



Two Sides of the Same Coin™



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Those of you who know me are also aware of my research into the changing world of work; and you may remember me suggesting to you that we were in the midst of a workplace revolution. Economically, our financial woes are the worst they've been since the Great Depression; but in the world of work, the layoffs (or redundancies, depending on which part of the world you live in), are eerily reminiscent of 1980s America and 1990s Britain. In those decades, workers in each nation were first introduced to a new reality, one in which lifetime employment could no longer be taken for granted. Given the fact that many governments are finally acknowledging what the rest of us have known for a year or more – that we're indeed in a recession of the severest proportions – it seemed to me that it was particularly appropriate to reflect on this revolution at work, and how it was likely to affect managers and those they manage.

For those of you who are unfamiliar with the revolution to which I refer, let me give you a brief recap. I named it the “Horizontal Revolution” because during the recessions I just mentioned the emphasis was on reducing the number layers within the hierarchies of most of the companies that were affected by it.¹ It is perhaps beyond the memory of many of you to recall what was known as *stagflation* in the late 1970s, a period during which the US economy stagnated under high inflation. Interest rates then rivaled many credit cards today. Two recessions, referred to as “double-dip” occurred within three years (1980-1982), with the shortest period of expansion in between in US history. The high US interest rates forced rates up in other nations as well. I can remember paying 15% *on a mortgage* in the United Kingdom. At that time, economic pundits were telling us that we could expect interest rates to remain high forever. The press seems to have forgotten these wild claims, as it is not

¹ Hoag, B & Cooper, C L (2006). “The Horizontal Revolution,” Chapter 3. In *Managing Value-Based Organizations: It's Not What You Think*. <http://www.amazon.com/dp/184064981X?tag=bruchoagorgap-20&camp=0&creative=0&linkCode=as1&creativeASIN=184064981X&adid=1XBE8EVAJMW3D71P6WQ6&>

calling the scaremongers of that generation to account for the low interest rates we have today.

To continue with our story . . . OPEC, the Organization of Petroleum Exporting Countries, in a period of rare consensus, had also cut oil production, driving up energy prices. Prices at the pumps were as high or higher than they have been even in recent months. Motorists queued for hours to obtain their ration of the available gasoline. No one was allowed to “fill up.” These recessions plus the competition from Japan forced millions of white collar workers in the US out of their jobs. As companies realized that they would not be able to return to “business as usual,” the phrase *no job for life* emerged as the new mantra. In the early 1990s, the same lament reached Britain’s shores.

Although the Horizontal Revolution probably began as early as the 1960s, it’s only been during the past 20 years or so that its affects have started to be felt. Admittedly, some people have noticed the changes to a greater or lesser extent, depending upon their own personal circumstances. The current recession should remove any doubt, though when it’s all over, there will probably still be people who are hoping that the turmoil is not the revolution that I’ve described, but rather a blip in an otherwise unbroken cycle of boom and bust where the world, the world of business, and the world of work fundamentally hasn’t changed. I very much hope that you are not among them. Open your eyes. If you see ostriches in your vicinity, take your head out of the sand.

I’m fond of asking people how they’ve changed their behavior since they were persuaded that they didn’t have a job for life. You would think that this question would be less and less relevant the further away from the 1980s that we got; but it isn’t. Most people tell me that their behavior hasn’t changed at all. They still think of themselves as employees, or between jobs, and behave accordingly.

I mentioned in the last newsletter that managers also expect those they contract to act as though they were permanently employed; that even though they don’t have a job for life, they should give the same effort, work as many or more hours, and display the same loyalties as if they did. Neither group, it seems, wants to think about the alternatives when the current crisis is over. So much for lessons learned, and so much for understanding history so as to not repeat it. Ignorance is bliss. Don’t rock the boat. It’ll be all right at the end of the day. Just

wait for the dust to settle, and we can all go back to doing things the way we've always done them. If you really believe this, then I can give you a special price on a bridge in New York. We'll both make a killing.

The *experts* generally agree that this recession will last for the best part of 2009. Here's my question to you: What do you intend to do in 2010? Is it early days yet? Are you still waiting to see to what extent you'll be affected by the economic downturn? Are you holding out in the hope that, once again, you'll avoid having to do things differently from the way you've done them for all of your working life? Here's a home truth: If you wait until the last possible second to change your behavior, you'll be making choices with the great majority of people who have been sharing your delusions. The time to abandon ship is before the water reaches the top deck. It's not there yet, but if you look out of the portholes, you can see the sharks.

So Mr Manager and Ms Independent Contractor (nee Employee): How can you prepare for the end of the recession? First of all, recognize that the world of work will be a different place than it was before the recession began. In the coming year, as more people are laid off, many of them will decide that it's time for them to start their own businesses. This has been the pattern in past recessions. The difference on this occasion is that a generation of workers, who were largely unaffected by the previous economic downturns, will lose their jobs and as a result officially join the ranks of the self-employed. Those of you who have known for some time that you do not have a job for life need to start thinking and behaving like the self-employed people that you know you are. Denying this fact will not make it any less true.

Second, you must realize that value will matter more than ever. I've said before that the workforce today is the most highly skilled and highly educated in history. It's also the most expensive. The popularity of outsourcing and offshoring reflects this. The indigeneous populations of North America, Europe, and Australia not only have the highest living standards in the world, they also pay the highest real wages. That means that the independent contractors in those countries will have to deliver even more value to obtain opportunities to work. No matter who you are, you should neither work for nor pay out money for time. Apart from "as soon as possible," no one cares how many hours it takes to accomplish the job. The only thing that matters is that the work is accomplished. This has been true of independent contractors for hundreds of years, and it's still true today. Some people can deliver more

value in five minutes than others can in five hours, which is all the more reason why time is no longer money.

Third, take personal responsibility for your own employability. This applies to managers as much as it does to those they contract. Personal development plans or personal growth plans are *personal*. It's not up to the company to create or maintain them, nor is the training and/or development available from your professional association mandatory to fulfill them. You, better than any one else, know what you need. If you aren't sure, then get some advice; but don't rely on anyone else to make that decision.

Those of you who are already self-employed are not off the hook. You already know that professional development is your responsibility. During the coming months, take some time to think about the direction your profession is likely to take and the kind of training and/or development that will benefit you the most when the recession ends.

I just want to close this newsletter by encouraging all of you to examine your own careers in light of your abilities and education. Think about where you can make improvements that will result in the greatest difference, and then act on what you discover.

Reminders

Three new forums are available on my website:

1. Newsletter discussion – this is an opportunity for subscribers to agree, disagree, challenge, cajole one another on this month's topic. With nearly 300 subscribers, this forum should provide stimulating discussion.
2. Manchester Business School Alumni – If you attended the Manchester Business School, then this forum is an opportunity for you to connect with those you know and some that you don't. Use this forum to make a difference.
3. Dealing with Bad Bosses & Employees – I regularly provide advice to AllExperts on how to deal with difficult people at work. This forum provides an opportunity for you air your grievances against the worst of the lot. You might even get some helpful advice along the way.

You can sign up for these free forums by visiting <http://www.p-advantage.com/forum>.