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## ***Transforming the Business of Work***

*by Charlie Grantham and Jim Ware*

We are convinced that sometime before 2010 there will be a major transformation in the way white collar knowledge workers in the United States conduct their business activities.

The current relationship between these kinds of “workers” and their employers is as outdated as the apprenticeship model of office workers was in England during the early industrial revolution. Those relationships changed radically with the advent of child labor laws, safety regulations, and the re-emergence of professional guilds and liberal educational programs.

We believe that a transformation of the same magnitude is going to happen again as our society passes through the “conceptual revolution” (that’s Dan Pink terminology; see <http://www.danpink.com/aboutwnm.php>).

Simply put, the work support structures that were invented during the industrial revolution, and have now become an ingrained part of modern life in the United States, are just as non-functional as the apprentice system was 150 years ago.

Pension guarantee plans are falling as fast as snow flakes in the middle of January in Montana. The U.S. government is doing its best to bolster funding for the U.S. Pension Benefit Guaranty Corporation ([http://www.wsws.org/articles/2003/jan2003/pens-j29\\_prn.shtml](http://www.wsws.org/articles/2003/jan2003/pens-j29_prn.shtml)) as major companies in the airline industry (and soon the automobile industry) bail out of their obligations – or, more conveniently, declare bankruptcy and let a judge do the dirty work.

Sometime before 2010 we’re going to see an utter collapse of the pension system for public sector employees; that will open the floodgates and erase any doubt that this sacred perk of white collar work is gone for good.

Health care is on life support. Less than 60% of Americans now enjoy employer-sponsored health care benefits:

[http://newstandardnews.net/content/?action=show\\_item&itemid=2498](http://newstandardnews.net/content/?action=show_item&itemid=2498).

Seniors are facing the “doughnut hole” gap in Medicare coverage (to say nothing of incredibly complicated drug benefit choices). Sometime before 2010 many families will discover that they need to make choices between Grandma’s prescriptions and junior’s community college tuition. The percentage of younger families in major financial distress because of exorbitant medical bills will reach a breaking point. Thousands of people in the U.S. will simply die because they and their families can’t afford critical care coverage.

Sometime before 2010, U.S. employers will petition the government to allow them to import unlimited numbers of foreign nationals to fill the skill gaps and talent shortages in their workforces

because for decades the public education system in the United States has failed to produce a “salable product” that is relevant for the new economy. We’re going to have our own “guest arbiter” program (that’s a takeoff on a German phrase in case you didn’t realize it):

[http://www.thefutureofwork.net/assets/Closing\\_the\\_Talent\\_Gap.pdf](http://www.thefutureofwork.net/assets/Closing_the_Talent_Gap.pdf)

And now the stage is set for the transformation. But what is a transformation? A gradual, incremental change? No, not by a long shot. Think about what happens when a seed becomes a plant, a caterpillar a butterfly, or an egg and sperm cell a human infant. Several profound things occur. The change:

1. is irreversible;
2. shifts form dramatically;
3. involves a different metabolism;
4. includes many unpredictable, minute details; and
5. the timing of the process can’t be altered.

So, how does a transformation in the business of work play out within this framework?

First, it is *irreversible*. Once the change takes place it can’t go backwards. When serfs ventured off the lands of their lords and moved to the city they didn’t come back. Whatever form the new relationships between people and organizations take on, they won’t retreat to those of old. Seen any kings and vassals lately? Well, at least not in the industrial world.

The *form will shift dramatically*. Today the form of the relationship between people and organizations is largely shaped by legal and bureaucratic constraints: employees, employers, independent contractors, wage laws, etc. We believe that the “employment” relationship will shift from a legalistic one to one that is more in a negotiated and continuously re-negotiated form. It will be something like a compact, or a covenant.

The amount of energy put into work relationships, and the amount extracted, will also change. The *metabolism will be different*. For the five attributes cited above the relationship of energy input to output is definitely not reciprocal at the moment. Workers are contributing greater and greater amounts of energy into the system but are receiving less and less in return.

Their hours stay the same, their benefits decline, and compensation is totally out of whack from the low end to the high end. That pattern is unsustainable. You can’t run the horse faster while you decrease the amount of food it gets. Exhaustion and then death become inevitable. We’re suggesting here that “inevitable” is sometime before 2010.

The exact outcome of a transformation *can’t be precisely predicted*. Whereas the basic structure and function of the emergent form can be seen in the “DNA” of the organism, exact outcomes are not that refined. Plants grow larger when there is more nourishment during transformation. Toxic chemicals interjected into the process cause deformities. If there is no sunlight, butterflies wait to emerge from the cocoon. Similarly, the fine-grained details of a business transformation will be fuzzy.

The *timing* of the transformation can’t be altered. It can’t be speeded up, nor can it be slowed down. The current economic transformation began sometime in the late 1990’s as nearly as we can determine at this point. Events continue to play out as the process unfolds – sometimes in fits

and starts, but nevertheless sometime before 2010 we expect the transformation will be highly visible and virtually complete.

How are business relationships going to change during this transformation? We think it goes without saying that the web of relationships will grow larger and become more truly global. But we also think that talent pools may actually become more regional. North America's talent pool will begin to concentrate in the Americas as opposed to Asia and Eastern Europe. There are a number of factors driving this shift, but the bottom line is that time differences and cultural divides will become harder to manage. Current experiences with forming and managing global teams and even intercontinental supply lines represent a valiant effort to overcome natural barriers that we applaud but do not believe is sustainable over the long term.

Overhead costs increase geometrically as time and cultural gaps increase. Even though MIT Professor Tom Malone highlights the marginal cost effects of increased technology use for collaboration (<http://ccs.mit.edu/futureofwork/>) and *New York Times* columnist and author Thomas Friedman focuses our attention on the leveling effect of global markets (<http://www.thomasfriedman.com/worldisflat.htm>), these factors reach an economic limit when creativity and innovation become the keys to competitiveness and sustainability.

Fostering and leveraging creativity requires close continuing contact along with a certain clash of cultural values at the edge. Think of artists' colonies where potters, painters, and weavers come together in a commons area each day. We haven't yet developed collaborative technologies that completely dispel the need for face-to-face contact – especially where creativity and innovation are concerned.

There are several conditions that are necessary and sufficient for the kind of transformation we are predicting. Just as crops need good weather, sunlight, and water to germinate and transform, so must social and economic conditions change to support the magnitude of change we expect to see.

In our view, the critical conditions for transformational change fall into three categories: cultural; social; and legal.

The **cultural shift** has already occurred but is under the radar. The psychology of the worker – or, more accurately, the talent pool – has already changed. People today hold vastly different beliefs about the relationships between themselves and the organizations that provide them a living in return for their efforts. The implied “social contract” that existed between workers and employers is broken (and has been for some time). It is actively being re-negotiated right now:

[http://www.gartner.com/5\\_about/news/consumer\\_evolution.jsp](http://www.gartner.com/5_about/news/consumer_evolution.jsp)

**Social changes** are afoot throughout our society. Enron, WorldCom, Qwest, and, most recently, Wal-Mart stories attest to the changing “mood” of workers. Popular culture has picked up on the theme as movies like “North Country”, “Fun with Dick and Jane,” and even “Syriana” bring the point home. Social psychology tells us that when beliefs shift and social attitudes change it is only a matter of time before behaviors also change. Given a normal 3-5 year time frame for all these things to work through our collective psychology, the time for changes in the last category; the **legal system**, has come.

So, what are the legal changes to look for? In the United States with its arcane tax code, loose regulation of pensions, health care, and “worker rights” we should see new regulations along with

new concepts of equity and justice emerging in all those areas we highlighted at the top of this article.

We expect to see evolution in the public arena towards portable pensions, regionalized (if not nationalized) universal health care coverage, renewed investment in public education, and finally a new tax category for individuals who are “loosely coupled” to sources of “work” are those legalistic, governmental changes needed to complete the recipe.

In fact, we are already seeing some of these things happen:

“As employees become more mobile, HR professionals realize that pension plans rewarding long-term service aren't advantageous. That's why companies that want to attract a work force for the future are making their pension plans portable” (“Workforce Management,” *Personnel Journal*, July 1993, Vol. 72, No. 7, pp. 36-46).

The universal health care movement is growing in strength and public visibility (<http://www.uhcan.org/>). The argument for increased funding in public education is somewhat dormant at the moment but will undoubtedly rise as an issue with the approach of off-year elections (<http://www.publiceducation.org/>). While there have been attempts to “leave no child left behind,” businesses are left wanting. What remains is a need for change in the governmental systems that support an outmoded industrial model of social organization.

But there is hope. Hope lies in collective social action. We don't expect to see ferment in the streets like there was in 1968, but rather a quieter, less visible transformation. Local action will come from community groups. As the Baby boomers retire from full-time employment they will turn much of their extra energy towards community issues. They will transform and reconstruct a society under a new covenant that more clearly aligns citizenship with the organized power of consumers. Faster and cheaper is not always better.

Sometime before 2010, communities will be re-built. And civil society will return.

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

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We are focused on defining the future of work and helping our members and clients achieve new levels of workforce and workplace productivity. *Future of Work* produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. The Work Design Collaborative, LLC, provides leadership and infrastructure services for the *Future of Work* community.

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