Good Company Podcast
Experts, issues, and real-world examples.

Episode #7 – July/August 2008
Transcript of Interview with Tamara Erickson

Ballard: This month, we have part two of our featured interview with Tamara Erickson. Tammy is a McKinsey Award winning author and an expert on organizations and the changing workforce, on the shifting relationship between individuals and corporations and on enhancing innovation and workforce productivity. Her work is based on extensive research on changing demographics and employee values. Tammy has coauthored four articles for the Harvard Business Review, as well as the books, Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent and Retire Retirement: Career Strategies for the Boomer Generation. Tammy earned a Bachelor of Arts in biological sciences from the University of Chicago and an MBA from the Harvard Graduate School of Business Administration. If you missed part one of this interview, you can find it in the June 2008 episode of the Good Company Podcast.

In the first part of this interview, you mentioned the economy. And you wrote in your blog earlier this year that during the current economic downturn, many senior managers are thinking in ways that are very likely to be dangerously wrong. What are the potential errors in their thinking and what can these leaders do to weather the current conditions and help their organizations deal with the challenges and uncertainties?

Erickson: It starts really from thinking about whether you want to just hunker down and hope it goes away or whether you look at something like innovation; whether you want to actually invent your way out of the difficulties you’re in. I’m a big fan of trying to invent your way forward and if you want to do that, then many of the knee-jerk reactions that we might have will actually work against your ability to accomplish that goal. So, specifically, innovation at a very simple level requires the combination of two ideas or more that have never before been connected. You have to get people who understand customers and technologies to get together and think about it or people who understand two different technologies that have never before been melded to think about it. And so, it requires rich networks of connections. And one of the things that companies tend to do in difficult times is sever connections. They cut travel. They cut budgets for meetings. They cut opportunities for people to interact. That would be an example of something that I think moves us in the wrong direction because, in fact, what one should do at these times is encourage more interaction, get more people in the company thinking together about what the options are, how what one person knows could contribute to what another person knows and therefore come up with an innovative solution to something that would move the company forward.

Ballard: So it's not just about tightening the belt? You are saying organizations that truly handle tough economic situations well are those that will be poised and ready to innovate and move forward when the economy recovers?

Erickson: Well, exactly. We've seen in the past, when the economy comes out of a recession, in many cases, that organization is so damaged, has been so stressed by the steps the company has taken to weather the downturn that it takes years for it to begin to re-blossom and re-bloom even under a much more healthy economy. Some of these moves even have a lasting effect on the organization even once you've, if you will, put your foot back on the throttle. For example, the spirit of trust within an organization; trust is very important to people's willingness to share ideas, to innovate, to collaborate. If they don't have a sense of trust, they're very unlikely to be willing to come forth with new ideas. Organizations that take actions during a downturn that fundamentally breaks the spirit of trust are creating a culture that will last long after the recessionary period ends.

Ballard: Staying on the topic of innovation for a minute, you mentioned that innovation requires the bringing together of two previously disparate ideas and while sometimes, this can happen as sort of an "Aha!"
moment that an individual has, more often it's the case that it's two people or a group of people that comes together, each bringing something different to the table that really creates an innovative environment. In your Harvard Business Review article last year, "Eight Ways to Build Collaborative Teams," you say that the very elements necessary to create these high-performing teams, that is diversity, size, the ability to work virtually, and high levels of specialization, can actually interfere with the team's effectiveness if not managed well. How can an organization create the conditions that are conducive to success?

Erickson:  
Well, perhaps that's an example of one of many challenges that modern managers have which is managing paradox because there certainly is a paradoxical element to managing an innovative organization. On one hand, a manager, a leader, needs to think about the collaborative capacity of the organization. Do the right people know each other? Does everyone trust each other? Have I built the bonds and relationships to be strong enough to encourage ideas to come together? On the other hand, the same leader needs to be thinking about disrupting the organization. Do people have enough exposure to conflicting ideas, to contrary points of view, to diverse perspectives? And what our research shows is that those two things are opposed. So, for example, my likelihood as an individual of forming a close relationship with someone who is very, very different from myself is less than it would be for me to form a relationship with someone who is very similar to myself. So, if you have a group of white middle-aged women, for example, the odds are they're going to form a spirit of trust and sharing faster than if you have a very diverse group of ages and genders and races and nationalities and so forth. So, you're always, as a leader, balancing those two paradoxical goals, building the trust but doing it in a very diverse group. And so, you need to take specific actions to almost push the rock up the hill. It's not going to roll that way naturally. You have to push it. You have to make sure that things are going on that are creating relationships and trust and that are disrupting the status quo.

Ballard:  
Speaking of disruption, on HBR’s list of the 20 most important management ideas for 2008, you suggested that we stop tracking jobs in terms of hours worked and really focus on tasks.

Erickson:  
Yeah, that’s one of my real favorites in terms of a way I hope we rethink soon. I was interested when I did the research on that that we actually have only had a time-based workday - in other words, 9 to 5 kind of thing - for about 70 or 80 years. Time-based work came into play in the United States in 1920’s and ‘30s, basically when production became so complex that we could no longer tell what you were doing versus what I was doing, the assembly line, etc. Prior to that actually, compensation was based on how many buttons you sewed on versus I sewed on, so they could count the number of buttons and pay us accordingly. So, it was basically a task-based system. My argument is that the whole time-based idea which worked pretty well for an industrial economy where we were on assembly lines, etc., has run its course. And as the industrial economy gives way to a knowledge-based economy, we need to start inventing a different way to articulate roles and capture the work that people do. And I think the logical way to do that is around a task, to say that your job is to write a particular piece of software, for example, and you may be able to do it in three days or three months but we’re going to pay you a for the production of that software.

Ballard:  
But how do we avoid the kinds of problems we saw in the early days of managed care under the label of capitation where it was x dollars per member per month regardless of whether it took you one appointment or ten appointments to deal with the issue?

Erickson:  
Well, I think that’s the downside of the whole process and, in fact, one of the arguments against it which I completely respect. I worked with one organization that had begun down this path and had quickly found that, in fact, their younger employees could perform a specific task faster than their older employees. Okay, so there raises a really interesting almost ethical, moral question. How do we feel about that? Would we pay the younger employee essentially the same amount for a task that they can do in a much shorter time than an older employee who, for whatever set of reasons of training and habits and whatever, takes much longer. So, it’s not an easy transition. I don’t want to oversimplify it. It’s not something you can just apply across the board because I think there are some very serious issues at the almost ethical and moral level of how it would play out in our society.
Ballard: So, again, it comes back around to generational issues where you have Boomers and Xers saying, “I can’t believe those Ys won’t pay their dues and put in the 60-hour workweek”, and the Ys’ response is “I can’t believe it takes you that long to get your work done.”

Erickson: That’s right. I really am eager for some hard research evidence that would begin to map out some of these differences but I have hundreds of anecdotal stories of situations where Ys do appear to be doing the task much faster. I had one just recently where an executive told me he was just panicked because he had hired a summer intern for ten weeks to do a job that summer interns in the past had always taken ten weeks to do. And this particular one came to him after two weeks and said he was done, finished, what’s next? And the guy didn’t have a “what’s next.” So, in some cases, I do think that Ys are able to complete the task more quickly because essentially they’re doing it in a fundamentally different way. That’s the point. It’s not that they’re typing faster than you can and I can. It’s that they’re doing something fundamentally different in order to get that task done.

Ballard: Now, how do we prepare managers for this kind of shift because the organization may very well want to move in that direction, but if the managers don’t have the tools to support it, then it’s likely that the initiative won’t be successful.

Erickson: Well, that’s a big problem. And, in fact, research shows that the generation that is the most conservative, believe it or not, are the Xers. That’s not probably too surprising because they’re in a situation where they have played by the rules and followed the existing guidelines. They are now in a position of some degree of power and authority and we’re talking about changing the rules. So, they’re in a very awkward position and in many organizations, they’re finding it’s that middle level that’s quite resistant to change. So, it is something that I think we need to consider carefully. Now, here’s one provocative idea. It’s not mine, it’s actually something Peter Drucker spoke about before his death a couple of years ago. Peter offered the point of view that we should switch line and staff roles. So, what that would mean is that the person who is today a line manager is doing two things. They’re responsible for the completion of a task but they’re also responsible for the management of a pool of people. So, they’re doing two things. One of those things is getting exponentially more difficult and that is the management of the pool of people, because you’re going to have people who want to work different hours and different places and different schedules and all kinds of complicated things are happening.

Ballard: And it requires a whole new set of skills.

Erickson: Well, exactly. Or to Peter’s idea, why not put the management of that pool of people into another function? He said the HR function which, of course, would mean a very different type of human resources than what we have today. But imagine, if you would, that the HR group becomes much more like a staffing agency, that they’re responsible for worrying about the fact you want August off and I only want to work three mornings a week. They’re the ones who are thinking about all those different kinds of complications. And the manager of the task is basically just able to say, “Look, I need eight people with this set of skills to do this and you get them to me.” And so the staffing agency part of the organization, human resources, if you will, then becomes responsible for supplying talent that has both the time and the skill set to do the work that the task manager, currently the line manager, is doing. So, there’s one provocative way to solve the problem.

Ballard: You’ve described this as a Hollywood model where you have an independent producer who brings together the cast and crew for a particular project.

Erickson: Right. I mean, that’s a good analogy. In fact, if you look back at the studio system back in the 1930’s and ‘40s, you had the two functions combined in one organization. So, a studio both made a movie and had employees like Marilyn Monroe and so forth. Those people were employees of the studio. Today, that’s gone, that doesn’t exist. And so, the studio is responsible for making the film but there’s a whole another set of organizations that are responsible for supplying the talent.

Ballard: When you delivered our keynote addressed back in March, you’ve brought up another quote from Peter Drucker who said that when historians look back at our time, the most important event they’ll see
will be that for the first time a significant number of people actually have choice and then you applied that to the concept of a “signature experience” that organizations can create. Can you talk a little bit about that? What is a signature experience?

Erickson: A signature experience is a way that organizations can communicate to you and to me, to us as individuals, what it would be like to work in that organization. And the idea behind it is that an organization can really only offer a certain set of experiences. So, for example, if I really enjoy risk and high reward and so forth, and an organization can offer long-term security but really can’t offer a lot of change or a lot of financial upside, it’s important for me to know that and it’s important for me to make a choice that that’s not an organization I would care to join. So, organizations that are the most successful at having employees who are really excited about working there are ones who are able to communicate to employees what it’s going to be like, so that employee can make a choice whether or not that organization fits their need.

Ballard: So, it’s about goodness of fit between the employee and the organization.

Erickson: Yeah, exactly.

Ballard: This really sounds like the application of good marketing practices to the hiring and selection process.

Erickson: Exactly. It’s a lot like a brand. In fact, of course, the hot topic a decade ago was to have an employee brand. The difference is, I think, that it’s easy to have a brand in some ways. You can say right now, “We’re a very innovative organization.” And the difference is, with a signature experience, I would say “prove it.” Tell me a story. Show me something that would happen to me during the course of my employment that would cause me to really get the fact that you’re an innovative organization. A classic example is Whole Foods which is very team-based. Now, they could have a slogan which said “We care about teams.” But instead, or in addition to that, what they do is they put people on probation for the first four weeks if they’re an employee and at the end of the four weeks, you have to be voted in by team members. So the team that you’re assigned to has to vote that they want to keep you around. Now, to me that’s a very powerful story. That goes well beyond kind of a poster on the wall that says “We value teamwork” to one that says “And we put our money where our mouth is. We have a process that really brings that experience home.”

Ballard: Sounds like a reality TV show.

Erickson: That’s right. You’re on the island or off the island.

Ballard: Tammy, thank you so much for taking the time to share some of your insights. I know it always gets me thinking and I hope it will for some of our listeners as well.

Erickson: I hope so, too. Thank you.