



CHAPTER THIRTY-FOUR

COACHING FREE AGENTS

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The nature of work—and our relationship to major organizations—is changing dramatically. In a time of growing wealth and the age of the knowledge worker, leaders are taking a new look at what motivates star performers.

The management challenge is no longer how to make sure people are doing their jobs; today's manager must be an effective coach who can motivate top performers. Because top performers often see themselves as free agents, an effective manager must build a partnership with top performers that recognizes their needs and keeps them motivated to stay with the company, rather than join the competition.

For insights into the new world of work, Andersen Consulting (with Keilty, Goldsmith & Company) recently completed in-depth interviews with more than two hundred specially chosen, high-potential leaders from one hundred twenty of the world's premier organizations.

Although these star performers varied widely in background, expertise, and motivation, one common theme emerged from our interviews: *these future leaders viewed themselves as free agents*. While interested in pursuing many

different goals, they were almost uniformly interested in pursuing what *they* wanted to pursue. They showed little interest in sacrificing their lives for the good of the organization. Most believed that their corporations would “drop them” when they no longer met the needs of the company. Conversely, they were willing to “drop the company” when it no longer met *their* needs. Each person was operating more like an individual small business (ME, Inc., as Tom Peters might say) than a cog in the wheel of a large system.

The Free Agent Economy

As Lester Thurow (1999) notes, “The private ownership of productive assets and the ability to appropriate the output that flows from those assets lies at the heart of capitalism.” In the past the key to wealth may have been control of land, materials, plants, and tools; the worker needed the company more than the company needed the worker. Today the key to wealth is control of *knowledge*. As a result, the company needs the knowledge worker far more than the knowledge worker needs the company. To make matters even more challenging for employers, the knowledge workers now clearly *know* that they have the power!

High-performing knowledge workers are becoming increasingly hard to keep and increasingly painful to lose. Many of America’s most enlightened corporations, such as Johnson & Johnson, Motorola, Cisco, and General Electric, know that developing and retaining the next generation of leaders is key to their future success. As the free agent syndrome grows, it is impacting not only younger leaders, but also older leaders who have gained financial independence and will soon be leaving their organizations. Meanwhile, there is a dwindling number of proven leaders waiting to take their place.

The Implications for Leadership

It’s not only money, but. . . . Economic models historically have assumed that money is the key to changing behavior. However, today’s free agent knowledge worker has a far more complex set of motivators that may well

change over his or her lifetime. Our interviews indicated that money is only one factor (and often not the most important) in motivating free agents.

There is no denying that money remains an important consideration in high performers' career calculations. Yet, beyond the temptation of simply going for the gold, free agents wrestle with a paradox articulated by Thurow: in a time of rapid change, the economic value of experience falls rather than rises. The shelf life of knowledge, especially technical knowledge, is ever shrinking. Knowledge workers know that it often pays, intellectually, professionally, and financially, to move on to new challenges rather than to keep doing the same thing for the same organization.

Therefore, when dealing with free agents, it is critical to find out what *they* need. The person who sees "work-life balance" as irrelevant at age twenty-four may find it critical at thirty-four. Non-monetary motivators such as challenge, meaning, recognition, and development may mean more than money. Those choosing to look beyond the promise of an early fortune must be offered a powerful alternative, such as those reflected in the following principles:

Free Agents Must Be Treated As Partners, Not As Employees. An organization's relationship with its top talent is coming to resemble a strategic alliance rather than a traditional employment contract. Free agents can leave at any time. They are not dependent on the corporation. We asked the top one hundred twenty executives at one of the world's leading high-tech companies, "Can the highest potential leader who works for you leave the company and get another job *with a pay raise* in one week?" All executives surveyed said yes! If free agents do not feel that they are being treated as valued partners they will leave (and usually receive a pay raise).

Companies Must Deal with the Self-Interest of the Free Agent. Historically, large U.S. companies benefited from a one-sided proposition. While the *company* was supposed to maximize return for itself and shareholders, the *individual* was expected to discount his or her own interests and focus on the good of the company. In American business, it has been "politically inappropriate" for an employee to openly demand of management,

“What’s in this for ME?” Now that the organization man has been replaced by the free agent, who has no interest in sacrificing self and family for the good of the company, companies that can make the fastest transition to the new world of free agents will have the greatest chance of keeping great people and winning in the marketplace.

Free Agents Can Be Great Team Players. Although organizations err in expecting star performers to neglect their own interests, it is also a mistake to assume that free agents cannot work collaboratively. None of the contributors we interviewed expressed an interest in seeking a short-term gain at a long-term cost to their professional relationships. Their goal was to establish an honest, “win-win” relationship with any organization they joined. Enlightened free agents realize that today’s co-worker may be tomorrow’s customer, manager, or employee. Their interest is in working to create something meaningful, memorable, and personally rewarding.

Flexibility Is Key to Working with Free Agents. Historically human resource departments have used a “cookie-cutter” approach to dealing with people. A major focus was perceived fairness and “treating everyone the same way.” To deal effectively with free agents, this will have to change. Stars have little interest in being treated “just like everyone else.” They know they make a unique contribution, and they want to be treated accordingly. Companies offering benefits that can be tailored to individual needs will have a huge competitive advantage.

For example, one of the world’s leading financial consulting firms recently tried to promote the company’s value of “leading a balanced life” as a reason for its future leaders to stay put. Unfortunately, the firm learned that several top performers were young and single, with no desire to “lead a balanced life.” These performers found the entire pitch paternalistic and offensive. Instead they wanted to work as hard as possible and make as much as possible as soon as possible. They believed that they were being asked to make a personal sacrifice *not* to work the extra hours so that others could leave work and spend time with their families.

Leading Free Agents Requires Candor. In many ways the new partnership contract between the large organization and the free agent requires refreshing honesty. Both sides must spend less time playing games. Free agents will be straightforward about what they want. Organizations will have to be equally direct in describing their goals, expectations, and rewards. Successful leaders of free agents realize that loyalty and mutual respect are earned, not given.

Companies that can develop honest, candid, win-win relationships with free agents will lead the way into the next century, and it is the managers who will be forging these relationships. Corporations that in recent years touted the “new employment contract” may not like the “what’s in it for me” proposition now that power has shifted to the individual, because in many ways it was easier to live in a world in which every *employee* was expendable. To the free agent every *company* is expendable—and the more valuable the free agent, the more this is true! High potential leaders are special and they know it, and as a consequence of this shift, today’s managers and leaders may find their work becoming more challenging, productive, honest, and refreshing.

About the Contributors

Marshall Goldsmith (along with Warren Bennis and John O’Neil) has served as an alliance partner with Andersen Consulting on their groundbreaking research, which focused on the characteristics of the global leader of the future. An expanded version of this research, tentatively titled *Global Leadership: The Next Generation*, is scheduled to be published in 2001. Marshall is a member of the PROVANT advisory board and a member of the board of the Peter Drucker Foundation. “Coaching Free Agents” is an adaptation of one of the many articles that he has written for the Foundation’s journal *Leader to Leader*.

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communications, media, and education. Over the past twenty-five years, as a top management consultant and executive coach, he has served many of the world's leading private, public, and social sector enterprises. Iain is the founder of the Andersen Consulting Organization Strategy practice and the Institute for Strategic Change—the firm's global business “think tank.”

Cathy Greenberg-Walt is the change management managing partner of Andersen Consulting's Global New Business Models Team, a partner in charge of the Executive Leadership Theme Team at the Institute for Strategic Change, a frequent keynote speaker, and an author. With an interdisciplinary doctorate in the behavioral sciences, she focuses on the successful management and integration of business strategy, process, technology, and leadership.