New Workers, New Organizations

BY **ARNOLD LEVIN**

Charles Handy is one of the best-known commentators on modern organizations. His seminal book, *The Age of Unreason*, first published in 1989, accurately predicted that technology would change the nature of work, resulting in a mobile workforce less closely tethered to companies and managers. His books since then have explored the implications of that change, especially for global companies as they seek to absorb and leverage these new ways of working.

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It's been 20 years since you wrote *The Age of Unreason*. If you were writing it today, how would you describe the landscape of work and the workplace?

Charles Handy: Two factors are changing the workplace. First, technology enables people to work anywhere, particularly if they're in the knowledge world. That's not always a good thing because it means that work never gets turned off. Second, if you walk into any office, you'll see that half the people are somewhere else. Since office space is getting increasingly expensive, it's crazy to allocate a private space to every individual.

A more appropriate workplace response is what I call the clubhouse concept—a "members and guests only" kind of workplace where very few people have assigned spaces. It's a club, after all, so it needs to be very nice—even exciting—a place where you go to meet people. It should also be smaller and more flexible than the conventional office. It tends to be the newer companies with lots of young people that opt for these new work settings. Before the older ones can change, they have to break down the culture of "this is my space." That's quite difficult. People are influenced by what they grew up with, and school is the one organization that everyone experiences. At school, you're judged as an individual, not as a group, and collaboration is often discouraged. Everything runs by the clock. It's tremendously hierarchical. It's a terrible model, but it's what most people think of when they hear the word organization.

I predicted that people would either leave their companies or be pushed out, because a lot of their work could be done remotely. In Britain, less than half of the workforce now works

full-time for companies. And that number is overstated—many of the companies employ just a handful of people. Work and the workplace have changed since I wrote the book, but I also predicted that organizational change would accompany these changes. It didn't.

Haven't there been some changes in organizational style since you wrote your book?

CH: Early on, high-tech companies took universities as their model. So they treat their people like iconoclastic academics, recognizing that they get them to work together only by generating huge enthusiasm. In other sectors, there's less of a feeling of entitlement. This is due in part to the presence of women in the workplace. Women are much more interested in getting the job done. They're not so concerned about status and signs of status. The new metropolitan male has embraced some of this, too: "I'd rather have the cash than the title or the status." Yet some managers still have a factory mentality: "We can't see you—how do we know you're working?" Personally, I'd like to get rid of the word manager. Newer companies use terms like project coordinator which implies that you're in the middle of things, not on top. These companies understand that in a free-form, open-source era, it's much harder for them to control their intellectual property. When people can form an instant network around an issue, a project, or almost anything, they're moving outside normal organizational limits. A lot of companies find this frightening, but in fact the potential benefits are huge. Why have an R&D department, for example, when you can contract with a network of independent research talent?

So, along with a new kind of workplace, we'll need a new relationship between individuals and organizations. In the information and knowledge worlds, people will start to change their terms of contract to be less dependent on a company's generosity—or lack of it—to reward them for their intellectual property. As their terms of employment change, they will see themselves as belonging to companies without being "owned" by them. It's that clubhouse concept again.

How will these changes affect work itself? Will the workweek disappear?

CH: We're still conditioned to having five workdays a week plus the weekend, but that's breaking down now because so many organizations are 24/7. I'm in favor of something like an annual hours contract for the average working person. He or she sells 1,800 hours a year to an organization, but there's a discussion about how the time is spent—and a degree of flexibility. This was what the French tried to do. When people could work only 35 hours a week by law, they and their companies had to discuss the arrangements. The 35-hour workweek didn't work—a lot of workers in France went off and got second jobs—but the idea of an annual hours contract that lets people be much more flexible with their use of time is a good one.

Do large organizations have a future?

CH: They do, but it's going to be very different. For one big company to buy or merge with another isn't very creative. Creativity requires a looser structure, closer to the way the film and television industry operates, with very lean companies that work on a project basis and draw from a huge pool of talent—most of which is independent. Richard Branson's Virgin Group is another example. If Branson likes your idea, he'll ask for a 30 to 40 percent stake in your firm in return for his brand. It's then largely up to you to build it. He gives you a list of requirements and a mission, and then waits to see if it pays off. Is this control from the center? Not really. Of course, there are people adding it all up to make sure they're making money, and Branson adds companies and drops them, based on their performance, but the real focus—carried out by a small core of people—is the Virgin brand itself. That's the value that the group contributes.

Virgin is a relevant model for other industries. Why should a company integrate so many different activities if it can turn to specialist firms to get them done? It's become so difficult to manage some of these giant conglomerates that they risk collapsing under their own weight.

As they get bigger, companies tend to add layer upon layer. No more than four layers from top to bottom is a good discipline—it just isn't sustainable in the current economy to have more. Megaliths don't work for people emotionally, either. They like companies that are based on small groups. And people are the other thing that will force change in large organizations. Unless they change, they won't be able to attract the talent they need.

Charles Handy writes and consults on organizations, management, knowledge work, and the workplace. The latest of his many books, *Myself and Other More Important Matters*, has just been published in the U.S. by AMACOM (and is available from Heinemann in the U.K).

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