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LOL Journal: Autonomy as a Culture Magnet

Investments is a talent business. Our clients tell us repeatedly that they must attract and retain talent to win in competitive markets. They link talent to culture. Firms with great reputations and strong cultures win the war for talent. So, this journal entry discusses one powerful way to improve your culture and make it a talent magnet.

The shift involves changing the mindset of a firm from:

- *“facetime and hours worked” to “productivity and results delivered.”*

Given that money management is clearly a “knowledge” career, you would think that most firms have already shifted from a “factory mindset” to a “thinker mindset.” But many have not. Even at some of the better investment firms, there is still much emphasis on “who shows up early, and who works late.” We hear lots of comments that involve the core concept of “time at your desk.” Examples:

- “John takes a long lunch and works out during the lunch break.” (Read: he’s a slacker.)
- “Sally does not show up until 9:00 a.m. each morning.” (Read: she’s not really committed to her career.)

One firm had a practice of sending a PA around with a clipboard each morning recording who was present at the office and who was away. The results: a highly insulted staff. (“They treat us like children.”)

In response to comments like the above, many investment leaders say, “We have moved into the 21st century, we have flex-time.” But note, flex-time is NOT what we are talking about. Flex-time still involves the old paradigm that “work is a place you go” (NOT something you do.) In flex-time, you are still expected to punch the clock for 40 hours, but you get some freedom as to which hours.

The new paradigm is radically different. Pioneered by Ressler and Thompson at Best Buy (and described in their book, **Why Work Sucks and How to Fix it**), the Results-Only Work Environment (ROWE) focuses ONLY on results. Time and place become irrelevant. In the new paradigm, workers are allowed to get their results wherever, whenever, and however they wish. Firms that practice this approach have eliminated vacation policies and sickness policies. Facetime becomes irrelevant. Understanding and completing your assignments is all that matters.

Of course, trust is core to this approach. Can I trust my employees to do their work? Can I trust them to be mature individuals who take their responsibilities seriously? Can I trust them not to abuse the freedom? Indeed, if you have workers you can trust then a move to the ROWE environment makes perfect sense. It allows workers to have total freedom and pays them the ultimate vote of respect: I trust you to get your work done.

Before you read further, ask yourself: What is the paradigm at our firm? Do we have ultimate trust in our workers? Or do we still operate with a “time” and “place” mentality? That is, they should spend the requisite amount of time in their chairs at the office. If you’ve moved to the new paradigm, then you should certainly highlight it in your recruiting. The younger generations love this autonomy. (See Dan Pink’s book Drive for more on the power of autonomy as a motivator.) If you still operate with a time/place mindset, then you may have an opportunity to significantly improve your culture.

FCG’s client work provides examples of firms wrestling with this new paradigm. (We’ve woven several situations together so as to preserve anonymity. We’ll call the amalgamation, ABC Assets.) ABC Assets still has a time/place mindset. And it has caused a fair amount of friction. The conflict reached a peak when one of the operations workers (call him Bill) was given a special work arrangement—due to a family situation—in which he had significantly more freedom than any of his co-workers. This touched a deep nerve in co-workers. All people have an innate sense of fairness and this special arrangement violated fairness. Some of the co-workers were outraged that Bill was given a special arrangement. The culture survey that FCG conducts showed this turmoil in the following sludge results:

WORK GROUP	EXISTING COHESION	SLUDGE
Investments	48%	2%
Operations	31%	25%
Sales/Marketing	53%	3%

ABC Assets is an excellent firm, with great investment results. But as you can see, the sludge factor (i.e. behaviors that negatively affect morale and results) had ballooned up to 25% for the operations team. (The sludge factor “gossip” was especially high.) The “cohesion” factor measures how much the group is aligned around a set of positive values and behaviors. Because the leadership of this firm is top notch, they chose to address this issue rather than ignore it. FCG met with team members and discussed the current situation. The highlights of these interviews were as follows:

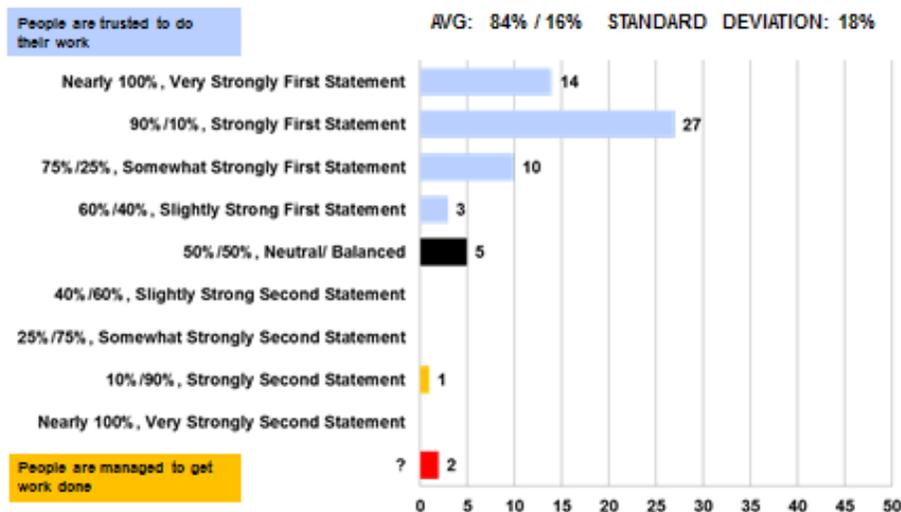
- Some team members were relatively unconcerned about Bill’s situation.
- Some team members were very upset, and told us that his arrangement was “unfair” and showed “inconsistent” leadership. They believe that Bill’s arrangement has damaged morale and trust. And they believe that it has caused some workers to abuse the system. For example, to call in sick when they are not actually ill.
- Bill’s boss believes that he is doing a first rate job and has no issues with his arrangement.
- Bill’s direct reports agree that they like working for Bill and have no complaints.

- ABC Assets’ CEO believes that the firm has benefitted from Bill’s arrangement in some unexpected ways. He agrees that he is doing first rate work, but acknowledges that the benefits of granting him this arrangement has had its cost in firm friction. (Read: sludge)
- Other workers at ABC Assets have similar autonomy—like Bill—but for various reasons, co-workers do not voice concerns. One reason cited: the other arrangements for greater freedom have been longstanding, whereas Bill’s is more recent. Another: Bill is a manager, whereas other workers with this arrangement are independent contributors with no direct reports. Still another reason: the sales people have always operated this way, so it’s a “given.”

As FCG learned about the situation from these interviews, we began to see the solution as more of a structural one than the traditional teambuilding/coaching intervention. ABC Assets was experiencing the predictable growing pains of a firm moving from a traditional “factory” mindset to a results-only work environment mindset (ROWE). In FCG’s opinion, the workers who were complaining were justified in their view that the arrangement was unfair. No amount of teambuilding or coaching would change their view. So, FCG explored the question: could ABC Assets move to a ROWE culture?

For example, was the trust level in the firm sufficient to allow workers to choose how, when and where they would do their work? Data from the culture survey suggested that the answer was “yes.” Here is the question on the survey that specifically addresses the trust issue:

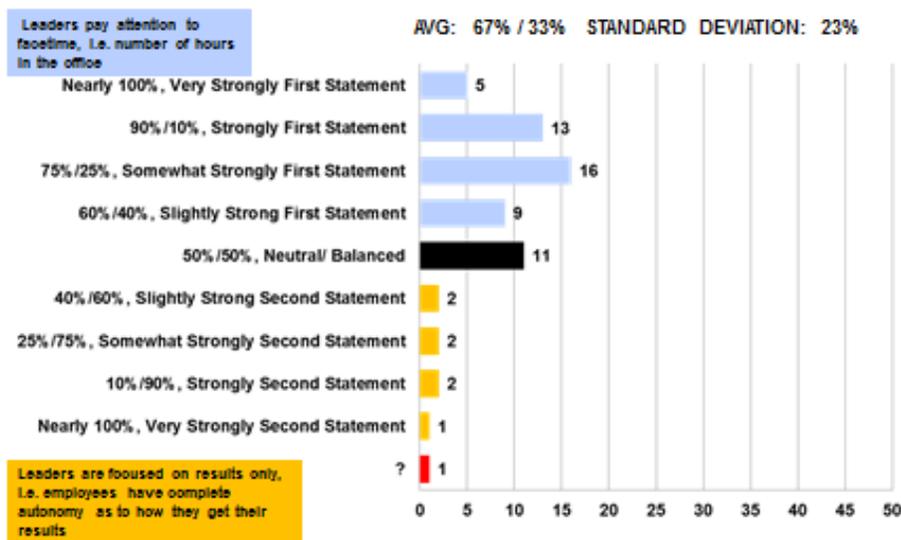
People: Trusted vs. Managed



Clearly, the employees at ABC Assets feel that they are trusted to do their work. Only one employee felt that they were “micro-managed” by their boss. (In the survey debrief with this firm, the CEO laughed and told us, “I think that person has since resigned.”) And 41 employees are at the end of the continuum that states: we are trusted by our bosses. Leadership at ABC Assets has done a fine job of building a trusting culture, and the survey results bear this out.

Isn't it interesting then, that a different survey question on the issue of facetime tells this story:

Focus: Face Time vs. Results Only



Despite all the trust in the organization, most of the employees feel that their bosses are paying attention to facetime (number of hours in the office) as opposed to focusing on results (are they getting the work done?). These results are inconsistent and highlight a wonderful opportunity for ABC Assets. They can improve their culture overall by moving from the facetime paradigm to the ROWE paradigm. This structural shift would solve the “unfairness” issue for the operations staff, and at the same time allow the entire staff to enjoy more autonomy in their worklife. (Note: many employees at ABC voiced a strong concern for better work/life balance. Presumably, a ROWE culture could help achieve this. For example, just imagine how your productivity could go up—and stress down—if you eliminated a long commute to work! This change could be a win for everyone: firm, employee, his/her family, and the clients.)

For a “taste” of what ROWE looks and feels like, here is an excerpt from Ressler and Thompson’s book:

1. People at all levels stop doing any activity that is a waste of their time, the client’s time, or the firm’s time.
2. Employees have the freedom to work any way they want.
3. Every day feels like Saturday.
4. People have an unlimited amount of “paid time off” as long as the work gets done.
5. Work isn’t a place you go—it’s something you do.
6. Arriving at the workplace at 2:00 pm is not considered coming in late. Leaving the workplace at 2:00 pm is not considered leaving early.
7. Nobody talks about how many hours they work.
8. Every meeting is optional.
9. It’s okay to grocery shop on a Wednesday morning, catch a movie on a Tuesday afternoon, or take a nap on a Thursday afternoon.
10. There are no work schedules.
11. Nobody feels guilty, overworked, or stressed-out.
12. There aren’t any last-minute fire drills.
13. There is no judgment about how you spend your time.

So, why wouldn’t ABC’s leaders make the shift? It seems rational and there are clear benefits. The CEO and several senior leaders expressed two overriding concerns when we proposed a ROWE culture.

1. *“Don’t teams need to meet face to face to build trust? Wouldn’t we jeopardize our strong culture if we stopped having that frequent interaction?”*

This is a fair point because “familiarity” is a trust factor. We build trust as we become more familiar with co-workers, as we communicate more frequently. So, let’s address the point.

First, the maturity of a team is important. If a team has been working together for a long time (more than a year), the benefits of frequent interaction have largely been reaped. I don’t need as much face time with a co-worker if we have developed a good relationship over a period of several months.

Second, the tools that we have today are so much more supportive of a ROWE culture. The CEO of ABC Assets acknowledges that when he started in the business world his only real tool was the rotary telephone (some readers can remember these old phones where you hated people with “0’s” in their phone number because it took so long to dial!). And if you were on the road, you had to use a payphone! (Gen Xers: A *what!*?) Now, we all have smart phones and laptops, so offices are virtual. We can send emails at any time, day or night. (Even from airplanes at 35,000 feet.) We can receive calls wherever we are. If a meeting requires visual cues, we can use Skype to see all the participants. Technology has made ROWE far more possible than ever before.

Third, a ROWE culture is all about results. So, if your team needs to meet more frequently, then they should do so. Just because the firm moves to a ROWE culture that does not mean that workers must

avoid the office or have fewer meetings. In fact, at ABC Assets, several of the operations people said they would continue to come to the office every day because they **preferred** that option.

Finally, the upside from the freedom, autonomy, respect and trust that are implied in a ROWE culture can significantly outweigh any turbulence encountered by a more traditional approach.

2. *“When I work from home, I’m very inefficient. I think this is true of most people.”*

Interesting comment. FCG has seen it work both ways: much greater productivity, and much less. The beauty of ROWE is that YOU choose where you want to work. ROWE does NOT mean you HAVE to work from home. It’s whatever suits you. In this sense, ROWE requires maturity and wisdom on the part of the workers. Choose the best arrangement that allows you to get your work done, because THAT is all that matters.

A point of disclosure that allows FCG to argue forcefully for ROWE is that we have always operated with a ROWE culture. And it works fine for us. In fact, it is one of the aspects of working for FCG that staff members love: complete freedom to plan and execute on your work as you see fit.

Okay, so what is the catch? Why don’t more asset management firms do ROWE? First, fear of the unknown. As the CEO at ABC said, “Why take the chance of screwing things up, when we are doing so well?” Fair point. After all, “if it ain’t broke, don’t fix it.” But in the case of ABC, they are experiencing friction by straddling two different cultures: facetime and ROWE. Why not just move completely to ROWE and eliminate the cause of the friction? Second, and perhaps more subtle, in a ROWE environment, **bosses must be very clear about roles, responsibilities, clear performance goals, and outcomes**. After all, ROWE is all about results. So, bosses need to take the time to figure out for each worker: what are the results that s/he needs to achieve? The old paradigm—logging hours—eliminates some of the need for careful performance measurement because one can always fall back on: “He’s a hard worker, he’s in here every day from dawn to dusk.” Hours of work may be a horribly inappropriate way to measure value-add, but at least it’s easy. (Remember the punchline to the old joke about looking for the car keys under a streetlamp: “the light is better.”)

But if a firm is willing to undergo the hard work of clarifying outcomes and measuring results, then the ROWE approach offers huge upside. FCG can say this with confidence because it has worked for us for over a decade. If your firm wants to create a culture that is a magnet for talent—young or old—think seriously about moving completely to ROWE. In the knowledge business, where thinking and decisions are the products, ROWE makes perfect sense. And it will help your firm become a magnet for top talent: attracting and retaining it.

Curiously,

JW