

All Gone Home

Addressing the Challenge of Creating an Unfettered Organisation

An exploration of the factors which are leading increasing numbers of organisations to explore new, more agile organisational models, along with recommendations for addressing the attendant “people” challenges of making the transition.

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Introduction

Business commentators and consultants love to talk of paradigm shifts and tipping points. Oftentimes, the hype disguises little more than a new spin on a tired old dogma. However, the economic environment over the last couple of years has given impetus to what could be a truly radical change to a business model established during, and little changed since, the Industrial Revolution. The prospect of creating a firm which is unfettered by the boundaries of geography, time or organisation is now a practical reality. Imagine people working together but in different parts of the world; covering different time-zones and also different working patterns (your best work is done as the sun rises, mine gets done somewhere around midnight); employees, partner firms and freelance professionals sharing information securely across time and space. Why bother with a physical office at all?

A Confluence of Factors

The “virtual organisation” has, of course, been espoused for more years than seem credible but this has only been a reality for a relatively small number of relatively small businesses comprising highly skilled and self-motivated individuals. The last couple of years, though, has seen a confluence of factors which make this model a practical consideration for many more organisations and is leading forward-thinking firms to seriously evaluate this approach.

Technology as an Enabler

Wide availability of low-cost technology is the key catalyst. The low cost of relatively high performance lap-tops makes portability the default option for nearly all knowledge workers and this is coupled with cheap web-cams, enterprise-grade instant messaging applications and the increasing prevalence of broadband infrastructure to finally break down the human and

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communication barriers to remote working. At the same time, the move towards cloud computing which, properly implemented, makes secure sharing of information location-independent means that workers need no longer be bound to a single, dedicated place of work.

The Demographic Dimension

At the same time as technology is growing in capability, organisations are embracing the first generation of digital natives; those school leavers and graduates who are citizens by birth of the information age, often referred to as Generation Y. Having grown up fearless of technology and with little tolerance of technical limitations and shortcomings, the Facebook generation are not only more open to the possibilities of remote working but also come with a markedly different expectation of working style, boundaries and relationships from their older counterparts. Not only that, but the greying population of spendthrift baby-boomers are facing longer years in the workplace than they may have expected leaving organisations with the challenge of managing a broader age-range of workers than previously seen.

The Environmental Dimension

A third factor for organisations' consideration is the environment. Whilst the Corporate Social Responsibility agenda may require that firms be *seen* to be green, the environment is increasingly a concern for other reasons as well. The above-mentioned Generation Y factors ethical considerations more highly in their decision-making than previous generations. Having a clear and credible environmental policy will make hiring young talent easier. And the growing importance of green taxes, which reach beyond the current CRC impact on the largest firms, makes the environment a real, bottom-line concern.

The Criticality of Cost

As technology has made new approaches to business a real possibility, organisations have begun to appreciate the scale of avoidable costs which now present themselves. When reducing real-estate and related costs by 30, 40, 50 per cent or more becomes a real possibility (not to mention city-centre salaries and

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the commuting-related costs of company cars), executive boards begin to sit up and take notice.

A Genuinely New Paradigm?

The prospect of a leaner, more agile organisation, drawing happier, less stressed and more committed employees from a wider pool deserves to be considered as a genuinely new paradigm. Here is an opportunity to break from the office-based model which was built on the necessities and economies of scale of the nineteenth century. In discussion papers published last year, software and cloud computing giant Microsoft brought these ideas together under the title of the Hybrid Organisation¹. In the papers, experts in social and cultural change, the built environment, technology and economics came together to discuss the implications of the changes which they already see happening in the world.

Can it work? There are many issues for firms to consider one of the most important is the potential impact on the people employed and what this means for effective management. One of the fundamental characteristics of the Hybrid Organisation is a move to remote working with people spending a much greater proportion of their time working away from a central office location.

Making it Happen

The concept of remote working or “telecommuting” has been around much longer than the idea of a wholly virtual organisation and a number of studies over the years offer some considerations and lessons for organisations wishing to evolve their business in this direction. The research broadly identifies four areas which are impacted by remote working: Autonomy; Work-Life Balance; Work-place Relationships and Job Satisfaction/Performance. Each of these needs to be considered and addressed by leaders who are embarking on a strategy of virtualising the organisation.

Autonomy

Perhaps unsurprisingly, employees who work remotely report a greater feeling of autonomy. Generally speaking, this should be

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¹ See <http://www.microsoft.com/uk/about/hybrid-organisation.msp>



a good thing. The Whitehall II study by Professor Michael Marmot² demonstrated how higher levels of control over one's working style and environment equate to lower levels of stress. Thus, in the world of 1970s and 1980s civil service, lower status roles like messengers and doorkeepers exhibited greater levels of stress than senior ranking civil servants with much greater workloads and levels of responsibility. Autonomy is also one of the three intrinsic motivators which Daniel Pink identifies in his book, *Drive*³. Once the hygiene factor of money is no longer a prime concern, the most important motivators become autonomy, mastery and purpose. However, the challenge for management is to ensure that employees feel able to *realise* their autonomy. On the logistical side, this will mean addressing the fundamental infrastructure of the organisation: can everyone always access the information they need to carry out their roles effectively? On the people side, it will mean ensuring that employees are adequately trained before and during the transition and given the support they require especially in the early days of the new model.

Work-Life Balance

One might expect Work-Life balance to be improved through reduced commuting and the possibility of fitting domestic tasks around work needs and, indeed, the researchers Gajendran and Harrison of Pennsylvania State University found this in their excellent 2007 meta-analysis, "The Good, the Bad and the Unknown About Telecommuting"⁴. However, working from home, with the greater levels of autonomy discussed above can be both positive and negative. On the positive side, greater control over the work environment (I can play my music at home and wear my pyjamas) and over the scheduling of work aligns well with studies which show that increased control leads to lower stress. On the negative side though, so called boundary flexibility and boundary permeability can make it difficult to stop working; a scenario familiar to executives burdened with the "benefit" of email enabled smart-phones. Management strategies to mitigate this are similar to those for a traditional office environment except that they need to be communicated and

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² See <http://www.ucl.ac.uk/whitehallII/history>

³ See <http://www.danpink.com/drive>

⁴ See <http://www.apa.org/pubs/journals/releases/apl-9261524.pdf>



reinforced effectively: being a role-model for balance, communicating expectations effectively and helping new or more junior team members to prioritise work. A simple example of role-modeling comes from a senior executive who made a conscious decision to stop sending emails to his team late in the evening. It wasn't that he expected an immediate response from the mails, he was just clearing his "to do" list. However, people notice time-stamps and he became aware that he was setting an example. Now he schedules his late-night mails to be sent in the morning.

Work-Place Relationships

Employees embarking on remote working can report feelings of isolation and concerns over relationships with peers and with their manager. In a 2009 article in the MIT Sloan Management Review, "Set Up Remote Workers to Thrive"⁵, the authors (Jay Mulki, Fleura Bardhi, Felicia Lassk and Jayne Nanavaty-Dahl) point to the importance of management in this area with "lack of management action" being frequently cited as a major factor in adverse experiences. Running a remote team requires managers to devote much greater time and thought to communications. Managers need to use the available technology to chat informally with team members as well as to drive more formal meetings and communications remembering their role as "voice of the company" as well as that of people and project manager. Managers also need to provide opportunities, through virtual team-meetings and news updates, to allow team members the opportunity to demonstrate their Mastery. Recognition is a powerful motivator.

Even as communication technologies continue to improve, managers need to be aware that important social cues are lost without physical presence and they must work harder to signal availability and to ensure that communication is correctly received and understood. We remain social creatures and, even in a virtual organisation, managers need to make time for regular physical, face-to-face meetings the team and for individuals as far as is practical.

Job Satisfaction and Performance

⁵ See <http://sloanreview.mit.edu/the-magazine/articles/2009/fall/51116/set-up-remote-workers-to-thrive/>

The manager-as-communicator function is critical to motivation. Having provided remote workers with a greater degree of autonomy, leaders and managers must ensure that they also provide clear communication of purpose, ensuring that their teams can remain committed to the firm's compelling vision



The researchers Gajendran and Harrison found that remote workers generally had high levels of job satisfaction and expressed a lower intention to leave their job. However, the MIT Sloan article tempered this finding with the need for the organisation to effectively manage the issues discussed above to ensure that remote workers continued to feel connected to the firm and suitably nurtured. The quality of manager-employee connection is critical to ensuring happy remote teams. This is also seen in the issue of career prospects. Although Gajendran and Harrison found no *actual* negative impact on career prospects, there remains the *perception* in many remote workers' minds that they may be missing out on opportunities. Once again, management communication is critical in allaying this perception. In terms of job performance, remote working is generally seen as making the worker more productive and this is borne out by research into both managers' perceptions and objective task performance data. Interestingly, self-assessment often shows that workers feel they are less effective when working remotely and, once again, the manager has a key role to ensure that performance appraisal is regular and that workers actually have the resources they need to be effective.

In summary, from a people perspective, remote working can be a positive experience. However, communication is critical and it is vital that a solid communication strategy and training is developed before effective, office-based teams are released into the wild. Do not under-estimate the amount of time or effort required, do not simply over-communicate but develop effective methods of virtual communication and allow a lengthy transition period with frequent opportunities for face time.

The Known Unknowns

The concept of a virtual, hybrid or unfettered organisation is evolving quickly and the impact of some developments is unclear. For example, will concerns over isolation, lack of visibility and missed career opportunities be alleviated when everyone is in the same boat; when remote working becomes the norm? There are also gaps in the available research.

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Different Experience across Job Roles?

There is not yet any clear understanding of whether the experience of remote workers differs across job roles. For example, are “structured task workers” better or less able to cope compared to knowledge workers whose responsibilities are less structured? It might be expected that structured task workers experience less perceived freedom to shape their working methods leading to greater stress but equally, it may be that the demands of such work impose necessary strictures which actually provide required boundaries – in contrast to, say, a senior executive who feels he/she cannot escape the “always-on” demands of their role.

Improving Technologies

The communications technology which has enabled remote working continues to grow in capability and the availability of broadband continues to expand. But, has the possibility of ad hoc video conversations via lap-top, PC-based conference calls and even plain old instant messaging reduced the challenges which remote workers report with regard to isolation, lack of visibility and lack of face-to-face communication? One would expect so but research to date has not captured the impact of technological change.

Conclusion

As organisations, driven by both green and greenback concerns, increasingly embrace the concept of a Hybrid, or Unfettered Organisation, an increase in remote working is inevitable. Technology will continue to make remote working easier and more comfortable but, in all likelihood, it will not alleviate all of the human challenges.

Adopting a virtual approach to business presents enormous opportunities for organisations to radically reduce their cost-base, to shrink their environmental impact and to engage a deeper and broader pool of talent whilst at the same time becoming a more agile business. Realising this opportunity will require careful thought, planning and clear leadership.

Burning Pine



Burning Pine is a small, independent consultancy which supports organisations on all aspects of strategy. Its principal, Andrew Munro, has a passionate belief in a future of sovereign professionals and unfettered organisations. Andrew can be contacted at Andrew@burningpine.com, or on +44 (0) 7801 881347.

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