

# THE FUTURE OF SENIOR LEVEL CAREERS

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**SUMMARY:** This article presents a review of the careers of fifty executives who have been outstanding in traversing the careers of their professional lives. In a world of short job tenure-elongated middle age, most executives will have to manage two separate careers. One career is called W-2 and is the traditional “job.” The other career is called 1099 and will be interim or consulting work. Many people think these two careers will occur sequentially: “First I will have my W-2 career and when I retire I will do a bit of consulting on the side.” That type of plan sets people up for failure. We argue that leaders will be traversing between W-2 and 1099 through their professional lives. And there are important implications for networking, learning, and professional competence. The article is critical of the “Free Agent Model” as only partially true yet totally misleading. It results in executives feeling like failures when they are not.

**KEY WORDS:** CAREERS, COACHING, LEADERSHIP

In our work with senior executives, it is not uncommon to hear the following:

- I cannot afford to retire at age 65. My Business School roommate was able to retire at 45. I must be a failure.
- I can't find a full-time job. I can only make money doing interim work or consulting work. I must be a failure.

Welcome to the world of short job tenure and long middle age.

#### THE WORLD OF SHORT JOB TENURE AND LONG MIDDLE AGE.

These individual complaints are but symptoms of two larger social trends impacting all developed countries. The first trend is a shortening of traditional job tenure in line with the collapsing time frame for product life cycles, and corporate life cycles. Technology has been a driver behind the speeding up of our lives, including the speeding of what economists call creative destruction.

At the same time job tenure is getting shorter, life span is increasing. You can thank the same technological thinking that has also contributed to the lowering of your job tenure. The average life span within industrial societies has increase 12 years since social security was adopted. It is important, however, to remember that this additional 12 years is not an additional 12 years of old age. It is an elongation of middle age. Thriving in a world of short job tenure/long middle age requires career and strategic maneuverability. As an individual and as a business leader, the symbol for this maneuverability is Lou Gerstner:

*Lou Gerstner was a partner at a leading LBO firm. He joined IBM as its CEO at a time when it had one hundred days of cash left and had just lost \$8.1 Billion. People were writing-off IBM as a "has been" organization. In an engineering driven company, he admitted that he was technically incompetent. And yet, he moved IBM from a hardware-oriented company to a maneuverable global player focusing on IP and professional services.*

#### SURVEY OBJECTIVES.

We interviewed 50 executives who have been successful in managing their careers in a world of short job tenure and long middle age. Most of them were CEOs or reported directly to CEOs. Success was defined as financial and emotional satisfaction with both consulting and employment phases of their professional lives. What have we learned?

## FREE AGENCY IS BOTH TRUE AND MISLEADING.

In the last ten years of the 20<sup>th</sup> century, Economists like Robert Reich and popular business magazines like BUSINESS 2.0 began to write about Free Agent Nation: Under a free agent model, executives have careers that resemble professional sports stars. Free agents smoothly shifting from one major league team to another major league team through the work of third parties. In the sports and entertainment sectors, these third parties are called Agents. In the world of business, these people are called retained search executives.

Professional sports players represent an elite segment of the general population. And even within this elite group, only the top 10-15% of this elite can count on the Free Agent model to work in their favor.

What happens to the other 85 percent?

When their contracts with one major league team are not renewed, it is the beginning of the end of their professional sports career. It may also mean the start of a new profession. Even for the elite within the sports elite, Free Agency is true for only a limited time.

The concept is similar in business but it is not openly discussed.

Free Agency says that winners smoothly move from full time job to full time job with the help of recruiters. Senior Executives are an elite group within the business world. But within this world, Executive Recruiters prefer to work with what they call “A Players.” This is the elite within the elite. “A Players” have a performance record, a public reputation, and a chronological age that is desired by company clients. Even “A Players” will find recruiters will stop working for them when they reach a certain age.

What happens to the vast majority of executives, who are elite but are not A Players or are former A Players?

The notion of moving from a “good” corporate job to “Temporary Help” as a consultant or an interim executive can feel humiliating if you adopt a Free Agency Model of career management.

The career reality we see within elite executives is a constant traversing from full-time assignments or W-2 relationships to project assignments or 1099 relationships. And then back again. Failure to grasp the realities of the marketplace can make life even more painful. Consider the case of Jack:

Jack was CFO of a company in a declining industry. A larger player acquired Jack’s company and he received a one-year severance agreement as part of his exit package.

Jack spent the first nine months aggressively networking for a full-time CFO job in his geographic area, while making it clear that a full-time CFO position requiring relocation would be a second choice. By month ten, Jack became concerned about his family cash flow situation, and began looking for interim CFO assignments or project consulting assignments.

Jack found his network unresponsive and the reason was obvious. Jack had clearly signaled early in his job search that Project Assignments were not on his original career agenda. Jack's network reasonably concluded that he had failed to achieve his goals and was now desperate.

Jack is now approaching month 24 without either employment assignments or project assignments.

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We work with executives like Jack every day. His story is both unhappy and common. It need not have ended this way. Jack needed to understand and accept that his career may have begun as an employee but it would most certainly end as a consultant. Nor did he understand that a lifetime of work does not involve managing a single career comprised of a series of corporate jobs.

Think of your clients as managing two distinct careers. One career focuses on employment assignments and the other focuses on project assignments.

Our mission as career consultants is to teach leaders what we know about managing these two careers so that they will be successful at both.

### CLIMBING CORPORATE LADDERS

A second dysfunctional model links career advancement with the analogy of climbing ladders. This analogy may be viable for large companies with a sophisticated approach to management development. But most companies we work with adopt a "Just in Time" approach to leadership:

*When we need a new leader we will find the person best qualified as quickly as possible. We will take this to retained search and ask for the best qualified candidates within the company or outside the company.*

Most in-house executives correctly assume a recruiting bias for hiring outside the company rather than promoting from within. Few companies groom executives for higher-level positions, thus promoting an in-house person is sometimes as much a leap of faith hiring an outside person. The in-house person, however, may come with a track record of faults and political enemies. Rakesh Khurana has written about the tendency of Boards to hire outsiders rather than select insiders.

The successful people we interviewed do not think in terms of ladders. They think in terms of traversing the careers of their professional lives. The skiing term of traversing means moving from a straight line to a zigzag pattern along different terrain. During your Alpine ski run you may traverse over ice patches, powder snow, or come up against moguls.

- Moving up a ladder requires steady discipline and persistence in the face of obstacles.
- Traversing requires also requires discipline combined with maneuverability.

Ladder climbing was a great metaphor for career management for industrial-based economies of the mid 20<sup>th</sup> Century. Traversing careers is a more appropriate metaphor for the first quarter of the 21<sup>st</sup> century.

Let's get back to the example of Jack.

Jack needed to understand and accept that his career may have begun as an employee but it would most certainly end as a consultant.

Jack's career would not be a single career comprised of a series of corporate jobs. It is more like managing two criss-cross careers – one focusing on employment assignments and the other focusing on project assignments.

This is what we call traversing careers as opposed to managing A career.

Here are three lessons we have learned from these careers masters: traverse with your edge, master affiliation needs, and traverse between provincial/cosmopolitan knowledge:

### LESSON #1: TRAVERSE WITH YOUR EDGE:

In traversing on skis, you lead with your ski edge. Your edge gives you maneuverability. In career traversing you lead with your skills edge. Your edge gives you maneuverability through different terrain. James is an example of one of our 50 executives:

After receiving his MBA from Columbia University, James went into banking. Various assignments at Mellon Bank and Bank of America eventually led to James' being hired as President/CEO of an Oregon bank. In 1990, James' bank was acquired and he was without employment, so James created a one-person consulting firm, whose initial focus was on what James called "credit dependent companies." Using his personal relationships with West Coast bank presidents, James was able to negotiate settlements so that both sides could have something of value.

By 1994, the recession had lifted, and one of James' clients came to him for consulting assistance. One consulting opportunity led to an offer to become Chief Operating Officer. His assignment was to double the size of this medical products distribution company and then sell the company to a national player in the industry during a time when rollups were attractive IPOs.

This assignment was completed within eighteen months. Once again James opened his consulting practice. One of his clients was a nonprofit organization. This consulting assignment brought him exposure to new areas like fund raising and working with agencies in Washington, DC. This assignment was completed after two years. The contacts James developed brought him to the notice of a Board member of a non-profit company in his town. James was offered the position of Chief Executive Officer for an Oregon human services organization with a budget of \$265 Million and its impact is felt state wide.

James has been a bank president, a distribution company COO, and a nonprofit CEO. Between these Employment Assignments, there has been a constant theme of Project Assignment work that leads him to the next Employment Assignment.

James has had many job titles and in many different industries. But he always leads with his edge. What is James' edge?

Here is what James says:

“I have centered my professional life on one strong theme: I solve financial/organizational problems from a perspective of a banker. Had I identified myself as a ‘banker,’ my goose would have been cooked as the banking industry continued its consolidation. Instead I have worked with medical products, retail companies, construction companies, a giftware company, and health care products.

It has been fun, a real learning experience. But my core identity remains the same. That never changes.”

Again, the concept is in career traversing you lead with your edge and that gives you maneuverability to move over different terrains. Notice how he does not define his edge as a functional or industry expertise?

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Ted is another career traversing executive who has defined his professional edge.

Ted began his IT career working with a variety of large corporations, beginning with EDS, the global IT outsourcing firm and Honeywell. Five years later, he moved to Monchik Weber, a consulting firm. His success as a consultant in an assignment involving ocean cargo issues led to an opportunity to become CIO for

a company in the ocean freight transportation industry. Five years later, he was once again consulting. But the consulting assignment helped him gain credibility in the financial services sector. Ted is now CIO for a global financial services company.”

In commenting on his professional life, Ted finds himself a solid constant in a series of ever-changing Employment Assignments and Project Assignments:

“My skills are coaching and developing people in technical environments. Internal or external, I use the same tools. I just apply those tools in different way.”

Notice how both executives define themselves more broadly than their industry or functional labels of the moment. In a world of short job tenure/long middle age, industry or function can change. Think of Lou Gerstner. But there needs to be a solid core self-definition for stability in a professional world that constantly changes.

## **LESSON #2: MASTER AFFILIATION NEEDS**

Affiliation is the desire to be part of a group that is larger than you. Beyond the pain not having a regular income, lack of colleagues or not being part of a team is the most difficult issue our clients deal with during the external phase of the executive assignments..

Moderate needs for affiliation are ideal for senior executives in the employment assignment phase. You should enjoy being part of a team.

When traversing into the project assignment phase of your career, even moderate affiliation needs can be dysfunctional: your value to your client is objectivity. Constant angling to figure out ways of remaining as a permanent guest detracts from that value.

Where can you get those affiliation needs met if they are not going to be met by your next employer?

Guilds or professional associations are work-related reference groups outside the corporation. These reference groups focus on functions, industry, or specific problems/opportunities. For example:

**Functional:** Financial Executives International, Young President’s Organization, The Executive Committee, Society for Human Resource Management, Turnaround Management Association, California Association of Radiologists, Society for Information Management, American Marketing Association.

**Industry:** Massachusetts Hospital Association, California Biotech Council, National Association of Manufacturers, Florida Orange Grower’s Association,

Georgia Medical Association, Institute for Management Consulting, Society for Professional Consulting.

**Problem/Opportunity:** SENG, Association for Corporate Growth, MIT Enterprise Forum, Senior Executive Networking Group, Harvard Business School Alumni Association, American Chamber of Commerce in Berlin.

### **LESSON #3 TRAVERSE BETWEEN PROVINCIAL AND COSMOPOLITAN KNOWLEDGE**

In the Employment Assignment trajectory, leaders are hired to manage the work of others. Moving up the corporate career ladder often means leaving behind technical mastery in favor of leadership mastery that could apply in any organization. We call these skills cosmopolitan skills. Lou Gerstner took over IBM without skills as an electronics engineer or appropriate background in IBM's technology foundation. George Marshall moved from being a soldier to running the Department of Defense to being Secretary of State to being the President of the American Red Cross. He was a master of the cosmopolitan skills of management and this allowed him to maneuver. On the other hand, Project Assignment professionals are often hired because of their specific substantive content knowledge. This specific type of specific knowledge is called provincial knowledge. Ted is a careers master and knows how to manage the interplay between cosmopolitan and provincial knowledge:

“I am already thinking ahead to the next move in my career. And that will probably be a consulting position. It is important to keep my technical skills sharp. I am planning to take a course in a technical area. You've got to stay sharp. Taking the courses also helps shape the external perception others have of me. I want to be flexible. I am 54. It is important to build a perception that I am not stuck in a mold. Taking courses is one way to do that. Right now I am taking a course on a specific applications program at a local community college. But two years ago I was in the Advanced Management Program at Harvard Business School talking Big Company Strategy. It's important to do both.

Note that Ted understands that his current Employment Assignment will set the stage for his next Project Assignment.

### **EXHILARATION AND TERROR**

You may have begun your career as an employee. You most certainly will end it as a consultant. In between, you will criss-cross the Employment and Assignment trajectories. This criss-cross is what we call careers management. Each trajectory has different rules. Fail to master these rules at your peril.

The cases of James and Ted illustrate a combination of flexibility with discipline. That mixture of flexibility and discipline is not unlike skiing down a mountain in a criss-cross mode, as you navigate through different types of snow and different terrain.

The payoff of skiing with flexibility and discipline are the simultaneous emotions of exhilaration and terror. Careers management also provides those same emotions. As James says:

“If you only focus on what is expected of you in your job, your ability is restricted to the next run in the ladder. The trick is to learn how to rapidly change ladders!”

The upside of this exhilaration and terror is the closest thing to job security most executives will know in the 21<sup>st</sup> Century: the security of knowing you know how to sell successful generate income as a consultant. Consider the case of Larry Gibson:

Larry Gibson was Chief HR Officer with Harvard Pilgrim Health Plan. Prior to that he was head of HR for a division of Motorola. For the past three years he has been earning an income in Project Assignments:

“My life as a consultant has broadened my professional perspective and given me a broader industry expertise. This makes me more marketable. I enjoy consulting. I know how to make a living at it. If a full-time job opportunity came, I’d certainly look at the opportunity. But it would have to go over a higher hurdle before I would sign on.”

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Laurence J. Stybel and Maryanne Peabody are co-founders of Stybel Peabody Lincolnshire, providing a systems approach to leadership change “when the stakes are high.” Google ranks stybelpeabody.com #1 on the Internet for career management for CEOs.