

Why Flexibility, Why Now?

Flexibility isn't just useful for employees; it's also essential for the business.

It's part of a whole way of operating that positions a business for success. In short, the shift from an industrial to a global knowledge environment fundamentally changes how businesses must operate to survive. These changes are as follows:

1. Mobility, not centralization, is now key.

No longer is work best done all in the same place, as it was 50 years ago. Work used to be organized to facilitate the production of machines that created competitive advantage through their speed and efficiency. But, technology now permits anytime/anywhere work, and customers expect dispersed geography that lowers costs, improves efficiency and speeds service. Ask the tech support person in Bombay.

2. Customization and versatility have replaced standardization and synchronization as the way to do business.

The now outmoded production environment required *standardization* (everything done in the same way), with consistent employee input required for consistent output. But today, versatility (just-in-time delivery of information or goods - on the client's schedule) is the ticket, not *synchronization* (everything done at the same time - on the producer's schedule). Now 85% of people are in knowledge and service-based positions (designers, technicians, etc) - work that relies on customized, non-standardized responses.

3. Encouraging distinctly human abilities has become essential.

In the production environment, people were, in a sense, secondary to machines. Machine production relied on an almost mechanical input from people. People were, more or less, interchangeable and replaceable, because the work had been de-skilled so that it could be done by the lowest common denominator. Employee compliance was more important than creativity, which actually threatened production. In today's knowledge environment innovation is the name of the game - new ideas, ways of thinking, breakthroughs (from the production line on up the food chain). These very human talents - knowledge, creativity and relationships -- are the primary 'goods' being sold and the competitive differentiators that lead to happy customers, growth, and efficiency. Business practices must support, not squelch, learning and knowledge sharing, initiative, and individual differences that are the source of new ideas and genuine connection.

4. The employee, not the supervisor, is the best judge of how to do the work.

In both knowledge and service work, the employee knows better than the manager how to accomplish the work most efficiently. Knowledge is highly specialized and it changes quickly; it has a short shelf life. Any knowledge worker who doesn't know more than his/her supervisor has not been learning quickly enough! Hierarchies that worked best in the industrial environment, because managers had previously done the job they supervised, no longer do. A parallel point is true in service work because of the relationships it involves. The service worker who is face-to-face with the customer (whether an investment banker or a bank teller) is the best judge of what that customer wants and how to deliver it.

5. Retaining and engaging employees is more critical because of the nature of their contribution.

Knowledge resides in people; it doesn't exist outside of them. That is what makes it harder than a concrete product for a competitor to copy and why it is the 'capital' most worth protecting. Knowledge workers know that when they leave, they take their skills and knowledge with them, and so they expect to be treated as equals, not subordinates. They can earn a living in ways other than regular employment - as an entrepreneur or freelancer -- so retaining them requires paying close attention to what they want. On the service side, engagement takes on new importance--the employee who loves their organization and its products or services is more apt to make their customer love it, too.

6. Intensified competition requires pushing decisions down.

E-business and globalization are just two of the changes that have intensified competition, making rapid response a must. Customers now have many more places from which to buy, and, subsequently, they demand increased value and quicker response-time. Organizational nimbleness and efficiency requires pushing more decisions into the hands of employees and eliminating layers of approval. Being more selective about who you hire and granting more authority to employees is essential in order to deliver value to customers.

7. An atmosphere of mutuality for employees and management is now vital.

To reduce the risk of giving employees more autonomy, their interests must be aligned with the organization's, so they will act in its best interest. That means the organization also has to do what's in employees' best interest. What they get out of the deal - which includes the overall impact on their quality of life-- must be commensurate with their

investment of time, knowledge, and energy. When the deal is mutual, discretionary effort and knowledge sharing increase and collaboration happens more readily.

8. What makes up good performance and how you measure it has changed.

Another holdover from the production environment is managers' ability to monitor employee performance by whether he/she can 'see them working'. In a knowledge environment the ability to concentrate can require being away from others, not with them. Also, the most important work results -- like good ideas and solid relationships with customers -- are qualitative, not quantitative, e.g. it's less important how many customers the technician helped and more important how satisfied they were. Judging performance by how much time someone invests no longer works. In fact, the long work hours that exhaust people and make them less patient and clearheaded can be a threat, not something to reward. Concrete, rather than line-of-sight, measures of performance must be adopted.

9. Most employees lead more complex lives and require a new way of working.

Most employees by a margin of 3 to 1 are 'dual-focus' workers, managing work and personal life simultaneously. The core workforce is no longer made up of 'Ozzie's' - men with a full-time partner at home to attend to life's other tasks. Both men and women at all levels and in all kinds of jobs can no longer focus exclusively on work, even when they are at work. Control over their time and the ability to take time out (in small or large increments to deal with these responsibilities) and return without a major hit to their career is now essential.

10. Employee well-being is now directly related to business performance.

Employees' mental and physical health directly affects their performance because of the work they do. Their work now requires more than their 'hands', but also their intellect and emotion, and employers must guard their overall well-being as a source of what the business produces. For example, employees in general are closer to customers than ever before; it is often the only real contact customers have with the organization. If employees are exhausted, distracted, disconnected, or disgruntled, customers feel it. Disregarding employees' states of mind or compromising their effectiveness through overwork, for example, can be organizational suicide. Increasing employees' sense of control contributes to both their health and performance.



11. Business practices must be reinvented to follow a flexible human capital approach.

All of these conditions demand replacing business practices that came from an earlier era (such as the standardized work day and week, centralized work sites, one-size-fits-all people practices, and hierarchical management) with a new model—flexible human capital management. This new model creates an atmosphere of mutuality in which employees have greater autonomy and greater responsibility for achieving results. Flexibility - giving employees more choice and control over how, when, and where they work, the ability to customize a career path and employment relationship -- is core to this approach. It replaces ways of measuring performance (like time and line-of-sight) with ones that measure what businesses actually need. It uses technology and other tools to integrate, rather than separate the personal and professional sides of employees' lives -- and so enhances their physical and mental well-being.

It creates the mobility, nimbleness, versatility, customization and personalization needed for success with customers and other stakeholders, by creating these same elements for employees. It is not possible to do one without the other. The result is the innovation, knowledge sharing, engagement and retention that comes from employees whose work is now designed to fit their complex lives and their complex jobs. Employees are fired up, resilient and aligned with what the organization requires of them, so both can move toward the same outcome: higher performance.

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