work mega-agency. The dream of America's young people? Not to climb through an organization or even to accept a job at one, but to create their own gig on their own terms.<sup>6</sup>

A prime example of a free agent model is Hollywood's movie industry, where a bunch of talented actors, directors, writers, technicians and cameramen come together for a finite project with shared interest and a clear business purpose. Everyone brings brainpower, creativity, skill and commitment to the project. When the movie is completed, they disperse – each project member having added a new skill, forged new connections, deepened existing relationships, enhanced their reputation within the industry and earned a credit they can add to their resume. Each free agent moves on to their next deal, from project to project, gig to gig, and so it goes.

As Hollywood has gone the way of the free agent, so will California and America. So will the world.

## **Make Money *and* Meaning**

In general, people have had a strong underlying need for meaningful, purposeful work. Abraham Maslow, the famous American psychologist, recognized that deep human drive when he wrote in his journal forty years ago. "All human beings prefer meaningful work to meaningless work. If work is meaningless, then life comes close to being meaningless."<sup>7</sup> In a society in which workers have a level of comfort, work

takes on a larger purpose – one that many organizations seem incapable of accommodating. Paychecks and stock options still matter, but work is not just about making money. It's also about making meaning.

People strive for the freedom to follow their own path and purpose. They are searching for autonomy, challenging assignments, setting their own priorities, gaining new skills or knowledge, and defining success on their own terms. That's the work ethic of the new economy. If corporations are not capable creating that environment, people increasingly exercise their freedom to do that on their own. In organizations, people move up the ranks until they stop having fun. Daniel Pink calls this *The Peter-Out Principle*, a variation on the famous *Peter Principle*, which says that people rise through the ranks of an organization until they reach their level of incompetence.<sup>8</sup> The best strategy for managing employees isn't to bribe them, but to treat them like free agents. Lead your employees as if they are volunteers.

## **The New Bargain: Talent for Opportunity**

In the old business era, the social contract of work implied that the organization offered each individual job security – and in return, the individual gave the organization loyalty. The loyalty-for-security agreement that defined much of the workforce during the last century has dissolved. A new bargain, a new social pact, is forming: talent-for-opportunity. Talent becomes the commodity, the most important asset that free agents can offer. The free agent offers talent, performance, skill, creativity, ideas, knowledge and guidance. In exchange, free agents receive opportunities to deliver strong results, manage a fun project, learn a new skill, meet new people, broaden their network, and of course, earn money. Opportunity to earn, learn and connect is the foundation of the free agent market.

The employment market is becoming a talent market. When talent is scarce and the talent market tight, those free

agents who offer it will dictate the price. When opportunity is scarce, organizations and purchasing agents will have the upper hand. This market varies from field to field, person to person, region to region as buyers seek specific talent for a defined project with a clear outcome, and free agents seek opportunities based on their interests and capabilities.

Each time free agents secure a talent-for-opportunity exchange, they add strength to their skill base, another project to their portfolio, and they raise their overall value. Consequently, their desirability and “job security” increases as well. In addition, with each additional project, the free agent adds a new client, meets new colleagues, broadens their network and strengthens relationships with mentors. Those combined connections lead to enhanced vertical loyalty, or loyalty to colleagues that crosses organizational boundaries. Pink writes, “Ultimately, the new employment contract of talent-for-opportunity not only replaces loyalty-for-security, but it enhances both loyalty *and* security.”

For knowledge workers and free agents, talent is the most important asset. Developing and building talent increases the workers’ attractiveness, value and brand. Tom Peters puts it bluntly in the following “rules”:

#### Talent Rules

Talent = Brand; Brand = Talent

Talent! Now! Period!

### “War for Talent”

The market for talent is one of the most explosive, invigorated markets ever. This is partially the result of demographics. By 2020, the United States will have 15 percent fewer Americans in the 35- to 45-year-old range. At the same

time, the U.S. economy is projected to grow at a rate of three to four percent per year. So over that period, the demand for bright, talented 35- to 45-year-olds will increase by, say, 25 percent, and the supply will diminish by 15 percent. The stage is set for a talent war.

In 2000, the consulting company McKinsey released a report called “War for Talent 2000.” The report is a survey of 6,900 corporate officers, top executives and midlevel Gen-X managers across 56 companies. From the report, the following seven “talent imperatives” are proving essential to winning the “war for talent”:

1. Instill a talent mindset at all levels of the organization – beginning with senior management.
2. Create “extreme” employee value propositions that deliver on people’s dreams.
3. Build a high-performance culture that combines a strong performance ethic with an open and trusting environment.
4. Recruit great talent continuously.
5. Develop people to their full potential.
6. Make room for talent to grow.
7. Focus on retaining high performers.<sup>10</sup>

What can we learn from that report? Here are four conclusions:

Talent is important, growing talent even more.

We are talent. Since talent = brand, we are brand.

We need to grow, improve and strengthen talent and brand.

Branding is essential.

## Facing the Business Reality

Divided into four areas, the following pages summarize the old industrial era and the new information era.

Industrial Era	Information Era
Production oriented	Knowledge driven
What was – in the past	What is and will be – now and tomorrow, present and future

### I. Work

Industrial Era	Information Era
Work pays the bills	Work is fun, exciting, meaningful, fulfilling
A job for life; a 30-year career with the same company; lifetime employment	A life full of jobs and exciting projects; learn something new everyday
Staff, employee, personnel, human resources	Talent
Blue collar, “cubicle slaves”	White collar, enthusiastic professionals
Routine, same old stuff, a job	Every day is different, deliver a WOW performance
Do it all	Do what I love, what I’m best at
8 a.m. to 5 p.m., Monday through Friday	Work on my own rhythm, now to then
Retirement at 60	Start a new business at 60

## 2. Organizations

Industrial Era	Information Era
A bureaucratic, centralized hierarchy	A flat, decentralized network
Steady, slow, stable, predictable	Fast, flexible, agile, virtual, lean
Top-down, command and control	Network-centric, interdependent groups
Units are divided, exclusive, closed	Networks are open, inclusive, connected
Lots of friction, silos, departments	Friction-free, seamless, open communication
Accountants and standards rule	Innovators and creativity rule
Hierarchy reigns: follow the rules	Relationships and ideas rule
Cost centers, minimize expense	Profit centers, maximize value added
Information: "need to know"	Information: "want to share"
Preserve, conserve, "suck up" to the boss	Rock the boat, reinvent, improve
Offices with desk, paper and documents	Paperless office, wireless, connected to the World Wide Web
A safe job with "potential for advancement"	A fun place to work

### 3. Marketplace

Industrial Era	Information Era
Certainty, quiet times	Ambiguity, crazy times
We deliver good, reliable products that work	We create awesome experiences for the client; we leave an unforgettable memory
Procedure-driven, product-oriented	Client-centric experience
Satisfies a need: "I'm glad I bought it."	Fulfills a dream: "I want more!"
Satisfy the customer – repeat customers	Delight the client – happy clients
Advertisement, commercials	Word of mouth, referrals
Analyze data and present facts and figures	Tell a story and engage the heart
Design is efficient, complex, clumsy	Design is elegant, simple, graceful
Competition	Collaboration, friendship, teamwork

#### 4. Mindset

Industrial Era	Information Era
I am an employee, working for the company	I am a free agent, I am talent, I am a brand
I am satisfied where I am	I always get better at what I do
Learn, remember, keep it, cherish it	Learn, unlearn, change, improve
I do what I get paid to do	I excel and give my best every day
If it's not broke, don't fix it	If it's not broke, let's make it better
Play it safe, defense	Let's take risk, offense
Blame, criticize, judge	Appreciate, praise, show compassion
Change others	Change myself

*Source: Tom Peters, Re-imagine! (Dorling Kindersley Publishing, 2003)*

The shift to a world of free agents is also a shift to increasing personal responsibility for results. Fostering talent and generating results with passion and enthusiasm is the new paradigm to embrace. While the industrial era laid the foundation for today, the information era and the age of free agents is the path of the future.

"Be the change you wish to see."

– Gandhi