

WHEN GOOD JOBS ARE PERISHABLE.

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The purpose of this article is to provide a perspective on changing executive level career models under conditions of (1) job perishability and (2) tough non-competes for senior executives.

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Twenty-five years ago, changing economic times and the need for companies to develop nimble, leaner workforces shattered the model of the lifelong career at a single company. Executive job tenure began to shrink along with product life cycles, and time frames for achieving corporate exit strategies.

Good jobs had become perishable.

With the rise of intellectual property as a source of value, non-compete contracts became routine and routinely enforced.

Executives now routinely become totally immersed in jobs within specific industry sectors, develop deep networks within those sectors. And within a day, those networks can become of little value. And because retained search assignments are so industry specific these days, executives can easily feel trapped in a Catch 22 world.

What career model will fit the first twenty-five years of the 21st Century?

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FREE AGENCY IS BOTH TRUE AND MISLEADING

Economists like Robert Reich and popular business magazines like BUSINESS 2.0 began to write about Free Agent Nation: Under a free agent model, executives have careers that resemble professional sports stars, smoothly shifting from one major league team to another major league team through the work of third parties. In the sports and entertainment sectors, these third parties are called Agents. In other sectors, these third parties are called recruiters.

This model implied executives smoothly move from one senior executive position to another. The Free Agent model may work for “name brand” executives who come from “name brand” companies. But it would be misleading to assume it works for all executives.

To make an analogy, professional sports players represent an elite segment of the general population. But only the top 10-15% of this elite can count on the Free Agent model to work in their favor. For the 85th percentile and below of this elite group, when their contracts with one major league team are not renewed, it is the beginning of the end of their professional sports career (i.e. Minor League or overseas teams) or the end. And even if we disregard performance, there is always the issue of age. At some point, the free agent model will stop working for even the highest performing athlete.

In business sectors beyond sports and entertainment, the model is similar: Free Agent works for the top 10-15% of an elite group of executives. And even the top performers within this elite group will find that free Agent will stop working for them when they reach the “awkward age:” Too old to find opportunities in Employment Assignments but too young to find retirement attractive.

The notion of moving from a “good” corporate job to “Temporary Help” as a consultant or an interim executive can be both humiliating and painful. The Free Agent Model says “winners” leap from job to job. On the other hand, failure to grasp the realities of the marketplace can make life even more painful. Consider the case of Jack:

Jack was CFO of a Fortune 1000 company in a declining industry. A larger player acquired Jack’s company and he received a one-year severance agreement as part of his exit package. Jack spent the first nine months aggressively networking for a full-time CFO job in his geographic area, while making it clear that a full-time CFO position requiring relocation would be a second choice. By month ten, Jack became concerned about his family cash flow situation, and began looking for interim CFO assignments or project consulting assignments.

Jack found hi network unresponsive and the reason was obvious. Jack had clearly signaled early in his job search that Project Assignments were not on his original career agenda. Jack’s network reasonably concluded that he had failed to achieve his goals and was now desperate. Jack is now approaching month 24 without either employment assignments or project assignments. He refers to himself as feeling like a bottle of milk at a supermarket whose freshness date has expired.

We work with executives like Jack every day. His story is both unhappy and common. It need not have ended this way. Jack needed to understand and accept that his career may have begun as an employee but it would most certainly end as a consultant. Nor did he understand that a lifetime of work does not involve managing a single career comprised of a series of corporate jobs. It is more like managing two careers – one focusing on employment assignments and the other focusing on project assignments.

In our experience, less than fifty of the eight hundred executives we have worked with have mastered the discipline and flexibility required to be successful in managing two careers that crisscross over time.

What can these fifty executives teach you about the skills to be mastered?

THE FOUR CRISS CROSS CAREER MANAGEMENT AGENDAS:

MASTERY OF RELATIONSHIP MANAGEMENT: from narrow banding to broad banding.

MASTERY OF RELATIONSHIP MANAGEMENT: from using the network as needed to keeping the network warm at all times.

MASTERY OF AFFILIATION NEEDS: from company centric to company centric and guild centric.

MASTERY OF JOB CONTENT: from provincial to cosmopolitan to provincial to cosmopolitan.

MASTERY OF PROFESSIONAL IDENTITY: from you are what you do to you do what you are.

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MASTERY OF RELATIONSHIP MANAGEMENT: from narrow banding to broad banding of relationships.

Senior executives are used to having the outside world knock at their doors, and having executive assistants take messages. The demands of scarce time frequently move such executives into what we call a narrow band framework of relationship management: external relationships are mostly confined to large, branded vendors. Bringing in well-known names for consideration is an easy decision and reduces political risks. All executives know the saying, "Nobody was ever fired for bringing in IBM." Time saved through narrow banding of external relationships can be applied for critical internal relationship management issues.

Based on our work with clients over the years, we believe narrow banding of external relationships is not in the company's interests and certainly not in the interests of executives whose careers will crisscross through employment and project assignments.

It is true that senior executives seldom get fired for bringing in well-known name brand names into their companies. It is also true that senior executives seldom are promoted because they know how to instruct their secretaries to program their speed dial for the "usual suspects."

Taking the necessary time for broad banding of relationships is a win/win situation for the company and for our clients.

When in the Employment Assignment trajectory, we recommend that our clients take the time to learn the best, most cost effective interim and consulting resources for their company's needs. For example:

A company in the food distribution industry wants to look at its sales compensation plan.

There is no glory or savings in calling one of the four national compensation firms and asking for a proposal. On the other hand, the Chief HR Officer knows that there is a boutique firm in Miami that focuses on sales compensation for the food distribution industry. Its fees are 30% less than the large compensation firms. The Chief HR Officer knows he will be dealing with the owner and not a junior consultant.

In an era where more non-core business functions are getting outsourced, senior executives with broadband relationships know that they can provide unique value to their employers. One executive we know allocates one day a month from 4:30-6:00PM to meet new vendors and get a sense of what is going on.

The sparkling executives avoid narrowing external relationships into a few large vendor buckets. They want many relationships with many outstanding vendors, both large and small. One of those relationships can help them move to their next assignment.

MASTERY OF RELATIONSHIP MANAGEMENT: keeping the network warm versus using the network on an "as needed" basis.

Executives' failure to grasp the criss-cross nature of careers management is most powerfully felt when leaders in the employment assignment phase let great networks grow cold. People are not enthusiastic about helping executives who only contact them when they are need favors. On the other hand, the time demands of full time employment provide little ability to keep good networks warm.

Scarce time needs to be allocated strategically. One CEO has hired a firm to outsource keeping the network warm. The firm has created a one-year "keep in touch" campaign that involves the firm designing and initiating a contact program for the executive. For example, the firm will send out six mailings per year. The firm designed each campaign on the CEO's personal stationary. The CEO only had to sign the letters with a personal note at the bottom of each letter. One campaign went out to CEO colleagues and included an enclosure about the CEO's company. But another mailing campaign went out to executive recruiters on the topic of how the CEO is building his management team. A third mailing campaign to the venture community focuses on an article dealing with industry IPO trends.

Earlier in this article we spoke about James, the former bank president who is now CEO of a non-profit. James designed his employment agreement to allow him to keep his

network warm. That agreement allows for a defined number of days per year to be available to consult with non-competing firms.

The design of the employment contract reflects that James is accepting a reduction in base salary for working at a non-profit in return for the opportunity to generate additional income through project assignments and the security of knowing that he is keeping his network warm for the future. Is it possible to craft such arrangements in your next employment agreement? At the very least, it may be possible to craft an employment agreement to allow you to serve on the Board of one non-competing for-profit company. Such an agreement helps to broaden your industry perspective and keep your network warm.

Keeping the network warm is hard to implement. To move from good intentions to good actions, we recommend that clients schedule one hour a month in their calendars to make calls to 20% of their network list. If an executive has a contact list of 200, this means a staying in touch by phone with 40 people over a one-year period. This can easily be accomplished by reserving one hour a month. The agenda of such conversations is simply to remain in contact and to inquire how you might help the other person. But the time needs to be scheduled in advanced.

“My life as a consultant has broadened my professional perspective and given me a broader industry expertise. This makes me more marketable. I enjoy consulting. I know how to make a living at it. If a full-time job opportunity came, I’d certainly look at the opportunity. But it would have to go over a higher hurdle before I would sign on.”

MASTERY OF PROFESSIONAL IDENTITY: *FROM* “YOU ARE WHAT YOU DO” *TO* “ YOU DO WHAT YOU ARE.”

James is an example of one of our 50 executives:

After receiving his MBA from Columbia University, James went into banking. Various assignments at Mellon Bank and Bank of America eventually led to James’ being hired as President/CEO of an Oregon bank. In 1990, James’ bank was acquired and he was without employment, so James created a one-person consulting firm, whose initial focus was on what James called “credit dependent companies.” Using his personal relationships with West Coast bank presidents, James was able to negotiate settlements so that both sides could have something of value.

By 1994, the recession had lifted, and one of James’ clients came to him for consulting assistance. One consulting opportunity led to an offer to become Chief Operating Officer. His assignment was to double the size of this medical products

distribution company and then sell the company to a national player in the industry during a time when rollups were attractive IPOs.

This assignment was completed within eighteen months. Once again James opened his consulting practice. One of his clients was a nonprofit organization. This consulting assignment brought him exposure to new areas like fund raising and working with agencies in Washington, DC. This assignment was completed after two years. The contacts James developed brought him to the notice of a Board member of a non-profit company in his town. James was offered the position of Chief Executive Officer for an Oregon human services organization. It has a budget of \$265 Million and its impact is felt state wide.

James has been a bank president, a distribution company COO, and a nonprofit CEO. Between these Employment Assignments, there has been a constant theme of Project Assignment work that leads him to the next Employment Assignment. Could it be that James has no career strategy?

If one assumes “You Are What You Do,” the answer is “yes.”

James would turn the statement on its head by saying, “You Do What You Are:”

“I have centered my professional life on one strong theme: I solve financial/organizational problems. Had I identified myself as a ‘banker,’ my goose would have been cooked as the banking industry continued its consolidation. Instead I have worked with medical products, retail companies, construction companies, a giftware company, and health care products.

It has been fun, a real learning experience. But my core identity remains the same. That never changes.”

Ted is another executive with a You Do What You Are framework:

Ted began his IT career working with a variety of large corporations, beginning with EDS, the global IT outsourcing firm and Honeywell. Five years later, he moved to Monchik Weber, a consulting firm. His success as a consultant in an assignment involving ocean cargo issues led to an opportunity to become CIO for a company in the ocean freight transportation industry. Five years later, he was once again consulting. But the consulting assignment helped him gain credibility in the financial services sector. Ted is now CIO for a global financial services company.”

In commenting on his professional life, Ted finds himself a solid constant in a series of ever-changing Employment Assignments and Project Assignments:

“My skills are coaching and developing people in technical environments. Internal or external, I use the same tools. I just apply those tools in different way.”

Moving into a You Do What You Are framework is easy to write about and hard to implement. It requires both an intellectual and an emotional leap from prevailing norms that say, “You Are What You Do.”

MASTERY OF AFFILIATION NEEDS: from “company-centric” to “company-centric” AND “guild-centric.”

The management of affiliation needs is the most difficult skill for our clients have to master. In employment assignments, moderate affiliation needs are a good thing at the senior executive levels. On the other hand, when moving into the project assignment phase, even moderate affiliation needs can be dysfunctional: your gift to your client is your objectivity. Constant angling to figure out ways of remaining as a permanent guest detracts from that gift.

When you are in the employment assignment trajectory, the members of your team are your allies for the duration of the assignment. On the other hand, the peer relationships you develop at your guild are with you for the duration of your professional life.

By guild we are referring to a work-related reference groups outside the corporation. These reference groups focus on functions, industry, or specific problems/opportunities. For example:

Functional: Financial Executives Internatio nal, Young President’s Organization, The Executive Committee, Society for Human Resource Management, Turnaround Management Association, California Association of Radiologists, Society for Information Management, American Marketing Association.

Industry: Massachusetts Hospital Association, California Biotech Council, National Association of Manufacturers, Florida Orange Grower’s Association, Georgia Medical Association, Institute for Management Consulting, Society for Professional Consulting.

Problem/Opportunity: Association for Corporate Growth, MIT Enterprise Forum, Senior Executive Networking Group, Harvard Business School Alumni Association, American Chamber of Commerce in Berlin.

We earlier spoke about Ted’s career trajectory from employment assignment to project assignment to employment assignment. Ted is a member of the Society for Information Management (SIM) and is past president of his city’s chapter. He claims that he has been “fed” by SIM in two ways. Ted’s SIM contacts have given him the last four out of five assignments. Thus guild relationships provide a critical transition mechanism to move from one assignment to the next. A second way in which Ted is “fed” is that SIM

provides Ted a database of disinterested but competent peers for new ideas when he is working on assignments.

You Give to Your Guild and Your Guild Feeds You

Joining a guild and showing up for meetings is not the way to get fed. Having your guild feed you requires that you have an explicit guild management strategy. That strategy has guild and committee components.

Which Guilds to Join. We recommend to our clients that they confine participation to two associations. One group should represent the employment assignment phase. Many of the industry-related guilds noted above would fall into this category. The second guild would represent the assignment cycle phase. Many of the function-oriented guilds or the problem/opportunity guilds meet these objectives.

The demands of family may require involvement in a third association. For example, your child may be attending Sunday School and you have been asked to join the Religious Education Committee of your Church. If you elect to join the Religious Education Committee, this membership would substitute for one of the two Guilds. Spreading yourself too thin by being a marginal player in many guilds is not a strategy. It is a waste of precious time.

Committee Assignments. Once you join a Guild, volunteer to be a member of an externally focused Committee of the Board. Externally focused committees are the “outreach” arms. Such involvement gives you a legitimate platform to be visible to the external world. Examples of good committee assignments would be marketing/membership, program, and legislative affairs. Avoid inwardly focused committees that get you too deep within guild politics. Examples might include a committee to draft a new constitution, planning the Christmas party, etc.

An alternative structure to Guilds would be a new breed of organizations that provide a consistent source of affiliation while traveling between assignments. Tatum CFO and Tatum CIO are examples of this new breed. (See Sidebar).

MASTERY OF JOB CONTENT: from managerial/provincial to technical/cosmopolitan AND managerial/provincial.

In the employment assignment trajectory, managers don’t do line work themselves, but manage the line work of others; typically, the higher one moves up the corporate ladder towards corporate leadership, mastery of management becomes more important than mastery of technical content. Mastery of the unique political and cultural issues in accomplishing goals within the company is critical. We call this combination of knowledge managerial/provincial.

Mastery of managerial/provincial perspectives seldom is an asset in project assignment. Consultants and interim executives are hired because of specific content expertise. They are appreciated because they provide an understanding of how other companies in other industries handle similar problems. We call this type of knowledge technical/cosmopolitan.

It is a cliché to state that education is an on-going process throughout life. What we are saying, however, is that the pull of managerial/provincial versus technical/cosmopolitan should guide your selection for how to spend your scarce time in a crisscross career. Let's return to the case of Ted, the CIO of a global financial services company:

Ted's company would be supportive of him taking executive education programs in strategy or the management of R&D at highly ranked business schools. Instead, Ted is taking a course on technology related to large database applications at a local community college. This is the type of course Ted would normally encourage for subordinates three or four Suites below him within the company. What is the logic behind Ted spending time at a community college?

Ted knows that his company is actively considering it being acquired by one of three larger competitors. Achievement of that exit strategy would probably mean the end of Ted's employment assignment as CIO. If that happens, Ted believes that his next assignment would be a project assignment and he will get the opportunity through guild. To prepare himself for that next assignment, Ted wants to be on top of the latest technology issues.

Once you get used to a crisscross framework, the value of Hockey great Wayne Gretzky's comment become even more obvious: 'skate to where the puck is going to be.'

There also is an ageism issue in moving from Managerial/Provincial to Managerial/Provincial AND Technical/Cosmopolitan.

EXHILARATION AND TERROR

You may have begun your career as an employee. You most certainly will end it as a consultant. In between, you will criss-cross the Employment and Assignment trajectories several times.

The cases of James and Ted illustrate people who combination of flexibility with discipline. That mixture of flexibility and discipline is not unlike skiing down a mountain in a criss-cross mode, as you navigate through different types of snow and different terrain.

The payoff of skiing with flexibility and discipline are the simultaneous emotions of exhilaration and terror. Careers management also provides those same emotions. As James says:

“If you only focus on what is expected of you in your job, your ability is restricted to the next run in the ladder. The trick is to learn how to rapidly change ladders!”

In a world where good jobs are perishable, learning how to rapidly change ladders is the closest thing to job security most readers will have in the 21st Century: the security of knowing you can maneuver between the two careers of your professional life. And having that security gives a sense of confidence in making the next selection when the crisscross opportunities emerge. Consider the case of Larry Gibson:

Larry Gibson was Chief HR Officer with Harvard Pilgrim Health Plan in Boston. Prior to that he was head of HR for a division of Motorola. For the past three years he has been earning an income in Project Assignments:

A NEW STRUCTURE FOR CRISS CROSS CAREERS MANAGEMENT

The criss-cross nature of careers management implies external relationship management is a never-ending task. Not everybody relishes this thought. The loss of income during the transition period between assignments can be scary. The legitimate affiliation needs of senior executives are seldom fully met.

One corporate solution to the problem of careers management is Tatum CFO Partners, LLP. (www.tatumcfo.com). Founded in 1993, Tatum CFO Partners currently has 350 partners and offices in 28 cities in the United States. It offers Project Assignment solutions for corporate clients. After the Projects are over, Tatum provides a structure for partners to move into Employment Assignments. According to CEO Doug Tatum, approximately 50% of Tatum CFO's Partners are engaged in Employment Assignments.

Partners admitted to Tatum CFO Partners LLP are referred by other partners. The historic acceptance rate is 10%.

Acceptance into the partnership has both liabilities and benefits.

Like any legal partnership, there is joint liability.

Part of each partner's compensation is allocated to the partnership pool. This is true regardless of whether the partner is in an Employment Assignment or a Project Assignment. The pooling takes place regardless of whether Tatum had a direct hand in securing the assignment or not. While working on Project or Employment Assignments, partners have the benefits of a structured Broad Band Network and an infrastructure that keeps their network warm. Partners have constant access to other partners and exposure to the full intellectual capital of the firm, thus meeting some of their affiliation needs.

During periods of employment, Tatum CFO partners receive two streams of income: salaries, fees, and bonuses directly from clients or employers, and Tatum CFO partnership bonus/profit sharing. When partners find themselves “between assignments,” they still participate in firm-wide

bonus/profit-sharing. The financial structure of Tatum CFO LLP provides a structure to help smooth the financial risks of careers management.

Being a member of formalized partnership can also function as a wealth enhancer. Tatum CFO partners can take equity as part of the compensation mix. A portion of the equity received by partners is also put into the partnership pool. Doug Tatum says, “You can build wealth with lots of pooled singles and doubles with good companies. You don’t have to spend your life looking for that once-in-a-lifetime start up.”

The success of Tatum CFO has spawned a sister firm, Tatum CIO Partners, LLP (www.tatumcio.com). In 2002, there were approximately 100 Tatum CIO partners. Tatum’s goal is to have 1500-2000 CFO and CIO partners in the United States by 2004.

The Tatum structure is designed to create careers management opportunities within a single partnership structure. Doug Tatum says another benefit for both corporate clients and Tatum CFO is a structure that permits the partner to make the right ethical decision:

“When partners have confidence that they have the security of a career that covers them in Project Assignments as well as Employment, they are more likely to make the right call when business issues get into the area of ethics and integrity. Our partners don’t invest their entire careers with any one company. And that gives them the financial and emotional freedom to raise issues of ethics and integrity. That’s good for our partners and that’s good for our clients.”

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Laurence J. Stybel, Ed.D. and Maryanne Peabody are co-founders of Stybel Peabody Lincolnshire of Boston. Founded in 1979, the firm helps reduce risks during leadership change. Work is limited to C Suite executives and law firm partners. Clients receive boutique attention from an interdisciplinary team combined with access to an integrated Lincolnshire network of 114 offices and 242 consultants around the world. Their website is www.boardoptions.com.