
THE NEW RULES OF EMPLOYMENT

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For anyone over the age of 40 or anyone raised by parents who are currently over the age of 40, the idea that “they changed the rules while we were out to lunch” resonates. In the mid-70’s the business world profoundly changed, which resulted in significant changes in the way employers and employees interacted. A key driver to these changes was increased competition caused by Globalization, which resulted in:

- Sending low skilled jobs offshore
- Shifting the US economy to be primarily knowledge or service-based
- Increasing work force diversity
- Increasing direct competition from foreign companies
- Flattening and streamlining hierarchical organizations

The most disconcerting part is not the change, but the fact that we are well into the 21st century and many people do not fully understand how the changes have shaped the rules of employment. This white paper outlines four new rules and how an individual can leverage them to enhance their career.

The Rules

The changes that occurred in the last half of the 20th century would fill multiple volumes. However there are four employment rules that are fundamental to managing your career. These rules are:

Rule #1: You are a free agent – act like it

Companies look for the “best players” to fill their current needs and do not hesitate to go outside the organization to find them. As a free agent – you can be one of these “best players”.

Rule #2: Education is king– finish school and keep learning

The US economy is primarily knowledge and service-based. Education and the ability to think are the differentiators that allow you to compete.

Rule #3: Roles versus Skill Orientation – no one is an island

The world is complex and changing, while at the same time organizations are becoming flatter and leaner. Thinking, decision making, problem solving and “playing well” with others are the traits that will get you noticed.

Rule #4: Diversity is here – embrace it

Globalization and an increasing shortage of educated workers has encouraged diversification of the work force. This provides you with new opportunities.

Rule #1: You are a free agent – act like it

Life time employment is dead and all employees no matter the level are expendable. Companies are looking for the “best players” to fill their current needs and do not hesitate to go outside the organization to find them. Like in the sports major leagues, when a player no longer fits the team strategy, a new player is found.

Being a free agent means that you are free to negotiate a contract with any company. Your career is not tied to one company like your parents and/or grandparents. Like a major league athlete – you can negotiate based on your total value. Free agents need to represent a total package which includes their knowledge, customer contacts, associations, and pertinent experience. Being a free agent requires

you to recognize that you can often make the largest contribution and receive the highest compensation by moving to another team. There is little incentive for loyalty.

Let's look at how business changed the contract and made free agency the norm.

Old Contract

Life time employment

Many individuals whether college degreed or blue collar went to work for a company in their early twenties and stayed through retirement. There was a paternal type relationship that said "you commit your life and loyalty and you will be taken care of." Part of being taken care of included continued education, training, and development

Funded pension plans

Unions forced businesses to provide retirement or pension plans for many of their workers. With life time employment there was the promise that at retirement the worker could live comfortably. Moving to the golf course or lake was the American dream. Again there was a paternal responsibility to take care of the employee for life.

Companies primarily promoted from within

As part of life time employment and paternalism, most promotions were internal. Much of the top management spent their entire career with the same organization and worked their way up through the ranks.

New Contract

➤ Employment at will

Most job offers clearly state that the employment contract is "at will" or the company can end employment at any time with no reason. In addition, companies have significantly decreased training and development budgets - preferring to hire new skills from outside.

➤ No plan or an under funded plan

Starting in the '70s with Colt Industries, many companies took money out of their pension plans and de-funded them. This has been a steady trend. Other employers do not offer plans, but provide a 401K to encourage the employee to put aside his own retirement savings. The employee is responsible for managing his own future financial well being.

➤ Go outside for a new CEO and other key positions

The norm is for most companies to go outside to fill key positions. Companies believe it is better to bring in "new blood" than to promote individuals from within.

The disfavor of long term commitments has gone so far that many executive recruiters refuse to introduce an individual that has been with the same company for over 7 years. Obviously they are not a player.

Employees and the community were key stakeholders

The paternal mind set made the employee a key stakeholder in the company. Companies had long-term mind sets and paternalism extended to the communities where the employees lived. Huge contributions to the United Way, the symphony, etc. were “expected”.

➔ **Stockholders are the key stakeholder**

With Globalization and the increase of institutional investors, company focus shifted to quarterly results. Profits, the stock price, and the bottom line – became the key drivers. Paternalism was dead.

In addition, in a global economy employee communities became larger and more diverse making them more difficult to serve. It became easier to not contribute.

What does being a free agent mean in managing your career?

- ✓ Always be open and looking for opportunities (internal to your existing employer or externally) – look for organizations where you can make a high impact
- ✓ Build and maintain long term relationships (decisions are only as good as the information they are based on) – relationships provide you information and can result in future offers and opportunities
- ✓ Build your long term wealth through investment of signing bonuses, performance bonuses, 401K's and general savings – there is no parent taking care of you so you have to maximize your wealth to live your dream
- ✓ Hone your entire market basket of skills including your customer relationships, your ability to attract a team, your experience, and your intellectual capital (who you know is as important as what you know in many cases) – leverage all of your value when negotiating for a new position
- ✓ Know when to move on – if you are no longer making a meaningful impact or your abilities no longer complement the other team members it is time to look for an opportunity where you are a “player”

As a free agent you can move into an organization and make an impact. Just as a star athlete moves to another team where they can make a larger impact and/or receive higher compensation, so can you. Remember, you are under employment at will and the company will most likely go outside for that next key position. You need to be the “outsider” that accepts the key position in another company.

Rule #2: Education is king– finish school and keep learning

The US economy was once heavily dependent on blue collar and manufacturing jobs. Over the last thirty years, the economy has converted to being primarily service or knowledge-based. The days of big unions, manufacturing lines and a large blue collar workforce is gone. Manufacturing companies have moved to dependency on knowledge workers through computerization of their assembly lines and their increasing dependency on revenue from consulting and service.

Let's look at some of the trends that have made education increasingly important.

- ➔ Many jobs that were once considered blue collar now require higher technical skills and significant education. For example:
 - Car mechanics have to be able to read and interpret computer diagnostics and many of the problems are computer related not mechanical

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- Most assembly lines are computerized and require technical expertise not mindless routine
 - Most police and fire positions require college degrees to manage the computerization of information and increased complexity of the law
 - Many jobs have been radically changed or are in the process of being eliminated:
 - 30% of cars are purchased on the internet making the classic car salesman a dying profession
 - 2/3 of house hunters use the internet to preview houses, changing the role of the real estate agent
 - Secretaries have been replaced by administrative assistants who have higher education levels so they are equipped to deal with significantly higher levels of technology and complex communication
 - New jobs have been created:
 - Many primarily manufacturing firms such as Hewlett Packert and Cisco provide services and consulting, which make up a growing portion of their revenue
 - Web masters are a job that was not even dreamed of 10 years ago

How do you ensure that you can either adapt to changes in your current job or be ready for new jobs as they are created?

- ✓ Get an education and maintain it – only through continual learning can you keep up with the changes in your profession
- ✓ Embrace technology – you will need technology to access and organize information
- ✓ Continually reinvent yourself – through education and technology you can transform yourself because the world changes hourly
- ✓ Read – your ability to read and comprehend is a major predictor of your success
- ✓ Network – maintain a diverse personal network of people you can rely on to assist you with information and problem solving
- ✓ Don't wait for your employer – initiate your own learning experience

The common thread is the need for continuing education and learning. Employers expect knowledge-workers to solve difficult problems and to acquire and assimilate new information. Education teaches you to think, solve problems and continually learn. The ability to demonstrate that you have the intellectual capacity to think and continually learn is in high demand and critical for success under the new rules.

Rule #3: Roles versus Skill Orientation – no one is an island

Hierarchical organizations and isolated positions died with Globalization and the move to a knowledge-based economy. With increased competition companies are more nimble in order to react quickly to the changing environment. In flatter organizations there are not enough managers to provide detailed direction. This necessitates that employees understand more than their specific tasks. They must understand the big picture, work with teams of diverse people, and convert to new roles as demands change.

Teams have replaced the hierarchies and many daily activities are conducted in cross functional teams. An individual is expected to become an integral player versus going along with status quo. Success is judged by the overall performance of the team rather than the individual contributions of its members. There is low tolerance, however for team members who do not contribute to overall team goals.

Current examples where an individuals' day-to-day job is associated with a team includes:

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- **Revenue Teams** – many organizations develop cross functional teams that are responsible for generating revenue. These teams include classic sales resources, consultants, marketers and others. Sales and delivery is seen as interrelated.
 - **Asset Teams** – most oil and gas companies have developed cross functional teams to exploit their assets. These teams include engineers, marketers, geologist, geophysicists, and accountants. The teams are tasked with identifying and developing properties and maximizing the value of the company's assets.
 - **Cross Functional Technology Teams** – most large information technology projects have team that combine both information technology professionals and people from the end user organizations. These combo teams are asked to ensure that both the technical and business process issues are addressed and that business priorities drive the project.

How do these flatter, team-focused organizations affect your career? It means that you are going to need to:

- ✓ Develop experience and expertise in working within a team setting – preferably being a leader
- ✓ Develop expertise in at least 2 disciplines (e.g., accounting and information technology, finance and operations, engineering and plant management) – it increases your value
- ✓ Hone your critical thinking and problem solving abilities – they are required for solving broad organizational problems
- ✓ Initiate – waiting for a manager to tell what to do is not an option
- ✓ Be a full team participant – remember that a team is made up of multiple players who have their role and function to fulfill
- ✓ Be flexible – teams require individuals to play different roles; depending on the goals of the team

Employers look for employees who can pull diverse groups of people together and leverage the total talents and expertise of the team. As a free agent you can look for opportunities where your skills, experience, and contacts (your total package) make a major impact.

Rule #4 Diversity is here – embrace it

The combination of Globalization and an increasing shortage of educated knowledge-workers has encouraged the expansion of diversity in the work force. Statistics that illustrate this trend include:

- A projected shortfall of 20 million workers in the US by 2010 – US Bureau of Labor Statistics
- 45% of surveyed US employers would have hired more people in the previous 6 months, if they had found qualified people – Manpower, Inc Survey, October 2006
- 47% of the work force are women - 2000 US Census
- 27% of the work force are minorities, the % of minorities in management positions has increased by almost 4% since the previous census - 2000 US Census
- 12% of the work force are foreign-born workers
- 55% of college students are women, 30% are minorities and 20% are foreign born – CNN and the Associated Press

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- Baby boomers (age 42-60) make up approximately 50% of the work force, 77 million of them will reach retirement age in 2010 – Bureau of Labor Statistics

Diversity whether it is sex, age, race, national origin or religion is growing and will continue to grow. Stereotypes are no longer valid. If you are a minority then you have an opportunity to leverage this trend toward diversity to enhance your career. If you are a part of the majority, be aware that you may soon be working for a minority manager. Increased diversity requires an improved yardstick to augment the interview process that is flawed with a “like me” bias. Differentiation of cross cultural traits is critical to this new rule. High performance has a new face.

Ways you can leverage diversity in developing your career includes:

- ✓ Develop empathy and respect for other cultures and times zones – celebrate differences
- ✓ Embrace diversity – build teams and networks of diverse colleagues (race, religion, nationality, etc.)
- ✓ Differentiate yourself – demonstrate that you have the key attributes that are needed for success including reading, logically thinking, initiation, and execution

Employers look for ways to measure and assess people that do not match stereotype or are not “like them”. The best way for you to exploit this need, is to demonstrate those attributes that make you a valuable asset and to develop your own comfort level in dealing with people that are not “like you”.

Conclusions

The rules associated with hiring have changed and employers want a new breed of employee. This employee is characterized by their abilities to:

- ✓ Think
- ✓ Initiate
- ✓ Continually Learn
- ✓ Develop Teams
- ✓ Contribute multiple disciplinary expertise
- ✓ Willingness to change teams (internally or externally), as needed

The rules have changed and so have the expectations. If you understand and exploit the new rules it is an exciting time. You have significantly more control over your career and work life than your parents. If you align with the expectations listed above you will be successful. If you expect life time employment, someone to tell you what to do or a job where you don't have to think; then you are most likely headed to under or unemployment.



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About HumanResourceNetwork.com

HumanResourceNetwork.com, (HRN) is the only web site that specializes in the identification and marketing of High Impact Players. Through the application of a proprietary assessment and a unique free agent process, they have created a talent pool of High Impact Players. HIP's are drawn from a variety of knowledge-based specialties such as Information Technology, Engineering, Geosciences, Financial Services, Accounting and the Law. HumanResourceNetwork.com is transforming the hiring process by introducing an objective measure of an individual's ability to successfully contribute.

Based in Newport Beach, California, HRN identifies High Impact Players and matches them to organizations who expect their employees to think, initiate and execute.