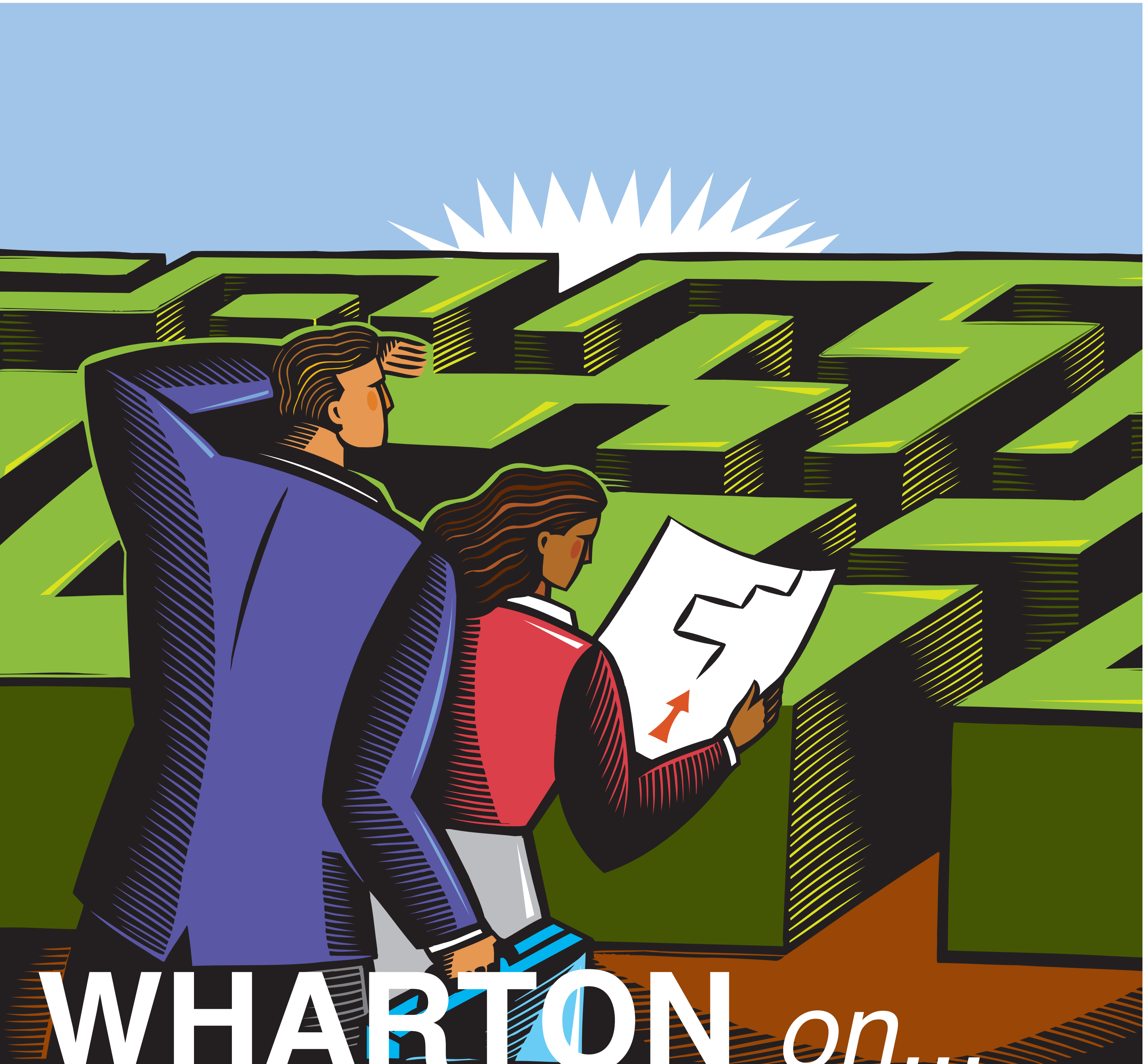

WHARTON *on...* Career Management

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Career Management in Turbulent Times

Navigating a career path—not to mention a particular job—can sometimes seem like shooting the rapids in a kayak. Change inside an organization, within an industry and in the overall economy comes swiftly. In that kind of environment, employees can expect setbacks as well as successes, and they should prepare to respond to small failures with resilience. And since every career choice involves some risk, one key to success is choosing the kind of risk that suits you best. The following articles from *Knowledge@Wharton* look at some key strategies for successfully navigating these challenges, and for creating the kind of work/life balance that can help you thrive professionally over the long term.

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As Layoffs Spread, Innovative Alternatives May Soften the Blow

Just how bad will the economy get? For employers facing tough decisions about layoffs, the question is far from rhetorical. If the current economic turmoil is contained sooner than expected, premature layoffs could be a disaster. If not enough employees are laid off and the recession continues, the company's bottom line could suffer. And in any scenario involving layoffs, morale among those employees remaining at the company is sure to plummet.

Some companies consider alternatives to layoffs, such as voluntary retirements or salary cuts, hiring freezes, reductions in hours, or the cancellation of business trips and/or costly perquisites. Even standard benefit packages and matching contributions to 401(k) plans might come under the microscope.

According to Wharton management professor Peter Cappelli, director of the Wharton Center for Human Resources, the use of creative layoff alternatives peaked in the 1980s but then fell into decline. Executives came to a general consensus that if salaries were cut by 10%, or hours were shaved from the workweek, the company's best people would disappear. The thinking was that the "most mobile" employees would be hired by competitors, Cappelli says.

But that prediction, he adds, doesn't hold up. "It is driven by the executives' view of the way things work, and the executives, frankly, think that everyone thinks like them. They see themselves as the kind of talent that is mobile." They also don't believe that employees would buy into the idea of doing something good on behalf of their colleagues [by accepting reduced wages or hours] because "they themselves wouldn't buy it." Once again, Cappelli adds, that perception "is probably wrong." The act of making sacrifices for fellow employees "might actually build some morale and knit the company together."

Besides, Cappelli says, if the economy stays the way it is or worsens, the concern that a company's top employees will leave is irrelevant, since no one else is hiring either. "If you have a choice between a 10% wage cut and laying off 10% of the work force, why on earth would you choose the latter?" he asks.

Cappelli suggests that it's worth thinking about what kind of problem a company is trying to solve. If there is a concern about what happens when business activity picks back up, for example, companies that hold on to their workers would be in much better shape than companies that have undergone large-scale layoffs.

Spreading the Pain

The costs of layoffs go beyond the morale problems they cause—both for those laid off and those who keep their jobs. Unemployment insurance premiums spike. Depending on the company, there are severance packages to consider and outplacement services (costly in these days of bigger demand for them). Litigation is a not insignificant risk. Cappelli suggests that if a company can cut back without instituting layoffs, it should do so. "Then you don't have those start-up costs" once things are back on track.

On the other hand, there's nothing like a good economic downturn to get rid of dead wood. A sagging economy can be an opportune time for management to deal with performance problems by using the bluntest instrument possible, Cappelli says. Firing people is often difficult to execute, but an over-arching justification tends to lessen complications.

The subject of alternatives to layoffs is almost always seen from the point of view of the employer, he adds. It would be a rare employee who suggests his or her hours be cut. But executives can share the decision by asking for voluntary pay cuts in exchange for some sort of deferred compensation, such as shares of stock or extra vacation. Some U.S. cities coping with recession-driven budget crises have already opted to reduce salaries and hours. Atlanta Mayor Shirley Franklin recently said 4,600 city employees would see their hours cut by 10% because of a $60 million budget gap.

In the private sector, the conventional wisdom is that the smaller the company, the more apt owners are to work things out personally with workers. "We recently reduced hours in our department," says Ben Atkinson, director of risk management for Edison, N.J.–based Peoplelink Staffing, a provider of staffing, software training, consulting, development and support. "My team proposed the idea, and each [of us] volunteered to reduce [his or her] number of work days. I have asked other managers across our enterprise to consider this approach."

Atkinson says the move has prevented major disruptions to projects, and retains the investment the company has made in training its employees. "This is not to say we won't consider layoffs," he adds. "But it depends on your economic prognosis. If we anticipate a recovery sooner, we are more likely to consider reduced hours. If we expect a long slog, layoffs may seem more appropriate."

"The really small companies are probably more willing to find alternatives," Cappelli suggests. "Relationships are much more personal. It's one thing for the CEO to call the HR person and say, 'Lay off 10% of the staff.' It's another thing for the person at the top to look the [laid-off employee] in the eye" and say he or she no longer has a job.

> "We have to save jobs. We cannot let this country lose more jobs."
>
> Tim Roth, President, Megavolt

Small, privately held companies also do not have as much pressure to cut costs if the owner believes it is possible to ride out the storm. Conversely, in a publicly held company, even if a CEO is inclined to seek alternatives to layoffs, pressure from shareholders and Wall Street analysts to cut staff might be too great. "With bigger companies, there is a certain skill to laying people off," notes Cappelli. "It will be interesting to see in this recession how companies do it, because a lot of them have lost that skill."

In the past 20 years, staff cutbacks have more frequently included attractive incentives, according to Daniel O'Meara, a senior fellow at Wharton's Center for Human Resources and an employment law attorney with Montgomery, McCracken, Walker & Rhoads in Philadelphia. In the 1990s, O'Meara saw more opportunities for voluntary retirement incentives. "It was more feasible with a defined benefit plan, and very feasible with over-funded pension plans. If [employers] could afford it now, it might be that anyone with 20 years of service and at least 55 [years old] would be treated as [if they have] 30 years [of service] and … are 65."

These days, such options are less generous, he says, citing a particular hospital where buyout offers are more typical: one or two weeks of pay for each year of service. "No one who is happy in their job and doesn't have something lined up would leave for four or eight weeks of pay. But you might have people who were going to leave anyway, and see it as a great opportunity."

The other side of that coin is that some companies make such offers "only to show employees that they are basically good people, just before the involuntary layoffs come. Since the Depression, all these alternatives have been discussed—to lay people off or share the pain," O'Meara says, recalling personal experiences as a young man growing up in western Pennsylvania, where he worked summers in a steel mill. "There, when things got slow, we all worked four days a week. That's [a case] where the union had the effect of making sure people held on to their jobs. A lot of this stuff has been around for a long time. These decisions have huge impacts on people and there are no easy solutions."

O'Meara has mixed emotions about unions in general, mentioning "pay compression," where an unskilled broom-sweeper makes perhaps 60% of what a skilled steelworker makes. But that "socialist preference" clearly had a positive impact when the situation went beyond cuts in hours and moved into layoffs. "I have seen people retire and [accept] these fairly modest offers. [They figure] that they are older and their kids are out of college, and they think, 'When I was younger and needed the job, I would have appreciated someone doing that for me,'" O'Meara recalls. "It doesn't happen often, but I saw it in the steel mill."

A new factor on the playing field of labor negotiations is pending legislation called the Employee Free Choice Act, pushed by the AFL-CIO and backed by many Democrats in Congress, including the President-elect. Passed by the U.S. House of Representatives in 2007 and eventually filibustered in the Senate, the act would require a union's certification by the National Labor Relations Board when a majority of employees has signed a card designating a union as its bargaining representative.

"The bill would make it much easier to organize employees," O'Meara says, which might make the case for alternatives to layoffs more pressing. At the same time it could possibly restrict options for employers. "You don't want to lower morale when [Congress] is about to pass a law making it easier to organize. [But] it would make anything innovative a little more difficult."

Avoiding Layoffs 'At All Costs'

"The economy has got us all watching very closely. Like anyone, we are trying to figure out where the bottom is," says Tim Roth, president of Megavolt, an agricultural machine re-manufacturer based in Springfield, Mo. "Agriculture has been relatively strong compared to other industries, but in June, we saw that in future months we would have some problems. We tried to figure out how to keep people and avoid layoffs at all costs."

Megavolt has two advantages over many other private companies. First, it is a joint venture with two other firms descended from International Harvester after a buyout 25 years ago. In some cases, this allows employees who get additional training and certification to temporarily move to other work places, as needed.

Second, the company moved in October to a "shared work program" of three 10-hour days a week as a way to cope with the downturn. While workers keep their jobs, the lost 10 hours each week is nonetheless enough for them to be eligible for state unemployment benefits in Missouri, where Megavolt is located. The Missouri program also does not restrict unemployment benefits for people who take on part-time jobs, Roth says. And within the shared work program, companies can soften the blow to people who are laid off. In that situation, the state stipulates that the employer give the volunteers a specific recall date—generally, anywhere from one to six months out, according to Roth. The company also maintains health benefits for employees and defers their contribution to the premiums.

"It's one thing to have lost a job completely, but it's quite another to be able to look for work and know you have got something else behind you," Roth says. "It's a good program."

Cappelli says Missouri's program sounds promising as a model for other states. But it might be a moot point in the short term. Indiana officials just announced that they are running out of unemployment dollars and might have to increase the state tax that generates those funds. Currently, the first $7,000 of earned income is taxed for unemployment insurance, something Indiana may need to increase to offset its own residents' needs.

Other states, such as New York, have shared work programs similar to Missouri's, but the gap in flexibility from one state to another can be wide. At the moment, most state unemployment offices are passing on the news to out-of-work residents who have exhausted their benefits that recently passed legislation provides up to seven additional weeks of compensation, funded by the federal government.

In the end, companies need to balance what's best for their employees while making sure the company remains viable in tough times. Small companies might be able to maneuver more nimbly, Cappelli says, but innovation will suit the times and circumstances no matter what the size of the firm, public or private.

He cites Cisco Systems in 2001, after the tech bubble and before 9/11, as an example. Cisco allowed employees to take sabbaticals while they were paid one-third their salary. "The reason was that at one-third pay, you couldn't survive forever, but it was enough money that you wouldn't necessarily be looking for another job" in the meantime. Cisco saved both money and talent.

Roth maintains that solutions like the ones his company have come up with work well only if state and federal agencies leave the innovation to the companies. "We can have the greatest idea to do something, and if the state doesn't support us, we can't do it," Roth says. "We have to save jobs. We cannot let this country lose more jobs." ¤

Women Executives on Work/Life Balance: Flexibility, Networks, Outside Interests

The oft-used term "work/life balance" can mean different things to different people—and different things to the same person at various points in her career, according to a panel of Wall Street executives at the recent Wharton Women in Business Conference.

The five women on the panel—which was titled "For the Long Haul: Wall Street Women on Balancing Life and Work after VP"—all acknowledged that striking a perfect balance between work and personal life is rarely possible for a first-year associate on Wall Street, but they also agreed that balance is possible with time.

"It's very hard coming right out of business school to achieve work/life balance," said Carol A. Schafer, a managing director in Wachovia Securities' Equity Capital Markets group who also spent 17 years at JP Morgan. "You want to be able to work for an organization that sets you up for work/life balance in the future, one that respects personal life, personal time, has a good mentoring organization—a good women's organization." A first-year associate can't tell an employer, "Here I am. I'm great. I'm smart, and I demand work/life balance," Schafer noted, but "it's pretty achievable over time."

She added that work performance is critical, especially at a career's start, and will pay off with greater lifestyle flexibility. "If you really want to be there for the long haul, have good opportunities presented to you, be able to achieve work/life balance over time and move around to get a broad experience, you've got to be a consistently good performer. That's what gives you leverage.... Become indispensable and everybody [will] want you to be a part of their network. It's what opens all the doors."

Now, Schafer said, "bankers would rather work around my schedule than not have me at a meeting. The trick of being able to manage your schedule is critical to work/life balance: being flexible when you can be, putting a barrier around things you need to protect."

Set Priorities

In the hurly burly of Wall Street, the panelists stressed, it is important for a person to know what his or her priorities are. "What really is work/life balance?" asked Surina Shukri, a vice president in JP Morgan's Natural Resources Investment Banking group, who recalled spending many late nights at the office as a first-year analyst. "It doesn't necessarily mean you work x hours and play y hours.

It's really a matter of knowing what's important to you. Your priorities are going to change over the course of your career."

If a new associate's priority is to get recognition at work, she can and should be realistic about what that will require, Shukri advised. "However, if you start something, and you don't really know what's important to you, that's what makes work/life balance challenging. You're kind of aimless."

Umber Ahmad, who co-founded the private investment firm Goldenridge Capital with fellow Wharton graduate Michael Boyden, said that owning a company has given her some scheduling flexibility. "But the challenge is you never leave it. You never actually go home. It's 24/7. So balance is something you find in a different way." For her, balance comes from pursuing personal interests. "I fly as much as I can," said Ahmad, a licensed pilot, adding that her work on the boards of several non-profits pulls her out of her normal routine and makes her realize how lucky she is to be on Wall Street.

The panelists also stressed the importance of networking, not only as a career success strategy, but also for the sake of work/life balance. Too often, junior women on Wall Street tend to be their own island, never looking up from their work, noted Shukri, one of three married panelists. "Seek out a support network early. In the office and outside the office, it's pretty important to have somebody you can go to and feel comfortable with to talk about issues or problems. This is a tough job. Doing it alone makes it a lot tougher."

Before starting her own company, Ahmad was a vice president in the Goldman Sachs Private Equity Group. When she started on Wall Street in the financial institutions group of Morgan Stanley Investment Banking, Ahmad made a list of people she wanted to keep in contact with and put them into her calendar. "I reach out to them once a month," she said, noting that she used time during the "dead period" between 3:30 p.m. and 7:30 p.m., when senior executives were typically finishing meetings, to make networking phone calls or meet someone over a cup of coffee. "It sounds very calculated, but it's not," she said. If she hadn't done that when she first started on Wall Street, she joked, three months would have gone by before she talked to anyone or had her hair cut.

More importantly, the connections those calls and coffee breaks maintained have blossomed. Boyden, Ahmad's friend from business school, is now her business partner, and when she and Boyden were starting Goldenridge Capital, she said, "I was shocked by how many people reached out and gave me money, support, references or deal ideas."

Isabelle Halphen, a vice president in Morgan Stanley's research division, does work on weekends so she can meet face-to-face with other teams in her company during the week. "I could be at my computer all day, dealing with people over the phone or on e-mail, but it's very important to have a very strong internal network." Gaining face time with internal teams matters especially in the current economic environment, she noted. Should management have to make cuts, Halphen said, "you don't ever want your name anywhere near that list."

Halphen's personal activities—opera singer, CD producer, Julliard master class student and a board member of the World Children's Choir and the National Corporate Theater Fund—have also created a personal network that exists outside of Wall Street.

The Big Picture

Panel moderator Banu Tansever, executive director of UBS' business development group, urged young women to "utilize your financial resources to make your life easier. You are not going to be able to keep your apartment in ship-shape if you work 20 hours [a day]. Use family and friends. Pay for help. I use FreshDirect Internet grocery service. Do I love the produce? No, but it's easy and quick."

Schafer suggested that women should not refrain from utilizing "the cleaning person, the drycleaner that drops off clothes; you should be happy to outsource. Have a network of things that make your life easier."

While Wall Street is hard work, panelists agreed with Ahmad when she said that "One thing you shouldn't sacrifice is yourself and your health.... Get a trainer. It's a good use of your money and time."

Ahmad also noted that, ultimately, having a wider perspective is the key to persevering in a tough job. "Financial services is one of those [jobs] where you are going to have great days and bad days. Be certain you are doing this for the right reasons. You go into it thinking it's a prestigious thing to do, but that goes away in about a week."

"A lot of first-, second-year analysts never take a step back to see the big picture,"

> "Seek out a support network early.... it's pretty important to have somebody you can go to and feel comfortable with to talk about issues or problems."
> Surina Shukri,
> Vice President, JP Morgan

Schafer noted. “The people who look at the ‘why’ as opposed to the ‘how’ are always the ones who succeed over time.”

Friends and outside interests can be great resources for gaining perspective, Ahmad added. Talking with people not involved in Wall Street is particularly helpful. Someone else’s footnote typo might be infuriating, she said, but a non–Wall Street friend would probably respond, “‘Are you seriously mad about that?’ Then you realize, ‘Okay, that’s ridiculous.’” Halphen added, “My boyfriend deals with people who have cancer, and during his day sometimes they die. In our business there’s that saying: At the end of the day, nobody dies. To have a little perspective is important.”

Balance for Both Sexes

Strategically planning ahead to obtain work/life balance need not impede career desires, the executives said. “Wall Street in general has gotten more woman-friendly over the years,” said Shukri. “There’s more emphasis on retaining women. Sometimes, [leaving] is a choice that women make because they don’t want to work so much, travel so much.”

Wall Street firms are giving women—and men—more flexibility to change positions internally to meet work/life balance needs. Morgan Stanley, Halphen said, “bends over backwards to find ways to retain women. One man’s sole job is to make sure that the people who want internal transfers get them.”

Although she believes “a lot of mothers leave Wall Street,” Tansever does not think Wall Street explicitly hires men versus women because of that. “Many guys struggle with family and children questions, and many guys have left the profession because they can’t juggle family and work at the same time.”

Four years ago, Tansever changed jobs within UBS, moving to a role that would require less travel because she and her husband were thinking of having a baby. Six months into the new job, she realized she didn’t like it and was able to return to her old department. She urged audience members not to shun new career challenges for the sake of work/life balance. “If you have the passion, give it a go. You don’t know how you’re going to react and what you will feel like if you never give it a try.”

Priorities change, Tansever said. “There are a lot of ways within financial services for you to create your own path. For me, it’s not a sprint; it’s a marathon.” ¤

Job Survival Advice: Don't Fear the Whitewater

Change is the new status quo, and success at work will require agility, talent and the ability to learn from —rather than fear—failure, according to Gregory Shea, adjunct professor of management at Wharton, and business writer Robert Gunther. The two recently co-authored a book titled Your Job Survival Guide: A Manual for Thriving in Change. *In an interview with* Knowledge@Wharton, *the authors compared the economy and job market to a whitewater river in which every kayaker is certain to spend a significant part of the journey under water.*

Knowledge@Wharton: Robert, tell us a bit about Greg's whitewater comment that led to your collaboration on the book.

Robert Gunther: Well, I was sitting in a classroom, actually at the Wharton School, and listening to Greg speak. And he was talking about change in environments. This was a presentation to the large telecommunications firm, obviously going through lots of changes. And he used this phrase—he dropped this phrase. He said, "We're in an environment that's permanent whitewater. It's not a steady—it's not a change, steady-state change kind of environment, where you catch your breath between. It's a permanent whitewater." And when he said this word, "whitewater," it really caught my attention because I had grown up, since I was a teenager, paddling whitewater rivers. Paddling kayaks. And I knew that kayakers look at whitewater in a totally different way than other people do. You might say ordinary people, or "sane" people. And so if you were to look at, say, Lava Falls on the Colorado River, going down the Grand Canyon, you would think there's no way you can get through this thing without being killed. It is just huge water, and it's all over the place, and it's massive confusion. But if you have a certain set of skills, you understand how to meet that environment in a way where it's not only—you not only can survive in going through it, you not only can live through it, which is what people think of when they see turbulent environments—but you can actually thrive in that environment. It's fun! There's play places. The bigger the water, the more the play.

And so this is a whole shift in perspective. And there are a number of shifts in perspective that kayakers have, such as failing is not something that you avoid. It's something that you prepare for, and you recover from quickly. You prepare to recover from it. And so there's a whole shift in mindset from what we typically have. Most of us go into our careers thinking that we're signing up on the crew of an ocean liner. We're a sailor, and we know our place. And as long as everyone does their job, you end up being—everyone will be fine and safe and secure. And then they find themselves thrown into the water, and it's a totally different environment. And if you aren't in whitewater now, you probably will be. And if you don't recognize that you're in whitewater, you're going to do all the wrong things. And that's what we describe in our book: How do you survive and thrive in this environment?

And so the metaphor is really the key to the book. But it draws upon Greg's experience in working with individuals, CEOs, and organizations, and really addressing, "How do you work and live and thrive in fast-changing environments?"

Knowledge@Wharton: I see. Well, then, Greg, why don't you tell me what you would do if you consider yourself a kayaker, and you've learned those skills, but you find yourself on an ocean liner commanded by a real old time sailor?

Gregory Shea: Let me just say one other piece, back to the metaphor, and then I'll talk directly about the question you asked. One of the implications of the metaphor that Rob talked about—which is actually one that Peter Vail came up with many years ago—but what we've tried to do is both push the metaphor, but also introduce another metaphor, which is this kayaking metaphor. This takes us into your question about "What would you do?"

My flippant, or first, response would be, "Get out of there." Because there are so few parts of the economy—and we've learned yet again in the last few weeks, that you can have Bear Stearns, you can have Merrill Lynch, you can have Lehman Brothers as a name on the door, and you can put those on with all the other large names that we've watched go through extremely turbulent times over the last 30 years. So unless you're in some remarkably exceptional part of the economy, if you're on what feels like an ocean liner, my first piece of advice would be, "Get out of there," because in all likelihood, they don't understand the world that they're in. And if they don't understand it, you're going to pay the price for that. So it's better for you to understand it, and go someplace where other people do understand it.

Knowledge@Wharton: You tell the tale of a CIO who approached a huge six-week project by telling his team to spend the first week suspending or canceling all their other internal projects and commitments, and then take a few days at the end of that week to go home, turn off their pagers and cell phones, and relax and recharge. How was that CIO able to do that within the organization? And how would you recommend—or would you recommend such a strategy to most managers?

Shea: So, you asked, how was he able to do this? And the way he was able to do this is very much linked to your last question—which was, he's working for a CEO who does understand this environment and gave him room to have a basic way that he operated. It worked because he was very good. He had a boss who understood the need to do this, and that you could burn up these employees—and they had lots of job options. And he had a way to do it—namely, this contracting. And he consciously spent time doing external benchmarking, so people could tell that he was in the top 10% of people in that kind of a function in that kind of an organization. So he could prove he was doing very well. People inside knew he was on-time and often early, and at or under budget, because of his internal and external measures. So that manages most of the whitewater.

And then when this particular event occurs, he can actually act quite paradoxically. So when he tells his staff that "I want you to go cancel, postpone, delay—if you need anything from me to clear the decks, I'll do that," it's so unusual, it's so different from the way that he normally operates. He doesn't have to tell them it's important. He doesn't have to tell them that he cares about them. They got all that just from the way that he's talking. And he has a back-up plan, which is, just as Rob will describe, giving them the advance time—taking the time off up front, because I don't know if you can do it later. So it's multiple layers of him attempting to do the pacing. Both what was fairly creative in the beginning, and signing on with someone who he knew would understand what he was trying to do. And then when that breaks down, he's got another way in—to use Rob's language, to move into the eddies about that.

Gunther: And yet, he was able to say, "I'm in whitewater. My job might be CIO, but my real job is change. And unless I get the change right, my entire team is going to be burnt out. I'm going to be dealing with rapid turnover of staff. I'm not going to get anything done, unless I concentrate on that first challenge." And one of the biggest challenges in a permanent whitewater environment is pacing. The water just races forward. And you see this, and—you know, with the technology that we have, the BlackBerrys and the e-mail and the cell phones—everything is constant. And it's non-stop, and it's running at you. And in the old days, on the ocean liner, sometimes you'd hit a storm and you'd have all hands on deck, and everybody would be racing around to deal with an immediate crisis or change. And then you'd get some R&R. You'd get some time in your bunk. But now, you can't promise people that anymore because the environment doesn't give you a natural pace. You have to learn to pace yourself.

And so what he did, which was really surprising, was he had the CEO give him this top priority project. He had six weeks to do it. He knew the team that he needed to do it, and he told them, basically, "Take the first week off. Take the first week clearing the decks, clearing your minds, and then take a long weekend to just take a vacation." And he didn't even tell them what the project was. He said, "Come back Monday morning and be prepared to work." But he didn't tell them, because he knew they were so dedicated they'd work on it during their vacation time. And so he gave them the break before they plunged into the water. And that's a totally different way than we think of dealing with projects in our world. And it's very similar to what happens on a whitewater river. On a whitewater river, there are things called eddies. They're the spot behind the rock, where the water is racing down the stream, and all the rest of the current is going upstream. Now, kayakers know that you don't just race down a rapid. You pull into the first eddy. You can stop there. The water's racing around. You're stopped. You look downstream; you see where the next eddy is. And then you make your way down to that eddy. And it's a very orderly process through a disorderly environment. So you're in the chaos, but you're not of the chaos.

Knowledge@Wharton: So you're saying that to a limited extent, at least, you can impose some order on the chaos.

Gunther: Yes. And you actually have to. Because the alternative is, if you throw yourself into whitewater and get pushed pell-mell down the stream, all you're going to end up—you're going to be burned out. You're not going to be good to anybody.

Knowledge@Wharton: Now, that also involves taking a risk for lots of people involved—certainly for the CEO and the CIO. That gets to my question about your concept of failing quickly and recovering gracefully. Tell me about that and the kind of patience it takes from everybody involved.

Gunther: Well, it's not really an option not to fail in this environment. Things happen too quickly, the world is changing too quickly. But I'll tell you about how kayakers see this. And one of the interesting things I found out that I actually didn't know was that when a paddler uses the term "capsize" it only refers to flipping over and getting out of the boat. Most people see a "capsize" as a disaster. You've flipped over. That's the end. And on the ocean liner, if you're on the *Titanic* and you run into an iceberg, that's the end. But we have this little story about an Eskimo on the *Titanic*. He obviously wouldn't go to sea without his kayak. And for him, this is not an outrageous environment that he can't beat. Because he pops into his kayak, and launches over the side. And he's in his element, because he has the tools and the equipment to deal with this environment that other people can't. But one of the things that you learn as a kayaker is the Eskimo roll. It's very hard to learn, mostly because it's psychological, because your first impulse, when you're deprived of oxygen, is to get air. You may have noticed this in your life. And so when you flip over in your boat and you have a spray skirt on, your first impulse is to get out of the boat and get air as quickly as possible. That impulse is wrong. If you're out of your boat, you can get swept under an undercut rock. You can get into really nasty things. If you're in your boat, you can roll. You can learn a simple series of moves that allow you to right the boat again. And so, during the winter, kayakers practice rolling. They practice failing and recovering from failure. And it does two things. It protects you from dangerous situations. And it allows you to play. Because if you know you can recover from a failure, you can play. You can go into waves, and surf waves, and pop up out of holes. And they will flip you over, and you can recover.

Okay. So, how does this relate to what you do in work and life? Well, when you have a mindset that you're going to experiment with things, you try a lot of different experiments. You try a lot of things that may not be related to exactly what your main work is. But you do them in ways that you can fail, and then recover. And they may be related to what your main work is. They may be experiments that allow you to fail and learn. And then those are the things that may open doors for the next stage of your career in a company, or a career outside the company.

Shea: One way of thinking about the challenge that somebody faces in this environment is that the question is not really, "How do you deal with that form of risk?" The question is, "Which form of risk do you want?" Do you want the form of risk in which you're on an outdated structure? Or do you want the risk that you're going to have to learn how to kayak in permanent whitewater? So it's not a risk-free choice. It's a question of, which one do you want?

Knowledge@Wharton: Still, an organization can still have a low tolerance for failure. Is that the kind of organization that you want to get away from?

Shea: Well, we'll give you the classic academic and consulting response, which is "it depends." So, you don't want to go to work for a power company and be stationed inside the nuclear division and say, "well, that's close enough." That would not be the kind of tolerance for risk that you'd want to have in the technical part of that operation. It'd be foolish. But the orientation in general—if you were in a place that had no tolerance for risk, then what it's doing is building a brittle organization. And it makes it more likely that it's going to snap at some point. So obviously you don't want somebody who's risk-foolhardy. You don't want to take risk in those areas that are absolutely essential either to your well-being, or the well-being of the large organization, if we think about the nuclear power plant as an image, right? But at the same time, as Rob was saying, there are clearly places where they should be tolerant of risk. You don't want to get narrowly defined and confined to a particular expertise that gets narrower and narrower and narrower, unless you believe that in fact that's going to have increasing market power for you as an individual actor.

So you want to spend as much time as you can making sure that you have broader, not narrower skills in general, and you want to make sure that you're paying attention to the market—namely, that what I'm learning is going to have value in the market. And I want to continue to press for those types of assignments that will allow me to try to expand either the depth or breadth of what I know, so that I can carry it out of here if and when either I choose or you choose that I have to do so. And that, as we talk about in one chapter about personal flotation devices—that is up to you, to do the work to construct that, because the organization and the marketplace, unfortunately, are not going to do that.

Knowledge@Wharton: You also talk about this notion of getting out of the water when you hear the roar of the falls. Which, I guess, is sort of like recognizing that this company that you're with is going to cause damage to itself or to you, personally, and you have to be able to recognize that. But how do you recognize the roar of the falls?

Shea: Well, I think there are at least two forms of roars of the falls that we talk about in the book. One would be that this puts more pressure on the individual to spend time looking up from their desk, metaphorically speaking, so that they're taking in the larger environment, and trying to make that call from a business perspective. We also talk in the book, though, about paying attention to your own inner voice, about the falls, and what you need. And so we have a story in the book, for example, of an individual who is tired of the way that their boss is handling them. She's at a very senior level, and she decides to make the potentially career-limiting move of going around her boss to talk to her boss's boss about the fact that she started doing her boss's job, right? And the response that she gets is, "We're so glad that you're doing so much work. Because actually, we don't think this guy's very good," namely your boss, "and we're really glad that you're doing the work for him."

Well, the person talking to her intended that as a compliment. For her, that's the roar of the falls. This is not a place that I want to stay, right? So part one of the story with her is, that's an internal indication that this organization is not being run in the fashion that I would think it should be run, or that will be good for the organization over the long term. A little later in that story, she's very successful—although she makes a variety of choices, which include her going, for family reasons—because she needs time to start her family. Once all that's happened, she decides she can't stay where she is, because it's the wrong place for her to be. Not from a job standpoint, necessarily, but rather because of family and personal reasons, that she needs to find a place that she's actually going to raise the family that she's now given birth to. And that's an internal roar of the falls. And she gets out of the river, takes a look around, and ends up actually in a better position. But she had to take that risk that was internally driven, as opposed to driven from some sort of external—in this case, reconnaissance about the nature of the organization.

"Meet this environment, and recognize it for what it is. It's not a stable environment. It's not steady state, little bit of change, steady state. It's permanent whitewater."
Robert Gunther
Principal, Gunther Communications

Gunther: And if you think about the ocean liner, how you know when you're headed for trouble. Well, you know, there's the captain up there who's looking. You've got people on watch. And they'll tell you when you're headed into an ocean liner. Well, this is not true in whitewater. In whitewater, you have to—you can be going down the same rapid as somebody else, and you're a few feet over, and you're in a completely different situation. And so you have to look at your own company, what's going on, and you have to look at the bigger environment. You know, what did the housing—you know, as the housing market collapses, what does this mean? How is this going to play out in my little part of the world? And what are the opportunities that it creates? And so, instead of waiting for somebody else, instead of waiting for the sirens to go off on the ship, and the horns to go off and wake you up, you've got to be attentive to what's going on in your environment, so you can see when you're headed for trouble.

Knowledge@Wharton: And another roar metaphor that you speak to in the book is communicating above the roar, a skill that one has to have to share ideas, and direction, and to explain what you're doing to the other kayakers. What are some of the skills involved in that?

Shea: One of the key points, I believe, in this environment—in the permanent whitewater environment—is that part of what gets shredded is context. We know from a wide range of studies that anywhere from 70% to 80% of the meaning of language lies inside of context. So I can say the same words in one setting, and it means something entirely different than if I say them in another setting, perhaps with a different intonation, perhaps with a different affect, or whether I laugh or don't laugh. So, language itself depends a lot, for its meaning, on context. In permanent whitewater, the context is changing all the time, which means it strips language of meaning. So the argument is not to give up language, but to understand that in this context, one needs to look alternatively. So, where are you left, if we stay with the image of permanent whitewater? I have to be able to signal. I have to be able to demonstrate symbolically.

We tell a story in—this is a made-up example, but captures different experiences of things that I've seen. Imagine that you've got a rapidly churning workplace. And you have a new boss. And the first thing that boss does is call you into their office, and he tells you how important you are, and how he lives to serve. And your success is his success, and hopefully you'll have a good working partnership. Well, you've probably heard all those words before in some fashion, some way, if you've been in the work force very long. And it's unlikely that made much of a dent or communicated much to you. Imagine that you had a different new boss. And she doesn't say anything to you on day one. However, you can't help but notice that in her first day on the job, she has had removed a large finished oak door that separates her work suite from the rest of the work area. And they've got people in there with chainsaws taking out the entire wall that separates her conference room and her desk area from the rest. No matter how busy you are, no matter how much whitewater you're in, you don't need a lot of explanation of what it is that she's trying to signal. You're going to pay attention, and you've got it. There's something here about access, there's something here about collaboration. And I've got far more communication that's occurred in that second case, than if James Joyce on a good day had had the first conversation. I'm betting on the symbolic communication, no matter the roar in the office, of that second person.

Knowledge@Wharton: Is it possible that an organization can have too many kayakers? It would seem to me that that might be like trying to herd cats.

Shea: Yes. Part of the challenge is to understand the game that's being played at any given time. We draw heavily on the work of a friend and colleague of mine, Bob Kydel, who talks about the different types of games. He uses both music and sports as images. So if we imagine a game that's like a recital, where what makes it a recital is basically a lot of independent activities—it's a lot like baseball or track meet or swim meet. There's the type of game that looks a lot more like football, where you have a lot of time-out, time-ins. It's largely about the very scripted plays. It's like orchestral music. You don't walk into an orchestra and say, "I, a second clarinetist, think I'm going to alter Mozart's score here, because I think there are too many notes for the clarinet here." And then there's a third type, which is far more collaborative, like good jazz, where people don't actually know what's going to happen prior to walking in, and start playing off of one another's riffs. It's much more like lacrosse, or basketball.

Depending upon the game that's being played at any given moment, one needs to have the type of teaming that's most appropriate. So even on a kayak trip, if we stay with that metaphor for a moment, most of it is spent playing much more like a recital, or a game of baseball, where as Rob has described, [there is] a lot of individual activity. When you're on shore, however, it looks like football. Because what we're doing when we're on shore is, there are certain things that have to happen. We need a fire. We need meals prepared. We need people to handle latrine duty. All that work has to happen. And ideally, the best way to do it is, you go in a very machine-kind of mode to do it. The third thing, when an emergency occurs on the river, you better get interdependent very fast. So although we were playing baseball for much of this, a very independent activity, right now there's something—maybe a whistle blow that signals we have a problem. You scan for a problem, and you immediately see, "How do I team, in a very interdependent way, to get through this moment?" So there are multiple games. We believe the dominant game is this permanent whitewater or kayaking game. But even inside that, one of the traits of being in this environment is the need to be flexible about the type of teaming that one engages in at any time. And connected to that, you want to make sure you're with people who can engage in different kinds of teaming.

"'Which form of risk do you want?' Do you want the form of risk in which you're on an outdated structure? Or do you want the risk that you're going to have to learn how to kayak in permanent whitewater? So it's not a risk-free choice. It's a question of, which one do you want?"

Gregory Shea,
Wharton Adjunct Professor of Management

Knowledge@Wharton: Now, in our executive education program here, you're probably dealing with lots of different kinds of corporate executives, Greg. And I wonder how many of those folks do you think either get this, or can do it?

Shea: Well, I just came out of spending a week with a set of executives who were here at the Aresty Institute. And the topic for the week was leadership and change. And what happens much of the time, and certainly fortunately happened, was the dominant experience this week—at least as they reported it—was, in terms of the image of permanent whitewater, it helps them create a framework for organizing their own experiences. And then as soon as they've done that, they can start drawing implications for their own leadership—how they want to go back home. So my experience over many years of doing this is that that's the standard response: that they both understand it, it speaks to them, it helps them cognitively, but it also helps them normalize it emotionally and then get on with the work of being a leader in that context.

Knowledge@Wharton: So, how do you apply these principles, say, if you're a trader at one of the financial firms on Wall Street that's finding so much difficulty in the current crisis?

Gunther: Well, I think that it's more obvious now that we're in permanent whitewater. So if you didn't realize it—more people actually realize it. And in a way, that can be a good thing. Because you're not looking to say, "Well, I'm at this investment bank, and this will be my entire career. And it'll be a stable situation." But what's important to realize is, even though it's more apparent now that we're in whitewater—whitewater is a feature of the environment that goes through good times and bad. And Greg has some statistics on the job hirings and firings. And during the—from 1998 to 2000, 30% to 50% of companies were laying off people. They were hiring people, a lot of them were hiring people at the same time, but they were laying off. So there was this churn and turbulence that's in the environment. And this was during sort of a white-hot period in the economy, before the dot-com bust. And this is still a period where there are a lot of companies doing layoffs. And it's a very turbulent environment.

So the specific question about, "What do you say to somebody who's in this environment?" I think the principles that we have in the book, the guidelines for how you exist and live in permanent whitewater, are probably what I would say, would be what you want to follow in this environment. But there aren't any—it's a dangerous environment. This is not a simple, straightforward place. People get hurt in whitewater. People get killed in whitewater. And so nobody's saying, "Oh, if you learn how to paddle a kayak, you're going to be fine." You're not. You're going to be better than you would be if you didn't learn how to paddle a kayak. And you're going to be able to figure out your way to actually meet this environment. Meet this environment, and recognize it for what it is. It's not a stable environment. It's not a steady state. It's not steady state, little bit of change, steady state. It's permanent whitewater.

Knowledge@Wharton: Everybody's going to get wet.

Gunther: Everybody's going to get wet. You're going to be without oxygen. But hey, that's part of the fun of the environment. If you think that your career is uninteresting, or it's going to stay in sort of a narrow path—it's going to be a lot more work, but a lot more fun. There are a lot more opportunities to play, the bigger the water is. And this is really big water that we're headed into. And what you need to look for is, you need to recognize the environment and then look for the opportunities that it creates.

Shea: Certainly in this, one of the lessons would be that you can't predict the specific manifestation of what we're talking about as permanent whitewater. What you can predict is—we're in permanent whitewater. So this time it's Wall Street. It's going to be some other time somewhere else. Depending if we're in the '70s, we're talking about consumer electronics entering this world. If we're in the '80s, we're talking about health care, financial services, and the first wave of deregulations. Those are the manifestations in that particular moment of what is an overall gestalt. This is the background. This is what we're all playing in front of, is this kind of dynamic. And it's going to continue to drive, due to changes in the—as we mention in the book, in globalization and in the financial markets, as well as the escalation of technology. So to your specific question about, "What should that person do now?" That specific advice would be more, "Open your eyes and take a look at the world that you're in." Right now, you're in a choice of whether you're going to confine yourself to what you thought was the world view before, or are you going to move to a world view that says, as Rob has been explicating, that this is a rapidly changing world.

And among other things, besides the skill base that we've talked about a bit, there's also—it puts particular weight on networking. Not in the sense of some kind of schmooze. It means, who knows that you're good, and who do you know that's good? So when you want to construct the next trip, move to the next river that you're going to try to go down, to stay with that image, where in your network can you go to do that? And these are people who view you as competent, who you view them as competent. These are people you want to re-enter the river with.

I was just going to finish—we had one story that we talked about, about a female executive who ends up leaving a stable environment. She thinks, for personal reasons, that she doesn't like the direction of the firm. Goes to an entrepreneurial firm, and then eventually comes back in, being requested to rejoin the organization that she left originally, and eventually takes her boss's job. Because that's part of the reason they want her back in. And at the end of that we asked her, "So, how would you sum up your experiences?" And it's not unlike, perhaps, some of the experiences that you're referencing of people who are now in flux in Wall Street. And here's what she said, as a successful senior person who went through these and other changes in a permanent whitewater world. She says, "Work hard, do the right thing, keep your eyes open, and don't be afraid."

Knowledge@Wharton: Well, gentlemen, thank you very much for coming by today. I appreciate it. And lots of luck with the book.

Shea: Thank you.

Gunther: Thank you. ¤