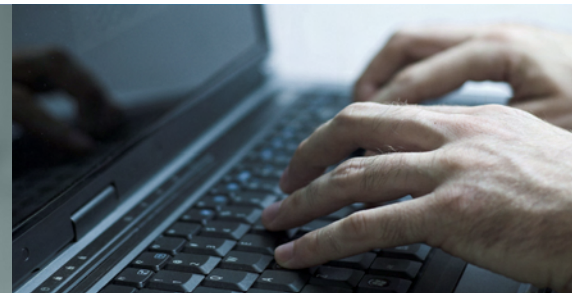


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Innovapost White Paper

# Beyond Functional Contribution: Work and Productivity in the Emerging Web 2.0 World

June 2008



## I. Introduction

Today's workplace is different. You can feel it. And it's not about the new laptop, the latest Blackberry, or the new conferencing solution deployed. Things are different because there is a tangible and growing recognition that how we work together in our organizations—how we interact, communicate, contribute, learn, collaborate, share, and organize—is evolving. The rise of knowledge work, the heightened focus on innovation, and the emergence of Web 2.0 have created a perfect storm of change within organizations. Organizations that embrace this change will find the competitive advantage they've been searching for through *increased innovation and employee engagement and retention*. Those that ignore it will be left wondering what went wrong.

## II. The Rise of the Knowledge Worker

It wasn't that long ago when industry focused on Adam Smith's concept of the division of labour. As the specialization of cooperative labour in specific, circumscribed tasks and roles, intended to increase the productivity of labour, the division of labour led to substantial economic improvements for organizations.

While the same holds true to this day for highly industrialized activity, more and more people are considered knowledge workers working in an Age where wealth is based upon the ownership of knowledge and the ability to use that knowledge to create or improve goods and services. In fact, from 1971 to 2001 the percentage of Canada's workforce in high-knowledge occupations almost doubled from 14% to 25%<sup>1</sup>. Given that the workforce is increasingly made up of people who add value with their brains, more and more, organizations need to discover, understand, access, and leverage what people know—their knowledge—to improve organizational performance. You might be asking, how is this really different than how we view people today? The difference is in our acceptance of the fact that the knowledge our people bring to the organization is greater than the job or function for which they were specifically hired. Our organizational structures, processes and tools just haven't evolved quickly enough to handle this different viewpoint yet.

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## III. Heightened Focus on Innovation

Jack Welch, former CEO of General Electric, ominously observed that when the rate of change in the marketplace exceeds the rate of change in the organization, the end is in sight. He said this many years ago. Arguably the rate of change has only increased since then.

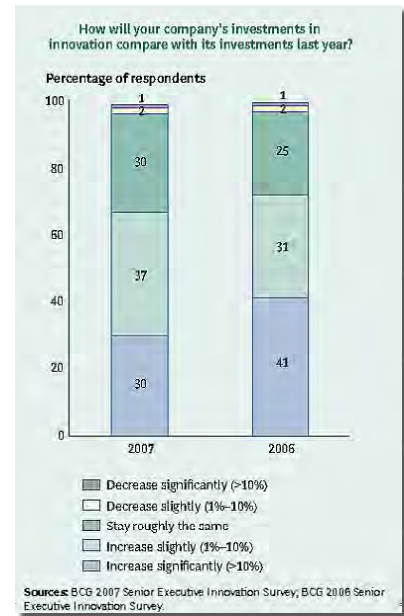
The ability of organizations to innovate is critical and many organizations recognize the urgency. In a recent Boston Consulting Group survey of Senior Executives, more than two out of three executives said that their company will increase year-over spending on innovation in 2007 (see chart). Further, there is a direct relationship between success at innovation and long term stock performance<sup>2</sup>, so there is certainly financial incentive to focus on innovation.

1 Source: <http://www.statcan.ca/Daily/English/031030/d031030a.htm>

2 BCG 2007 Senior Executive Innovation survey

The focus on innovation applies to both private and public sector organizations. While private sector entities face intense competition from a variety of sources including large but nimble international competitors to small domestic start-ups that act bigger, public sector organizations also face comparable pressure. They are being asked to deliver more and better services at a lower cost, all while trying to win an uphill battle for the very talent that gives them the best hope of achieving this ambitious balance.

Innovation is a broad term used to describe *at-least-incremental* improvements to something. The ability of organizations to come up with ideas that improve something, and create more value than the alternatives to that improvement, is a key requirement today. Given that ideas are generated and shaped by people communicating with one another, organizations need to do a better job ensuring that they get the most out of *their own people*, particularly given the fact that their own people represent a core asset. While the



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discourse surrounding open innovation—the idea that organizations need to look outside their walls to source and exploit innovation—is pervasive, there is room for organizations to be more proactive in looking for ways for each of their own people to contribute the knowledge they have to the organization, outside of their formal Adam Smith defined role.

#### IV. Emergence of Web 2.0 Applications

Web 2.0 refers to a perceived second generation of web-based communities and hosted services—such as social-networking sites, wikis, folksonomies, and mashups—which aim to facilitate creativity, collaboration and sharing between users. Enterprise 2.0 is Web 2.0’s equivalent in an organizational context.

The web is not drastically different, really, it’s just that some of the communities and services that have received significant traction lately, like Facebook, Flickr, Del.ici.ous and digg.com, have made us aware of how powerful it is for people to easily and fluidly communicate, collaborate and share with one another. And not surprisingly, this potential energy is being viewed by the world of business—the world of economic growth and cost efficiencies—as something it can harness.

The web and social networking tools prevalent today make us aware that people are made up of more than the labels we have been so quick to ascribe. Those who use facebook have likely, at least once, come across a friend they haven’t seen in years who bares little resemblance today to who they used to be—their profile being different or richer than the mental model we had established of them. This feeling is likely similar to those who have seen their conservative, quiet accountant play guitar at the office Christmas party and introspected quietly that their myopic view of that colleague was so skewed.

The creativity, collaboration and sharing potential that the Enterprise 2.0 world has to offer organizations are compelling because they can directly address some critical issues faced by organizations today. They are daunting because they force organizations to revisit how they view and manage their biggest asset—their human resources.

## V. Beyond Functional Contribution

Tools that help organizations collect and harness the ideas of their employees, allow employees to easily connect with one another, foster tighter social and productivity bonds, enable the organization to discover skills it didn't know it had, and match those skills to dynamic resource demands, are all part of this trend toward work that feels different. We call this trend **Beyond Functional Contribution**.

Beyond Functional Contribution describes an emerging perspective on work and productivity spawned by the application of Enterprise 2.0 technologies in organizations. It is a change in perspective that allows organizations to see people as more than their function, combined with the application of Enterprise 2.0 tools to optimize the human resources that can drive organizational objectives. This is a win-win movement. Employees who are enabled to contribute beyond their function are afforded the opportunity to learn new skills and work with others in the organization, strengthening the bonds that keep people engaged at work. The 2.0 tools enable this by allowing larger organizations to get to know their human resources at a similar depth as smaller firms. People get more out of their day, and the organization gets more out of its people.

A useful analogy is to incorporate the concept of The Long Tail, a sibling of the 80-20 rule. Formally a statistical distribution, the Long Tail was used by Chris Anderson in a Wired Magazine article to describe a strategy by some online merchants to sell smaller volumes of hard-to-find items to many customers. The customers that bought the hard-to-find items made up The Long Tail demographic, or the lower proportion of the population demographic.



The Long Tail in this context would represent the untapped potential of employees. It represents the idle productivity that is a result of not knowing our people, not connecting our people to each other, and not matching our resource needs to our true resource supply. The Long Tail is that side of our employee profile we've never really explored. It's the part of the profile of the employee that extends beyond their visible functional one. Organizations today do not access the Long Tail of our employee profiles. We have the obvious, functionally derived understanding of our employee skill base and typically ignore the rest.

## VI. What does this mean for you

The good news for organizations is that keeping pace with these trends is not difficult. It's not about a technological understanding of a Wiki or ensuring every employee has a Blog. This new perspective

doesn't require a rewrite of management textbooks or organizational design theory. What it does require, however, is a change in attitude, a new lens with which to view human resources and openness to the Enterprise 2.0 type tools to enable all of it in organizations.

*Interested? Here's what you should do:*

- **Ensure there is an executive sponsor in the organization:** while much of the Enterprise 2.0 world tries to make organizations flat, the irony is that things go no-where in an organization unless there is a senior person whose name can be invoked when people start asking questions. The executive sponsor provides high cover for the champion, who by virtue of their exploratory role will face some internal resistance to change.
- **Ensure there is at least one full time champion navigating these waters on a day to day basis:** just as important, organizations exploring the world of enterprise 2.0 need to invest in a full time resource that takes baby steps every day on the road of progress. Momentum is critical. Because this new way of working requires change, inertia is the path of least resistance and unless someone is always moving the ball, it will stop rolling.
- **Make sure these forays are led by the business:** this isn't a slight on technical leads; it's just that at the end of the day, there always needs to be an explicit link between the tools employed and overarching business challenges. . Do not get overwhelmed by the Enterprise 2.0 technical vernacular and buzz. Keep it simple and focused on key business value.
- **A cross-functional view is critical:** invariably, many of the new tools for business have impacts on at least three key functions within the organization: Information Technology, Human Resources, and Communications. Involve these internal clients and enablers early, and throughout your initiatives. While end user adoption will ultimately enhance the value delivered to the organization, functional owner requirements must be integrated first.
- **Experiment:** it's an old saying, but you do learn from your mistakes. 30 years from now, when it's too late, you'll be able to simply take a carbon copy of someone else's successful experience and implement it in your own organization. Today, however, you need to understand that it won't be right the first time and that it's OK to start the journey with half a tank of gas and no map. And it's not that expensive to try.
- **Talk to others who are experimenting:** there are organizations who are experimenting themselves. Talk to them, share with them, learn from them.

## About Innovapost's Incubator Group

Innovapost's Incubator Group comprises a client services branch and a product development branch. Our service group helps our clients test product and service ideas and accelerate their time to market. It works ahead of the curve to support clients in the conceptualization, prototyping and testing of new product initiatives that will be tomorrow's commercial offerings. Our product development group reaches into the realm of open source and Web 2.0 technologies that enable organizations to more efficiently innovate, and get work done. Our **Ventures** product opens up innovation in organizations by providing a platform for employees to share their ideas, and a process for innovation to get done. Our **Profiles** product connects employees to each others' work and social profiles to enable productivity as well as foster the social bonds that retain people.

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## About the Author

Robert Sibley is a Senior Consultant with Innovapost's Incubator group and holds a Master's of Business Administration from the University of Ottawa. Robert manages Innovapost's internal investment program, InnoVentures, and is a manager of New Product Development championing the development of Enterprise 2.0 products. Prior to this, Robert has several years of business consulting experience with particular expertise in business strategy, new product development, and marketing.

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