

## Partners of Choice: Building a Flexible Workforce Through Relationships

by Leah Houde and Justin Carlson

### Introduction

If there is one thing that the economic crisis has highlighted for many of us, it's the value of a flexible workforce. If you're like many organizations out there, yours has likely suffered some version of "labor actions" over the past year, whether it's salary or benefits reductions, furloughs, or, even worse, redundancies and lay-offs. If we had been able to do the work we needed to do without having everyone on as full-time employees, we would have been much better prepared to ride the wave of financial turmoil. And, as the market rebounds, many of us are in the position of needing to do more with less. One way to do this is to construct a flexible workforce – one that consists of highly skilled, committed contractors who can supplement our full-time staff with the same level of quality and commitment.

It sounds impossible. Can you find contractors who are as committed as the people you have on full salaries? Or, if they are that committed, chances are they don't have the skills or experience you need, right? Not necessarily. When you find the right people, if you treat them in the right ways, you can get consistently committed individuals who are high performers, and who, in fact, are willing to go out of their way to provide extra value to your organization at no additional cost.

What we'll share with you here are the psychological underpinnings to how this can work as well as our experiences creating a set of what we call "partners of choice." We'll also share with you our experience of how these contract relationships can go awry. At the end you'll have some guidelines that you can use as you extend your flexible workforce.

### What people want out of work

If you've ever taken a basic psychology course, you've heard of Maslow's hierarchy of needs. Essentially, this theory states that in everything we do, we seek to satisfy our basic needs first, like safety and shelter, and then move to higher order needs like building relationships and ultimately, as he calls it, "self-actualization," or a desire to reach one's own potential. While the basic tenets of this theory have held for a long time, the less tangible needs beyond safety and shelter have been defined and redefined. The model that makes the most sense in the business context comes from the work of Deci and Ryan (1985, 2000; Ryan 1995). Their research-based framework describes three needs that theoretically we all are seeking to fill:

- **Competence** being able to demonstrate that we can achieve the outcomes we're hoping to achieve through our behaviors;
- **Autonomy** being able to determine what we do; and
- **Relatedness** engaging with other people on a human level.

So, this theory suggests that in our work engagements we're trying to show that we know what we're doing, that we're able to decide what we do and how we do it, and that we engage with other people in the course of the work – not necessarily to get the work done, but because we're authentically driven to get to know and care for people. And, while you may have heard of other needs like the "need for achievement" or the "need for power," these may exist, but the theory goes that competence, autonomy, and relatedness are the only three that are essential for each of us to

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grow and develop. If we are able to feel satisfied with respect to these three things, we'll be not only happier but also more willing to show commitment to the organization and do things outside of what's expected in role.

### **How different employment relationships support us getting what we want**

When most people think about being "employed," they think about a traditional, full-time job. One where you're on salary and you have a boss who to some extent tells you what to do and how to do it. Research (Williamson 1975, 1985) suggests that when work is repetitive, complex, and requires investment, like lots of time- or company- or task-specific information, then it makes sense to have this work done by employees. In this way, contracts don't need to be written to deal with every contingency, and bosses can keep an eye on their workers who are, according to this theory, always in pursuit of their own self-interest. But not all work is like that. Being employed can also mean engaging people at the opposite end of the spectrum, like painters or plumbers, who have skills and typically do one-off projects on a contract basis for multiple employers. However, there is another alternative that is taking a more prominent place in the labor market.

Take the case of your mechanic. Most of us have a relationship with one or two mechanics who we trust to take care of our cars and charge a reasonable amount. While there are countless mechanics we could choose from, we go to these same few over and over again because we know how they work, and we presume that they have an understanding of the history of our cars and driving behavior such that we suspect they will be able to diagnose and solve our problems more accurately. This kind of relationship has also been prevalent in the traditional professions. Think about your relationship with your doctor, accountant, or lawyer – not only do we prefer to continue with the same one over time, but also we trust them to give us the advice that's best for us, even if we don't want to hear it! Beyond trade services and traditional professions, though, this type of repeat working relationship is becoming more visible in other areas of the economy, particularly in knowledge-intensive fields. Companies are looking for unique ways to ensure that the work necessary for their survival is completed while maintaining a cost structure that doesn't weigh them down. At the same time, whereas employees once welcomed the security of a long-term employment relationship, they are now demanding more flexibility that would come with a less permanent position. And, interestingly, it is this longer term, repeat contracting kind of relationship that we call a "partner of choice," like the one many of us have with our mechanic, that is best suited to meet those basic needs of competence, autonomy and relatedness.

### **Lessons from Sociology**

So, we've given you a quick lesson in psychology – let's move on to sociology. In studies of cultures around the world, sociologists (e.g., Fiske, 1992) have discovered that there are four universal kinds of relationships, no matter where you are or how advanced the culture.

- A market pricing relationship is one of simple buyer and seller. We need to acquire something, and so we've figured out a way to price the good or service and pay for it using a standardized means – money in modern societies. Translated into employment relationships, this is like the plumber or painter we described earlier.
- An equality matching relationship is one of tit-for-tat or reciprocity. Think of your siblings where growing up you took turns for who got to watch his or her favorite TV show each night or friends who trade inviting one another over for dinner. In this latter example, imagine if after dinner your friend asked you how much that would cost – awkward.

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- In the third relationship, authority ranking, superiors in the relationship make the rules and take what they want and receive respect from their subordinates. In turn, those superiors have the responsibility to provide for subordinates when in need and to protect them from harm. Think of a father and child or in the workplace a typical hierarchical boss-subordinate relationship.
- Finally, communal sharing defines the kind of relationship many of us have with our spouses and families. People give freely of resources and time and take what they need when they need it.

As the examples within each description suggest, most of our relationships are dominated by one of these fundamental four types. You may be thinking, "But my husband and I take turns picking up our son from soccer practice, and when one cooks the other one does the dishes – that sounds like equality matching, not communal sharing," and you're right. Most of our deepest, closest relationships exhibit all of these in some contexts, but if you look at the relationship on the whole, it's dominated by one form. And, when things get rocky, it's by going back to that fundamental form that can get us out of trouble by helping us remember, at its core, how this relationship is supposed to work.

Unfortunately, the partner of choice relationship doesn't have one of these four basic kinds of relationship at its core – it is a true hybrid. And, because we are not trained in relating to one another in this way, our tendency will be to default to treating the person we've hired either as a one-time contractor, which will threaten their ability to satisfy their relatedness need with us, or as a subordinate, which will threaten satisfying their autonomy and possibly even competence needs. It is in these kinds of relationships that we need to be most vigilant and attentive to treating our partners as just that. If we aren't, that is when work suffers and threatens the quality of our business. But if we are, the results will be individuals committed to our organization, without full time contracts and the associated burden, who are happy with the work and with us and therefore willing to go the extra mile.

### **An Example from Duke CE: Our Global Learning Resource Network**

When we launched Duke CE a decade ago, we realized that we would need to construct a workforce model that defied some industry norms. While we knew and trusted many of our existing Duke faculty, we also couldn't rely on that resource alone to meet our clients' custom education needs. We simply needed more educators across more topic areas and geographies than Duke could offer. So, we had the idea to build a large network of educators (i.e. "partners of choice") who could help us scale our business as needed, yet still provide them the autonomy and connectedness they strongly desired. Today, we have several thousand active educators in our network, and we have included several hundred in client programs over the past few years. Of these, we have a much smaller set (fewer than 100) whom we consider our partners of choice.

The network has grown to include traditional faculty and non-traditional teachers residing in more than 25 countries worldwide. It includes university professors, personal coaches, assessment experts, diverse facilitators, industry specialists, retired executives and many other educators committed to world class custom learning. In addition, we have established deep relationships within academic, practitioner and professional communities, accelerating the identification of new resources, should a client require a more specialized solution.

### **Successes**

One particular success story involved an educator named Bruce McBratney whom we met through

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a referral from one of our friends in the network. McBratney had his own consulting practice and had also held several mid-level leadership positions in various companies. As such, he had a wide range of experience and content knowledge, but nothing that would really differentiate him from other business generalists that we knew. However, as we conducted our due diligence, we began to notice some distinctive character traits that intrigued us: a voracious appetite for learning, unwavering attention to detail, a staunch commitment to collaboration. In turn, he was attracted to our willingness to treat him like a respected Duke CE team member, as well as connect him with interesting clients and energized peers. We quickly involved him in one of our most important projects, and he won over our client immediately. Since then, he has partnered with us on more than 20 projects, playing numerous roles from design expert to program orchestrator to client relationship manager.

"When I am working on Duke CE projects, I am made to feel included and connected, in subtle ways that make a difference to me," says McBratney. "If I'm on-site in a Duke CE office and an all-office meeting or celebration is going on, I am invited to attend. The Duke CE people I work with extend their trust, sharing the latest news about Duke CE's business situation and future direction. And they encourage me to develop strong relationships with their clients. Other contracting partners are often much more secretive about these things, and more jealously guard the client relationships."

Some Duke CE projects are large enough that multiple educators are brought together to develop and deliver programs. These offer further opportunities to satisfy "relatedness" needs. "As an independent consultant, one of the facets of my Duke CE relationship that has been great is the chance to extend my network of colleagues, not just the Duke CE folks, but all of the educators who I have been partnered with on client engagements," observes McBratney. "It is an incredibly interesting and committed group of folks. It has been a source of both learning and friendships for me."

Another benefit is that our educators are often willing to volunteer their time in ways that help the firm and cement client loyalty as well. "When Duke CE has extended this kind of trust, and provided multiple opportunities to deliver value for a client, I am usually glad to have 'off-the-clock' follow-up calls with that client and the Duke CE team about things that may be, in a strict sense, out-of-scope from my contract for that client work," says McBratney. "A couple of times a year I'll travel to be in person to help sell new Duke CE business, in which I will likely have a role, but have been given no guarantees."

Another successful example emerged through a referral from a well-known business school professor, who pointed us towards an up-and-coming colleague of his. This new finance educator carried impressive academic credentials, and had garnered several teaching awards for his MBA course work, but lacked significant experience dealing with executives. However, he was eager to learn, and possessed an insatiable desire to improve his teaching skill. As we teamed up on the first large client project, we worked closely with him to develop new techniques and methods for teaching executives. We connected him to other successful educators so he could ask for advice and explore best practices. We also gave him latitude to incorporate his extensive knowledge of finance into the program design, providing autonomy to create exercises and content based on what we were learning about the client. The results were astonishing, and he has since become one of the top-scoring educators in our entire network, teaching in more than a dozen client engagements over the past few years. Again, he is a great example of someone who carries the Duke CE name with pride and passion, yet doesn't sit within our four walls.

However, this type of professional relationship is not for everyone. There are times where each party

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simply needs something different. Several years ago, we met with one educator who was just leaving an important executive role at a Fortune 100 company. He was very enthusiastic to work with us and our clients, and had a lot to offer in the realms of leadership development, coaching and program design. However, after several months and a couple of false starts, we mutually agreed that the fit just wasn't very good. He was interested in securing consistent, stable engagements, and we had experienced an influx of educators with similar skills just a few months earlier, making it difficult to match him to new programs. He eventually took another job at a different Fortune 100 company, and we supported his transition.

### **Unique Circumstances**

It's important to note that each organization brings its own unique assets to a mutual relationship like this one. Where Duke CE is concerned, we've heard from many of our educators that a key reason they connect with us is because they want to be associated with the top ranked corporate education provider. However, while this brings people in the door, we believe that it's our approach to managing the relationships that keeps them connected and performing at their best.

### **Conclusion**

One of us recently participated in a webcast given by a leading human capital consortium on what it takes to develop and manage a flexible workforce. Most of the hour focused on getting the contracts right, and emphasized that even if you do your due diligence you'll still find yourself in risky situations. We'd like to argue (and research has shown) that the real key to success lies not in the legal contract (which is still necessary), but rather in building trust through providing an experience of competence, autonomy and connectedness.

So, in short, there are a few things we'd recommend you focus on as you build your flexible workforce:

- Determine what is unique about your organization that could attract the kind of partners of choice you'd want in your network.
- Don't fall into the trap of interacting with your partners of choice in ways consistent with employment relationships you're most familiar with, like spot contractors or full-time employees.
- Engage your partners of choice in work that allows them to show their expertise.
- Allow your partners to control the ways in which they work. Solicit input from your partners to clearly define the outcomes you're both trying to achieve, and don't micromanage the ways those outcomes are achieved.
- Give your partners opportunities to connect with a network of people they find interesting that they wouldn't be able to get on their own.

When we've talked with people about this approach, they say it's incredibly intuitive and wonder why it doesn't happen more often. And we agree – the challenge isn't in understanding the idea but rather lies in managing these relationships in ways that respect how unique and different they are. Managing these relationships requires a special type of attention; if we allow ourselves to get lazy, we'll fall back into treating these people like one-off contractors or employees. But, when we manage these well, we can truly "grow the pie" by (1) our organizations getting committed individuals with the skills and expertise we need with little risk to the organization and (2) our partners of choice being part of something that delivers what they really want out of work.