1 Leading Work—Not Managing Employees

We create boxes to make sense of the world. We talk about organizations and jobs as boxes. Employees sit inside jobs that sit inside organizations. This is how we think things get done. In practice, it's never really so cut and dried, but the simple mental model works—or at least it used to.

Now we are seeing those comfortably familiar boxes begin to disintegrate.

Have you heard phrases like "nonemployment work arrangements," "freelance talent platforms," and "labor market intermediaries?" They reflect an emerging trend in which work and workers exist "beyond employment." Many leaders have hardly noticed the rising frequency with which these terms crop up in discussions about the future of work. To leaders, "nonemployment work arrangement" may sound like something to be delegated to specialists in procurement or personnel. Or they might ask, "Are these new arrangements just simple extensions of cost-reduction techniques we've seen for years, such as outsourcing, temporary contract workers, and consultants?" Sometimes they sound familiar, but increasingly these new approaches to work are already fundamentally changing how you compete and achieve your organization's mission. Leaders who overlook them risk making the

same mistake that taxi services made when they dismissed the emergence of the Uber ride-sharing service.

A world where work moves "beyond employment" will challenge fundamental strategic assumptions in virtually every industry and sector. The world is changing, and the role of a leader is not to stand back, or marvel at the change, or delegate the decisions to administrative rules. A leader's job is to achieve organizational goals through the work of others. Leaders must develop the tools to grapple with this new world. Work is escaping the confines of regular full-time employment, and it is leaving your organization. These changes create opportunities that should not be ignored.

This shift is reminiscent of the diversity movement that seeks out talent regardless of gender or ethnic origin. The beyond employment opportunity is to seek out talent among free agents, anywhere in the world, who prefer free agency to employment. In particular if you are looking for authentic innovators and creative agents, this is where they are likely to be found.

The problem for leaders is that they face a bewildering array of stories and examples of how work is changing, but no framework to guide their decisions. It's like seeing lots of bright shiny objects in the sky, with no framework of astronomy to guide you. The stories and examples tend to focus on two things, and have omitted a vital third element.

Many stories and examples focus on the *Workers*. You hear a lot about the plight of contingent workers, the exploitation of part-time workers, but also about the freelance coder who is earning $100,000 a year sitting on a beach in Bali, or the crowdsourced gamers that solved a thorny riddle in AIDS treatment. You wonder if you should be using such workers, or even whether you should become one yourself.

Other stories and examples focus on the *Client* for the work. You hear a lot about Netflix saying that "adequate performance gets a generous severance package,"[1] companies like Colgate-Palmolive producing ads for the Super Bowl through crowdsourcing,[2] and early-stage companies that consist of a few employees who lead the work by tapping a vast global network of workers connected through cloud technology and personal technology. You wonder if you should adopt some of these practices in your organization when you are the client for the work.

These examples and stories can appear like the lights on a Christmas tree in a dark room. If you can't see the shape of the tree that holds the lights, it's often difficult to understand their pattern. What you need is to see the tree

underneath the lights. This book focuses on the decisions you make about the *Work*. It draws on the excellent ideas that others have proposed regarding the Worker and the Client, and then builds upon them by illuminating how understanding the Work helps to explain the stories and examples. More important, because a leader's job is to achieve a mission through the work of others, this book's focus on the work gives you a way to navigate this emerging world beyond regular full-time employment.

Work: Escaping Traditional Regular Full-Time Employment

Does being a leader mean leading your regular full-time employees? What does it mean to lead when workers are not employees? For example, should you and your leaders be the best at leading free agents or contractors?

Let's look at some examples of work being done by workers who are outside the confines of traditional regular full-time employment for your business. These workers may be "free agents" who work for themselves, employees of an organization you are allied with, employees of an outsourcing firm, or even volunteers. In these next three examples the workers are as important in getting the work done as the firm's own employees.

How Free Agents Built the Software for Managing Genomes

The leaders at Ion Torrent had a problem. Managing the huge data files that result from sequencing DNA,[3] even with fast computers, was slow and expensive. The company's IT leader was tasked with finding ways to radically improve compression and decompression of the data. But where to find the right kind of programming talent? The existing employees didn't have the time or expertise, so the leaders at Ion Torrent turned to Topcoder for help. Topcoder, despite its name, does not employ an army of software code-writers. Topcoder reaches out to its pool of 700,000 freelance technologists and sets up a competition with an attractive prize. The challenge this time? Find a great compression solution for Ion Torrent's problem. The result? Many programmers proposed novel ways to tackle the issue, with the best one improving compression by 41 times. Through Topcoder, Ion Torrent leaders found the right talent, and achieved outstanding results quickly and cost effectively.[4]

How might Ion Torrent have gotten this work done without Topcoder? The most traditional way would have been to hire coders as full-time employees. Ion Torrent leaders would need to either motivate and retrain their existing coders to solve the compression problem or hire and construct a team of some of the highest-performing coders in the world. Would the existing in-house employees or the high-performing coders outside the company be available to take the job? Could Ion Torrent bring them on board quickly enough to solve the problem in time? Did Ion Torrent have the internal training and development resources to bring coders up to speed? When you think about it, the "natural" decision to hire or deploy your own regular full-time employees to get work done is actually complex and risky.

As an alternative, Ion Torrent could have used someone else's employees, like hiring a consultancy to do the work. This approach offloads the troubling burdens of employment onto the consultancy. Yet the consultancy must maintain or hire coders on its team of permanent employees, and that cost shows up in the higher price of using consultants to do the work. A consultancy may have employees with skills that Ion Torrent doesn't have, but few consultancies can tap a population of coders as large as the pool accessed by Topcoder. Also, it's still not certain that the best-qualified coders for this particular work would want to work full-time for a consultancy.

Part of the economic argument behind Topcoder is that they can find the very best people to do a particular project. A company might have dozens or hundreds of skilled internal programmers to choose from, but that collection of talent pales compared to the 700,000 free agents in Topcoder's network. The second part of the economic argument is that the Topcoder arrangement is cheaper and less risky because coders compete, and the company pays for only the best end product.

The Ion Torrent case leads us to the inevitable question: Are free agents, when organized by a platform like Topcoder, inherently more efficient and effective than regular full-time employees working inside a company or consultancy? Should you ever get computer coding work done by regular full-time employees? The answer, of course, is that it depends on your situation. The fact that it depends means that leaders must make decisions. As a leader, are you confident that you know when to use free agents via a platform like Topcoder? Why was it the right solution for Ion Torrent? Should you make it your strategy? If software coding is pivotal to your strategic success, the answer may determine whether you can compete at all.

How to Power an Energy Company with Contract Workers

It takes about 180,000 workers to run one of Europe's largest energy companies, but the company does it with far fewer regular full-time employees. More than 100,000 of the workers are not employees. Most of the work there has escaped the employment contract, not to freelance platforms like Topcoder, but to contractors.

This case is a vivid example of shifting work from employees to contingent workers. At one time, contingent work was considered suitable only for low-skill jobs, but today contractors can do the work of professionals and even managers. The contingent arrangement has many advantages for firms: It can be less expensive when one considers the total cost of employment (wages, benefits, etc.), in part because it creates a workforce that can shrink and grow as needed. It also helps a company access the skills it requires and get rid of those it does not with fewer costs than if it were hiring and firing employees.

A workforce consisting mainly of contractors presents its own challenges. Will they be as committed as regular employees? Will they be around long enough to develop the depth of knowledge of the company and the operations needed to handle difficult situations? Will the churn of contractors mean that each new worker will require extensive orientation and training? In the case of this energy company, a "beyond-employment" model based largely on contractors proved best. It figured out how to have significant aspects of its work down through a "plug and play" model that optimizes productivity and knowledge transfer.

Your own organization may well use some free agents such as contractors or contingent workers, so you may feel that you have mastered their use. Yet, consider this question: "Why not use *mostly* free agents the way this company does?" As you lead through the work, are you confident that your organization achieves the right mix of free agents and regular full-time employees?

How to Unravel the Mystery of Folding Proteins with Volunteers

Dr. David Baker, a biochemist at the University of Washington, had a problem. He studies proteins, which, when stretched out in a line, consist of a long sequence of amino acids. What makes things complicated, though,

is that they don't *stay* in a straight line. They fold back onto themselves, and predicting how exactly they do so is a famously difficult problem.

If Baker had had an unlimited budget, he could work the problem by hiring a large team of regular full-time employees as researchers. However, most universities can't afford such expenditures, and even if his university could, it would have been tough to find just the right researchers for the job. Indeed, university scientists and R&D scientists at biotech companies had used all sorts of methods, including supercomputers, to try to crack this riddle, with little success.

Working on a tip from Mary Poppins, Baker knew that in every job that must be done, there is an element of fun, so he turned the work into a game. His team created a website and software tools so that enthusiastic amateurs could compete to find the best solution to the folding problem. Over time, the game, called Foldit, attracted a pool of talented volunteers who successfully solved protein-folding problems simply for the fun of it.

Using the Foldit game achieved better and quicker results, with no employees, and with no payment whatsoever. As a leader, should you consider this merely an interesting story, or should volunteers playing games be a component in your arsenal of tools to innovate quickly and efficiently? Are you solving your R&D and other creative riddles by hiring R&D scientists and building laboratories, when a crowdsourcing game could engage the best and brightest workers . . . for free?

The Pressures on Regular Full-Time Employment

As the previous examples have demonstrated, there is an emerging shift in the way companies both large and small are getting work done. In the traditional model for getting work done—such as writing code, solving a research problem, designing products, or creating a TV commercial—you needed regular full-time employees. Traditionally, we organized employees by creating job descriptions, reward structures, systems for recruitment, and so on. It's a bit like building a house out of bricks; it's a lot of effort, but ultimately, you end up with something quite stable and permanent.

The problem with a house of bricks—with all due respect to the fairytale view of these structures—is that they are expensive, slow to

build, and hard to change. If you frequently need a bigger or smaller house, or simply a house in a different place, then a brick house is not the way to go.

Emerging approaches allow you to lead through the work, by organizing the work and workers to get exactly the talent you need when you need it. It's like throwing together a high-tech pre-fab structure, snapping the pieces into place for something inexpensive, fast, and disposable.

Yet, it's not as easy as simply shifting away from regular full-time employment as your work model. In a stable environment, the brick house wins. In an environment that is constantly changing, the pre-fab structure can adapt more effectively. As a leader, what environment should you be preparing for? When it comes to getting work done, most organizations are good at building the "brick house" through regular full-time employment. That has its value, but you must also know how to assemble temporary structures suited to a particular need at a particular time.

The Free Agency of the Regular Full-Time Employee

The employees who live in the brick house can see the need to prepare for a future with multiple temporary work structures. Just turn to LinkedIn and see the jobs people have these days. For example, Graham Donald's profile shows he is VP, Insight & Brand Strategy for Day Communications. But wait—he's also listed as president of his own company, the Brainstorm Strategy Group. How can someone be a VP in a leading communications firm and at the same time president of his own business? Donald's case is not that unusual anymore. Alan Burt, the chief technology officer (CTO) of Ricoh Australia, is simultaneously the CTO of PlanDo, a career management software company. The old tidy boxes are breaking down. Like an electron, people can be in more than one place at once.

What we see from Donald and Burt is that people are adapting to a world where regular full-time employment, what we used to call "permanent employment" is not particularly permanent. They have learned to build their individual brand, often while also working as regular full-time employees. A former free agent like Donald has learned it would be risky to jettison the value he built up in his own company, so he keeps it going part-time—a deal made possible by an employer who is enlightened

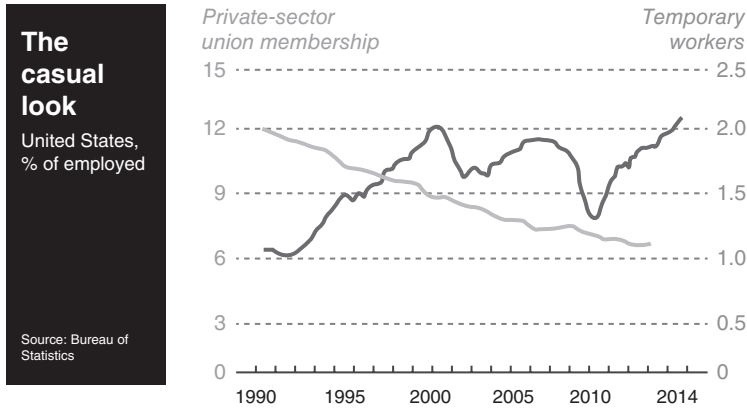

Figure 1.1 The Casual Look: United States, Percentage of Employed

Source: The Economist, 2015; Bureau of Labor Statistics.

enough to see that if you want the best people you need to be flexible in the deal you offer.

As layoffs, downsizing, and rightsizing have become frequent management tools, it's only natural that workers would value arrangements that make their movement between jobs easy. Workers may prefer leaving on their own than being pushed out by their employer. Regular employees now live in a world that bears many similarities to a free agent's life beyond employment. Employment and union trends analyzed by the Bureau of Labor Statistics and presented by the *Economist* validate the shifts we have discussed. Figure 1.1 shows that the proportion of workers protected by union membership has steadily declined by half over the past two decades, while the proportion of temporary workers has doubled.

As leaders, we worry about attracting and retaining employees. As parents, we groom our children, so they can get good jobs. Yet, there are many ways to get work done without having employees, and many ways of being a worker without having a regular full-time job.

Work Is Leaving Organizations

Even when work is done by employees, not free agents, the work need not be done by your employees or in your place of business. Some leaders see

the work occurring in an organization with a more permeable boundary, where work—and people—move inside and outside more freely.

Developing Future Leaders by Loaning Out Your Best Talent

In our book *Transformative HR: How Great Companies Use Evidence-Based Change for Sustainable Advantage* (John Wiley & Sons, 2011) we described how Khazanah Nasional, the investment arm of the Malaysian government, recognized that companies did not have sufficiently varied developmental opportunities for leaders. Khazanah Nasional's executives came up with a bold idea: Why not convince the companies in their portfolio of investments to share leaders with one another, with Khazanah acting as the matchmaker? For example, the power company Tenaga Nasional could send a leader with strong operating capabilities to work for several years at Malaysia Airlines in order to acquire skills in turning around a troubled business. And a leader with significant experience in negotiating international energy agreements could move from the national oil company Petronas, to Telekom Malaysia, where she could acquire the skills associated with operating an integrated telecommunications network. The companies embraced the concept. Employees get valuable development experience, the companies got top talent, and Khazanah helped further the nation's ambition of becoming an advanced economy by building a deeper pool of leaders.

At first the idea of loaning out leaders seems bizarre and unworkable, but Khazanah proves it is entirely doable.

Soccer fans will recognize the model: soccer teams have well-established systems for loaning players to other teams where they will have a better chance to develop their skills. A key to these arrangements is a governance structure and agreed rules for making the loans so that the advantages outweigh the costs for each team. For example, in the Premier League, players on loan are not permitted to play against the team loaning them. Loanees are, however, allowed to play against their "owning" clubs in cup competitions, unless they have played for their owning club in the cup during that particular season.

If we can break down the idea that the organizational boundary is an impermeable barrier, it opens up a world of opportunities. Why doesn't Pottery Barn borrow a couple of product designers from Banana Republic

to develop next year's products and next year loan their own designers to Banana Republic? Why doesn't American Express swap employees with Geico Insurance to build capabilities related to enhancing cyber security?

Of course, lending your talent carries new risks. Does it matter if one of your best leaders, or best players, is outside the organization giving their heart and soul for another team? Will you reap the benefit when they return? And if you had not created this development opportunity might you have lost them anyway?

Again, it depends, and the difference between success and failure lies in the ability of leaders to make good choices, to lead through the work in a way that optimizes the inherent ambiguity that this kind of talent sharing creates. Leaders must navigate practical issues such as whose benefit plan a loaned employee is on and whether, in a soccer match, we allow the loaned player to play against their original team. What a brave new world, that has such options in it.

How to Sell Kids on Hearing Aids by Borrowing Your Partner's Employees

The engineering and electronics giant Siemens makes hearing aids.[5] Among the end users are kids. How do you make hearing aids attractive to kids? How do you get their classmates to think hearing aids are cool, not weird? For all its immense depth of technical expertise and its world-class employees, these questions were far out of Siemens' comfort zone. Siemens is a great company, but its history, strategy, and culture had never encountered the challenge of marketing technology to kids. The question, "Which of our regular full-time employees can take on this assignment," undoubtedly turned up many remarkable workers, but none with deep expertise in this area.

So, the leaders at Siemens reframed the question to ask, "Who in the world really *gets* kids?" The answer was not hard to find—it was Disney. Rather than trying to build the capability among its own employees to figure out how to market to kids, Siemens took advantage of an alliance with Disney. Disney employees were assigned to the project of marketing the Siemens hearing aid. Their solution: Don't sell the hearing aid. Disney experts packaged the product in a colorful case with a Mickey Mouse stuffed

toy and a comic book with a compelling and inspiring story about kids with hearing aids. Disney saw the hearing aid more like a toy than a medical technology.

Children don't buy the wind or gas turbines that are closer to the core of Siemens' business, yet children's hearing aids are a valuable application of Siemens' core capability, an opportunity too valuable to lose. If Siemens tried solving this problem by hiring employees to package and promote hearing aids to children, it would take a long time to hire them, the best of them probably wouldn't consider Siemens an employer of choice, and the new employees wouldn't easily fit into Siemens' core business once they finished work on the hearing aid project. Why build a permanent structure based on employment when Siemens can get the work done faster, with higher quality and less cost, by "borrowing" Disney's employees through an alliance?

Siemens leaders led through the work by realizing that this project could be constructed with Disney as the employer in alliance with Siemens. Siemens got the benefits of Disney's world-class employees, reward structure, and culture with decades of experience marketing to children, without having to create a similar structure internally. The move was enabled by an existing alliance between Disney and Siemens for building theme park rides; the two had learned the trick of working together, and that set the stage for an unforeseen collaboration on hearing aids.

Does the work of your organization require the talent to reside inside your organization, or do you, like Siemens, simply need a way to access the right talent in another company? If the work you need to do is outside your core value proposition (like marketing to children was to Siemens), might there not be better talent you could borrow from outside? Do you structure your alliances based on optimizing the work, or based simply on financial or technical elements?

Fighting Diabetes through an Alliance between Competitors

How does one develop a comprehensive portfolio of noninsulin diabetes drugs? You might think that giant pharmaceutical firms could take that on, but even for them it is a daunting challenge to perform at world-class levels on all the many elements of drug development. AstraZeneca and

Bristol-Myers Squibb are robust competitors, but their leaders led through the work, realizing that the best way to fight diabetes was to do it together. In 2007, they formed a global diabetes alliance to discover, develop, and commercialize new drugs for type 2 diabetes. Add in Bristol-Myers acquisition of Amylin Pharmaceuticals in 2012 and the alliance had the capability to offer a full spectrum of treatment options.[6]

This is a good example of borrowing and buying capability rather than building it internally. In their book *Build, Borrow, or Buy: Solving the Growth Dilemma*, Laurence Capron and Will Mitchell argue that knowing when to build, when to borrow, and when to buy capability is critical to success.[7] The trouble is most leaders lean too heavily on one tactic instead of applying the appropriate solution to the situation.

AstraZeneca ended up buying the alliance in 2014, essentially incorporating employees who were formerly outside its boundary and bringing them inside. Does that mean the alliance was a mistake? No. It is instead an example of another way to lead through the work. Envision your organization as flexible, constantly changing its shape, rather than as a rigid structure. In 2007 AstraZeneca extended its organizational boundary to overlap with Bristol-Myers Squibb in diabetes research; in 2012 Bristol-Myers engulfed Amylin. In 2014 as Bristol-Myers Squibb began moving in a different direction, it made sense for AstraZeneca to fully absorb the alliance into the main corporate body.

If AstraZeneca thought in terms of fixed structures and rigid organizational boundaries, they would never have achieved their current strength in diabetes treatments. They saw the work of winning the diabetes game as being about moving pieces available somewhere in the world, not just moving the pieces available within the organization.

We are all familiar with outsourcing and the economic value it provides through specialization and its ability to mitigate the impact of product demand fluctuations. Alliances have similar advantages, but they introduce a much fuzzier set of relationships. The alliance between AstraZeneca and Bristol-Myers Squibb on diabetes treatment didn't just share employees, it also shared intellectual property. That fuzziness is important. It is both a challenge and an opportunity. When it comes to leading through the work, the traditional boxes we use to define what is inside and outside an organization are breaking down.

Talent Platforms Optimize Freelancing

Earlier we showed how an organization called Topcoder was a source of freelance computer coders to solve Ion Torrent's compression problem. It illustrates how work is escaping the confines of regular full-time employment. Yet, Topcoder is much more than a source of free agents. It is an example of something called a talent platform that not only provides an alternative source of workers but offers insights about what it fundamentally means to lead through the work. We will deal with talent platforms in depth in Chapter 4. Here, we offer some highlights to show just how fundamentally they change how you think about leading through the work.

Upwork, the leading site for freelance work, was designed to be a marketplace that matches work to free agents. Need a logo? You can find a designer on Upwork. Need a part-time administrative assistant? Upwork can help you find one. Need a brand strategist? The talent you need, for as long as you need it, is a few clicks away. In many ways, Upwork is an Internet-based replacement for a temp agency—at least that is what it was when it started.

Think of it like the consumer buy-and-sell sites Craigslist and Kijiji, but instead of buyers and sellers of used household goods finding each other, work and talent find one another. A leader lists a task that needs to be done and free agents offer their services. Alternatively the leader can search the listings of free agents to see who is available. It is similar to job boards like Monster or CareerBuilder, except regular full-time employment isn't being offered or sought; and it offers services to help overcome barriers that get in the way of working with off-site free agents.

Upwork successfully competes against temp agencies partly because of the efficiencies of being automated, partly because it is useful even if you just have a small task rather than a whole job, and partly because it can tap affordable talent in the developing world. Upwork is important if you are a temp agency competing for market share or a leader looking for some extra help. If a talent platform was just the equivalent of a big room filled with tasks and free agents wandering around to find each other, then it would not be particularly exciting. And if Upwork was the only talent platform out there, it would be interesting, but hardly world-changing. However there is much more to talent platforms than this simple view.

Consider the talent platform Ion Torrent used: Topcoder. Whereas Upwork is usually seen as a way of getting work done more cheaply than using employees, Topcoder intends to tackle programming tasks so difficult that your employees cannot do them.

Topcoder challenges employment on two fronts. As a leader, when does it make sense to get work done with a fixed group of employees (assuming you have an employment brand to attract this highly desirable pool of talent, and they would pick you over Google) versus giving the work to more talented programmers on an as-needed basis? As a talented programmer, when does it make sense to tether yourself to a corporation when you could fly free as a Topcoder? The bigger question has to do with the scale of the change. Are we headed toward a world where most programming work is done via talent platforms?

What Topcoder is to programming, Tongal is to advertising. Tongal strives to be a better way for firms to get advertising videos made. It's a talent platform that enables crowdsourcing of ideas and the production of commercials. It attracts work from top brands like Lego, Anheuser-Busch, and Procter and Gamble. In the old big-budget world of mass-market TV advertising, traditional advertising agencies may have an advantage, but among the fragmented audiences of the Internet and cable TV, those big budgets are unsustainable. For commercials, talent platforms like Tongal are a big part of the future.

A quite different kind of talent platform is Amazon's Mechanical Turk. Amazon's platform is named for the Mechanical Turk, one of the most notorious machines in the history of artificial intelligence. The Turk was an eighteenth-century chess-playing robot that astounded the intelligentsia of the time. No, your sense of the history of technology is not awry; the Mechanical Turk was a clever fraud. A man was hidden inside the robot and it was he who provided it with the intelligence to play chess.

Even in the modern world of computing there are some things humans do better than machines. Amazon's Mechanical Turk (MTurk) feels like a machine, but it cleverly takes little tasks and farms them out to anonymous human workers hidden behind the interface. Consider image recognition, such as being asked "Is this a picture of a kitchen or a bathroom?" This sort of task is easy for a human but hard for a machine. When leaders at Amazon confronted the problem of handling large numbers of microtasks a computer could not do, they created a talent platform to farm out these tasks to free

agents around the world. A free agent working on Amazon's MTurk might only earn 10 cents for a task, but that's okay when a task only takes a few seconds. MTurk worked so well that Amazon turned it from an internal tool to a business.

There are a great many talent platforms. In the video business alone, there are numerous sites competing with Tongal, including MOFILM, UserFarm, Genero, Wooshi, and Vizy. Talent platforms extend to the world of on-premise work with the likes of Wonolo, TaskRabbit, and Gigwalk. These platforms connect managers to local free agents who can do everything from filling in for a cashier, to working on a construction site for the day, to helping your grandmother carry boxes upstairs.

Going down this line of inquiry leads us to ask whether the taxi-like service Uber should count as a talent platform. And if so, how do we classify Uber competitor Car2Go, which doesn't provide any talent at all, but is just a platform for finding the nearest "drive-it-yourself" car? And what about Wikipedia? It isn't really a talent platform, but it does source a vast array of talent on the web and is clever enough to enlist them as volunteers instead of paid free agents. Is Wikipedia part of this story, or something quite different? As is so often the case when the old ways are dissolving and the familiar boxes breaking down, there are more questions than answers.

Seeing a Pattern in the Pieces

If your employees are working for other firms as part of their development, if your programming is done by free agents, if your research is done by volunteers, or if a strategic part of your product line is being handled by an alliance, what does that mean to you as a leader?

You can act as if it is business as usual, and focus on leading your regular full-time employees. What's happening on the outside may not need to be a primary focus . . . not yet.

This "business as usual" approach, grounded in regular full-time employment, has lasted a long time even in the face of massive social and technological changes. The stresses on traditional employment structures were described in 1999 by Peter Cappelli in his book *The New Deal at Work: Managing the Market-Driven Workforce*.[8] The rise of free agents was celebrated in 2001 by Dan Pink in his book *Free Agent Nation: The Future*

of Working for Yourself.[9] A few years later, Ellen Ernst Kossek and Brenda Lautsch coined the term CEO of Me to capture the notion that everyone needed to be the CEO of his/her own life and career.[10]

We believe it is time to change your leadership paradigm, from managing your employees to leading through the work. Even if this paradigm shift suggests you will still get work done mostly with regular full-time employees, the very definition of employment has become so seriously eroded that even your regular employees really work for CEO of Me. They are speaking at conferences, maintaining their own side businesses, and leaping for development opportunities outside the firm. A shift toward leading the work is consistent with the evidence that organizations increasingly depend on a web of outsourcers, allies, and free agents. The shift toward leading the work is a way to understand a generation of younger workers that has grown up with no memory of the traditional world of secure regular full-time employment, and no expectation that it will ever return, and the generation of older workers that are working longer, but through arrangements that are different from regular full-time employment.

The leader's job has always been to achieve organization goals by getting work done through others, and for a long time that has been synonymous with managing their own regular full-time employees. Increasingly, that's not enough. Great future leaders will know how to optimize the wide array of options and get the work done across the boundary, at a distance, and with people that may never be your employees. In the extreme, a leader may have no employees at all but may control vast amounts of work done somewhere else. As we shall see, there are already successful companies that operate in just this way.

Having work done by employees is familiar and in some ways simple. Employees do what they are told, more or less. You can keep an eye on them. They are beholden to you because the company is their sole source of income. Having work done outside the organization raises a lot of questions. How do you keep control of intellectual property? How do you ensure continuity? How do you assess the capability of the free agent or outsourcer or alliance to do the work? Do you have enough leverage to make them do what you want—not what *they* want to do?

The solutions to the traditional problems with leading the work exclusively through regular full-time employees are being developed every day. In this book we will bring them together to walk you through the implications.

Figure 1.2 is a graphic representation that contrasts the old way of thinking about work with our new view.

The vast majority of attention in the management literature is on what happens with employees within the organization. If we look at Model 4, it becomes clear that the work done inside the organization is only one element in a much bigger picture. For the leader of today, the question is how to optimize and lead the work across all of these options.

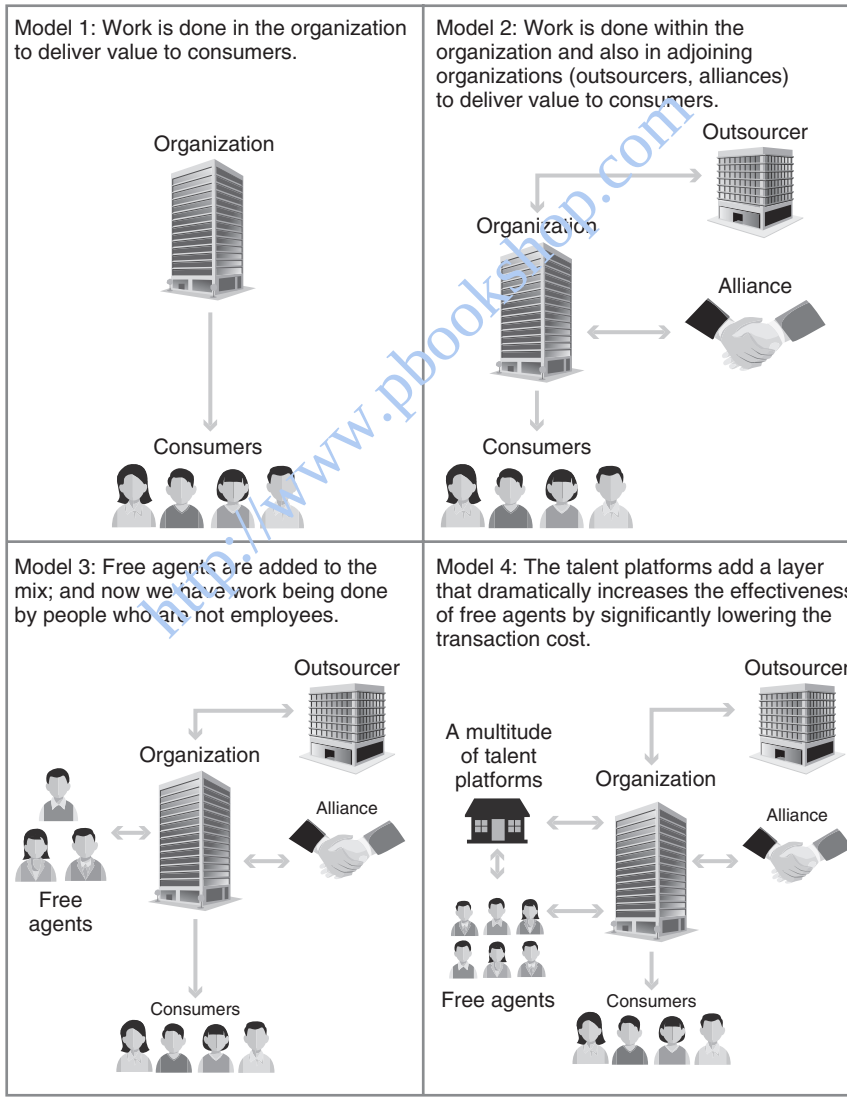

Figure 1.2 Alternative Models For Leading the Work

There are more implications for leaders than just deciding where to get work done. As we have discussed, the rise of the free agent nation and the loss of job security has undermined the solid relationship between employees and employers. What does it means when your "subordinate" is actually CEO of Me? What does it mean when you as a leader are CEO of Me, too?

We have worked with teams where key players offer the excuse that they have only been in the company for a few weeks and are still getting up to speed on what's needed. Sitting beside them the "veteran" turns out to have only a year's tenure with that company, and at the end of the table the technical expert proves not to be an employee at all but is on loan from a consulting firm. The tenuous nature of this group is hammered home when the leader, in a private conversation, mentions she is planning to look for a new job at the end of the fiscal year. That is the reality of organizations today, yet we are still acting as if the team is made up of long-term employees pursuing a career in our firm. We are still pretending that we ourselves are long-term employees, even as we maintain our free-agent credentials and continually scan the market for the next opportunity. How does a long-term project succeed when none of the people involved are there for the long term?

For the individual, the question is where to play. Imagine you are a research scientist. Would you rather be an employee at a consumer products company (where marketing is king) or a free agent going from project to project? Would it be better to work at an outsourcer that specializes in research? To what extent will you be forced to move between the worlds of employment and free agency? What skills would you need to make that possible?

In the first half of our book, we examine the rise of free agents, outsourcers and alliances, and the talent platforms. Once we better understand the dynamics of each area, we set out a framework for managing within this new world.

Leadership Is about the Work, Not Just the Employees

If your business regularly needs to solve some complex problems and you have a staff to do that, what chance do you have against a competitor who has figured out how to use an army of skilled volunteers the way Foldit has?

If your business relies on superior programming solutions and you use a mix of in-house programmers and consultants, will you find yourself continually being second best to a competitor who uses a competition-based platform like Topcoder? Will you always get to market later than everyone else? Will your service never be quite as good? Maybe Ion Torrent's situation was a one-off, or maybe there is a whole class of analogous programming problems where anyone not mastering these new approaches will spend more and achieve less.

In this book we are not trying to highlight unusual stories, we are working to illustrate new ways of getting work done that, in the right conditions, dramatically outperform traditional approaches. In order to make the big leap from a particular success story like Foldit to where the opportunity lies in your own business and in your own life, you need to absorb the stories at a deep enough level so that you see the world in a new way. You need to reach the point where you see your job as a leader being about leading the work, not only managing employees, and recognize that there are a great many ways to get the work done, some of which will dramatically outperform others. The subsequent chapters offer stories, principles, and models to reshape your view of what organizations are, what leaders do, and where the future of work lies in a world beyond employment.

Notes

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