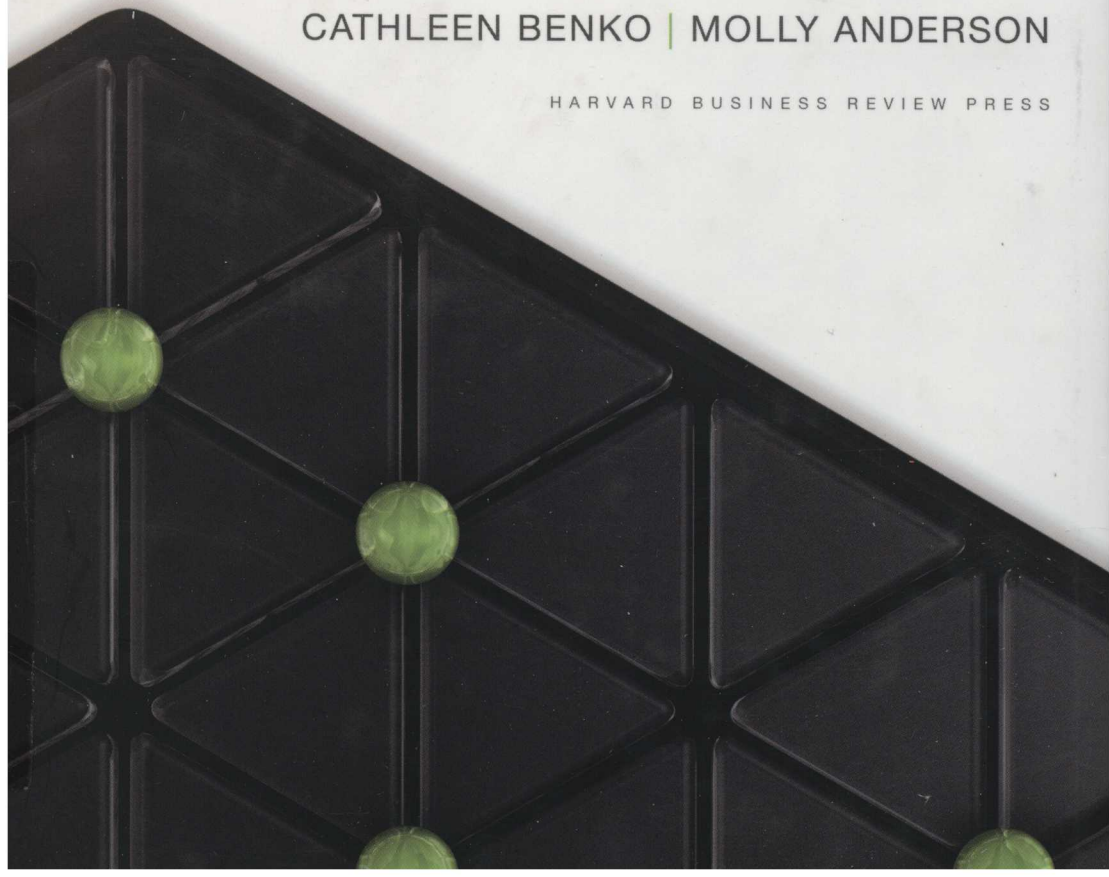


# THE CORPORATE LATTICE

ACHIEVING HIGH PERFORMANCE  
IN THE CHANGING WORLD OF WORK

CATHLEEN BENKO | MOLLY ANDERSON

HARVARD BUSINESS REVIEW PRESS



Achieving  
High Performance  
in the Changing  
World of Work

# The Corporate Lattice

Cathleen Benko  
Molly Anderson

HARVARD BUSINESS REVIEW PRESS  
Boston, Massachusetts

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Printed in the United States of America

14 13 12 11 10 5 4 3

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**Library of Congress Cataloging-in-Publication Data**

Benko, Cathleen, 1958-

The corporate lattice : achieving high performance in the changing world of work / Cathleen Benko, Molly Anderson.

p. cm.

ISBN 978-1-4221-5516-5 (hardcover : alk. paper) 1. Organizational effectiveness. 2. Manpower planning. 3. Employee motivation. 4. Career development. I. Anderson, Molly. II. Title.

HD58.9.B448 2010

658.3'14—dc22

2010002890

The paper used in this publication meets the requirements of the American National Standard for Permanence of Paper for Publications and Documents in Libraries and Archives Z39.48-1992.

# The Corporate Lattice

To those who create the future and arrive early.

## ACKNOWLEDGMENTS

Gratitude is the heart's memory.

—B. Ellis

**A**CTIONS ARE THE TRUEST MEASURE of intent. This work benefited greatly from the support of the many business leaders, researchers, academics, and professionals who opened their schedules to share their experiences and insights. Your generosity signifies the relevance of the changing world of work, and your candor added depth and rich examples of practical application. We hold you in the highest esteem.

To move from concept to action requires bold leadership. It's humbling to experience how a remarkable leadership team, led by Barry Salzberg and Sharon Allen, overturned long-held workplace beliefs and not only embraced the notion of a lattice organization, but shepherded its adoption, driving the change.

We've had the privilege of collaborating with an extraordinary community that first came together to embrace the principles and framework outlined in *Mass Career Customization*. You were the

## ACKNOWLEDGMENTS

risk takers and the trailblazers, believing before the evidence. The ideas and observations of the lattice organization emerged during this collaboration, and this prequel is in many ways a tribute to your efforts.

We applaud our colleagues who contributed in so many ways. Partnership works, and the whole is surely greater than the sum of any individual's contributions. A special thank-you to Barbara Adachi, Andy Liakopoulos, and Jeff Schwartz, who profoundly influenced this effort both directly and indirectly.

Special recognition goes to our key collaborators, whose zeal, good humor, and sharp intellects inspired and sustained us:

To *Mickey Butts*—your eye for the flow of logic and skill for refining the written word is evident on every page.

To *Suzanne MacGibbon*—your doggedness in crafting, challenging, and clarifying ideas made a lasting contribution.

To *Laura Stokker*—you have the heart of a lion and have mastered both the art and science of project management. This work is stronger as a result of it.

To *Anne Weisberg*—the thesis of this book extends from our earlier works; we appreciate your contributions to all.

Thanks also to Jackie Boyle, Maggie Chao, Jennifer Clarke, Karen Crandall, and Suzanne Vickberg: you were an integral part of bringing this work to fruition. To Dave Gershenson, Suzanne Gylfe, Ken Horner, Mary McGoff, and the TEG: we appreciate the critical eye. And our thanks as well to all those who lent a helping hand, whether it was taking on more of the work of our day jobs, tracking down research studies, crafting graphics, or offering to pitch in on the home front. Your generosity fueled us.

Our heartfelt appreciation also goes to the many others, some anonymous and others not, who contributed through blog posts and other means: your views surely enhanced our thinking. Our



## ACKNOWLEDGMENTS

thanks as well to our editor, Jacque Murphy, who has a knack for helping to shape our views and keep us on task.

Finally, well, there's no place like home. *From Cathy:* To George, Brendan, and Ellie, your unwavering support and personal sacrifices in support of this project, and indeed the broader base of my professional pursuits, mean the world to me. *From Molly:* To Richard, Emily, and Matthew, I am deeply grateful for your bottomless well of support and sacrifice. You are my heart and my joy, and you inspire me every day.

---

In the spirit of Friedrich Engels, who said, "An ounce of action is worth a ton of theory," it's now time to get to work exploring ways to make sense of and respond to the change that's all around us in a concerted and deliberate fashion.



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# 1

## THE CORPORATE LATTICE

The future has already arrived.  
It's just not evenly distributed yet.

—William Gibson

**T**HE WORLD OF WORK is at an inflection point. The hierarchical corporate ladder is giving way to a multidimensional corporate lattice™.

Firmly rooted in the industrial age, the corporate ladder has been the prevailing paradigm for how an enterprise is organized and how it manages its work and people. At its heart, the ladder depends on an inflexible organizational worldview in which prestige, rewards, information access, and power are tied to the rung an employee occupies. Its one-size-fits-all approach assumes that employees are more alike than different. The ladder is built on a top-down, 9-to-5 notion of when, where, and how work gets done. It defines career success as a linear climb to the top.

Still today, this antiquated model shapes the ways organizations—sometimes consciously and sometimes not—operate. The

mental image of a ladder is etched in our corporate consciousness and has obscured, until now, the sea change already under way.

Workplaces aren't what they used to be. Organizational structures are flatter, challenging traditional talent development models that rely primarily on upward progression. Knowledge and service work dominate the economy. Compared with traditional production processes, much of this work is less bound to a physical location. As a result of technological advances and globalization, workers are less tethered to traditional offices and set hours. And the makeup of work is changing, too. Companies use forty times as many projects now as they used twenty years ago, heightening the need for teamwork.<sup>1</sup> Work is changing so fast that the U.S. Department of Education estimates that 60 percent of all new jobs in the twenty-first century will require skills that only 20 percent of current employees possess.<sup>2</sup>

The workforce isn't what it used to be either. Family structures have changed markedly, with profound implications for a corporate ladder model predicated on a household arrangement that, by and large, no longer exists to support it. Until the 1960s, two-thirds of U.S. households were traditional, defined as Dad going to work while Mom stayed at home. That number now is down to 17 percent.<sup>3</sup> Women constitute half of the U.S. workforce and are the primary breadwinners for nearly 40 percent of families.<sup>4</sup> Men in dual-career, dual-caregiver couples now cite more work-life conflict than women do.<sup>5</sup>

What's more, younger generations are bringing different attitudes to work at the same time that older workers are looking for options to stay in the labor market. Almost two-thirds (70 percent) of Baby Boomers and 92 percent of Millennials (also called Generation Y) cite career-life fit as a top priority.<sup>6</sup> And along almost every dimension, employees are more diverse. By 2042, the U.S. workforce will be majority nonwhite.<sup>7</sup>

An array of similar economic, demographic, and aspirational trends is playing out in unique ways across the globe. Everywhere,

a broad mix of backgrounds, interests, and needs exists among workers. Motivations vary considerably from person to person—in stark contrast to the motivations of the more homogeneous workforce for which the ladder was built.

These seismic shifts leave companies struggling to meet the challenges of the changing world of work. They signal the end of traditional assumptions about what it takes to achieve and sustain a high-performance workplace.

### FROM LADDER TO LATTICE

In *Mass Career Customization*<sup>™</sup>, we provided an innovative framework to align the organization's objectives with each individual employee's goals and desire for career-life fit.<sup>8</sup> We also proposed a new metaphor—the corporate lattice—to characterize the changing landscape.

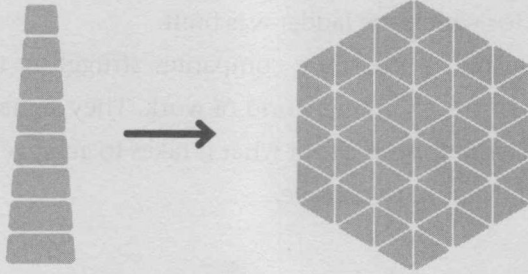
In mathematics, a lattice is a three-dimensional structure that extends infinitely in any direction. In the real world, lattices can be found everywhere from a garden's wooden trellis to the metalwork on the Eiffel Tower. This book delves into the power of the corporate lattice model, fully exploring its contours and applying it to real-life company practices.

In the corporate world, the lattice model organizes and advances a company's existing incremental efforts into a comprehensive, strategic response to the altered corporate landscape. It recognizes that career and life are no longer separate spheres but are now interdependent. It connects corresponding and necessary advances in talent practices with business operations to deliver both high performance and career-life fit. Figure 1-1 summarizes the key differences in beliefs and assumptions between what we call "ladder thinking" and "lattice thinking."

The shift to the corporate lattice is already going on, but as William Gibson wrote in his popular science fiction novel

FIGURE 1-1

### How lattice thinking differs from ladder thinking



- Traditional, hierarchical structure
- Top-down authority; limited information access
- Linear, vertical career paths
- Low workforce mobility; loyalty is based on job security
- Work is a place you go to
- Individual contributor driven
- Separation of career and life
- Tasks define the job
- Many workers are similar to each other

- Flatter, often matrix structure
- Distributed authority; broad information access
- Multidirectional career paths
- High workforce mobility; loyalty is based on continuing opportunity
- Work is what you do
- Team and community driven
- Integration of career and life
- Competencies define the job
- Many workers are different from each other

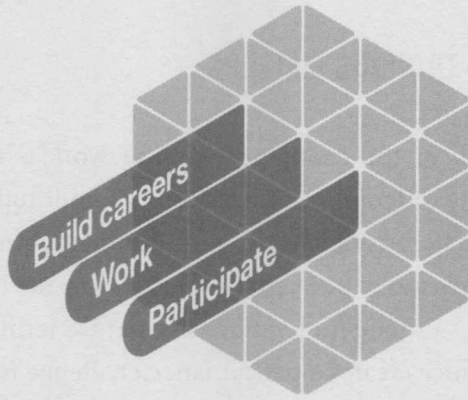
*Neuromancer*, the future is not yet evenly distributed. Even employers who have sensed the changes have responded mostly with ad hoc, siloed, and reactive efforts that often fall short of desired results.

In essence, companies are intuitively developing corporate lattice programs—albeit through the lens of corporate ladder thinking. This book provides a metaphor to help company leaders and individuals alike visualize the shift and it offers greater clarity about the changes underway. It also describes a framework to integrate these efforts, thereby making investments already allocated more productive. It outlines the road ahead. Three core areas are central to the lattice model: how careers are built, how work gets done, and how participation in the organization is fostered (see figure 1-2).



FIGURE 1-2

### The lattice organization



The lattice depicts employees' career paths as multidirectional, with moves across and down as well as up. The lattice metaphor does not offer a universal view of career success but rather a multiplicity of ways to get ahead—and more than one way to define what “get ahead” means. The metaphor also describes the changes in work as virtual, dynamic, and project based. Its grid resembles nodes on a network, each with the possibility of connecting “anywhere, anytime” to the others to form teams and communities. With its strong horizontal as well as diagonal and vertical supports, the visual picture of a lattice describes organizational relationships, interactions, and communication unconstrained by top-down hierarchy. Broader participation enables people to interact, get involved, share ideas, and spread knowledge throughout the company, regardless of their level on the organization chart.

*The Corporate Lattice* is written to help organizations see clearly the mind-set transformation taking place and to demonstrate effective ways to navigate this transformation. A handful of companies are already modeling the new thinking required to profit from the evolution from ladder to lattice. These organizations are explicitly responding to the shifts, and, in the process, they are enhancing

their overall competitiveness in the talent marketplace and in the larger economy. Their successes illuminate the path ahead.

### WHY LATTICE THINKING MATTERS

An implication of the changing world of work is that different things motivate different people based on a multitude of personal and professional considerations—and different things will motivate the same person at different points in his or her life. The interplay of people's unique motivations is what we term *career-life fit*. This circumstance creates a performance challenge for companies: how to *engage* members of their workforce when individuals value a career-life fit that's unique to them—and how to keep them engaged as their careers and lives change over time.

Engagement represents the extent to which employees go the extra mile to deliver extraordinary results for the company internally and to serve as brand ambassadors externally. Research has substantiated the connection between engaged employees and improved corporate operating results. One survey of thirteen thousand U.S. workers across major industrial sectors compared highly engaged employees to employees with moderate to low engagement and found that companies with highly engaged employees enjoy 13 percent higher total returns to shareholders and 26 percent higher revenues per employee.<sup>9</sup> Other studies have shown higher productivity, better quality, and improved earnings per share at organizations having high levels of employee engagement (see “The Power of Engagement to Drive High Performance”).

Most employees, however, are not highly engaged. One study found that “only one out of every five workers is giving full discretionary effort on the job—going well above and beyond what's required because they're caught up in the passion and purpose of



## The Power of Engagement to Drive High Performance

Companies with high engagement scores deliver better results than those with low scores.

- Earnings per share growth is 160 percent higher.
  - Return on assets is 100 percent higher.
  - Revenue growth is 150 percent higher.
  - Profitability is 40 percent higher.
  - Productivity is 78 percent higher.
- 

creating a better product, service, or customer experience.” Further, two out of five are “disenchanted or disengaged.”<sup>10</sup>

Engagement is a strategic input every bit as important as capital and labor. Indeed, it is the engine of stellar individual performance that drives the extraordinary organizational performance that shareholders expect and leaders are accountable for delivering. Engagement is increasingly difficult for companies to achieve, however, because the ladder model’s one-size-fits-all approach to motivating performance is ill suited to present realities.

One of the most powerful characteristics of the old workforce was its homogeneity: everyone, it was assumed, wanted the same things. But the workforce now is anything but homogeneous. Rather, a heterogeneity of backgrounds, personal circumstances, expectations, and aspirations is redefining the workplace—one with varying concepts of how work fits into life and life fits into work. The corollary is that there is no longer a single model of engagement. To achieve high performance, companies must operate amid a multitude of different ideas about success and needs for career–life fit.

The scorecard for corporate success is expanding beyond traditional measures to include engagement. Take the proliferation of rankings and awards for so-called best places to work, a recent development in corporate history. Competition is intense to earn a spot on the coveted lists, and a billion-dollar industry has emerged to help companies boost their standing. Companies display the distinctions prominently as third-party validations of their employer brand. Indeed, 88 percent use the *Fortune* 100 Best Companies to Work For icon as part of their collateral.<sup>11</sup>

Financial results speak just as loudly. Wharton researcher Alex Edmans found that stocks of firms on the *Fortune* 100 Best Companies to Work For list significantly outperformed market averages between 1998 and 2005, even after accounting for a range of stock market factors. Edmans concluded that “employee satisfaction is positively related to corporate performance.”<sup>12</sup>

At least one mutual fund is putting that theory to the test: Parnassus Workplace Fund invests in companies based on their commitment to employees and the quality of their workplaces, using such lists as those published by *Fortune* and *Working Mother* as a starting point to screen firms. The fund was up more than 5 percent from inception in April 2005 to December 2009, compared with a 0.8 percent decline in the S&P 500 during the same period.<sup>13</sup> It has received five stars from Morningstar.<sup>14</sup>

The major rankings, including those from *Fortune*, *BusinessWeek*, *Working Mother*, *DiversityInc*, and the Families and Work Institute, do not rate companies strictly based on traditional ladder-oriented measures such as the generosity of compensation packages or the length of time to promotion. Instead, they gauge a wide spectrum of the drivers of engagement, including these elements:

- Pride and camaraderie
- Variety, originality, and human touch of talent programs and policies