

Working in a Blended World

Daniel W. Rasmus
Director of Business Insights
Microsoft Corporation

Microsoft

The information contained in this document represents the current view of Microsoft Corporation on the issues discussed as of the date of publication. Because Microsoft must respond to changing market conditions, it should not be interpreted to be a commitment on the part of Microsoft, and Microsoft cannot guarantee the accuracy of any information presented after the date of publication.

This whitepaper is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO THE INFORMATION IN THIS DOCUMENT.

Complying with all applicable copyright laws is the responsibility of the user. Without limiting the rights under copyright, no part of this document may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), or for any purpose, without the express written permission of Microsoft Corporation.

Microsoft may have patents, patent applications, trademarks, copyrights, or other intellectual property rights covering subject matter in this document. Except as expressly provided in any written license agreement from Microsoft, the furnishing of this document does not give you any license to these patents, trademarks, copyrights, or other intellectual property.

©2008 Microsoft Corporation. All rights reserved.

Microsoft and the Microsoft logo are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

The names of actual companies and products mentioned herein may be the trademarks of their respective owners.

Microsoft Corporation • One Microsoft Way • Redmond, WA 98052-6399 • USA

This document contains information of a proprietary nature. All information contained herein shall be kept in confidence and shall be for the original recipient's use only. Any unauthorized reproduction by any other party shall constitute an infringement of copyright.

CONTENTS

- Overview 3
 - Driving Forces 4
 - Blended Workforce 4
 - Blended Workstyles 7
- Strategic Workplace Technologies 9
 - Knowledge Management 10
 - Mobility and Virtual Workforce Management 12
 - Collaboration and Coordination 13
- Blending Beyond the Workplace 14
- Tenets for Success 16
- Blend Trends 18

EXECUTIVE SUMMARY: *Technology has enabled people and organizations to manage projects and operations across time zones and country boundaries. It has also enabled us to maintain regular interaction with people of different cultures and languages. Today, technology has blurred the distinctions that previously separated people and businesses. And the distinctions between the professional and personal, the public and private, and the proprietary and communal spheres are similarly blurring. This white paper for senior HR executives will help their organizations embrace the blending of these worlds and successfully navigate the opportunities that emerge. Technology has a vital role to play in forming the bridge between the newly revealed, and newly constructed, facets of our worlds.*

OVERVIEW

The workplace of the second decade in the millennium will be a study in diversity. Older workers will encounter younger workers with workplace perspectives that are very different than the ones they shared in their youth. Globalization has blurred the edges of nation, culture, and language, assuring that both the physical and virtual workplaces will be diverse. Technology has challenged traditional boundaries between work and life by bringing communication into the personal space and permitting friendships and personal pursuits to penetrate the enterprise. It has redefined the meaning of structure and chaos while challenging long-held beliefs in boundaries between personal and public property. Even the edges of corporations are blurring as mergers and acquisitions redefine industries, competitors, and the influence models of public corporations and private equity.

While external economic and regulatory forces are driving organizations to be more dynamic, the *Blended World* is transforming organizations from within. No mandates exist to govern which workers to hire or where to hire them; no regulation dictates the operating language of a company; no legislation redefines the value individuals place on digital content; and no external force ordains which roles are outsourced and which stay in house. The blended world is a world of choice: a world co-created from the business strategy; the attitudes, workstyles, and composition of the workforce; and the markets the company serves.

The successful organization will find ways to leverage the contrasting strengths of diverse perspectives found in its workforce and among its customers. It will retain the flexibility and entrepreneurialism necessary to transform internal policies and practices in a way that will help the company attract and retain talent, maximize the value derived from investments in people and infrastructure, and embrace the fuzziness at

“The successful organization will find ways to leverage the contrasting strengths of diverse perspectives found in its workforce and among its customers.”

the edges of convention that will drive innovation. Information technology will be an important element in making the blended workplace a functional environment that achieves strategic objectives. Microsoft® Corporation is uniquely positioned to provide solutions that help businesses maximize the advantages of a blended workplace by providing empowered workers with the communications, collaboration, and analytical tools they need to bridge the gaps and navigate the uncertainties of a blended world.

DRIVING FORCES

The following three main characteristics define the blended workplace:

Blended workforce. Demographically, the postwar Baby Boom generation in North America, Western Europe, and Japan is slowly giving way to a new global Millennial generation with a different approach to work and technology. Organizationally, in many companies the examination of core competencies has led to the outsourcing of roles that would have been unthinkable in the past, thus leading to a workforce that is increasingly contingent, contracted, or temporary.

Blended workstyles. Remote access, mobile devices, virtual communities, and other technology-mediated environments are driving the decentralization of organizations and workplaces, and work/life balance is an increasingly important component of workforce expectations and job satisfaction. With the core workforce facing the prospect of aging parents and young children while still maintaining a level of time for personal relationships and pursuits, organizations that foster work/life balance will be attractive to workers.

Blended world. The blurring of borders makes possible the integration of new partners, new supply networks, and new acquisitions to reach global markets and tap the talent of a global workforce.

BLENDED WORKFORCE

Aging workforce. From Tokyo to Amsterdam to Indianapolis, the huge cohort of postwar Baby Boomers (b. 1946–1962) is hurtling toward retirement age (see Chart 1, “Changing U.S. Workforce”). The U.S. Department of Labor Statistics estimates that nearly 10 million skilled jobs in the United States could go unfilled by 2010¹ (see Chart 2, “Skilled Labor Shortage”). Some labor markets are already feeling the squeeze (see Chart 3, “Global Talent Shortage”). About 180,000 British nurses are due to retire

“Work/life balance is an increasingly important component of workforce expectations and job satisfaction.”

¹ U.S. Bureau of Labor Statistics, 2004 estimate.

over the next 10 years.² And by 2020, the U.S. Health Resources and Services Administration projects that America will face a shortage of more than 1 million nurses.³ Half of America's scientists and engineers are 40 and older. In the 1960s, space exploration captured the imagination of young engineers; today, only 4 percent of workers at the U.S. Space Agency NASA are under 30.⁴

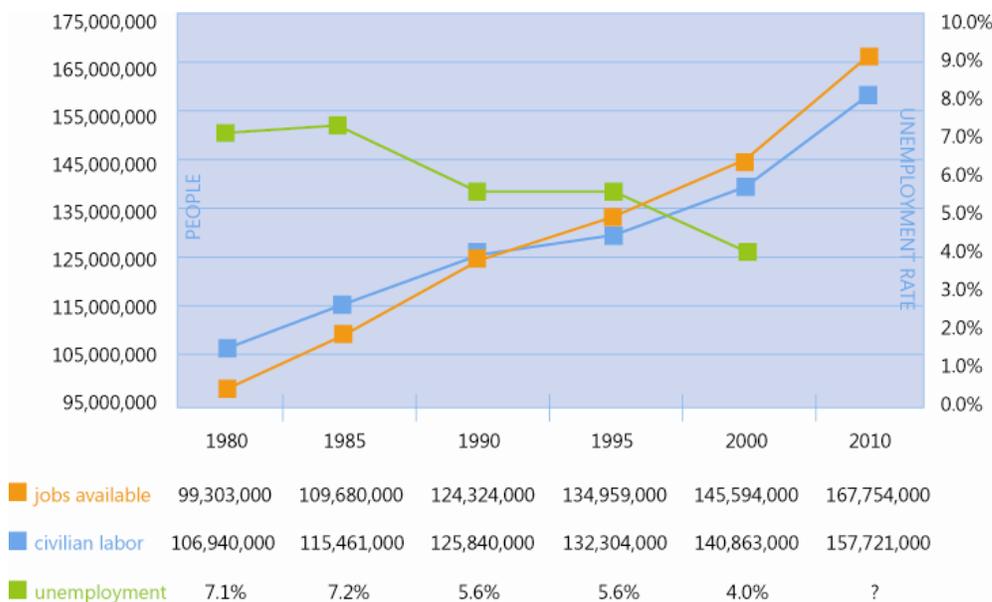
CHART 1: Changing U.S. Workforce

Number of people 35–44	Down 10%
Number of people 45–54	Up 21%
Number of people 55–64	Up 52%

Source: Bureau of Labor Statistics, U.S. Department of Labor

“The huge cohort of postwar Baby Boomers (b. 1946–1962) is hurtling toward retirement age.”

CHART 2: Skilled Labor Shortage



Source: Bureau of Labor Statistics, U.S. Department of Labor

² Rose, David. “Nurses leave for Australia in thousands as NHS halts recruitment.” *TIMESONLINE*, February 17, 2007.
³ Kuehn, Bridget M. “Global Shortage of Health Workers, Brain Drain Stress Developing Countries.” *JAMA*, 2007.
⁴ Wolfe, Ira S. “Labor Storm Watch. The perfect labor storm is about to sweep over us.” *Business 2 Business*, February 2006.

CHART 3: Global Talent Shortage

U.S. (n=1,275)	U.K. (n=2,122)	Germany (n=1,4004)	India (n=4,382)	Japan (n=892)	China (n=2,692)	World (n=32,975)
44%	42%	53%	13%	58%	24%	40%

(# of responding employers)

Source: Manpower Inc.

And the U.S. population is relatively young by European standards, with less than 13 percent age 65 and older, ranking America as the 38th oldest country. In Europe, there are four people of working age for every person over 65; by 2050, this ratio will have dropped to two workers per pensioner. Except for Japan, the world's 15 oldest countries are all in Europe. Japan is quickly becoming the world's oldest population. In a country with 66 million workers, one in four is 55 and older. In the United States that figure is one in six. By 2025, 27.3 percent, or 33.2 million, Japanese will be over 60.⁵

Middle management crunch. The next-youngest cohort to the Baby Boomers is much smaller worldwide. In the United States, the so-called "Generation X" (b. 1963–1980) numbers about 53 million compared to nearly 78 million Baby Boomers, and the falloff is even more dramatic in parts of Europe. As these workers approach mid-life and mid-career, they are not as eager as their elders to work long hours at the expense of family time.

Bring on the Internet generation. Millennials (b. after 1980) grew up with computers and the Internet. Their relationship with technology provides them with not only useful skills but also a fundamentally networked view of organizations and a more informal approach to boundaries and relationships. Some employers already see challenges, as Millennials' notions run into the more hierarchical structures of traditional businesses.

Generation blend. The leverage of Millennials and, to a lesser extent, mid-career GenXers, is forcing some changes to management practices and organizational cultures. Employers are also working to keep their more senior contributors in the fold longer, attempting to forestall the inevitable loss of knowledge, relationships, and capabilities. Organizations

"Millennials' relationship with technology provides them with not only useful skills but also a fundamentally networked view of organizations and a more informal approach to boundaries and relationships."

⁵ Sparrow, William. "When freaky-deaky equals hara-kiri." *Asian Times*, March 8, 2008. <http://www.atimes.com/atimes/Japan/JC08Dh01.html>

must tread a careful path to blend the skills and knowledge of their veteran workers with the tech-enabled workstyle of Millennials.⁶

Rise of the contingent workforce. Contingent staff, outsourced employees, freelance workers, contractors, boutique service providers, or vendors. By any name you call them, these workers are changing the structure and expectations that have governed the labor market through the Industrial Age. Today, there are more than 42 million independent workers in the United States, or 31 percent of the workforce. Their sheer numbers indicate a major shift in the expectations that have governed employment. In many organizations, the composition of the labor force is steadily shifting from full-time employees with benefits to arrangements with limits on benefits, time, mobility, and other factors. Many of those features fit well with the lifestyle choices of a flexible creative class, and with the employer's need for flexibility in its workforce. This trend will likely increase as Baby Boomers reach retirement age and seek alternative workarrangements.⁷

Twenty years ago, janitorial services were commonly outsourced. Today, security, recruiting, design, information technology development and management, financial management, training, manufacturing, legal services, and many other functions are outsourced. In a meeting it can be difficult to tell the difference between employees and contractors unless you look to subtle clues on identification badges. This growing workforce coexists and creates challenges around role definition, intellectual property protection, and business continuity. More diverse and more geographically distributed organizations will need to put strategies in place to manage the expectations and the results of these workers. With companies constantly examining their cost structure and fine-tuning their strategies, it is likely that the blend of employees, contingent staff, and contract workers will grow over the next decade.

The world has not seen such a dramatic shift in the characteristics of the workforce since the Industrial Age prompted young farmers to abandon their agrarian lives for urban and suburban futures. Companies will need to carefully consider how they will create a binding sense of

“Today, there are more than 42 million independent workers in the United States, or 31 percent of the workforce.”

⁶ For a fuller discussion of generational issues, see: Salkowitz, R. *Generation Blend: Managing Across the Technology Age Gap*. Hoboken, NJ: Wiley & Sons, 2008. This book is part of the Microsoft Executive Leadership Series.

⁷ Freelancers Union. “Defining the Independent Workforce: What is it, why is it expanding, and what are its challenges?” *Independent Workforce Issue Brief*. <http://www.freelancersunion.org/advocacy/issue-briefs/what-is-the-independent-workforce.pdf>

organizational culture in light of disparate backgrounds and expectations and a wide range of work agreements.

BLENDED WORKSTYLES

The blended world features a diversity of workstyles. Some people are uncomfortable with team members down the hall, let alone colleagues half a world away with a different language and different customs. Others thrive in an environment of teamwork and interpersonal challenges. Some people are uncomfortable withholding information from customers, no matter how proprietary it may be; others find any level of transparency a threat. Some are annoyed and distracted by interruptions; others who were raised on videogames, instant messaging, and the Web become bored with linear processes and repetitive assignments. Some people work best when they can create a productive work environment in their homes; others flourish best in an office. Some use standard-managed enterprise desktop PCs; others insist on integrating their own devices, software, and personal networks. Smart organizations will find ways to manage across the varied expectations of today's workforce by supporting different work practices and technologies under the umbrella of sound management and IT governance.

Organizations need to clearly understand the blur between managed processes and specific processes, between structure and patterns governed by the need of the moment, and between highly governed infrastructure at the core of an organization and the flexibility of putting the tools for change in the hands of those closest to the business.

Virtual workforce. The technology to enable remote and distributed work has been available for years, but human resources and IT policy and practices have lagged behind. Many organizations unconsciously reinforce older practices by tying performance to time and place, or by discouraging the adoption of technology through the expectation of face-to-face meetings and rewards for physical availability.

In some organizations, expectations are adjusting to the technology, and the technology is improving as well. Workers of all ages seek greater work/life balance, and they can find it when given the choice of flexible hours and telecommuting. An employer's growing reliance on independent workers of all kinds reduces its need for physical space and increases the need for remote work. Communities and governments are also encouraging virtual workforces through telecommuting incentives and other policies that meet their obligations to manage the environmental, economic, and energy policy expectations of their constituencies.

"Many organizations unconsciously reinforce older practices by tying performance to time and place."

In a world of choice, workers will bring their consumer behavior to their jobs. They will make more choices about where and when they work and, in stable economies, will either opt out of work situations that do not meet their personal needs or negotiate more flexible time. Millennials can expect to have more than 20 jobs in seven to 10 careers over their working lives, and they have adjusted their expectations accordingly.⁸ Employers already report loyalty and retention issues among younger workers. As Millennials gradually displace Baby Boomers, organizations will need to control workplace variables that lead to turnover. They will need to develop functional team practices, create opportunities for new workers to start on different aspects of the business quickly, and provide the latest technology and on-going learning even to the most junior team members.

Uniting the virtual workforce. Creating a successful virtual workforce requires adaptations by employers and the rest of the group: employees, contractors, contingent staff, consultants, and partners. Managers need to learn new practices and master new technologies to ensure that virtual teams perform as well as or better than collocated groups. IT must protect information shared by geographically distributed teams, including partners and other non-employees, even beyond the firewall to satisfy business and regulatory requirements. Workers sometimes have to adjust their own ways of functioning and learn to collaborate more openly, bridging “virtual distance” through technology-mediated relationships.

All parties need to recognize that many factors lead to the success of a virtual team—from an acceptance of cultural differences to new ways of managing and measuring performance to new styles of communication. Organizations must not simply invest in information technology as a channel for communication and collaboration but help teams realize value through that investment.⁹

Attracting the global creative class. Thanks to networks and remote collaboration, knowledge workers no longer have to emigrate to sell their services to foreign employers. This dynamic is transforming the workforce from one that is mono-cultural and collocated to one that is multi-cultural and distributed. This transformation adds considerably to the complexity of management. Tacit knowledge, group dynamics, and shared cultural

“Organizations must not simply invest in information technology as a channel for communication and collaboration but help teams realize value through that investment.”

⁸ Salkowitz, R. *Generation Blend: Managing Across the Technology Age Gap*. Hoboken, NJ: Wiley & Sons, 2008.

⁹ For a fuller discussion of virtual distance and management practices, see: Sobel Lojeski, Karen and Reilly, R. R. *Uniting the Virtual Workforce: Transforming Leadership and Innovation*. Hoboken, NJ: Wiley & Sons, 2008. This book is part of the Microsoft Executive Leadership Series.

assumptions once helped bolster relationships within teams and across organizations. Now, practices and expectations must be made more explicit, and team dynamics must be managed with better awareness of potential differences among team members.

STRATEGIC WORKPLACE TECHNOLOGIES

Information technology can help people and organizations bridge the divides of age, workstyle, distance, and nationality. IT can also enable the blended workforce to add value through improved relationships with customers, partners, and talent pools to reduce costs by identifying new efficiencies and adding value through innovation in processes, products, and services. Information technology plays a role in the following three important areas:

Knowledge management. Enabling the retention and transfer of explicit and tacit knowledge across generations, cultures, and organizational boundaries.

Mobility and virtual workforce management. Extending the capabilities and protections of the enterprise and its data resources to people anywhere, anytime.

Collaboration and coordination. Reducing virtual distance, facilitating well-managed teamwork, and bringing partners into critical processes.

KNOWLEDGE MANAGEMENT

Knowledge management systems to capture and transfer human knowledge (as opposed to data records) gained a bad reputation in the 1990s because first-generation solutions focused more on technology than practice. In the blended workforce, knowledge management is not a fad but an essential strategy to ensure continuity of capabilities. Organizations cannot afford to lose the know-how of workers nearing retirement age, yet current efforts to keep senior staff in place with escalating salaries are unsustainable¹⁰ (see Chart 4, “The Challenge of Knowledge Capture and Sharing”).

CHART 4: The Challenge of Knowledge Capture and Sharing

¹⁰ Coy, Peter. “Golden Paychecks.” *BusinessWeek*, July 2, 2007.
http://www.businessweek.com/magazine/content/07_27/c4041003.htm?chan=search

“Information technology can help people and organizations bridge the divides of age, workstyle, distance, and nationality.”

Almost half of surveyed executives said knowledge capture and sharing is a significant challenge; respondents indicated the level of challenge on a scale of 1 to 5, with 1 being “not a challenge” and 5 being “a severe challenge.”

1	4%
2	14%
3	39%
4	28%
5	14%

Source: The Accenture High Performance Workforce Study 2006 (http://www.accenture.com/Global/Consulting/Workforce_Performance/R_and_I/HighPerformaceStudy2006.htm)

From knowledge systems to knowledge networks. A new generation of collaboration technology makes it easier to capture, expose, and consume knowledge without many of the drawbacks of earlier solutions. Blogs, wikis, RSS feeds, podcasts, and other rich media allow knowledge owners to share what they know in an accessible, informal style with the people who need it. Communities of practice are becoming more popular in fields such as healthcare and financial services, creating networks of experts who can bring knowledge to bear on specific problems on short notice. One example is the Healthcare Financial Management Association (HFMA), an online forum for members to share knowledge in the healthcare finance industry.¹¹

Making knowledge easier to find and use. Once information is in the digital realm, improved enterprise search engines and expertise location systems can make it easier for users to find data and documents and to initiate relationships with the right people if the documents and discussion archives are not enough. Social networks, such as those offered by Facebook and LinkedIn, enable people to create durable structures to support relationships, maintain contact, keep one another up to date, and facilitate in-person meetings when appropriate.

Practices to support learning. These technologies alone cannot solve the knowledge problem, however. They must be supplemented with practices, training, acculturation, and possibly even changes to compensation models to encourage appropriate levels of participation. Organizations should be aware of generational, cultural, and role-based

“Technologies alone cannot solve the knowledge problem. They must be supplemented with practices, training, acculturation, and possibly even changes to compensation models.”

¹¹ Healthcare Financial Management Association. <http://www.hfma.org>

differences in trust and acceptance, in addition to hidden disincentives that can inhibit adoption.

One promising approach is to pair social computing technology with traditional mentoring programs, bringing knowledgeable but possibly reticent older workers together with their inexperienced, tech-savvy colleagues to share information in a reciprocal way. Younger workers not only gain insights from the mentor and form relationships that connect them more closely to the workplace culture, but they can also ease the training and support burden on IT by imparting technology tips in a comfortable, discrete setting. This practice will prove most effective when both parties include learning as part of their commitments, with knowledge transfer registered as a measurable outcome at review time.

MOBILITY AND VIRTUAL WORKFORCE MANAGEMENT

The virtual workforce is enabled by pervasive high-speed wired and wireless networks, powerful mobile computing devices, and content-level security to protect data in transmission or on a lost device. In addition, software that provides unified communications services across voice, e-mail, fax, instant messaging, videoconferencing, application sharing, and shared calendar applications helps keep mobile and remote workers closely connected to colleagues across the office or around the world.

Reducing virtual distance. Innovations in real-time communication software and technology, particularly in videoconferencing, continue to improve the experience of online meetings. Next-generation Web cameras triangulate speakers in a conference room, and new room-based systems use sophisticated algorithms to track speakers and automatically switch focus to the current speaker. Larger monitors and high-bandwidth signals offer better resolution images and sound. Corporations such as Procter & Gamble, Wachovia, PepsiCo, and AIG are investing in large-scale telepresence technology, which could become more mainstream within the next several years.¹² Technology will need to be combined with new practices, as Karen Sobel Lojeski and Richard R. Reilly point out in their book *Uniting the Virtual Workforce*, and organizations will need to embrace new ways of working across space and time.¹³

Managing the blended workforce. Smarter software is helping remote workers be more productive and giving managers some visibility into their

¹² Wolgemuth, Liz. "Telepresence' Enhances Video Conferencing. Cisco, HP, and others offer state-of-the-art, high-definition systems." *U.S. News & World Report*, February 28, 2008.

¹³ Sobel Lojeski, Karen and Reilly, R. R. *Uniting the Virtual Workforce*. Hoboken, NJ: Wiley & Sons, 2008.

"One promising approach is to pair social computing technology with traditional mentoring programs."

work habits when close supervision is required. Presence technology, usually indicated by the colored “pawn” icons in instant messaging applications to show whether a person is available, away, or busy, enables people to manage their exposure to real-time communications, such as phone calls, instant messages, and text messages, while making their work status visible to managers and colleagues. For organizations that are hesitant about potential productivity issues with workers who are not physically present, application-specific presence can tell managers what remote people are working on, what documents they have open, how many keystrokes or mouseclicks have occurred in the past few minutes, and other productivity metrics. However, some organizations find that productivity increases when they trust workers and measure on outcomes, rather than track processes.

Protecting content beyond the firewall. Content-based security using information rights management (IRM) technology and server-based encryption can protect documents, passwords, and devices from unauthorized access, even beyond the firewall. Current IRM enables system administrators to set access policies on entire documents. As this technology matures, it will be possible to push down policies to elements within documents, such as formulas in a spreadsheet, listings in an address book, lines of text, or slides in a presentation, with the document automatically redacting itself based on the access permissions of the user.

COLLABORATION AND COORDINATION

Collaboration and coordination software unites the blended workforce and makes the experience of working together as natural and productive as working in the same physical location. Use of these tools is growing (see Chart 5, “Web 2.0 Use”).¹⁴ Facilities such as project workspaces, document repositories, team access to contact and schedule information, shared project flowcharts, shared task lists, and automated notifications provide a foundation for virtual teamwork by keeping everyone’s status and work visible. Team members can see shared information in the periphery of their standard work environment, or they can access up-to-the-minute data from any portable device.

CHART 5: Web 2.0 Use

Based on a June 2008 survey of 1,988 executives worldwide and a January 2007 survey of 2,847 executives worldwide, use of Web 2.0 apps is increasing (% of companies using technologies or tools).

¹⁴ McKinsey. “Building the Web 2.0 Enterprise: McKinsey Global Survey.” July 2008. http://www.mckinseyquarterly.com/Building_the_Web_20_Enterprise_McKinsey_Global_Survey_2174_abstract

“Collaboration and coordination software unites the blended workforce and makes the experience of working together as natural and productive as working in the same physical location.”

	2007	2008
Social Networking	27%	28%
RSS	24%	33%
Wikis	24%	32%
Blogs	21%	34%

Source:

McKinsey([http://www.mckinseyquarterly.com/Building the Web 20 Enterprise McKinsey Global Survey 2174 abstract](http://www.mckinseyquarterly.com/Building_the_Web_20_Enterprise_McKinsey_Global_Survey_2174_abstract))

Supporting diverse workstyles. A standard collaboration environment is well-suited for the uncertainties of a dynamic, diverse workforce, because it can support a wide range of workplace scenarios—from intramural project teams to cross-industry communities of practice to extranets that extend access to partners and independent providers worldwide to rapid response teams charged with business continuity through a crisis. If the collaboration services are standard, consistent across roles and applications, and well-integrated with familiar information work tools, people will only need to adopt one set of work practices and learn one set of software skills to participate fully in a distributed, collaborative environment. Consistency and simplicity can reduce training requirements for less sophisticated or change-averse members of the workforce while supporting the desires of all workers to acquire skills that will be broadly useful in a long, diverse, and unpredictable career.

Simplifying management complexity. For managers, project coordination and process design tools can make it easier to create, track, and manage complex workflows for distributed teams. By automating low-value tasks, such as updates and notifications, and providing a map of tasks, roles, and dependencies, software can remove many of the complexities of managing people who are not physically present and reduce uncertainty by making processes visible. Instant messaging, as part of unified communications, can help managers take advantage of gaps in workers' schedules to offer coaching or to collaborate on a shared task. The integration of presence information into e-mail clients, mail messages, and elsewhere provides opportunity directly in the document, so workers will not have to shift to another application to see the status of another worker.

Technology, combined with practice and patience, will make communication and collaboration more fluid. And as the edges between work and life continue to blur, technology will allow workers to take

“Project coordination and process design tools can make it easier to create, track, and manage complex workflows for distributed teams.”

control of their environment and deliver on commitments while managing their own obligations to time and personal relationships in the space where they are most comfortable or most productive—or simply where they happen to be at the moment.

BLENDING BEYOND THE WORKPLACE

Although the blended world most profoundly impacts the workplace, it reaches beyond the traditional sphere of employment. Organizations must recognize that the way their products are perceived is also blurring, as entire groups of consumers shift their value considerations based on new economics, new social priorities, and new technologies.

Environmental consciousness is driving “green consumerism,” with growing numbers of customers paying closer attention to the source, packaging, and environmental impact of the products they buy.

The music industry, for example, has encountered the challenge of changing business models as the Internet and unprotected digital media formats have sapped revenues from physical media such as CDs and DVDs.¹⁵ This blurring of free and paid business models was the subject of a *Wired* magazine cover story “Free! Why \$0.00 Is the Future of Business”¹⁶ that details a number of reasons why technology investments in the Web, and the spreading of those investments across millions of users, eventually drives the entry cost for businesses to zero. The physical assets of sales, once the focus of attention, have become marketing material—in the case of CDs, it is material for concerts, t-shirts, and posters.

Writer Matt Mason describes the business potential of blending free and paid, licit and “pirate” distribution models in his book *The Pirate’s Dilemma*.¹⁷

But the free/paid model is only one of the blends that businesses need to watch. The idea of structure is also challenged. Previously unstructured data is gaining structure through metadata. This change is creating new opportunities to link data from traditional databases with free-form content and providing new, more meaningful insights where fact and opinion, conjecture and truth can coexist to provide all of the perspectives on a business issue that might once have been seen as black and white.

¹⁵ Hiatt, Brian and Serpick, E. “The Record Industry’s Decline.” *Rolling Stone* Rock and Roll Daily Blog, posted June 28, 2007.

¹⁶ Anderson, Chris. “Free! Why \$0.00 Is the Future of Business,” *Wired*, March 2008. http://www.wired.com/techbiz/it/magazine/16-03/ff_free?currentPage=2

¹⁷ Mason, Matt. *The Pirate’s Dilemma: How Youth Culture Is Reinventing Capitalism*. New York, NY: Free Press, 2008.

What is proprietary is also being challenged. Companies are opening up their systems and their processes so that they can become platforms for technology or commerce, using their mastery of the standard and their service models to stave off competitors that may be equally compliant but less agile or innovative in how the standard is applied.

Mergers and acquisitions create a blurring of companies, one that is often confusing to customers who are looking for a single point of contact or a consolidated view. This blurring also requires organizations to quickly find the intersections between business processes and finances to meet regulatory requirements and requirements generated by the merger itself. Between 65 percent and 80 percent of M&As destroy shareholder value, rather than enhance it, according to Harvard Business School's Stephen Kaufman.¹⁸ Overpriced bids that incur debt are a big cause of failure. But another cause is the complexity of integration, which often undermines the best intended goals, according to Dan Dalton, a professor at Indiana University's Kelley School of Business.¹⁹

And in the financial world, growth and sustainability are blurring in the form of triple bottom-line reporting²⁰ that captures not only an organization's financial health but its ecological and social impacts. The argument is that, for publicly reported companies, this type of reporting provides a more holistic view to regulatory agencies, shareholders, and consumers. Given the lack of standards for social and ecological reporting, the new bottom lines are more about perception than reality, at least until standard forms of measurement emerge.

These and many other factors are reshaping the business world of the 21st century. There is no single approach to navigating these changes, but information technology will play an important role in connecting the right people to the right information. It will bring together the sources of information that make up customer records and create a single view to assist both them and the agents they speak with. Information technology will also create new insights as it finds patterns between structured and unstructured data, and it will be the key to disintermediation as the new economics of the knowledge economy manifest themselves in customer desires and consumer constraints.

“Information technology will play an important role in connecting the right people to the right information.”

¹⁸ Worthen, Ben. “How Coty Tackled Post-Merge Supply Chain Integration.” *CIO.com*, January 15, 2007.

¹⁹ Worthen, Ben. “How Coty Tackled Post-Merge Supply Chain Integration.” *CIO.com*, January 15, 2007.

²⁰ Wikipedia. “Triple bottom line.” http://en.wikipedia.org/wiki/Triple_bottom_line

Information technology will be supplemented by anticipatory management, flexible strategy, and open and honest communication between consumers and companies and among workers and those who employ them. Perhaps most important, information technology will help organizations manage the complexity of the blurring, understand the answer in a given situation, and leap to action once that answer becomes clear.

TENETS FOR SUCCESS

The ability to execute strategy and manage expectations in a blended world are crucial to the success of all organizations. Information technology is a strategic enabler of that success. However, not all information technology strategies are created equal. Decisions about platforms, applications, and end-user environments matter, not just because these pieces affect costs but because they can be decisive in providing the capabilities, speed, and choices businesses need to compete in an uncertain world.

Software adds value by simplifying complexity and reducing the burden on managers and workers. Customers seeking effective information technology solutions that increase the performance and flexibility of the blended workplace should look for the following:

Familiar end-user environment. Knowledge sharing and collaboration depend on user participation. When end users have to learn new skills and practices to do their jobs, it increases the friction associated with any new deployment and can inhibit adoption. Collaboration capabilities embedded in the familiar environment of standard work applications are easier to learn and use, require less support, and provide transferable skills for workers and flexibility for employers.

Consistent experience across devices and modes of collaboration. People connect to their information through various devices and applications, more so now in the increasingly virtual workplace. Providing a consistent presentation of information and capabilities for workers, whether they use a PC, a mobile device, or a browser, helps reduce the cognitive barriers that create “virtual distance” while simplifying the amount of synchronization necessary to support a mobile workstyle.

End-user customization, IT standardization. The management challenge in a blended world is to accommodate multiple workstyles while maintaining information governance. A proliferation of end-user tools increases administration and support costs, complexity, and risk. But a one-size-fits-all model restricts workers’ ability to add value, and it can

“Software adds value by simplifying complexity and reducing the burden on managers and workers.”

prove unappealing to younger workers. The solution is a centrally managed platform where IT sets global policies for access, security, and data retention while workers have wide latitude to design and deploy custom solutions for their own business scenarios and personal workstyles using tools designed for non-technical users.

Get out in front. High-level discussions of business value and restrictive IT policies cannot keep Web 2.0 tools out of your enterprise if people want to use them. Recognize the factors that are driving potentially insecure consumer technologies into the enterprise—demand for fast, simple ways to connect with people and information—and look for enterprise-grade solutions that deliver these capabilities in a secure, centrally managed framework.

Global support. In a world blended across national borders, enterprise infrastructure requires an international network of developers, application providers, and integrators. This base of information technology partners must have knowledge and competency that extends deep into local markets around the world and is anchored by a provider with world-class abilities and global reach.

No matter what kind of economic models evolve, no matter whom a company hires or where it decides to do business, no matter how virtual or localized, the principles previously outlined are crucial, because it is an organization's *people* who will need to navigate the changes that confront them. The more an organization can do to empower its people—with practice, with policy, and with technology—the more adaptive it will be. The constraints of old models are impediments to innovation in today's economy. The more organizations resist the changes suggested by their younger workers and their new customers, the more disconnected they will be from their markets. And their risk of becoming less relevant as the market expectations shift will increase. Software is the only cost-effective tool for integrating flexible, fluid, organic models of management with solid foundations that support and map the organization's underlying governance models and data security needs. The blended world is calling for new architectures for business infrastructure as much as it is new structures for policy and practice. As those two needs co-evolve, the organizations that thrive will prove more resilient and more robust in the face of change, because they were forged by change and recognize it not as a threat but as a source of innovation.

BLEND TREND

Here is a summary of the areas where blending will affect business over the next decade.

Trend	Overview
Work/Life Balance	The boundary between work and life will continue to blur, and the punctuated workday will become a standard in most occupations. This change will create opportunities for more job sharing and increase demand for technology that allows workers to engage with family and friends without being disconnected from the workplace.
Consumer Technology in Business	Just as the PC and instant messaging brought new capabilities to the workplace, so too will many emergent Web technologies. Consumer technology will impact business in many ways. Among them: building corporate brand on video sites; acquiring temporary virtual workforces through social networking to tackle individual problems; educating through mobile devices; and discovering relationships and patterns by combining data sets that drive innovation.
Making the Personal Public	From random thoughts in blogs to milestone life events, people are making their personal lives increasingly public. The Internet has created a vast repository of the personal in a public setting. Most platforms support some level of user control and security, but an increasingly unworried public is not turning them on, and older users may not evolve their behavior from uploading to controlling.
Freelance Planet	The workforce will become more loosely coupled as organizations move tasks beyond the four walls and increase the blend between full-time employees and freelance workers. Unlike the work performed in the collaborative enterprise, these freelance workers may have short-duration jobs and not be as attached to processes or execution as those associated with outsourced functions.
The Collaborative Enterprise	As organizations outsource more, the reliance on internal process excellence will move to process intersections—with emphasis on handoffs and coordination costs between partners.
Baby Boom Becomes Millennial	With increased life expectancies, Baby Boomers may opt for early retirement or just leaving a company to prepare for their next career—one in which they may choose to work fewer hours. With the already apparent high turnover of the Millennial generation, organizations will face a

	constant churn of human capital and challenges with business continuity.
Communal Intellectual Property	Many things once considered valuable because of their physical presence will become more communal as their information components are extracted. Although intellectual property protection and licensing will continue, business models will emerge that take advantage of communal IP.
Transparent Organizations	Information that was once closely held will be made public, voluntarily or otherwise, so that stakeholders and other constituencies—including customers—understand what they are consuming and who they have relationships with. The Institute for the Future sees this as one aspect of reciprocal accountability.
Corporate Culture	As mergers and acquisitions continue at increasing (but variable) rates, companies will have to place an emphasis on the blending of corporate cultures. This blending will include not just process and practice but a clear recognition and respect for the local cultural differences of workers, partners, and contractors.
Corporate Language	Organizations will continue to choose a language for their business, but many will face the need to create a semantic layer that will bind their corporation together. Many companies have internal acronyms that define their corporate-speak. And the blurring of boundaries may accelerate this trend, to the point that institutional argots evolve into living linguistic constructs.
Home Work and Placeless Work	Rising gas prices and the need for work/life balance create a demand for home-based offices that complement or replace corporate offices. Many organizations will begin to downsize their real estate holdings and opt out of lease renewals as the Internet and related technologies blur the edges of the physical corporation. With mobile technology, people will also choose to be placeless, their user ID and presence information substituting for a cubical location.
Customers as Employees	Customers will start acting like employees, self-servicing their needs (the way they print airline boarding passes). They will provide collaborative product input and support to other customers.

Shared Data	Consumers will create relationships, rules of engagement, and service-level agreements that govern how, when, and what parts of personal data—be it healthcare records, employment history, tax records, or credit history—are updated and accessed. For example, healthcare records will be owned by patients, but many parties will have some responsibility for their security or accuracy.
Space as a Data Source	Increased use of satellite imagery, global positioning systems, and other location data will increasingly blend with Earth-bound sensors and commerce. Current use of such imagery and data to help plan disaster relief and military campaigns hint at the potential future opportunities for real estate developers, retailers, and other sectors to use these technologies.