

Embracing Change: The Director's Role

Dr. Laurence S. Lyons

Director of Research - Future Work Forum - Henley Management College
Principal - Metacorp Consulting

© 1995, Dr. Laurence S. Lyons

This article has been commissioned by Director Publications for publication in "The Director's Guide to Teleworking" intended to be published in February 1996. The Author further authorises publication of this article, or extracts from it, in *The Director* magazine and other IoD publications without additional consideration, provided as always that proper citation of its authorship is given. In the event that this text is condensed or edited in any way, permission to publish is subject to final review and approval by the author.

The Author asserts his rights under the Copyright and Patent Act 1988.

All rights reserved.

Dr. Laurence S. Lyons, Director of Research of the Future Work Forum at Henley Management College and Principal of Metacorp Consulting examines key issues facing directors, and suggests some ideas and approaches that have been found to work

NOT SIMPLY A FAD

Directors are continually bombarded with new ideas and opportunities jostling for their attention. Some of these ideas are simply crazy and can be instantly dismissed. Other suggestions may seem interesting initially, yet disappoint in the light of experience. A much smaller number of ideas will turn out to be absolutely vital to the business. The director or board must identify which ideas fit into which categories, sorting the wheat from the chaff, and then act accordingly.

So, is *Teleworking* a silly suggestion or a brilliant idea? The answer depends on what one means by "*telework*" and whether significant benefits are indeed on offer to your organization.

The very existence of this Director Guide signals the maturity of *telework* as legitimate subject worthy of serious and proper consideration. Despite the jargon (unravelling shortly) *teleworking* and its related subjects, such as *hot-desking* and *time-zone shifting* are currently attracting much interest at conferences and in boardrooms.

Competitors, too, are certain to be looking to these ideas for adapting their businesses in quite unusual and unexpected ways, perhaps leveraging a higher ROCE from a much reduced asset base to create a highly profitable *virtual organization*. There is a growing body of knowledge available to help them in this. For example, a wealth of case study material on all forms of new working practices has been building up at the Future Work Forum since our own research programme started in 1992.

UNRAVELLING THE JARGON

Fortunately *teleworking*, and many of its related new work forms, are all based on one simple concept: the ability to **Work Independently of Location and Time (WILT)**. The opportunity to do this on a large scale has come about only recently, some fifteen years after the convergence of computer and communications technologies. Today's Information Technology - together with new ideas about how work may be done differently and better - has produced new and genuine strategic options for business. Today's organization has been challenged to embrace change. Should it, and if so how?

Enthusiastic advocates may have us believe that all businesses should adopt teleworking immediately and that a virtual world will come to construct itself overnight. Others can see practical obstacles, presenting real and significant challenges to organizations that become involved in adopting and adapting to the new work styles. Somewhere between these extremes lies the truth.

As always, directors have to balance all the costs and risks, and will decide whether some overwhelming benefit emerges for them. Organizations in industries that employ many "knowledge workers" or a large number of administrative staff are frequently identified as most likely users of the new practices. Prime examples include banking and insurance, and the case

study of New York Life is often hailed as a classic example of exporting work across national boundaries. But organizations in industries that do not match this obvious profile should nevertheless make their own assessment of the new opportunities: some surprises have emerged.

Teleworking is not right for every individual, nor is it a generic organizational panacea: each business must decide a course of action for itself. Application of the concept can indeed make a good company better; inappropriate application is dangerous anywhere; and application to a bad company will almost certainly make it worse. Yet companies who have identified that they have the most to gain are already to be found among the ranks of the early adopters. Without exception, they are driven by a powerful and probably unassailable business imperative.

QUESTION	ANSWER
<i>Should we consider teleworking and other new work practices for our business?</i>	Yes. Preliminary analysis is worthwhile even if to confirm that new practices are not appropriate at present.
<i>How do we assess the opportunities for our business?</i>	By informing strategy through a multi-disciplinary team. (see text)
<i>What is the main issue should we decide to implement a programme?</i>	To the extent that this will involve people at all levels working in different ways, a proper change management context is vital to success.
<i>How do we keep up the momentum of change?</i>	There must be a business imperative propelling change together with leadership and determination at executive level.
<i>What if we decide not to implement a programme?</i>	It is essential to monitor the competition, and to identify key external events that will trigger a re-assessment at some time in the future.

Table 1. Questions and suggestions in addressing the new opportunities

SETTING THE IMPORTANT CULTURAL CONTEXT

Possible reasons to incorporate new practices in a workgroup or entire business may include any mixture from among the following:

- to attract and/or retain specific staff
- as a general employee benefit
- to reduce or avoid office overheads or real estate costs

- to work closer to the customer and reduce travel costs
- to enter new markets
- to produce new products and services
- as part of a social responsibility programme

As can clearly be seen from this short list, although the technological hardware may appear to be similar in each case, much variety exists in the motivational context behind the change. Each kind of motivation would require a different cultural climate to encourage acceptance of the new work style. The establishment of a conducive cultural context is, of course, vital to success. A company that becomes de-moralised because it has attempted and then failed to implement such a programme is worse off than its competitor which never even tried.

In instances where the individual is no longer visible within the traditional office boundary, the organization must already have in place a performance system that is based on actual results rather than the need to sit in a certain corporate location for some fixed number of hours per week (typically an office, nine-to-five). Promotion for those who cannot be seen every day can also be a problem, although even this is surmountable.

It is not surprising, therefore, to find that for the more ambitious programmes, there is evidence to suggest that organizations which are at the outset technologically more aware, and those that already demonstrate a participative management style prior to introducing the programme are far more likely to succeed. *Telework* and allied concepts seem to work best in organizations that are already forward-thinking in their approach to their employees.

AVOIDING COMMON PITFALLS

New work practices, such as are described here, are better regarded as complimentary rather than alternative to the traditional forms. Specific myths to avoid include:

1. **Telework means that people will work full-time at home.** It does not. Some of the best programmes operate 2-3 days per week in either a traditional or non-traditional work environment. It is important for people to congregate. Whatever technology becomes available in the future, nothing but nothing will substitute for a face-to-face meeting on some occasions.
2. **Moving work out of the office means moving it into the home.** It does not. There are a number of social problems which emerge when work is shifted into the traditional home environment. Home working can make sense in certain circumstance, especially where adequate space is available there and when issues such as insurance, health and safety have been addressed. But alternatives do exist. The Neighbourhood Office approach is one such viable alternative. This concept has been successfully pioneered recently within the EU OffNet Project of which Henley Management College is a partner. There are other encouraging success stories such as the Isle de France programme around parts of the Paris Metro. The ability to operate from hotels, airport lounges and even cars has become less fanciful than would have been the case only five years ago.
3. **Telework means moving people out of the office.** Not so. Trafalgar House moves some of its work around the world to project teams that are currently able to accept it - wherever

they may be located. Although a project may move half-way around the globe, it is not necessary for staff to leave their traditional offices to work on it.

4. **Telework breaches the company's security of confidential information.** Very often not so in practice. A balanced view will recognise:

- inherent risks even in the traditional styles of work
- the mobility of employees within an industry during their total career. (They move to competitors)
- the real value of the information to a competitor in practice. (Often the organization's special jargon is incomprehensible, the planning assumptions unknown, and there is a lack of ability to act on the information even if the content is understood).

Nevertheless, some neighbourhood offices address this problem by creating a "Chinese Wall", a ring-fenced secure area customised for a specific client in cases where security is paramount

INFORMING STRATEGY

In strategic terms, the ability to perform work independently of location and time offers a novel set of opportunities to the organization. This poses a new set of questions to all businesses: *In the light of the W.I.L.T. opportunity what might the organization better aspire to; what barriers have been removed for us and our competitors; what planning assumptions have been shattered; what can we do today that we were unable to do before?*

The standard question of strategy "where do we want to be tomorrow?" has taken on a deeper meaning. It has become a question that must be *informed* by the WILT opportunity and then be answered by the board. As is the case with business process re-engineering, their ability to do this will depend, to a large extent, on their ability to establish a senior multi-disciplinary or cross-functional team who will inform them.

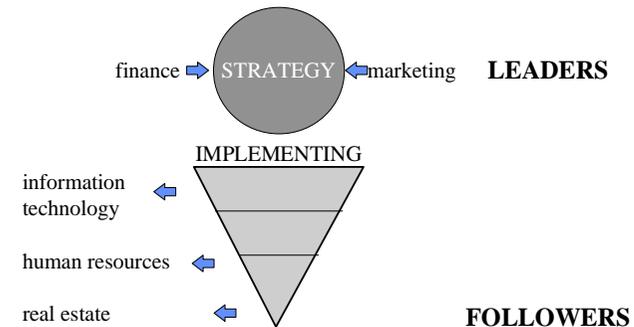


Fig 1. Traditional leader-follower roles of various functions in charting and carrying out strategy

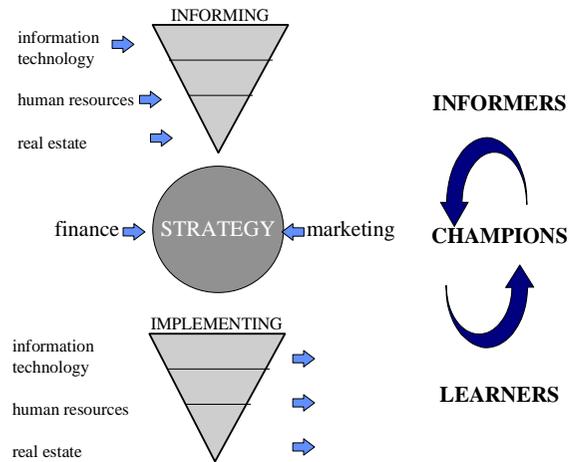


Fig 2. New strategic roles for IT, HR and Real Estate functions to *inform strategy*.

In the larger organization, the nature of the WILT opportunity requires a coalition between human resource, information technology and real estate functions who will need to work together in identifying emerging opportunities, rather than merely implementing the resourcing implication flowing out the organization's plan. This multi-disciplinary team will be called upon more and more to *inform and input* to the company's strategy in addition to managing its results (Figs. 1 & 2). Such demands could tend to create a learning organization, which itself could become a useful by-product of the change of work practice. Within SME's, those who cover business areas typically as the Director of Services or in Facilities Management, will find colleagues expecting them to provide a meaningful business analysis setting out the opportunities on offer and their recommendations for action.

The broad-brush implications for all directors are that:

- A multi-disciplinary approach is mandatory in order to fully identify realistic opportunities.
- A more strategic approach will be demanded of IT and HR directors.
- Business Services, Real Estate and Facilities Management functions will be expected to become more strategic in outlook.
- Marketing directors will be dealing with opportunities that come from *within the company structure* rather than in the market and will need to assess these opportunities on a variety of levels.
- Finance directors may be pleasantly surprised by the asset leverage opportunities available by substituting or eliminating real estate costs using new work practices.
- When properly applied, these concepts are absolutely compatible with re-engineering the business and the learning organization.
- The issues are relevant to private and public corporations, profit and not-for-profit organizations, the plc and the SME.
- Your competitors will be considering these options also.

SUMMARY

Businesses of all types will want to consider teleworking and other emerging work practices in order to determine which type is appropriate and whether real benefits may result from their adoption. Boards will want to assess whether the concepts are relevant to their own company and what competitive, market or supplier pressures may come to bear on their organization from the actions of others. It is most important to inform strategy, and a cross-functional team comprised of executives within the company will have to be established to undertake this. Even if it should turn out that these ideas are not appropriate, the balance of risk would suggest that the prudent director will want to have the analysis carried out. For those individuals and organizations who choose to embrace change an exciting and competitive future awaits.

FURTHER INFORMATION

Creating Tomorrow's Organization: Unlocking the Benefits of Future Work by Prof. David Birchall and Dr. Laurence Lyons, FT-Pitman 1995. ISBN 0 273 61094 5.

The Virtual Organization by Dr. Laurence S. Lyons in *The Financial Times Handbook of Management* (ed. Stuart Crainer), FT-Pitman 1995 ISBN 0 273 60694 8.

The Future Work Forum is a programme of syndicated research into IT-enabled new work practices and holds four conferences a year. Contact Michele Mathews, Henley Management College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU, tel: +44 (0) 1491-571454.

Dr. Laurence S. Lyons is Director of Research of the Future Work Forum at Henley Management College and Principal of Metacorp, a consultancy advising organizations and individuals on strategy and change. A more thorough treatment of the ideas in this article is to be found in the FT-Pitman best-selling book: **Creating Tomorrow's Organization**.