



Smart Working: Getting Ready For The Next Wave

“China and India are phenomenal innovators. We won’t just go down, we’ll go down big time if we don’t watch out. We have to think of the clever new ideas and be ahead of the game while we have the affluence and economic growth to invest in way-out concepts.

That includes the way we work.”

Professor Cary Cooper, Director, Jan 2005

The global business environment is evolving dramatically and simultaneously on many fronts: economic, technological, demographic and organisational. At the time of writing, it is far from clear that the US and Europe still have the luxury of “affluence and economic growth”.

Phenomenal innovation is a key element of being ahead of the game and business leaders who are able to mobilise the energies and passions of everyone in their workforces will be the ones that succeed in staying ahead.

How equipped are businesses to deal with these potentially overwhelming changes, which require significant adaptation of management attitudes and methods to cope with increasingly uncertain and unpredictable business environments? In his agenda for management innovation, Hamel (2007)¹ proposes that three of the most pressing challenges facing businesses today are:

- adapting to the pace of change
- making innovation everyone’s job
- creating highly engaging work environments that inspire people to give the best of themselves.

1 Gary Hamel and Bill Breen(2007). *The Future of Management*. Harvard Business School Press

International research shows that a large number of business leaders are failing to create learning environments and quality jobs consistent with meaningful work, which people find engaging². Skills, eagerness to contribute and creativity are wasted. Untapped human capability can no longer be squandered in the face of increasingly challenging global business conditions and competition from the emerging economies.

What Is Smart Working?

The term ‘smart working’ has in recent years been associated with flexible and mobile working, that is ‘anytime, anywhere’ ways of working enabled by communication technologies. Another view, broader than location and time independence, is that smart working is about flexibility and autonomy in where, when and how people work³.

While we agree wholeheartedly that systems, working environments and governance principles are more likely to lead to effective performance if they are designed in a way that confer self-determination for people in where, when and how they work, this misses the heart of what smart working is about.

It turns out that the sort of work that people find satisfying is exactly the sort of work needed to adapt to current turbulent global operating conditions. Smart working is an outcome of designing organisational systems that are good for business and good for people.

The First Wave

There is a tendency in the management literature to talk of 21st century management and new paradigms, a “delusion with novelty”⁴ that risks overlooking fundamental

² www.2017.uwaterloo.ca/TowersPerrinPresentation

³ www.cipd.co.uk/NR/rdonlyres/62401E9E-0160-4B71-A477-3366BD1405DB/0/smartworkingguide.pdf

⁴ Pettigrew, A.M. and Fenton, E.M (2000). *The Innovating Organisation*, Sage Publications, London.



insights of trail-blazing management thinkers, from years of academic research, and lessons learned from manufacturing business process innovation techniques that took root in manufacturing from the 1980s onwards. Two of Hamel's pressing challenges are the need to make innovation everyone's job and creating highly engaging work environments. These have already been widely researched and evidenced by manufacturing enterprises making the transition from traditional to lean processes.

Process innovation methods rely on the willing compliance of shop floor operators in problem-solving and continuous improvement (CI) activities. In Lean Manufacturing and Total Quality Management, there was for the first time explicit recognition of the commercial value of operator knowledge and experience.

Manufacturers at that time put in place physical working environments and management systems to support problem-solving, CI and collaboration across team and organisational boundaries.

The Second Wave

We propose that a second wave of smart working is emerging. There is an obvious need to mobilise the collective knowledge and skills of workforces in the face of significant global turbulence. Current hoopla about organisations being networks of relationships is only a re-discovery of something we have always known. Organisations always have consisted of groups of inter-related relationships, despite repeatedly overstated pronouncements about the supposedly dominant paradigm of hierarchy. Informal social networks have always existed in organisations but remained largely hidden. The emergence of social networking technologies now offers the possibility of making formal and informal networks visible. Social computing and collaborative communication technologies are creating

immense possibilities for stimulating and harnessing collective intelligence within and beyond organisational boundaries. They allow us to see who the high-performers are, where value is created, who creates it and understand the roles key people play in sourcing and acting on new, value-creating knowledge. Building on foundation knowledge from the first wave seems like a smart thing to do.

WHAT'S HAPPENING?

Here are just some of the global economic, technological, demographic and organisational workplace trends coming in some form to a business near you:

- Businesses are fragmenting into highly connected networks ranging from formal strategic alliances through to less formal supplier partnerships, crossing enterprise boundaries within and beyond nations. They are beginning to look and behave like social networks⁵.
- Social computing technologies are changing the balance of power in whole industries, away from corporates to communities of customers. Enterprise adoption of these technologies was initially driven by a need to communicate externally, to customers, potential new recruits and in some cases 'crowdsourcing' intelligence to solve technical problems. Adoption internally for social networking was initially resisted. Businesses are now using social computing technologies internally for a range of purposes:

- (1) to shrink social distance in increasingly fragmented and distributed enterprises
- (2) to power

⁵www.microsoft.com/uk/business/peopleready/resources/ecnomist.msp



formal and informal networks within and across organisational boundaries **(3)** to enable the emergence of self-organised informal networks, where innovation happens through socialising and conversation **(4)** to enable more formal collaborative problem solving through action learning **(5)** to create company-wide conversations around strategy and policy **(6)** to enable people to connect to sources of information **(7)** to enable people to connect for friendship or because they are recognised sources of expertise.

- The newest entrants to the workforce, aged roughly 18 – 25 and known collectively as Generation Y, are bringing their energy and innovation to the workplace but are challenging to manage.
- Flexibility in work arrangements - time, place and employment contract (freelancing and short-term contracts) - is shaping how work is performed and managed.
- Many businesses are shifting their centre of gravity and moving nearer to a plentiful supply of low-cost skills and talent in the emerging economies⁶.
- Even if they are not physically relocating, businesses are moving job roles to wherever in the world the right talent happens to be. A business operating out of Toronto can have a key person working for them from Bangalore. National borders are increasingly meaningless in how businesses operate.

- The physical workplace is assuming critical importance, particularly as we move towards knowledge-intensive work. Knowledge work can be categorised in a continuum, ranging from highly exploratory, tacit and unformulated through to more explicit, proceduralised knowledge.

Appropriate workplace design requires differentiated approaches to supporting the various elements of knowledge work - socialising, sharing, learning and connecting⁷.

WHAT DOES IT MEAN?

These developments have enormous implications for management systems and processes, and for management education. For example, managers need to have at least an appreciation of the complexity of human dynamics and contexts that influence behaviour, both in-person and online, since:

- Collaboration and conversations are happening across multiple boundaries: cultural, demographic, organisational, geographical and professional.
- Managers are increasingly managing a geographically remote and mobile workforce. Social distance in mobile working is a potential problem; people need to feel included in the information and gossip loop.
- People and knowledge are connecting through social computing and collaboration technologies.

It is clear that momentum is growing for radical change but persistently entrenched management methods and attitudes are

⁶ Palmisano, S.J (2006). The Globally Integrated Enterprise, Vol. 85, No 3.

⁷ www.gensler.com/uploads/documents/2008_US_Workplace_Survey_10_21_2008.pdf



constraining the evolution of work. Specifically:

- People need to be trusted with high degrees of autonomy in how and where they work.
- A consequence of enterprises fragmenting into networks of alliances and partnerships is that managers are having to manage by negotiating, cajoling and persuading rather than by command and control. This remains a significant mind-shift for many.
- Senior executives need to adopt a holistic, integrated approach to systems design and cross-functional integration of IT, HR and Facilities Management to create the sort of working environments that promote self-determination, knowledge sharing, innovation and social learning.

These issues remain stubbornly problematic, even though much is already understood about how to do them.

WHAT DO WE KNOW?

This section summarises two features of first-wave smart systems that help us understand how we might respond to current workplace trends: letting go to stay in control, and working across boundaries.

Autonomy And Control

High-trust culture, self-organisation and personal autonomy are core attributes of smart working⁸. But we know that perceived threats to management control is a barrier to the spread of autonomous, flexible and remote working. Control has been a

management obsession for decades⁹ and is continuing. A McKinsey article in 2007 warns that informal networks fly under management's radar and therefore elude control. This is seen as a limitation of informal networks.¹⁰

It seems as though not much has changed since twenty years ago when Toyota's quality and process innovation processes first came to the world's attention. Ceding management control to shop floor operators was problematic for many businesses. Manufacturers that did manage to devolve responsibility and autonomy to shop floor operators, emulating the Japanese success with process innovation and control, left a legacy of learning on which we can now draw.

It is not possible to do justice to this legacy of learning in this short paper. We can note that job design, including clear task responsibilities and key performance measures were effective tactics in maximising freedom of action. A frequent objection is that this is all very well in manufacturing, where outputs are tangible, measurable and processes are visible. It is not so easy outside of manufacturing.

Not so easy but very possible. BT is widely documented as an example of a business that has a large number of its employees working from home. A major sticking point in implementing home working at the outset was the attitude and skills of some line managers. Old methods of management focused on inputs, monitoring time people spend in the office, are inappropriate for managing a remote workforce.

Managers had to learn to put the customer at the centre of decision-making. So long as customer needs are met, staff have discretion to deliver work how and when they choose. It took managers a while to work out how to

⁸ www.cjpd.co.uk/subjects/corpstrtg/general/_smrtwrkgd.htm?IsSrchRes=1

⁹ <http://www.thesmartworkcompany.com/pdf/04.pdf>

¹⁰ Lowell, L et al. (2007). Harnessing The Power Of Informal Employee Networks, *The McKinsey Quarterly*, No. 4



reward outputs rather than inputs, which of course they could no longer see as clearly¹¹.

Working Across Boundaries

One of the features of Total Quality Management is recognition of units and functions across manufacturing processes as internal customers. As well as being useful in guiding customer-driven working practices, there is a wealth of research and case studies showing issues these companies faced in working across functional and organisational boundaries¹².

A manufacturer of mobile handsets were designing a new model for the Japanese market. The handset was to be crammed full of new functionality and over-runs would not be tolerated. Elements of the design process were normally allocated to separate teams in different countries. Problems then arose at the joins, late in development, when fitting the bits together.

Applying inside-out-thinking, the company created new design teams around the usual problem areas from the start of product development. Giving team members joint responsibility for overcoming problems and integrating functionality as the project developed was highly effective. The company delivered all that was required and on time.

A by-product of this joint, cross-boundary job design within very tight time-scales was there was little opportunity for politics. Instead, the teams worked together to maximise learning opportunities.

THE NEXT WAVE

“Social computing and Enterprise 2.0 isn't about a bunch of technology. It's about human potential. About a more efficient and effective way to collaborate..”

Rex Lee, ex-Director of Collaboration Services Group, Bell Laboratories¹³

Businesses are beginning to recognise and energise formal and informal enterprise networks, providing physical and online places to nurture communities of expert knowledge through learning networks, conversation cafes and more formalised work-based, action learning programmes.

Despite the hype surrounding social media and collaboration technologies, and the fact that gaining their acceptance within enterprises is challenging, it is these tools and the supporting management practices that will turbo-charge formal and informal collaborative learning within and across organisational boundaries.

Our deep practical knowledge of high-performance work systems has been gained through practical action research and through designing and facilitating work-based learning programmes for senior executives as they make the transition to new strategic positions. The Smart Work Company helps enterprises transform performance by changing management cultures and processes.

How We Do It

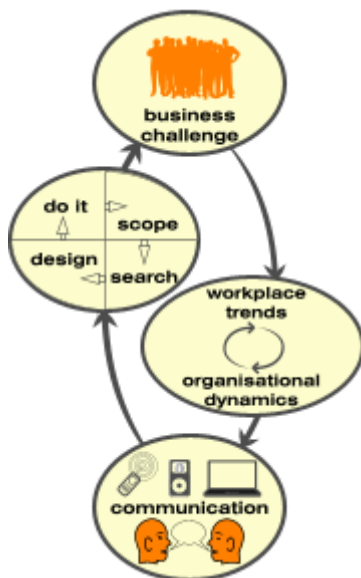
We do this by blending action learning and new management thinking, where 'new' is in fact putting into practice management methods that have been known about for a long time and have yet to become mainstream. We work with senior executives,

¹¹ www.thesmartworkcompany.com/pdf/NWWCS1.pdf

¹² www.ukwon.net

¹³ <http://rexstoughtspot.blogspot.com/2008/03/kee-ping-faith-e20-evangelist.html>

alone or in groups, who have a strategic challenge. This can be a wide range of things. We have recently helped director-level executives devise strategies for setting up new business units, break into new international markets, prepare for a merger, guide their businesses through post-merger culture change, evaluate new products, and introduce private sector governance into a public sector context.



We start with a strategic challenge a senior executive wants to address.

Together we determine what needs to be done, who needs to do it and how. Everything we do is guided by the executives' practical challenge. Knowledge, tools, techniques and new perspectives are introduced as needed in a just-in-time way. Learning is through action, experience and reflection, alone and with others. Conversation, collaboration and sharing experience with peers is a crucial part of the learning process. It is about collaborative transformation - changing together.

AND FINALLY

We live in a connected world, where competition from clever and cost-effective

talent is not going away. Businesses really need to value people's knowledge if they want to stay in the game, creating work environments that let people collaborate and learn together.

We have been here before. Collaboration and social computing technologies present businesses with enormous opportunities for a second wave of smart working. Building on what we already know from the first time around, it is now possible to tap into deep reserves of collective intelligence, both inside and outside of the enterprise.

We have knowledge, tools, need, opportunity and highly-effective ways of making the transition to new ways of working. There has never been a better time to rethink our approach to work, for the good of business and for people.

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About The Smart Work Company:

Dr Anne Marie McEwan is passionate about blending action learning and new management thinking. She has an international track record, having helped senior executives from London to Moscow to embrace new approaches to management, with startling results.

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