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## 2009 is the Year of Hope

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The people of America are tired. Tired of being afraid; tired of checking under the bed every night for the boogeyman; and, yes, tired of being taken for granted while greed and hubris run rampant.

So we enter a new year with Hope (sometimes that's all we have). In 2009 that's hope for new leadership - leadership that is already being tested by the lesser angels.

So what does all this mean for the future of work? Our short answer is "A lot." We think Jeff Immelt, CEO of General Electric, said it best when he spoke recently about the events of the past few months, saying "Someone has hit the reset button. This is not a normal change in the business cycle."

Paraphrasing Immelt's comments: "Three things will come from this: Specific industries will be restructured within the next 6-12 months (example: the financial services industry); the intersections between government and business in the United States and Europe will change for at least a generation; and now we are in an era of transparency that is profoundly different than it was even six months ago. That companies need to stand for something beyond the bottom line is profound. We are in an emotional, social and economic reset."

See the blog [Do You Stand for Something?](#) for a video of Immelt's comments on these issues at the recent [Business for Social Responsibility](#) conference.

So now all of you corporate executives have some new questions to answer before you start developing a real estate strategy, a technology strategy, and a human resource management strategy. They include:

- Is your industry one that will be re-structured?
- What will it take to bump up demand in your industry back to where it should be?
- How does, or can, public policy impact your industry, your business?
- How do you measure your organization's performance beyond the financial bottom-line?
- What can you do to increase your corporate agility?

These are the "little" challenges you have to start with in 2009 (in Our Ever So Humble Opinion)! Within our sphere of work we see a couple of really important things about to happen.

The commercial real estate industry is primed for a **radical** re-structuring. A recent survey of large British firms found that *only 20% of Chief Executives knew what their headquarters operations cost* ([The Economist](#), November 15<sup>th</sup>, 2008, p.78 in the print edition)! There is a 30% overhang in excess assets; brokers are being dis-intermediated and most locational decisions are still being based on an industrial business model, not a talent-based one (that is, most firms still locate facilities near customers, suppliers, raw materials, or other industrial-age resources, not on the basis of where the value-adding talent they need resides).

Technology is becoming a more and more of a service, rather than a product. Remember the old saying about boats and airplanes? Why buy one if you can rent it—and only when you need it? Same thing is true for computers, network services, *and*, increasingly, software. And managing rentals is a whole different business than looking after owned assets. The role of IT in organizations is about to be transformed once again. The CIO will be to the corporate world what the groundskeeper was to the English estate (sorry, but that's the way we see it).

We all know that the trust relationship between large companies and their employees has been eroded over the past two decades. We all suspect that the psychological bond between people and firms is changing forever. But we think the real kicker has yet to rear its ugly head in the United States. But we've seen it happen before. When debt obligations exceed the underlying asset value a market collapses. Residential real estate in 2008 was the classic example.

Get ready for a repeat in human resources. The obligation of companies to pay retiring workers' pensions far exceeds their ability to pay. Granted, the collapse of equity markets and hedge funds (yet another instance of the erosion of trust) has precipitated the current crisis, but the underlying problem has been growing for years, and we expect it to explode in 2009.

And that explosion will be the final straw in the relationship between worker and company (sorry for the mixed metaphor). 61% of corporate pension funds were invested in equity funds (*Business Week*, "[The Hidden Pension Threat](#)," December 15, 2008 – pp. 41-44 in the print edition)! As we close 2008 there is a **\$200 billion** shortfall in the ability to pay obligations. This one is going to blow up big time, and with it the very fundamental idea of "retirement." And that, dear hearts, will finally call for a major re-thinking of what long-term human resources strategies are all about.

Okay, now that we have you crying in your beer, where do we go from here? Our purpose in presenting this rather sobering view of the future of work in 2009 is simple. As Yogi Berra would say, "When you come to a fork in road, take it." Friends, we are at a fork in the road of work. The choices seem to lead in two fundamentally different directions. The first is to continue doing what we have done before, albeit with some minor tweaks and changes; the other path is a fundamental, radical re-thinking of the "rules" and relationships guiding employment, mutual obligations, loyalties, compensation, and trust – in both directions.

The good news is that we (all of us, together) get to make a choice. We don't quite have all the details worked out yet as to what those new rules are, nor what the organizations

will look like that support them (e.g., the Pension Benefit Guaranty Corporation, the SEC, state governments, labor unions, and so on). It certainly would have been very difficult for a feudal lord in the late 14<sup>th</sup> century to describe the changes that were about to occur in the known world. We obviously face a similar and equally daunting task right now. It is clear we are at a fork in the road. But we can't quite see around the bend yet.

Well, our job is to help you see around that corner, anticipate the coming changes, and get a clear view through the fog. We have our work cut out for ourselves in 2009! But we remain optimistic that while one door is closing another is opening. The question before the nation (and the planet) is, do we have the courage to go through that new door?

[Please send your comments directly to us](#), or post a comment on the blog version of this article. We look forward to learning from you.

### **About the Work Design Collaborative and *Future of Work Agenda***

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