The Alliance

managing talent in the networked age

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Reid

To Jeff Weiner, who’s been an awesome partner at LinkedIn and a great ally in developing this book.

Ben

To Brad and Amy Feld, for believing in me.

Chris

To my parents, Grace and Milton, and my Auntie Janie, who always thought I had a book in me.

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Employment in the Networked Age

Rebuilding Trust and Loyalty through an Alliance

Imagine it's your first day of work at a new company. Your manager greets you with warm enthusiasm, welcomes you to "the family," and expresses her hope that you'll be with the company for many years to come. Then she hands you off to the HR department, who sits you down in a conference room and spends thirty minutes explaining that you're on a ninety-day probation period, and that even after that, you'll be an "at will" employee. At any moment, you can be fired. For any reason, you can be fired. Even if your boss has no reason at all, you can be fired.

You just experienced the fundamental disconnect of modern employment: the employer-employee relationship is based on a dishonest conversation.

Today, few companies offer guaranteed employment with a straight face; such assurances are perceived by employees as naive, disingenuous, or both. Instead, employers talk about retention and tenure with fuzzy language: their goal is to retain "good" employees and the time frame is . . . indefinitely. This fuzziness actually destroys trust—the company is asking employees to commit to itself without committing to them in return.

Many of your employees have responded by hedging their bets, jumping ship whenever a new opportunity presents itself, regardless of how much they profess their loyalty during the recruiting process or annual reviews.

Both parties act in ways that blatantly contradict their official positions. And thanks to this reciprocal self-deception, neither side trusts each other. Not surprisingly, neither side profits as fully as it might from their relationship. Employers continually lose valuable people. Employees fail to fully invest in their current position because they're constantly scanning the marketplace for new opportunities.

Managers, meanwhile, are caught in the middle. They're wary about even acknowledging the problem, much less solving it. Instead of thinking about how to facilitate growth in their employees in forward-looking ways, they worry about keeping their teams intact long enough to complete key projects. No one wants to risk being jilted, so no one invests in the long-term relationship.

Employers, managers, and employees need a new relationship framework where they make promises to one another they can actually keep. That's what this book aims to provide. And we think it will help build successful companies and powerful careers.

The old model of employment was a good fit for an era of stability. In stable times, companies grew larger to leverage economies of scale and process improvement. These titans offered an implicit deal to their workers: *We provide lifelong employment in exchange for loyal service*. "Maximizing employee security is a prime company goal," Earl Willis, General Electric's manager of employee benefits, wrote in 1962.[1] In that era, careers were considered nearly as permanent as marriage. Employers and employees committed to each other, for better or worse, through bull and bear markets, until retirement did them part. For white-collar professionals, progressing in one's career was like riding an escalator, with predictable advancement for those who followed the rules. Because both sides expected the relationship to be permanent, both sides were willing to invest in it and each other.

Then the world changed, both philosophically and technologically. The rise of shareholder capitalism led companies and managers to focus on hitting short-term financial targets to boost stock prices. Long-term investment took a backseat to short-term cost-cutting measures like "rightsizing"—or as we used to call it, *firing people*. Around the same time, the development of the microchip ushered in the Information Age, sparking a communications revolution and the globalization of business. Companies like the Big Three American automakers found themselves competing with leaner, hungrier competitors.

As a result of these shifts, the stability of the 1950s and 1960s gave way to rapid, unpredictable change, and once-stalwart companies began to be toppled out of the S&P 500 at a faster and faster rate.[2] Adaptability and entrepreneurship became key to achieving and sustaining success in business, their importance growing as the spread of computers and software imposed Moore's Law on every corner of the economy. Today, anyone with an internet connection has the power to connect with billions of others around the world. Never before in human history have so many people been connected by so many networks.

The traditional model of lifetime employment, so well-suited to periods of relative stability, is too rigid for today's networked age. Few American companies can provide the traditional career ladder for their employees anymore; the model is in varying degrees of disarray globally.

In response to these competitive pressures, many—probably most—companies have tried to become more flexible by reducing the employer-employee relationship to what's explicitly spelled out in a legal and binding contract. This legalistic approach treats both employees and jobs as short-term commodities. Need to cut costs? Lay off employees. Need new competencies? Don't train your people—hire different ones. "Employees are our most valuable resource," companies insist. But when Wall Street wants spending cuts, their "most valuable resource" suddenly morphs into their most fungible resource.

In the 1980s, a Conference Board survey found that 56 percent of executives believed "employees who are loyal to the company and further its business goals deserve an assurance of continued employment." Just a decade later, that figure had plummeted to 6 percent.[3] Remember GE's focus on maximizing employee security? By the 1990s, GE CEO Jack Welch was quoted as saying, "Loyalty to a company? It's nonsense."[4]

In the at-will era, employees have been encouraged to think of themselves as "free agents," seeking out the best opportunities for growth and changing jobs whenever better offers beckoned. The Towers Watson 2012 Global Workforce Study found that even though about half of employees wanted to stay with their current employer, most of them felt that they would have to take a job at a different company in order to advance their careers.[5]

“It’s just business” has become the ruling philosophy. Loyalty is scarce, long-term ties are scarcer, but there’s plenty of disillusionment to go around.

And so managers and employees end up staring at each other after the “Welcome to the Company” happy hour, knowing that their relationship relies on mutual self-deception, but unable to do anything about it.

As much as companies might yearn for a stable environment and employees might yearn for lifetime employment, the world has irrevocably changed. But we also can’t keep going the way we’ve been going. Trust in the business world (as measured by the proportion of employees who say they have a “high level of trust in management and the organization” they work for) is near an all-time low.[6] A business without loyalty is a business without long-term thinking. A business without long-term thinking is a business that’s unable to invest in the future. And a business that isn’t investing in tomorrow’s opportunities and technologies—well, that’s a company already in the process of dying.

The Alliance

If we can’t go back to the age of lifetime employment, and the status quo is untenable, it’s time to rebuild the employer-employee relationship. The business world needs a new employment framework that facilitates mutual trust, mutual investment, and mutual benefit. An ideal framework encourages employees to develop their personal networks and act entrepreneurially without becoming mercenary job-hoppers. It allows companies to be dynamic and demanding but discourages them from treating employees like disposable assets.

The Alliance lays out a path forward for companies and their employees. We can’t restore the old model of lifetime employment, but we *can* build a new type of loyalty that both recognizes economic realities and allows companies and employees to commit to each other. Our goal is to provide a framework for moving from a transactional to a relational approach. Think of employment as an alliance: a mutually beneficial deal, with explicit terms, between independent players. This employment alliance provides the framework managers and employees need for the trust and investment to build powerful businesses and careers.

In an alliance, employer and employee develop a relationship based on how they can add value to each other. Employers need to tell their employees, “Help make our company more valuable, and we’ll make *you* more valuable.” As Russ Hagey, Bain & Company’s chief talent officer, tells recruits and consultants, “We are going to make you more marketable [in the labor market in general].”

Employees need to tell their bosses, “Help me grow and flourish, and I’ll help the company grow and flourish.” Employees invest in the company’s success; the company invests in the employees’ market value. By building a mutually beneficial alliance rather than simply exchanging money for time, employer and employee can invest in the relationship and take the risks necessary to pursue bigger payoffs.

For example, many HR leaders and executives get frustrated when they spend a lot of money on training and development programs, only to see employees walk out the door months later. If you think of your employees as free agents, the natural response is to slash training budgets. Why train a competitor’s new hire? In an alliance, the manager can speak openly and honestly about the investment the company is willing to make in the employee and what it expects in return. The employee can speak openly and honestly about the type of growth he seeks (skills, experiences, and the like) and what he will invest in the company in return by way of effort and commitment. Both sides set clear expectations.

When a company and its managers and employees adopt this kind of approach, all parties can focus on maximizing medium- and long-term benefits, creating a larger pie for all and more innovation, resilience, and adaptability for the company.

Moving from Family to Team

In a famous presentation on his company's culture, Reed Hastings, the CEO of Netflix, stated, "We're a team, not a family."[7] He went on to advise managers to ask themselves, "Which of my people, if they told me they were leaving for a similar job at a peer company, would I fight hard to keep at Netflix? The other people should get a generous severance now so we can open a slot to try to find a star for that role."

We believe that most CEOs have good intentions when they describe their company as being "like family." They're searching for a model that represents the kind of relationships they want to have with their employees—a lifetime relationship with a sense of belonging. But using the term family makes it easy for misunderstandings to arise.

In a real family, parents can't fire their children. Imagine disowning a child for poor performance. "We're sorry, Susie, but your mom and I have decided you're just not a good fit for us. Your table-setting skills aren't delivering the exceptional customer service experiences we're known for. We're going to have to let you go. But don't take it the wrong way; it's just family." Unthinkable, right? But that's essentially what happens when a CEO describes the company as a family, then institutes layoffs. Regardless of what the law says about at-will employment, those employees will feel hurt and betrayed—with real justification.

In contrast, a professional sports team has a specific mission (to win games and championships), and its members come together to accomplish that mission. The composition of the team changes over time, either because a team member chooses to go to another team, or because the team's management decides to cut or trade a team member. In this sense, a business is far more like a sports team than a family.

Yet while a professional sports team doesn't assume lifetime employment, the principles of trust, mutual investment, and mutual benefit still apply. Teams win when their individual members trust each other enough to prioritize team success over individual glory; paradoxically, winning as a team is the best way for the team members to achieve individual success. The members of a winning team are highly sought after by other teams, both for the skills they demonstrate and for their ability to help a new team develop a winning culture.

The idea of a sports team defines how we *work* together, and toward what purpose, but the idea of a family still has relevance because it defines how we *treat* each other—with compassion, appreciation, and respect. (One benefit of establishing a corporate alumni network, for example, is how it allows employers and employees to relate to each other as a family, even after they're no longer under the same roof; more on this in chapters 7 and 8.)

Getting Value from Entrepreneurial Talent

We three authors come from a business environment where the employment alliance has already taken root—the high-tech start-up community of Silicon Valley. It's the best place in the world for adaptation and innovation, as demonstrated by its economic growth over the past decade. If you want your organization to be able to survive and thrive in an environment where change is rapid and disruptive innovation rampant, you need to develop the adaptability that is the hallmark of this ecosystem.

Obviously, not every industry works like Silicon Valley, nor should many established companies attempt wholesale adoption of start-up strategies. The question is *which* lessons from Silicon Valley are generally applicable. Mainstream media's coverage of Silicon Valley tends to focus on flashy details. But attributing the valley's success to four-star meals in cafeterias, Foosball tables, or even stock options is like attributing a Ferrari's power to its bright red paint job.

The real secret of Silicon Valley is that it's really all about the people. Sure, there are plenty of stories in the press about the industry's young geniuses, but surprisingly few about its management practices. What the mainstream press misses is that Silicon Valley's success comes from the way its companies build alliances with their employees. Here, talent really is the most valuable resource, and employees are treated accordingly. The most successful Silicon Valley businesses succeed because they use the alliance to recruit, manage, and retain an incredibly talented team of entrepreneurial employees.

Entrepreneurial employees possess what eBay CEO John Donahoe calls the *founder mind-set*. As he put it to us, "People with the founder mind-set drive change, motivate people, and just get stuff done." Our previous book, *The Start-up of You*, showed individual professionals how to develop the founder mind-set for any type of career, including a career spent working at one or two companies. Indeed, having a founder mind-set doesn't necessarily mean you are going to start your own company. Many people with such instincts are quite happy to work at companies like eBay or

LinkedIn—provided such companies maintain an employment alliance that encourages entrepreneurial behavior. Having employees focused on the start-up of their career is a good thing; after all, employees who don't feel a pressing need to invest aggressively in their own careers probably won't be capable of the quick, decisive actions that your company needs to adapt and grow.

The founder mind-set, and the alliance required to incorporate it into your company, weren't always quite so critical. In the old economy—the stable one—efficiency was the cardinal virtue. Employers placed employees on fixed tracks so that they could develop ever-higher degrees of specialization. But when markets change, specialization often shifts from asset to liability, as in the case of the proverbial buggy-whip manufacturer. In the new economy of fierce competition and rapid technological change, the markets are constantly shifting.

Today, *entrepreneurial thinking and doing are the most important capabilities companies need from their employees.* As the competitive pace increases, it becomes more and more critical. Consider the effect of just a few entrepreneurial employees at two giants of innovation, Pixar and Amazon.

John Lasseter at Pixar

John Lasseter is the type of entrepreneurial employee every innovative company wants. If you've seen movies like *Toy Story*, *Finding Nemo*, and *Monsters, Inc.*, you know his work intimately. His movies have grossed over $3.5 billion in the United States alone, and have averaged over $250 million at the box office, making Pixar the most successful movie studio of all time.[8] What most people don't know is the story of how Disney, his original employer, fired him.

Lasseter began his career at Disney as a young animation designer in the days when animation was created with pen and paper, then converted into film. One day, a colleague showed him a video from a local conference about the emerging technology of computer-generated animation. Lasseter was struck by a vision—Disney should create an entire film using computer-generated animation. He went to managers and pitched the idea. They listened carefully to his pitch, then sent him back to his desk. A few minutes later, he received a phone call from the head of Disney's animation department—informing him that he was being fired. The rationale for his dismissal: he was too distracted with his crazy ideas.

Like many with the founder mind-set, Lasseter refused to give up on his dream. He joined George Lucas's Lucasfilm, where he pursued computer animation as a member of Ed Catmull's computer division. A few years later, Lucas sold the then-unprofitable division to Steve Jobs, who named the resulting company Pixar. And in 1995, Pixar partnered with Disney to release the world's first computer-animated feature film, *Toy Story*.

In 2006, eleven years after *Toy Story* was released and twenty-three years after Lasseter was fired, Disney realized it had made a mistake by rejecting computer animation and ended up bringing Lasseter back. But it would cost them—the Walt Disney Company spent over $7 billion to buy Pixar. And that's how Lasseter ended up back at Disney as its chief creative officer of Disney Animation Studios.[9]

Disney's management hired an entrepreneurial talent like Lasseter, but they treated him as a commodity rather than an ally, and in the process, they lost their chance to develop a multibillion-dollar business. Lasseter would have been happy to develop that business within Disney, but his managers wouldn't let him.

Benjamin Black and Amazon Web Services

Amazon didn't make the same mistake as Disney. Recently, it used the principles of the alliance to generate a new multibillion-dollar business. Amazon has become a leader in the field of cloud computing, thanks to Amazon Web Services (AWS), which allows companies to rent online storage and computing power, rather than buying and operating their own servers. Companies ranging from *Fortune* 500 giants to one-person start-ups run their businesses on AWS. What most people don't realize is that the idea for AWS didn't come from Amazon's famed entrepreneurial founder and CEO, Jeff Bezos, or even from a member of his executive team, but rather from an "ordinary" employee.

In 2003, website engineering manager Benjamin Black wrote a short paper describing a vision for Amazon's infrastructure and suggested selling virtual servers as a service.[10] He realized that the same operational expertise that made Amazon an efficient retailer could be repurposed to serve the general market for computing power. Black and his manager, Chris Pinkham, pitched Bezos on the concept, and after a few more iterations, Bezos put Pinkham in charge of a project to develop what would become AWS. When Amazon's board questioned whether the company should tackle something so unrelated to online retail, Bezos defended the idea and pushed it through. Launched in 2006, AWS contributed an estimated $3.8 billion to Amazon's revenues in 2013.[11]

Unlike John Lasseter's bosses at Disney, Bezos was open to the entrepreneurial contributions of Amazon's individual employees—even when those ideas were outside what Wall Street (and even his own board of directors) considered the company's core business. AWS represents precisely the kind of value creation any CEO or shareholder would want from their employees. Want your employees to come up with multibillion-dollar ideas while on the job? You have to attract professionals with the founder mind-set and then harness their entrepreneurial impulses for your company. As Intuit CEO Brad Smith told us, "A leader's job is not to put greatness into people, but rather to recognize that it already exists, and to create the environment where that greatness can emerge and grow.”

Having the Courage to Lead Honest Conversations

We wrote this book to share our vision for how the employer-employee relationship should work. Our concept of the alliance represents a potentially controversial departure from the standard take on corporate management. You may not agree with everything we have to say. But if you consider it a priority to recruit, manage, and retain the talent that today's organizations need to adapt and thrive, this book will offer both a framework and practical advice, including a detailed template for a statement of alliance as an appendix. We'll tackle questions like:

- How do I build trust and loyalty with my employees if I can't guarantee lifetime employment?
- How does the alliance apply to different types and levels of employees?
- How do I build a relationship with my entrepreneurial employees when our ultimate goals and values might differ?
- What kind of networking and personal brand building should I allow my employees to do in the workplace?
- How can I run an effective corporate alumni network given limited time and resources?

Adopting the alliance is ideally a companywide endeavor led by the CEO. CEOs or senior executives will find commentary throughout on how a company should think about these ideas. Some advice, like establishing a corporate alumni network, is best carried out with the support of the CEO's office.

But we also recognize that the people who bear the primary responsibility for putting the alliance into practice are, in fact, managers. If you're a manager, you'll find tools that will help you implement the alliance so that you can start transforming your department or team.

For individual employees, this book can help them understand what they can commit to and expect from the alliance they negotiate with their managers. (For more direct advice on how to transform an individual career using entrepreneurial principles, see our earlier book, *The Start-up of You*.)

The Alliance isn't just an argument that we need a new way of doing business. It's a blueprint for how to actually do it. It's a way to invest in the long-term future without sacrificing adaptability. The alliance makes employees more valuable by making them more adaptive and skillful, gives managers the tools and guidance to work better with their direct reports, and teaches companies how to effectively leverage and retain entrepreneurial employees.

2

Tours of Duty

Organizing the Alliance

How did David Hahn go from a twenty-three-year-old with no business experience to one of the most sought-after executives in Silicon Valley? The answer is the unique way he structured his nine years of working at LinkedIn. Over four distinct "tours of duty," Hahn transformed the company and his career.

His first tour was as a junior business analyst; his last tour was running all of LinkedIn's monetization products as a vice president. Each time, with a different manager, he scoped out a mission objective that led to long-term benefit for both sides. For the company, it shipped dozens of key products under Hahn's stewardship. For the employee (Hahn), he acquired the managerial experience he needed to fulfill his longtime aspiration to become a successful company builder (we'll discuss Hahn's values and aspirations in greater length in chapter 3).

As a manager at LinkedIn, Hahn was also explicit about tours of duty with his team members, encouraging them to rotate to new tours of duty within LinkedIn so that they could gain operational experience across multiple areas. Hahn did this despite that the fact that many of his team members were perfectly happy within his group. He saw it as his duty to help them grow. This seeming contradiction—regularly changing roles in the context of a long-term relationship—is the essence of the tour of duty framework.

The phrase *tour of duty* comes from the military, where it refers to a single specific assignment or deployment. Soldiers will typically serve multiple tours of duty during their military careers, much as employees will take on a number of different projects or initiatives during the course of their work at a particular company and throughout their careers.

Clearly the parallel is only partial—it's difficult and arguably unwise to run a business like a military unit, especially in today's world. You probably don't have the authority and tools of a commanding officer. When an employee leaves your company, he might get a farewell party. When a soldier leaves his unit without permission, he goes AWOL and gets a court martial (and probably several years in a military prison). Nor will most companies offer the job security and social safety net of the US military. But the metaphor conveys the key concept that both military and business tours of duty have in common: focus on honorably accomplishing a specific, finite mission.

In the context of the alliance, the tour of duty represents an ethical commitment by employer and employee to a specific mission. We see this approach as a way to incorporate some of the advantages from both lifetime employment and free agency. Like lifetime employment, the tour of duty allows employers and employees to build trust and mutual investment; like free agency, it preserves the flexibility that both employers and employees need to adapt to a rapidly changing world.

This approach can relieve the pressure on you and your employees alike because it builds trust incrementally. Everyone commits in smaller steps and, as with any kind of meaningful relationship, the relationship deepens as each side proves themselves to each other. The tour of duty is a way of choreographing the progressive commitments that form the alliance.

By recasting careers at your company as a series of successive tours of duty, you can better attract and retain entrepreneurial employees. When recruiting top talent, offering a clear tour of duty with specific benefits and success outcomes beats vague promises like "you'll get valuable experience." Defining an attractive tour of duty lets you point to concrete ways that it will enhance the employee's *personal* brand—while he's at the company and if and when he works elsewhere—by integrating a specific mission, picking up real skills, building new relationships, and so on.

When Reid first founded LinkedIn, for example, he offered an explicit deal to talented employees. If they signed up for a tour of duty of between two to four years and made an important contribution to some part of the business, Reid and the company would help advance their careers, preferably in the form of another tour of duty at LinkedIn. This approach worked: the company got an engaged employee who worked to achieve tangible results for LinkedIn and who could be an advocate and resource for the company if he chose to leave after one or more tours of duty. The employee transformed his career by enhancing his portfolio of skills and experiences.

A few of the managers we spoke with for this book worried that the tour of duty framework might give employees “permission” to leave. But permission is not yours to give or to withhold, and believing you have that power is simply a self-deception that leads to a dishonest relationship with your employees. Employees don’t need your permission to switch companies, and if you try to assert that right, they’ll simply make their move behind your back.

The finite term of the tour of duty provides crisper focus and a mutually agreeable time frame for discussing the future of the relationship. It gives a valued employee concrete and compelling reasons to “stick it out” and finish a tour. Most importantly, a realistic tour of duty lets both sides be honest, which is a necessity for trust.

We recognize the irony of looking to Silicon Valley for lessons on building long-term relationships. After all, Silicon Valley is where an engineer can update her LinkedIn profile in the morning and have five job offers by lunchtime. But this is precisely why you can learn from Silicon Valley. This is one of the fastest-moving, most competitive economies on the planet. It’s immensely difficult to retain quality employees, so the companies and managers that convince their people to stay must be doing something extraordinary. The talent management techniques—such as tours of duty—that work in this brutal environment are battle-tested. If they work here, they can work anywhere.

Building Trust through Honest Conversations

Mike Gamson is one of LinkedIn's most senior executives. He's risen through the organization over nearly seven years to the role of senior vice president, Global Solutions, where he oversees all sales operations. In part, his ascent is explained by his ability to develop talent, which is LinkedIn's number one operating priority. The headline he wrote on his LinkedIn profile says it all: "Passionate about investing in people."

Gamson said he builds trust through honesty: "I know my employees are likely to leave the company at some point. Recognizing that fact doesn't temper my interest in investing in them. On the contrary, it fuels it. Assuring them that it's more than OK to talk together about their career, even if it doesn't include LinkedIn, helps establish an atmosphere of open honesty, and helps them understand that we are aligned in our interest in making them better."

Honesty is only the first step in Gamson's strategy: "I explain how my job is to create career-trajectory-changing opportunities for them, and their responsibility is to take advantage of exposure to the experiences here to grasp that opportunity and create long-term value for themselves. In some cases, the value will manifest most explicitly later in their career after they leave. During the years we share at LinkedIn, we both win when they grow fastest. This shared interest is at the heart of my management style and my personal promise to my employees."

Another LinkedIn executive, senior vice president of engineering Kevin Scott, models the importance of honesty even more explicitly. He asks every person he manages, "What job do you envision having after you leave LinkedIn?" He asks the same question of folks who are interviewing for jobs at LinkedIn ("What job do you want after you work at LinkedIn?") in order to make sure the company can offer a tour of duty that will advance their future career.

Both Gamson's and Scott's approaches illustrate the fundamental paradox of the tour of duty: acknowledging that the employee might leave is actually the best way to build trust, and thus develop the kind of relationship that convinces great people to stay.

Rich Lesser, the CEO of The Boston Consulting Group, calls this building an “opt-in” culture. “The reality of being an employer is not that you make people feel an *obligation* to stay,” Lesser told us. “You hire the best people you can possibly find. Then it’s up to you to create an environment where great people *decide* to stay and invest their time. Since we made this an emphasis, our employee satisfaction scores have been better than ever, and our retention of top talent is substantially higher than a decade ago.”

Different Types of Tours

The specifics of a tour of duty vary greatly based on the person, company, functional area, industry, and job title. To help understand these distinctions, we’ve classified an employee’s tour of duty into one of three general types.

Rotational

A Rotational tour isn't personalized to the employee and tends to be highly interchangeable—it's easy to swap an employee in to or out of a predefined role.

The first flavor of Rotational is a structured program of finite duration, usually aimed at entry-level employees. For example, investment banks and management consultancies have defined two- to four-year analyst programs. Everyone is on the same basic program, generally for a fixed period of time and for a single go-round. These programs are often explicit "on-ramps" to transition new employees from school to work, or from their previous employers to the new employer's unique work environment.

Many of the leading companies in Silicon Valley have also adopted the Rotational tour model to hire and train entry-level employees in "classes." For example, Google's People Operations (HR) department hires recent college graduates into a structured, twenty-seven-month Rotational tour that allows them to try out three different roles in three, nine-month rotations.[1] Facebook follows a similar model for new product managers, who go through three rotations in three different product groups in eighteen months.[2] LinkedIn even has a cross-functional training program called RotateIn.

The purpose of this type of Rotational tour is to allow both parties to assess the potential long-term fit between employer and employee. If there seems to be a fit, the next step is to define a more personalized follow-up tour to maximize that fit. If either side doesn't see a fit, the employee will probably leave the company, but without stigma or relationship damage.

The other type of Rotational tour applies to employees at all career stages. These tours are highly structured and largely programmatic, but focus on maximizing the *current* fit between an employee and his role, rather than grooming the employee for a different role. Most blue-collar jobs fit into this category. For example, working on a particular assembly line can be thought of as a Rotational tour. A UPS driver is on a Rotational tour as well—it's routinized and structured, and the role is such that talent can be swapped in and out relatively seamlessly.

Transformational

Unlike the Rotational tour, a Transformational tour is personalized. The focus is less on a fixed time period and more on the completion of a specific mission. It's negotiated one-on-one by you and your employee. Most managers already spend a lot of time "managing" their people, but lack a rigorous framework for honest conversation and for defining specific expectations. The tour of duty framework lets you make this process structured and explicit, rather than vague and implied.

The central promise of a Transformational tour is that the employee will have the opportunity to transform both his career and the company. His LinkedIn profile (or résumé) should look considerably more impressive afterward! As a Transformational tour of duty enters its final stage, you and your employee can start to negotiate a follow-up tour of duty to keep the employee at the company. Because a Transformational tour represents a more intense forward-looking commitment than a Rotational tour, the default expectation is that both parties want to invest in the long term, and that there will likely be a follow-up tour.

A general rule of thumb is that an *initial* transformational tour of a duty lasts two to five years. It's a time period that seems to be nearly universal for any organization or industry. In the software business, the two- to five-year term fits with a normal product development cycle, allowing an employee to see a major project through. One reflection of this cycle is that Silicon Valley stock option grants typically vest over four years. In the consumer packaged goods business, companies like Procter & Gamble (P&G) start their new brand managers on a two- to four-year tour.

Making a real commitment allows an employee to accomplish something substantive. As Intuit CEO Brad Smith said, "Year 1 [of the tour] lets you gain the important context for the role, year 2 is about putting your definitive mark on transformational change, and years 3 to 5 are about implementing and growing your successes—or pivoting when assumptions don't play out the way you expect." Google chairman Eric Schmidt told us he also likes to define tours in terms of five years—a couple of years to learn, a couple of years to do the job, and a year to arrange the transition. As you strengthen the alliance with an employee, follow-on Transformational tours can be even longer in scope than the standard two to five years.

Arranging a series of Transformational tours within a company is also a way to offer employees meaningful internal mobility. Joan Burns, the senior vice president and head of resourcing for North America at HSBC, uses this internal mobility to improve employee retention: “In financial services, people can feel stagnant. People think career development means moving up the ladder, but moving from side to side can be just as valuable. We want to help people develop different skill sets that can help them and us.” Here in Silicon Valley, Cisco’s Talent Connection program, which helps current employees find new opportunities *within* Cisco, increased employees’ satisfaction with career development by almost 20 percent.[3]

Foundational

Jony Ive at Apple. Fred Smith at FedEx. Ginni Rometty at IBM. These are people whose lives are fundamentally intertwined with their companies. These are people on a Foundational tour of duty.

Exceptional alignment of employer and employee is the hallmark of a Foundational tour. (We'll discuss the concept of alignment in more detail in chapter 3.) If an employee sees working at the company as his last job, and the company wants the employee to stay until he retires, he is on a Foundational tour of duty. The company has become the foundation of the person's career and even *life*, and the employee has become one of the foundations of the company. The employee sees his life's work as the company's mission and vice versa. The Foundational tour recognizes and formalizes that reality.

Certain types of employees are likely to be on Foundational tours. By definition, company founders and CEOs are Foundational. For example, John Mackey started Whole Foods in 1980 and is still going strong nearly thirty-five years later. Mackey is a veritable toddler next to Warren Buffett, who has been running Berkshire Hathaway since 1965—nearly fifty years. At LinkedIn, even though Jeff Weiner has only been CEO for five years, he has become so Foundational to the company that Reid refers to Weiner as a cofounder, even though Weiner joined the company long after its founding.[4]

Ideally, most of the top executives of a company should be on Foundational tours. The average tenure of the executives who report to the CEO at exemplars of adaptability such as Apple, Amazon, and Google is over a decade. When teams work together over many years, they share a common background of experience, enabling more rapid communications and decision making.

However, Foundational tours shouldn't be restricted to senior management. People on Foundational tours, wherever they are on the org chart, provide a company with continuity and institutional memory. These stewards of the company way are the intellectual and emotional foundation of the organization. For example, they take greater pride and care when it comes to product quality because they develop a sense of (nonfinancial) ownership. As the expression goes, no one ever washes a rental car. A Foundational employee would never allow the company to cut corners to meet short-term financial goals.

Think of a Foundational tour as a form of marriage—a long-term relationship that both parties anticipate will be permanent, in which both parties assume a moral obligation to try hard to make it work before ending the relationship. Like a healthy marriage, a Foundational tour still requires regular, explicit conversations to make sure both parties remain content. People and companies can change, and it's not guaranteed that employee and company will always be perfectly aligned.

Because the Foundational tour of duty requires a deep degree of trust and alignment, it's exceedingly rare that an employee will enter a company on such a tour. Entry-level employees will probably start with either a Rotational or Transformational tour, while higher-level employees will begin with a Transformational one. Employees who transition from Transformational to Foundational develop a sense of psychological ownership of the long-term company mission.

Consider the example of Intuit's Brad Smith. Smith was brought into the company in 2003 on a Transformational tour of duty. When Smith first joined as the general manager of the Intuit Developer Network, both he and the company wanted to assess their long-term fit. Neither side assumed that Smith would one day become the CEO of the company. But during the course of that Transformational tour, and the two tours that followed, Smith and Intuit kept strengthening their relationship to the point that in 2008, he agreed to embark on a Foundational tour—this time as president and CEO. Anyone can see that Smith is on a Foundational tour just from his LinkedIn profile URL: www.linkedin.com/in/bradsmithintuit.

Blending Tours of Duty

We summarize the tour of duty framework with table 2-1.

There isn't one type of tour that is superior to the others; most large companies use all three types, albeit with different groups of employees. For example, a company shouldn't place the majority of its employees on Foundational tours. That's essentially returning to the old model of lifetime employment. Many star employees actually refuse to accept Foundational tours precisely because of their high career aspirations. Ambitious companies often try to recruit ambitious stars who want to run the show someday. If these companies are good at recruiting, they simply don't have enough CEO or general manager openings to satisfy all their stars' ambitions —which means these employees will one day have to leave the company to realize their ultimate goal. Recall what happened when GE tapped Jeff Immelt to succeed Jack Welch; the other top candidates left GE almost immediately to assume the CEO role at other companies (Bob Nardelli at The Home Depot, Jim McNerney at 3M).

TABLE 2-1

The tour of duty framework

	Design	Deal	Duration	Transition
Rotational	Incoming employees are onboarded programmatically	Assessment of potential future fit at the company; predictable employment	For typical analyst programs, usually one to three years; for other rotational tours: ongoing	Employee may start another rotation or shift to a Transformational tour; little to no moral onus for leaving the company afterward
Transformational	Negotiated individually	Transformation of employee's career; transformation of company	Determined by the specific mission; usually two to five years	Prior to completing the mission, employee negotiates a new tour at existing company, or transitions out
Foundational	Negotiated individually	For company, a steward of core values; for employee, deep purpose and meaning from work	Ongoing	Both parties anticipate the relationship will be permanent and make their best efforts to stay together

Think of the different tours of duty as the ingredients in a metal alloy. Different mixtures lead to different capabilities, which are suited to different uses. We don’t use the same alloy for building a skyscraper that we do for the parts in a jet turbine or for a fine chef’s knife.

Rotational tours provide *scalability* by helping companies hire large numbers of employees into stable, well-understood roles. The standardized nature of these tours makes them easier to implement and recruit for, especially at scale.

Transformational tours provide *adaptability* by helping companies bring in the specific skills and experiences required. Dynamic industries usually have greater competition, faster-paced technological change, and a more intense war for talent. The founder mind-set is critical to success in these industries, which means companies in those industries need a higher proportion of employees on Transformational tours.

Foundational tours provide *continuity* by helping companies retain employees who focus on the long term. Your senior management team should consist of Foundational employees.

The optimal blend of Rotational, Transformation, and Foundational tours depends on the specific market conditions of your company. Silicon Valley companies, including start-ups, rely primarily (roughly 80 percent) on Transformational tours, with a small number of Foundational and Rotational employees. This allows them to field a high-performance, highly adaptable workforce. In contrast, a manufacturing company with a stable market and a quasi-monopoly would probably rely far more on Rotational tours (for routine, lower-value work) and Foundational tours (for tapping legacy knowledge).

Broadly, the need for adaptability has shifted the optimal blend away from the Foundational and toward the Transformational, and this trend will likely continue. Silicon Valley is less an exception than an early adopter. We have been dealing with global competition and rapid technology change for decades, and in reaction, we gravitated toward the Transformational model. Since Transformational tours represent the greatest departure from most companies' management practices, this book focuses on defining and implementing this type of tour. Thus, whenever we refer to a *tour of duty* or *tour*, you can assume that we're referring to a Transformational tour.

A Broadly Applicable Framework

No company could be more the antithesis of a Silicon Valley start-up than fast food giant McDonald's. The company is big, it's old, and it makes most of its money by serving the same hamburgers, fries, and shakes it served over half a century ago.

Yet despite these differences, McDonald's actually illustrates the spirit behind tours of duty. Len Jillard, chief people officer for McDonald's Canada, said, "Whether you're with us for one year or if you're here for more, we will help you meet your future. We will invest in you and your growth. You can take many of the competencies we will help you develop in whatever it is you choose to do—whether it's with McDonald's or whether it's outside of McDonald's."[5] Some people, like Jillard himself, stay at the company a very long time. Most leave the company after a tour or two—but they can draw useful lessons from their experience. Before he was a famous CEO, a young Jeff Bezos flipped burgers for McDonald's. Years later, he said that his manager at McDonald's was "excellent" and taught him the importance of responsibility![6]

An organization doesn't have to be a for-profit business to use tours of duty to build adaptive teams. Endeavor is a global nonprofit that serves entrepreneurs; this makes adaptability essential. According to cofounder Linda Rottenberg, this need for agility informed her adoption of the tour of duty model as a talent strategy. "Tours of duty are how I set up Endeavor's employee alliances from the get-go back in 1997," Rottenberg said. "I wanted to hire entrepreneurial rock stars that could compete anywhere and could match the talent of the Endeavor Entrepreneurs in our portfolio."

Endeavor explicitly hired people expecting them to serve multiple Rotational tours of duty, and to maintain a lifelong relationship with the organization. "Young folks recruited from the very best US colleges typically do two two-year Rotational tours of duty, one in search-and-selection and another in entrepreneur services," said Rottenberg. "Nearly all then go on to a top-five business school, join a top-tier tech company, or start a company of their own—having been bitten by the entrepreneurship bug. They all remain loyal Endeavor ambassadors as corporate alumni."

Tours of Duty for the Corporate Middle Class

Companies have long devoted resources to crafting personalized roles and career paths for their stars. Companies such as General Electric rotate promising young executives through a series of assignments to help them gain experience in different functions and markets.

Yet it is possible—indeed, necessary—to extend this personalized approach to all employees using the tour of duty framework. As the world has become less stable, you can't *just* rely on a few stars at the top to provide the necessary adaptability. Companies need entrepreneurial talent throughout the organization in order to respond to rapid changes. Obviously, you will spend less time reviewing the tour of duty principles with a summer intern than with a senior executive, but the same principles hold true for both. Every employee relationship should be bidirectional in nature; it should be clear how the employee benefits and how the employer benefits.

The employees who sit between entry-level and senior management make up the "corporate middle class." For these employees, a successful tour of duty cannot always be attached to a certain job title or compensation package. A competent professional in the corporate middle class might complete multiple tours of duty without a change in job title. At LinkedIn, for example, there are hundreds of excellent software engineers. The company values them immensely, even though promotion into the managerial ranks isn't likely for (or even viewed as desirable by) many of them. The start and end of a tour of duty for them is marked by changes and growth in their network, progress in their projects, and changes in their skills and opportunities. (We'll cover some of these smaller transformations later in the book in chapter 4.)

What's more, rather than the manager doing all the work of planning tours of duty, the corporate middle class needs to play an especially active role in the process. They should be looking for potential opportunities to make a positive difference for the company and identifying ways they can invest in themselves to advance their own career. This isn't an imposition on employees: in 2012, the Career Engagement Group conducted a survey in which 75 percent of employees say that they're willing to use their own time to further their careers and take on additional learning that would benefit them at work.[7]

Table 2-2 shows how tours of duty differ for stars and the corporate middle class.

TABLE 2-2

Stars versus middle class

	Stars	**Middle class**
Job title	Regular upgrades	Not necessarily any change
Who leads the process	Their managers	Managers, but with employees taking a more active, proactive role
Employee goal	Advancing the company and their career by achieving aggressive goals	Maintaining employability by helping the company adapt

Longer-Term Alliances

By providing a structure for an employee to take on a series of different, personally meaningful missions, tours of duty help an employee build a long-term career at a company. Yes, a tour of duty has an end point, but a successful end to a tour of duty can be beginning a new tour of duty at the same company. For example, software maker SAS Institute "believes that its employees will have three or four careers over their working lives. The company wants them to have all of their careers at SAS."[8]

Each completed tour of duty builds the bond of mutual trust, and knowing when a tour of duty is drawing to a close allows you to begin the process of working with the employee to define the next tour at the company—before that employee starts to look elsewhere. Even if the employee wants to explore options outside the company, in a trusting alliance, he'll grant you the "Right of First Conversation," which means he'll discuss his plans with you before he approaches other employers. We'll discuss this concept in greater depth later. These planned transitions from one tour to another are like the expansion joints we build into buildings and bridges—they allow the relationship to bend as needed, rather than rupturing under the strain of trying to maintain a fixed configuration. Deina King, a global strategic accounts manager (and a top overall salesperson) at LinkedIn, illustrates the retention power of the framework. She's been at LinkedIn for more than five years. She told us, "I probably won't keep doing my current job for another five years—the current of transformation is so strong at LinkedIn, I'm sure I'll be pulled into a new challenge. In the future, I would like to make a move. I'd love to be able to stay at the company, and I've told my managers that." Not only has the company been able to build a high degree of trust with King, who has given her manager *years* of advance notice, she explicitly wants to sign up for another tour of duty. This is not the attitude of a job-hopper; it's the attitude of a high performer who's committed to continual professional development and challenge.

The importance of continuity will depend on the dynamics of your company and its industry, of course. The Boeing Company, for example, employs thousands of engineers and estimates that it has to train an engineer for a decade before he’ll reach full productivity. Conversely, a Boeing engineer who spends a decade learning how to build Dreamliner aircraft has invested in a set of skills that are highly valuable to Boeing, but not nearly so valuable to other employers. To unlock the value of that training and those skills, Boeing and its individual engineers have to commit to long-term, essentially Foundational tours of duty. The point of the tour of duty framework is to enable a high-trust, high-integrity conversation that allows both sides to make wise investments, whatever the length of the tour.

Walking the Walk: How LinkedIn Uses Tours of Duty

Perhaps the best way to illustrate the flexibility and range of the tour of duty is with more concrete examples. Here are two such stories from Reid's experiences at LinkedIn.

Eda Gultekin: Building a Long-Term Relationship

Eda Gultekin is the global head of solutions in the Talent Solutions group at LinkedIn. Straight out of college, Gultekin fulfilled her childhood dream of being an engineer by taking a job designing sprinkler motors. While she enjoyed her work, she discovered that she liked talking with people better than sitting in front of a computer all day. Like many young engineers who want to make a transition, she went back to school, earning her master's degree in engineering and management from Stanford University.

After Stanford, she embarked on a classic Rotational tour of duty as a consultant at Bain. Her two and a half years there were a great experience, but she still felt that something was missing. "I'm an execution freak," Gultekin told us. "I love operational things, and I wanted ownership of results." As a top performer at Bain, she qualified for an "externship" opportunity. She wanted to gain hands-on business experience so she reached out to a former Bain colleague, Dan Shapero, who had joined LinkedIn the prior year.

Together with Mike Gamson, then the vice president of Talent Solutions, Gultekin and Shapero defined a six-month tour of duty for her. LinkedIn was worried that it might have a churn problem with some of its customers; Gultekin's objective was to determine whether or not this was the case, and if it was, to propose a solution.

Once Gultekin dug into the issue, she decided that the scope of her project needed to be broadened, which she discussed with Gamson. The results of her analysis ultimately led to a new sales team structure designed to improve customer management.

During the course of Gultekin's initial tour of duty at LinkedIn, it became apparent to all that she and the organization were a good fit. "Let's figure out your role," Gamson said, and he, Shapero, and Gultekin worked together to define a new Transformational tour of duty. This time, her objective was to help the sales team figure out how to sell new products. This would allow her to fulfill one of her career goals—gaining management experience—while helping LinkedIn improve in a key growth area.

As with her previous tour of duty, Gultekin redefined her mission along the way. The timing wasn't right to execute her original objective, so instead she set out to build LinkedIn's recruitment media business (known as Talent Brand) within the Talent Solutions group from the ground up. Because it was a brand-new area, she didn't yet have the support of cross-functional teams. In a classic example of entrepreneurial hustle, Gultekin did whatever was necessary to achieve the mission. She built a business case for investment in the area and built a team of employees. She taught herself SQL and learned Salesforce.com so that she would have the hands-on skills necessary to enhance the online stages of the sales process.

The results speak for themselves. In 2009, that particular business line had a $1,200,000 annual run rate. By the time Gultekin's tour ended in 2013, the run rate had increased to $200 million in annual revenues. Talent Brand is now 20 percent of LinkedIn's overall Talent Solutions business and the global team of presales consultants, analysts, and account managers she started in 2010 now includes eighty-five people.

Gultekin's first two tours of duty built an incredibly strong alliance between her, her managers, and LinkedIn, which helped them deal with the unexpected. Due to complications with her pregnancy, Gultekin had to start her maternity leave several months earlier than expected. Despite the stressful circumstances, Gultekin felt confident she could return to LinkedIn because of the strength of the relationship she and the company had built. After the birth of her daughter, Shapero even encouraged her to take extra time for her recovery, which meant that she was away from the office for a total of eleven months—the final trimester of pregnancy and eight months of maternity leave. Gultekin did her part as well; she touched base with her manager on a monthly business to stay on top of the business.

When the time came for her to return to the office, Gultekin found the process of defining a new tour of duty smooth and nearly seamless. About three months before the end of her maternity leave, Gultekin and Shapero worked out her next tour of duty. "When I talked with Dan," she said, "it felt like I had never been gone. I thought I had the same opportunities I would have had before my maternity leave." After a brief period with her old team to help her transition back to full-time work, she embarked on another Transformational tour of duty, this time in the sales organization.

As with her previous tours, the process of defining the tour was a collaboration between Gultekin and her manager. “Dan always asks, ‘What do you want to do in five years?’ and we work backwards from there,” Gultekin told us. “I want to be a general manager, so we decided that I needed to add sales to my toolkit. I had never done sales in my life but he knew that my fresh perspective could be useful.” Notice how the mission had to serve the needs of both the employee and the business; Gultekin and LinkedIn have a strong alliance because they have the mutual trust to commit to a mutual investment (shifting to sales) that will provide mutual benefit (a more well-rounded skill set for Gultekin, and a fresh perspective for LinkedIn).

As you can see from Gultekin’s example, the different types of tour of duty can work together to weave a career, from the classic Rotational tour she did at Bain, to the short-term exploratory tour she and LinkedIn used to get to know each other, to the Transformational tours she negotiated with Dan Shapero and Mike Gamson. The tour of duty framework offers the flexibility to deal with changes (such as all the different times Gultekin began a tour, then worked to redefine it) and unexpected external events (such as the complications with her pregnancy). Through it all, tours of duty have helped Gultekin and her various managers build a stronger, long-term relationship. Employers that offer attractive tours of duty *can* retain top performers for the long term.

Matt Cohler: Maintaining the Alliance After the Job Ends

Even when LinkedIn can't retain a top performer, the company still tries to maintain a mutually beneficial alliance. Consider the example of Matt Cohler, who left LinkedIn nearly a decade ago.

In 2003, at the age of twenty-six, Cohler left the high pay and brand umbrella of McKinsey & Company to join LinkedIn, then a tiny start-up that was living in the shadow of Friendster. Reid, as CEO, was his new boss and did something none of Cohler's previous managers had done. Rather than simply hiring Cohler into a particular job or position, Reid worked with the young consultant to define an explicit tour of duty that would help both employer and employee.

Cohler's goal was to become a venture capitalist. But Reid argued that gaining operational experience at a successful start-up was a better path to being named a general partner at a venture capital firm than trying to join a firm straight out of McKinsey. Reid pitched Cohler on a unique tour of duty. Cohler would act as Reid's right-hand person. In this role, he would learn from the company's CEO and get extremely broad exposure to all the functional areas in the business. In exchange, Cohler committed to doing whatever it took to build the business, regardless of whether those projects fell under any traditional job titles or career paths. By completing this mission, Cohler would add both the LinkedIn and Reid Hoffman brands to his personal portfolio. Thus, even though Cohler's ultimate goal of becoming a venture capitalist necessarily lay beyond LinkedIn's boundaries, he and Reid were able to align their short-term aspirations and interests.

After three years at LinkedIn, Cohler approached Reid to tell him that he was thinking about leaving LinkedIn to join an even younger social networking start-up that called itself "The Facebook." While Reid didn't want to lose Cohler, he advised Cohler to accept the Facebook offer, since it would help him move closer to his goal of becoming a venture capitalist by giving him greater diversity of start-up experience. Reid also gave Cohler his last assignment: to find his own replacement at LinkedIn.

After four years at Facebook, Cohler left for a new tour of duty—this time as a general partner at Benchmark, one of Silicon Valley's top venture firms. Even today, Reid has Cohler speak with high-value LinkedIn employees to explain the benefits of undertaking a tour of duty at the company. Reid and Matt Cohler still have a close relationship; for example, they sit together on the board of Edmodo, a start-up they invested in together in 2011. Matt Cohler's tour of duty at LinkedIn presents a textbook case of a mutually beneficial alliance that persists even after the official employment relationship has ended.

More Online: Learn how to structure tours of duty for different industries and functional areas, and join the conversation about the framework at www.theallianceframework.com/ToD.

3

Building Alignment in a Tour of Duty

Aligning Employee Goals and Values with the Company's

In the Industrial Age, the company subsumed an employee's individual identity. The company offered lifetime employment and defined benefit pensions. In exchange, the employee put his head down, worked hard, and subordinated any personal aspirations and values to those of the company. In his classic book *The Organization Man*, first published in 1956, journalist William Whyte described the fundamental principle of this age: "What's good for the group is good for the individual." Of course, Whyte was a critic of this approach, calling it "the soft-minded denial that there is a conflict between the individual and society."[1] Sure enough, this "organization man" era didn't last.

Today, a modern company cannot expect its corporate purpose to become the sole purpose of the employee. Unless an employee is on the (rare) Foundational tour of duty, he will want to explore and cultivate interests outside the company. The most entrepreneurial employees want to establish "personal brands" that stand apart from their employers'. It's a rational, necessary response to the end of lifetime employment.

A company's purpose still matters a great deal. But an employee can buy into an inspirational company vision without thinking, "I want to spend the rest of my life pursuing this future" or "These company values encompass all of *my* values in life." Even the most focused and successful business leaders have values and interests beyond their day job. Larry Ellison is passionate about winning the America's Cup, while Amazon's Jeff Bezos has funded projects like the 10,000 Year Clock and bought the *Washington*

Post. The goal isn't perfect congruence on all dimensions, but rather a healthy alignment for a finite scope and time frame.

Alignment means that managers should explicitly seek and highlight the commonality between the company's purpose and values and the employee's career purpose and values. Some obvious commonality emerges naturally: both sides thrive on progress. Companies want to launch new products, grow their market share, and expand into new markets; employees want to take on new responsibilities, increase their capabilities, and yes, make more money. In other words, both company and employee want to be on a winning team. But zoom in a bit more, and differences appear. Perhaps the employee has a side interest in early childhood education, but his tour of duty doesn't involve that kind of work at all. He does however value autonomy and flexible work hours, which the company can accommodate. There just needs to be sufficient alignment to make the alliance durable.

By focusing on building alignment for the duration of a specific mission, a tour of duty reduces the issue of aligning values and aspirations to a manageable scope. As described in chapter 2, at LinkedIn Reid hired a young Matt Cohler, despite knowing that Cohler's goal of becoming a venture capitalist meant that he would inevitably leave. But by defining a tour of duty that served both parties, Reid was able to recruit a valuable employee who helped transform the company.

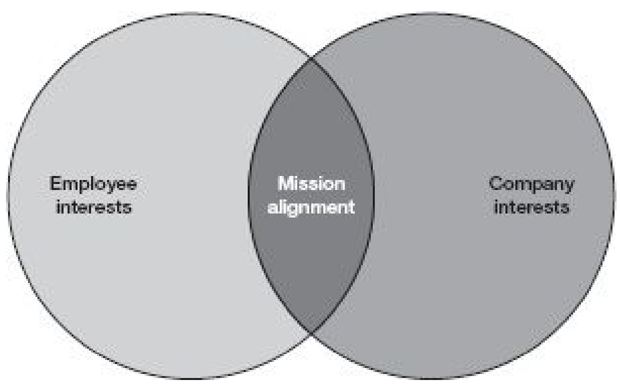
Your task is to build alignment with regard to the employee's specific mission objective, not his entire life. As we've said, your company is not a family—you don't have to unconditionally support your employees' values and aspirations, but you do have to respect them.

Alignment for the Different Types of Tours

The required level of alignment varies based on the type of tour. For Rotational tours, it's possible to have relatively modest overlap between the employee's and the company's interests (see figure 3-1). For Transformational tours, there needs to be substantial overlap between both parties' values and interests (see figure 3-2). And for Foundational tours, the overlap is almost 100 percent (see figure 3-3).

FIGURE 3-1

Rotational tour of duty



Three Steps to Building Alignment

Achieving alignment is both an art and a science. Here are some principles of the craft a manager can follow.

1. ESTABLISH AND DISSEMINATE THE COMPANY'S CORE MISSION AND VALUES. Employees won't know where they stand with your company unless you can articulate what the company stands for. The core for any company is its mission. Unlike the tactical "Mission: Impossible" assignments we discussed when defining the tour of duty framework, company "mission statement" missions are guiding principles and goals. Great companies have specific missions that differ from those of their competitors.

FIGURE 3-2

Transformational tour of duty

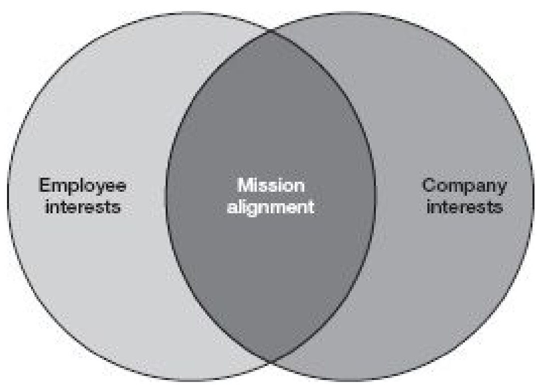
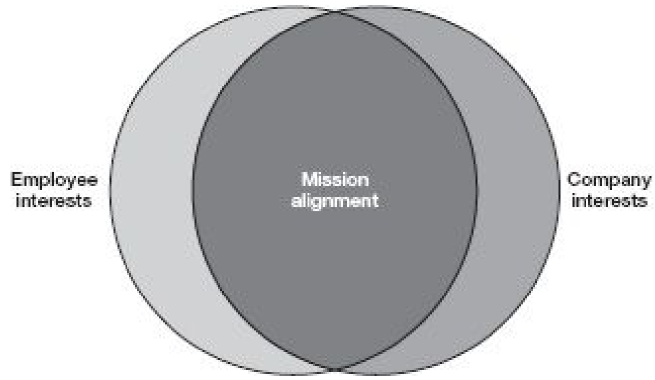


FIGURE 3-3

Foundational tour of duty



Saying that your company builds great products and meets the needs of its customers is essentially meaningless because those aspirations could and should apply to any company. These are results, not purposes! Which specific needs? Which specific customers?

A good mission and values statement should be specific and rigorous enough so that some competent players will feel a strong alignment, while others will understand that the company just isn't a good fit. You may lose people who do not feel strong alignment with your company or group, but you *want* to lose those people—this allows you to build much stronger alignment with those who choose to join. Walmart's mission statement is clear: "Saving People Money So They Can Live Better." Exxon Mobil's, not so much: "We are committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while adhering to the highest standards of business conduct. These unwavering expectations provide the foundation for our commitments to those with whom we interact."[2] Translation: win, but don't break the law. We were under the impression that that was true for any legitimate business!

For this discussion, it doesn't matter so much what your company's values are. It just matters that you have them, and that you and any other managers are able to articulate them. The goal is to enable employees to compare their personal values to those of the company or the work group. Even if you aren't part of the senior management team of the company, you can establish a set of aspirations and core values for your group or business unit.

2. LEARN EACH INDIVIDUAL EMPLOYEE'S CORE ASPIRATIONS AND VALUES. Asking about an employee's core aspirations and values may sound and feel awkward at first, but this activity isn't a matter of squishy good intentions. Talking about values is an important step toward building stronger trust and loyalty between employee, manager, and company. At eBay, John Donahoe has instituted systematic programs to learn about every employee: "We want to know their aspirations in life. We ask, 'Who do you look at and say, "I want to be her someday?"'

Expect to encounter employees with varying levels of vagueness around their career aspirations and values. Some people (a minority) know exactly what they want in life. That's fine—the conversation with these folks is relatively easy.

Others have more abstract aspirations, usually centered on "making progress" in one of several different ways. That's fine too—as a manager, you want to help your employees discover what progress means to them for the specific tour of duty under discussion. Don't insist on perfect precision in their answers. For example, when Ben established an organization to support Reid's business, philanthropic, and civic interests and served as his chief of staff, Ben expressed broad aspirations, including honing his entrepreneurial skills to equip him to start more companies in the future; building relationships with intellectually stimulating people; and getting more exposure to international issues and opportunities. These goals were somewhat abstract, but they were clear enough for Reid and Ben to construct a mission that led to a fulfilling tour of duty.

Finally, some employees, especially entry-level ones, haven't reflected on their career aspirations at all. If the employee has a hard time articulating his values, here's a concrete exercise, via Anne Fulton from the Career Engagement Group, that you can use to jump-start the conversation. First, ask the employee to jot down the names of three people he admires. Then, next to each name, the employee should list the three qualities he most admires about each person (nine qualities in total). Finally, he should rank these qualities in order of importance, 1 being the most important, 9 being the least important. He now has a list of personal values and can compare them with the company's values.[3] (To see how the three of us completed this values exercise, refer to appendix B.)

In general, you should expect that a company's mission and values will be clear and relatively unchanging, while an employee's career mission and values will be comparatively less well-defined.

3. WORK TOGETHER TO ALIGN EMPLOYEE, MANAGER, AND COMPANY. Once everyone's values and aspirations have been articulated, all parties should work together to strengthen the alignment between them. This is a collaborative rather than top-down effort. It's not just a job for you, but for the employee as well. The good news is, working together on this can actually help build the long-term relationship. John Donahoe emphasizes that after probing an employee's aspirations, "then we figure out how we link how you're spending your time at eBay to those aspirations."

For new employees, the process of alignment should begin during the hiring process itself. For example, Neil Blumenthal of eyewear retailer Warby Parker uses an unusual interview question to assess alignment: "One of our core values is to inject fun and quirkiness into everything we do. So we'll often ask, 'What was a recent costume you wore?' And the point isn't that if you haven't worn a costume in the last four weeks, you're not getting hired. It's more to judge the reaction to that question. Are you somebody who takes yourself very seriously? If so, that's a warning sign to us. We want people to take their work seriously but not themselves."[4]

Sometimes strengthening alignment will involve refinement or compromise. Remember, very few employees will have all of their core aspirations and values addressed by the company's purpose. For example, LinkedIn CEO Jeff Weiner is passionate about US education policy and serves on the DonorsChoose board, which plays a minimal role in LinkedIn's business. In Silicon Valley, many employees would like to be founders someday. Clearly, this means they will leave the company. But it's possible to align interests so that everyone wins over the course of a tour. For example, Reid tells LinkedIn employees who want to join a start-up that if they work at LinkedIn, they'll learn useful skills, and when they're ready to move on, and if they've helped the company, he'll help them get a job in the Greylock portfolio or elsewhere in Silicon Valley.

In all cases, you'll need to find the right lens for alignment; this might be a time frame, or it might be the scope or nature of the work (if the employee is looking to gain certain experiences). Remember, the employee and the company don’t have to be aligned forever, just for the length of the tour of duty.

Ultimately, the alignment of interests, values, and aspirations increases the odds of a long-term, strong alliance between a company and its talent.

Walking the Walk: How LinkedIn Builds Alignment

Remember David Hahn and his four tours of duty at LinkedIn? LinkedIn retained Hahn for nearly a decade in a highly competitive talent ecosystem in part because his managers built strong mission alignment between him and the company during each tour of duty.

When he thought about how he wanted to build his career coming out of college, Hahn took inspiration from Theodore Roosevelt's famous dictum, "Far and away the best prize that life has to offer is the chance to work hard at work worth doing."[5]

To Hahn, that meant finding a way to have a positive impact on the world, and to do so at the largest scale possible. He started his career in Washington DC, thinking that he would achieve this aspiration through politics and policy, but realized the pace of change wasn't fast enough to satisfy him. He decided Silicon Valley's start-up ecosystem offered a better alternative. He set two initial aspirations: to learn from great leaders who had already built successful companies at scale, and to work for a company with a mission grander than just achieving its financial goals.

Hahn executed a plan that would let him make progress toward both of his goals. He used the very first version of LinkedIn (the product) to look up people who had recently moved from Washington DC to Silicon Valley and convinced one of them, former PayPal executive Keith Rabois, to hire him. Hahn joined Rabois at Epoch Innovations, a high-growth start-up that was trying to use technology to treat dyslexia—a seemingly perfect fit for his goals. In only a matter of weeks, however, he found out that the company was going under. Having already established a close relationship, Rabois and Hahn searched together for their next gig. During their search, Rabois introduced Hahn to Reid, his former colleague at PayPal who had recently founded LinkedIn (the company). "It was clear from our first meeting that Reid would not only be an incredible person to learn from, but that he has a similar philosophy around impact," Hahn told us. Rabois and Hahn started at LinkedIn the following week.

Hahn was excited about LinkedIn’s broader mission to deliver economic opportunity to the world’s professionals. Hahn’s manager, Rabois, also pointed out that their short-term professional values were aligned—by joining LinkedIn, Hahn would learn about company building from an executive team that had already succeeded at PayPal, and LinkedIn would get a smart generalist who could wear several hats. Four years later, when Jeff Weiner took over as LinkedIn’s CEO, Hahn was able to learn from a seasoned executive about how to scale an organization from a midsize business to a global, publicly traded company.

Along the way, Hahn’s managers at LinkedIn kept finding ways to define tours of duty that offered the promise of transformation for both his career and the company at large. For example, when Hahn was interested in building one of LinkedIn’s early revenue streams from scratch, the company changed his tour of duty to go after that mission objective. Hahn applied the same principles to the people he managed. “At LinkedIn, the philosophy is to let our brightest go after areas that interest them, especially in areas where they will be a bit in over their head at first,” Hahn said. “It’s been a great strategy to keep our most talented folks motivated and learning as fast as possible.”

HAVING THE CONVERSATION

Advice for Managers

The process of aligning values can be a long one, and requires establishing a deep level of trust during a series of consistent conversations. Each conversation should build on the foundation of the previous one.

DEFINE VALUES IN A GROUP. Almost every company has values that are written down. Most of them are composed of inoffensive platitudes such as "striving for excellence" that offend the intellect. If your company lacks meaningful official values, take the liberty of defining those values for your team. Of course, defining meaningful values works best when the CEO embraces the alliance and leads the effort.

The CEO and her executive team should create a rough draft of the company's values, present the draft to a broader audience of Foundational nonexecutive employees, and be open to feedback and refinement. Only when the Foundational core of the company agrees should the CEO expand the process to the entire company.

A CEO can't convene all one thousand employees in an auditorium and ask them to define the values from scratch, but she can't do the opposite either, by carving her preferred values in stone and then asking for "voluntary" buy-in.

If the company is larger than seventy-five people, break employees up into smaller cross-functional groups and have each one hold a separate meeting to discuss the draft values. The assumptions you uncover during these honest conversations might be unexpected. Many companies that senior managers think have a missionary culture are actually filled with mercenary motivations. A manager needs a realistic understanding of the true company culture.

DEFINE PERSONAL VALUES ONE-ON-ONE. Meet one-on-one with each of your direct reports to discuss their core aspirations and values, and how these values fit with those of the company. You don't need to ask employees to publish their individual values on the company intranet or pin those below the employees' office nameplates, but you do need to convert these aspirations and values from implicit hints to explicit points. After all, how can you build a Transformational tour of duty without understanding your employees' objectives?

BUILD TRUST BY OPENING UP. Learning what an employee cares about helps build a relationship of trust. Psychologist Arthur Aron of SUNY Stony Brook discovered that asking participants in an experiment to share their deepest feelings and beliefs for a single hour could generate the same sense of trust and intimacy that typically takes weeks, months, or years to form.[6] Direct questions like "Who's the best coworker you ever worked with?" and "What is your proudest career moment?" help break down emotional distance.

Bear in mind that the underlying power dynamics can make it seem intimidating when you ask direct questions. That's why it's important for you to start by opening up about your own core aspirations and values. Aron's relationship exercises asked *both* parties to share their answers to his deep questions.

Brad Smith applies this principle at Intuit: "We begin every interview by saying, 'Tell me in three to five minutes your life's journey and how it led you to be the person you are today . . . touching on major moments in your life that helped define who you are and your approach to business and leadership, such as dealing with adverse experiences like a bully, the death of a loved one, or major decisions that went wrong.'" What makes this approach work is that the Intuit interviewer goes first, both to set the example and to model vulnerability for the candidate.

More Online: Find interactive exercises for developing mission alignment with an employee at www.thealliancefunframework.com/alignment.

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Implementing Transformational Tours of Duty

Tactics and Techniques for Using the Framework

Implementing a tour of duty with strong alignment means leaving behind the rote exchanges of template-driven performance reviews where little of import is said or done. Instead, you need to have frank, open, rigorous conversations. Both manager and employee have an explicit (albeit nonbinding) agreement with shared objectives and realistic expectations. This agreement provides the criteria for regular, *mutual* performance measurement and management. You provide specific feedback and guidance to the employee; just as important, the employee has a context in which to talk about his long-term career goals and whether the company is accommodating them as promised.

Here is a step-by-step guide to implementing Transformational tours of duty, either with your direct reports or throughout your organization. Along these lines, be ready to talk about the employee's career beyond working at your company, if appropriate.

1. Start the Conversation and Define the Mission

Every employee gets hired into a Rotational or Transformational tour. Define an employee's initial tour of duty during the hiring process—or at least start the conversation if the situation is too uncertain to finalize the details of the tour. Establishing a minimum mutual commitment benefits both employer and employee. You ought to know how a Transformational hire will move the needle for the company before extending an offer. Similarly, new employees are much better off knowing how joining the company will allow them to advance their careers.

Even for current employees, defining a tour of duty can provide much-needed clarity and strengthen their relationship with the company. To define a tour of duty, you and your employee need to answer the following questions.

What Is the Overall Objective of the Tour?

The tour of duty you define with your employee should have a clear, detailed, concrete mission objective. Examples include a specific project launch, internal project, or organizational initiative. For example, the objective for Eda Gultekin's initial tour at LinkedIn (see chapter 2) was to investigate and resolve the customer churn issue. The goal is to select a mission objective that helps the company, but also provides an opportunity for the employee to grow.

Based on the mission objective, you should also set the employee's expectations for the length of the tour. Most simply, the tour should last long enough to achieve the objective. In Gultekin's case, her initial tour lasted only six months, but her subsequent tours each lasted a number of years.

The "right" configuration for a tour will also depend on the individual needs of the employee. Employees who value different experiences may want a larger number of short, extremely varied tours. Employees who want more stability may prefer a smaller number of longer, continuous tours, with an eye toward negotiating a Foundational tour.

Finally, the mission objective also needs to help employer and employee align their aspirations and values, as discussed in chapter 3.

What Do the Results of a Successful Tour of Duty Look Like for the Company?

A successful mission objective delivers results for the company for either quantitative or qualitative goals, such as launching a new product line and generating a certain dollar amount in first-year revenues, or achieving thought leadership in a specific market category, as measured by the writings of industry analysts.

At LinkedIn, for example, managers ask, “How will the company be *transformed* by this employee?”

What Do the Results of a Successful Tour of Duty Look Like for the Employee?

A successful tour of duty should move the needle for the employee as well as the company. Success might include developing new knowledge and skills; acquiring functional, technical, or managerial experience to advance the employee's career; and building a personal brand within and outside the company by accomplishing an impressive goal. Usually it won't include an upgrade in job title.

At LinkedIn, managers ask, "How will the employee's career be *transformed* by working here?" All employees are asked to fill out a Transformation Plan to articulate how they hope to transform themselves, the company, and the world.

Pat Wadors, who runs LinkedIn's global talent organization, differentiates between a *Big* T and a *small* t transformation. A Big *T* transformation is something like a promotion or plum assignment. Only about 20 percent of missions result in a Big *T* transformation. That's why the company places as much or more emphasis on the small *t* transformations, which may not seem as flashy but result in concrete increases in the employee's marketability. Examples of small *t* transformations include gaining marketable experience on certain kinds of projects, learning new skills, and earning the endorsement and recommendation of others in the industry. Not coincidentally, the design of the LinkedIn member profile has evolved over the years to enable members to better showcase small *t* transformations.

2. Set Up a System of Regular Checkpoints for Both Sides to Exchange Feedback with Each Other

The traditional corporate approach of performance reviews based on the calendar year makes little sense in the context of a tour of duty. The mission objective, not the calendar, defines a tour of duty. Furthermore, an annual review process doesn't provide nearly enough feedback. You should set up a system of regular checkpoints to assess how the tour of duty is going for both parties (see figure 4-1). These checkpoints could be held at regular intervals (e.g., quarterly) or could be tied to specific milestones in the overall project plan associated with the tour of duty. Either way, the goal is to provide an explicit forum for jointly evaluating progress toward both parties' desired results. This enables course corrections as necessary. Remember, it's a bidirectional conversation: the company talks about the employee's contributions *and* the employee talks about whether the company is helping him meet his career goals.

FIGURE 4-1

Creating and tracking your transformation

Source: screenshot from LinkedIn employee intranet

3. Before the Tour of Duty Draws to a Close, Begin Defining the Next Tour of Duty

Well before the end of the current active tour, you should set aside time to discuss what your employee would like to do once his tour of duty is complete. Having this conversation in advance can remove the uncertainty associated with completing a tour of duty and even give the employee (and the manager as well) something to look forward to in the future. There are generally two possible outcomes of this conversation.

The Manager and Employee Define a New Tour of Duty within the Company

Part of the commitment an employee makes during an initial tour of duty is to seriously consider your proposal for a second tour of duty. In many ways, a follow-up tour is the ideal outcome for both parties. Both company and employee can leverage past investments. Extending the tour of duty for an employee who launched a product enables that employee to learn how to grow or scale the product, while allowing the company to exploit the initial market success without having to bring a new person up to speed on all that went before.

Follow-up tours can be shorter or longer, depending on the nature of the mission. An experienced employee can make rapid progress on a well-defined mission because he doesn't require much of a ramp-up period. But the increased strength of relationship can also be leveraged in the opposite way. A trusted and trusting employee can tackle more strategic, longer-term missions.

General Electric's management training program for high-potential employees is a classic example of defining interesting, new tours of duty within the company. Promising employees tackle successive Rotational tours of duty in different functional areas, business units, and geographies, which prepares them for the challenges of helping to manage a sprawling industrial conglomerate. No person has ever become CEO of General Electric without completing numerous tours of duty throughout the company.

Before embarking on a new tour of duty, the employee in question should help recruit and train a successor to carry on the previous tour's project. Perhaps the replacement is an even better fit for the next phase of the initiative. Succession planning also provides a more satisfying closure for the employee, who can complete his tour of duty knowing that the product, project, or initiative that he owned for several years of his life is continuing on in good hands.

In the event that no obvious next mission presents itself, you and your employee might find yourselves in purgatory—you both want to continue the relationship, but you're not sure how. In this situation, the best course of action is to extend the current tour, but set up a time to re-examine the possibilities in a matter of months, rather than years.

The Manager and Employee Conclude That the Employee Will Be Pursuing a Tour of Duty at a Different Company

Losing a valued employee is one of a manager’s greatest fears. But it happens, and for many valid reasons. No company has ever been able to retain all of its top performers in perpetuity.

You can hardly be expected to welcome this outcome, but even so, a planned exit is better for the company than being blindsided. Discuss a potential departure openly and honestly. As your employee’s ally, it’s your job to help him choose the right next step. This means helping him assess his options, even if those options include working at other companies. An honest conversation about outside options requires courage from both manager and employee. You need to face the possible departure head on, while your employee needs to feel that you won’t penalize him for sharing his true intentions. You earn this “Right of First Conversation” with the trust you build with employees.

Together, you and your employee should negotiate a transition period and draw up a transition checklist. The goal of the transition checklist is to lay out everything that the company needs from the employee to finish the mission, especially the question of who will pick up the project ball going forward. If an employee is able to check all the boxes on the checklist, he should be considered to have completed his tour of duty in good order and remain in good standing with the company after his departure. We’ll discuss the details of transitioning people from employees to corporate alumni in chapter 7.

4. Managing for the Unexpected: When There's a Change in the Middle of a Tour

A tour of duty is not a contract—that kind of legalistic approach is the hallmark of free agency and transactional thinking. The alliance is ethical, not legal, and the tour of duty is an informal agreement to respect and honor a key relationship. Managers shouldn't use the moral imperative of a tour of duty to force an employee to stay in an onerous position, especially if the poor fit is the result of flawed management decisions. The goal of the tour of duty is to build trust with honest communication and to create longevity on a voluntary basis, not to lock employees into roles they dislike or lock up companies with ineffective employees.

In the event that either employee or employer wants or needs to end a tour of duty before completion of the mission, the process needs to be collaborative. If an employee gets an amazing offer to work at another company, he should have the option to accept, but he should also feel the obligation to work extremely hard to ensure a smooth succession, and should even delay leaving if necessary to aid in the transition.

Likewise, if a company needs to reorganize or shut down the particular initiative that comprises the employee's tour, you should work extremely hard to make sure the employee can stay on track to achieve the previously agreed-upon professional goals and personal growth objectives. The longer and deeper the relationship has been, the greater the obligation for both sides to preserve that relationship and if necessary work for a smooth and amicable transition.

What Happens If One Party Breaks the Alliance?

If an employee departs the company in the middle of his tour without any investment in a transition, he breaks the employment alliance and has to face the consequences. First and foremost, the employee will take a major hit to his credibility and reputation. He can't betray a key relationship and simply say, "It's just business." Ethics matter. In addition, the employee will also suffer practical consequences. That employee will forgo future benefits, such as distinguished alumni status (more on this in chapter 7) and favorable references.

If the company lays off the employee in the middle of a tour or doesn't fulfill its obligations to provide transformational growth opportunities to the employee, it is also breaking the terms of the alliance. You can't disregard the relationship, then expect an employee to be an ally in the future, whether in terms of speaking well of the company, referring customers and new employees, or anything else. With the advent of social media, the consequences to employers of breaking an alliance are far-reaching. Now that ex-employees can—and do—dish on what it's really like inside a company, an employer (or manager) who makes a habit of breaking alliances is warning both current and prospective employees that it isn't trustworthy. Someday (hopefully soon), we expect an employer or individual professional to be able to simply say, "They broke the alliance," and for the person on the other end of the phone to know what that means.

What Happens If the Employee Gets a New Manager?

If a new manager steps in, it’s unfair to the employee to discard the terms of a previously agreed-upon tour, but it’s also unfair to the new manager to bind her to her predecessor’s plans. The right approach is a respectful transition. The default expectation should be that the new manager will continue the existing tour of duty. However, if she realizes that the mission has to change, she should have the freedom to make the change, while retaining the moral obligation to steer the employee to a successful landing. You can see why it’s critical to have a written description of the tour of duty, rather than relying on an undocumented understanding between manager and employee.

What If One Party Is Performing Poorly?

Overall performance impacts the durability of the tour of duty. If the company as a whole starts to fail, it may not be able to hold up its end of the alliance. If the company does not or cannot maintain an environment or role that delivers the promised professional growth opportunities, it is reneging on its commitment to transform the employee’s career. Conversely, an employee with poor on-the-job performance is failing to deliver on his commitment to help improve the company’s adaptability. But even when performance deteriorates, it’s still important to remember that the alliance is a relationship, not a transaction. Ups and downs are inevitable, and both sides should maintain a long-term investment perspective rather than responding in knee-jerk fashion to short-term turbulence. A baseball team would never cut a player simply because he had a bad game. But if the player experienced a month-long slump, the team might very well trade or release him.

What If the Employee Wants to Move into a New Role within the Company?

Even though a lateral move doesn’t involve leaving the company, you should follow the same collaborative approach to completing a tour of duty. If an employee can keep his mission on track and arrange an orderly transition, you shouldn’t block the change. For example, LinkedIn has a philosophy that a manager won’t prevent a lateral move within the organization if the employee has built the structure and process to allow the switch without endangering his current mission. Such a shift respects the employee’s wishes, the investment LinkedIn has made in the employee, and the overall relationship.

HAVING THE CONVERSATION

Advice for Managers

The keys to having a successful conversation about tours of duty are to be systematic, consistent, and transparent—which, not coincidentally, are the same principles behind the tour of duty itself.

MOLD THE CONVERSATION TO THE TYPE OF TOUR. Prepare for a more involved conversation if you're implementing a Transformational or Foundational tour, because it involves a personalized, longer-term alliance. In contrast, a Rotational tour is standardized and short-term, which allows you to follow more of a standard template for the conversation.

The style of conversation will also be shaped by when it takes place in the overall arc of the relationship. Having the tour of duty conversation during the initial hiring process is relatively easy. The manager and employee are strangers, and negotiating clearly defined objectives on both sides is natural and expected. Similarly, defining a follow-up tour of duty when the current tour of duty is drawing to a successful close is also relatively easy, as it's a natural transition point. It's trickier to transition current employees from a free agency mind-set to tours of duty. Introducing a new and different approach will require multiple conversations and a steady consistency.

BE SENSITIVE TO POWER IMBALANCES. Usually, the employer has more power than the employee, but the opposite can be true in hot job markets or for employees with highly valuable skills. Either way, a power imbalance creates the fear that the more powerful party will abuse that power to maximize its own benefit. If you have the upper hand, be proactive about demonstrating your commitment to fair dealing. If your employee has the upper hand and tries to assert his power, acknowledge this fact when it comes up, then return the focus of the conversation to reaching a win-win deal.

CHOOSE METRICS THAT ARE LEADING INDICATORS. Metrics such as revenue, page views, customer satisfaction, and the like can play a powerful role in evaluating performance within a tour of duty. In the lifetime employment model, success meant keeping your manager happy. That approach doesn't cut it in the fiercely competitive modern world. The great management theorist Peter Drucker put it best when he wrote, "What gets measured, gets managed." If you carefully manage leading indicators such as mission alignment, an employee's ability to gather network intelligence, or general satisfaction during tours of duty check-ins, you'll successfully manage lagging indicators such as employee retention or engagement.

APPLY MORAL SUASION ETHICALLY. Moral suasion, rather than contractual law, binds the parties to the alliance. But you should only use this force when justified by a violation of the alliance. Too many managers try to guilt employees into staying. Don’t make an employee’s career choice personal, which can engender resentment even if you convince the employee to stay. Rather, you should appeal to the principles of the alliance.

REGULARLY CHECK IN ON HOW THE TOUR IS EVOLVING. This is not a onetime conversation. Remember that trust is built by consistency over time. Most employees have experienced far too many management fads that came and went without any real staying power. Use action to demonstrate commitment to the alliance, including regular follow-ups, both formal (the checkpoints outlined in the step-by-step directions in this chapter) and informal (whenever a one-on-one opportunity presents itself).

ESTABLISH A BASIS FOR TRUST THROUGH OPENNESS AND TRANSPARENCY. It’s important to frame the conversation with the kind of vocabulary that conveys the open, bidirectional nature of the relationship. Use words like *trust*, *transparency*, and *alliance*. Another key way to demonstrate openness is to be willing to discuss scenarios in which the employee might leave the company. This kind of transparency helps build trust and reduces the risk of being blindsided by a departure.

ASSURE YOUR EMPLOYEES THAT YOU’RE NOT ABOUT TO FIRE THEM. Sadly, employees have been conditioned to interpret discussions about their goals and performance as early warning signs of impending dismissal. Emphasize that the point of the alliance is mutual benefit, and that this is being put in place for all employees (or all employees on the team).

Tactical Reminders

BE STRUCTURED. Explaining the tour of duty framework isn't an off-the-cuff conversation. Set aside several hours and schedule a formal meeting on the calendar for the discussion. Book a private office or conference room. Take detailed notes, and encourage the employee to take notes as well. At the end of the conversation, agree on next steps and schedule a follow-up. The final deliverable should be a written Statement of Alliance. (We provide a sample of such a deliverable in appendix A.)

SHARE THE AGENDA IN ADVANCE. This is a collaborative conversation, which means that both you and your employee are better off if you both have ample time to prepare. This shouldn't be a meeting where the manager prepares and the employee has to respond off the cuff. Give the employee time to prepare his own ideas and proposals.

BE AS CONCRETE AND SPECIFIC AS POSSIBLE. The point of the framework is to avoid vagueness around goals and timelines and to get specific. If you want your employee to deploy his individual network, be precise about specific ways he can do so and incorporate those ways into the plan. (We'll discuss networks in much greater depth in chapter 6.) If the employee says he wants to meet certain types of people or accumulate international experiences, spell out how and when that will occur during his tour.

More Online: Learn how to earn the "Right of First Conversation" and develop an expectation of honesty when talking with employees at www.theallianceframework.com/ToD.

5

Employee Network Intelligence

Bringing the World into Your Company

The old lifetime employment model encouraged both managers and employees to look inward. Managers focused on making employees more efficient at fulfilling their job description, while employees focused on enhancing their position within the company hierarchy. But once that model began breaking down, that inward focus became self-defeating self-absorption.

Today, as we've discussed, both company and employee need to look outward toward the overall environment in which they operate, especially when it comes to networks. Companies have to understand the employee's broader place in the industry, while the employee should realize that his professional network is one of the key assets that can boost his long-term career prospects. At the same time, as part of the alliance, the employee ought to tap his own individual network to advance their employer's business, because *who* he knows in the industry can be just as valuable to the company as *what* he knows in terms of skills. Thus, the alliance at work: *growing their professional networks helps employees transform their career; employee networking helps the company transform itself*.

Employee networks are extremely valuable to companies as a source of information. As Bill Gates wrote more than a decade ago, "The most meaningful way to differentiate your company from your competition, the best way to put distance between you and the crowd, is to do an outstanding job with information. How you gather, manage, and use information will determine whether you win or lose."[1]

Most of us utilize a fraction of the information available to us. For example, recall the last time you solved a thorny problem at work. The instinctive response is to . . . schedule a meeting. And assemble all the smart people at the company who might have an answer. But you can't just rely on the information circulating in the brains of your current employees. *There are more smart people outside your company than inside it*. In a healthy ecosystem, this is always true.

Many folks in senior management positions already know this. They frequently reach out to their *own* friends in the industry for information to help them make better decisions on the job. Indeed, it's this instinct that partly explains how they got promoted to a senior position in the first place. But frequently, senior management neglects a broader and more useful resource: the collective knowledge and networks of *all* the company's employees, even the most junior among them.

Think of each employee as an individual scout picking up data from the outside world—from articles, books, and classes, but most important, from other friends inside and outside the industry. Each employee can receive and decipher intelligence from the outside world that helps the company adapt. For example, what's a competitor doing? What are key tech trends? It's the manager's job to recognize and encourage the power of each of these scouts. A more networked workforce generates more valuable intelligence, and when your employees share what they learn from their networks back into your company, they help solve its key business challenges.

In a nutshell, network intelligence that leverages the individual networks of your organization's people is the most effective way for your organization to engage with and learn from the outside world. Even if you choose not to emphasize network intelligence as part of the alliance, your most driven employees are going to build their external professional networks anyway. It's up to you to encourage them to do so for their jobs.

In *The Start-up of You*, we wrote that an individual's career accelerates with the strength of his or her network—we called this principle "I" to the power of "We" (I^{We}). The question for companies and managers is whether you can develop enough trust so that your employees are willing to their use *their* networks on behalf of the *company*. The good news is that high performers want to do this—in our survey of *Harvard Business Review* readers, over three-quarters of respondents said that they used their individual networks to help them on the job.

So don’t treat tweeting on the job like an infraction—encourage it! Ask your employees to expense lunches with interesting people. By helping employees invest in their individual networks, you build an environment of trust and reciprocity. And when you ask employees to tap their own networks on behalf of the company, they’ll be more likely to respond favorably.

An added bonus is that a proactive network intelligence program helps with recruiting. Entrepreneurs are outwardly focused—they have to be, since they know they don’t have the internal resources of incumbent players. Want an entrepreneurial candidate? Facilitating the expansion of his individual network makes you a far more attractive employer.

Despite the benefits of an outward focus, some managers are simply more comfortable sticking to their own familiar corporate turf. They only seek answers from resources they fully control. They tap their own brain and the brains of their immediate colleagues, and no one else’s. They might feel nervous about encouraging employees to look outside the firm for information, because such behaviors could inadvertently expose company secrets and strategies to outsiders.

Indeed, an obvious “risk” of making your employees discoverable and externally networked is that they’re discoverable by potential employers and their recruiters. This is a legitimate concern. But there’s no one-way mirror that allows you to benefit from the outside world without exposing yourself. For many companies, the potential downside of defection is outweighed by the benefits generated by network intelligence. Just ask LinkedIn. It lives this reality more than any other company on Earth: every LinkedIn employee has a public LinkedIn profile that’s fully up-to-date. They’re highly networked and findable by recruiters. Yes, some employees have left. But far more have helped the company through the connections they made while on the job.

Network intelligence and the associated willingness to seek help from people outside the company is one of the key factors in the success of Silicon Valley. The risks are lower than most people think, and the benefits of looking outward are greater than you might realize.

Network Intelligence Generates Hidden Data, Serendipity, and Opportunity

As we've discussed, the most obvious function of network intelligence is to connect a company with outside information sources. Employee networks act as both a source and a filter for new information.

The second function of network intelligence is its ability to provide access to "hidden data"—knowledge that isn't publicly available. In the pre-internet era, reading secondary sources like business books or attending university courses helped professionals or companies beat the competition. Now, however, Google makes this kind of public information a commodity. To gain an edge, you need to use social networks to tap directly into what's swirling around inside people's brains. And it's this kind of information—up-to-the-second, nuanced—that offers the most significant competitive advantages. You won't find it in the morning edition of the Wall Street Journal, or even in a Google search. In a highly networked era, who you know is often more valuable than what you've read.

For example, in the early days of PayPal, its most important rival was Billpoint, a rival payment system that was a joint venture between eBay—PayPal's most important partner—and Wells Fargo Bank. Consider the situation PayPal faced: the vast majority of its business at the time consisted of handling payments for eBay auctions, yet eBay itself owned a competitive payments business (Billpoint) that it was promoting to every single eBay user. To outside observers, the circumstances must have looked grim.

Yet as we know, PayPal triumphed over Billpoint, leading eBay to purchase PayPal for over $1.5 billion. One of the key factors was PayPal's superior use of network intelligence. Reid led this intelligence-gathering effort for PayPal (he was executive vice president at the time) and asked all the members of the team, from executives to individual engineers, to use their network intelligence to learn about Billpoint's strategy. Billpoint's team, on the other hand, completely ignored the potential for network intelligence to provide insights into PayPal's strategy.

From conversations with other companies that were building on the eBay platform such as Honesty.com and AuctionWatch (now Vendio), PayPal employees learned two key facts. First, the Billpoint team was convinced that the key success factor for an internet payments system was a deep banking relationship to combat fraud. Billpoint's leadership felt that the Wells Fargo relationship represented an overwhelming advantage over PayPal. Second, contrary to Billpoint's belief, the companies on the eBay platform (and their customers) didn't consider a deep banking relationship that relevant. They placed a far greater value on ease of use, especially in e-mail communications. Fraud prevention was a hygiene factor, not a driving force. None of this information was public, but none of it was secret either.

Network intelligence should be tapped ethically; PayPal employees didn't skulk about in costumes, send questions from fake e-mail accounts, or root through Billpoint's garbage bins. They simply confirmed their findings by talking with Billpoint managers and employees and asking them how they viewed the market. Even more amazing? During these direct conversations, the Billpoint people never bothered to ask the same questions of PayPal's people. PayPal's strategy explicitly emphasized network intelligence; Billpoint's did not.

The third function of network intelligence is to generate serendipity, which is a major driver of innovation. Writer Frans Johansson has argued that innovation arises at the intersection of different disciplines and cultures. Most innovation is not sui generis; rather, it consists of the application of existing technology or practices to a new field. When employees tap their professional and personal networks, they tend to collect feedback from friends with a wide variety of backgrounds, experiences, and areas of expertise. As Deborah Ancona, Henrik Bresman, and David Caldwell of MIT noted in their paper, "The X-Factor," "When innovation, adaptation, and execution are critical, success is closely related to how the team interacts with outsiders" because successful teams "reach across boundaries to forge dense networks of connection, both inside and outside the organization."[2]

If you're in a broom closet, it's no great accomplishment to be the smartest person in the room. Network intelligence expands "the room" you're in to stadium-sized dimensions, encompassing the vast and diverse global networks of all your employees. This will help you solve problems faster. Better yet, it will strengthen the overall employment alliance.

Employees want to be networking, and network intelligence programs and policies help them do just that.

The fourth function of network intelligence is to help you see opportunities you would otherwise miss. One of the hidden stories behind PayPal's success is the crucial role network intelligence played in discovering the formula for viral growth. Once the team realized that eBay was a major driver of PayPal usage, its members looked to other companies in the eBay ecosystem for inspiration. One of these companies, Honesty.com, had discovered a way to leverage eBay's active sellers to grow. Honesty.com provided an auction counter; if a seller shared his eBay credential with Honesty.com, Honesty.com could add its counter to every single one of the seller's auctions. This system exposed all of a seller's auction bidders to the auction counter product, prompting other sellers to sign up and begin exposing their buyers to Honesty.com, and so on.

This insight didn't come from Reid or any of the other senior executives; the Honesty.com discovery came from "ordinary" front line employees. Once PayPal implemented its "Pay with PayPal" feature, sellers began adding "Pay with PayPal" to all their auctions, and PayPal's growth took off. Without network intelligence, the PayPal success story might have ended quite differently.

Now let's explore specific ideas for how to implement these sorts of programs.

More Online: Join the conversation and learn how other companies help their employees engage the outside world at www.theallianceframework.com/networkintel.

6

Implementing Network Intelligence Programs

Tactics and Techniques for Investing in Employee Networks

Make the network intelligence flowing into the company via its employees a first-class management concern. Maintain specific programs to strengthen and extend it in order to both attract and retain the best employees, as well as to drive business results. Here is a step-by-step guide to implementing a network intelligence program in your individual team or throughout the organization.

1. Recruit Connected People

Make a candidate's network strength an explicit priority when hiring. It's critical, however, to define network strength correctly. There is a misperception that network strength equals your number of social media followers. Rather than fixating on raw numbers, consider if a candidate is connected to the right people and has the realistic ability to leverage those connections for useful information or to influence others to act.

In the interview process, ask candidates about their strongest professional allies. Find out how they solve problems—do they call experts in their network? Besides recruiting folks who are already steeped in the ways of network intelligence, managers who emphasize network strength send a strong message internally to the organization that this stuff matters.

The need for network assessment is even greater when hiring a senior manager. When Reid interviews a prospective management hire, he always asks, "Who are the key people that you would consider hiring *after* you?" A strong candidate will have people in his network who want to work with him. Reid then often reaches out to those people as a reference check as well.

We're not saying that candidates need to be "networkers" (in the icky glad-handing sense of the word) or that they must excel at quickly developing rapport with strangers. That skill is a prerequisite for certain roles (e.g., sales), but is less relevant for others. We're simply arguing that, all else being equal, you learn how to measure network strength systematically and then hire people who have strong networks.

2. Teach Employees How to Mine Intelligence from Their Networks via Conversation and Social Media

Many companies, especially public ones, expend their precious energy playing defense, trying to keep their employees from spilling the beans: “Don’t talk about impending product launches; don’t talk about corporate strategy; ask for permission from the public relations department if anyone asks you about what we’re doing as a company.” This defensive posture problematically assumes that employees can’t tell the difference between *nonpublic* and *secret*.

Too often, the business world conflates all nonpublic information into a single category. Perhaps this is due to the hard line that the finance world draws between “public” and “insider” information. But outside the world of financial exchanges and markets, nonpublic information comes in two very different flavors.

For example, entrepreneurs often contact Chris for his advice on how to price Software-as-a-Service (SaaS) business software. Through his work with PBworks and other start-ups, he has direct operational experience in increasing revenues by introducing new pricing schemes. In the case of PBworks, for example, he was able to increase the size of the company’s largest customer from less than $100 to nearly $1 million over the course of four years. Chris’s pricing advice rests on “hidden” data that is nonpublic information, but he doesn’t reveal any secrets about specific customers or future plans. While there are certainly people who would find this secret information valuable, sharing that information is clearly inappropriate. The point is, employees can engage with their network without ever revealing any secret information.

Encourage your employees to play offense. Direct reports should talk with people in their network about key challenges their group is facing. Equip them with questions to ask their friends, and ask them to report back on what they learn. Here are a few that we like to use with our friends, but that apply to all industries:

- How is a key technology trend (e.g., “Big Data”) shaping our industry?
- What are other companies (and competitors) doing that’s working or not working?
- What are our customers’ sentiments, what is motivating them, and how have they changed?
- Who are the key people in our industry that we should engage with?
- What are the hiring trends in our industry?
- Who are new entrants in the marketplace and which of them are doing interesting things?

To facilitate a good conversation, be capable of answering these questions yourself.

Of course, employees should use their discretion and always maintain their integrity. If an employee is talking to a friend who works at a competitor, it’s best to steer the conversation to focus on a *third* competitor that isn’t his company or the friend’s. Or, when an employee brings information back to the company, he may need to make it anonymous (“I heard from a friend” instead of “I heard from John Doe, director of product at . . . ”) or change certain details to protect confidentiality.

Finally, to make sure this information gets back to the company, establish a “push” process for funneling tips or information from employees back to the management team. In other words, a little-visited intranet (or worse, an employee’s paper notebook) shouldn’t be the sole repository of insights. Knowledge isn’t valuable unless shared. Every Monday, Reid’s venture capital firm, Greylock Partners, distributes a list of all the *external* people each partner is scheduled to meet with that week. This allows the rest of the partners to trade notes and suggest questions that might generate useful insights or valuable connections. Reid also asks the Greylock Consumer Team to regularly circulate their answers to the question, “Who was the most interesting person you talked to this week?” More informally, the venture capital firm Andreessen Horowitz taps its people’s network intelligence in an unusual way: at the beginning of every partner meeting, the firm awards a $100 prize for the best rumor presented, confirmed or not.

3. Roll Out Programs and Policies That Help Employees Build Their Individual Networks

Encourage Employees to Be Active on Social Media and to Make Themselves Discoverable

You should want your employees to be discoverable by the outside world in a *professional* context. They're discoverable anyway, thanks to Google and social networks like Facebook, Twitter, and LinkedIn, so you should incentivize them to craft their presence in a way that's maximally helpful to the company. In 2013, when CEO Reed Hastings identified the top 170 stars at Netflix, he discovered that nine of them weren't on LinkedIn. He asked each of them to sign up for an account because he wanted to make sure that Netflix employees could find the appropriate network nodes within the company.

Push for policies that allow employees to build their personal brands and establish thought leadership. This is not to say that a CEO should order every employee to start tweeting; mandatory brand building will rankle the employee and seem inauthentic to external audiences. Nor should sharing articles about celebrity gossip on Facebook be considered legitimate brand-building work—unless celebrity gossip plays a critical role in the company's business, of course.

Social media engagement can translate into bottom line results. For example, the average HubSpot employee has 6.2 times the number of connections than the average LinkedIn member, and those employees share, comment, or like updates at eight times the average rate. The fact that its employees are growing their own professional networks on LinkedIn pays dividends to HubSpot's "talent brand." The company attracts twice the number of candidates for the job opportunities it posts on LinkedIn than the average LinkedIn customer. It also has over fifty thousand followers of its company page, the majority of whom say they're interested in hearing about job opportunities at HubSpot.

Set Up a "Networking Fund" for Employees

One of the techniques we recommend to entrepreneurial individuals in *The Start-up of You* is to maintain an "interesting person fund"—money earmarked for coffees and meals with interesting people in their network. The corporate equivalent is a "networking fund" for employees. Most companies allow employees to expense business lunches, but few allow them to expense networking lunches. Yet almost all top executives have such lunches all the time, and their company benefits as a result. You should make it not just acceptable but *expected* for your people to do the same—and to report back on what they learned.

HubSpot's Learning Meals program allows all employees to take anyone else out to a meal as long as the employees think they'll learn something. HubSpot's founder and chief technology officer, Dharmesh Shah, developed the practice at his first company, and still employs it today. When he travels to different cities, he always tries to organize a dinner with other entrepreneurs and interesting folks whom he can learn from and who can learn from one another. "My one regret is that we didn't put the Learning Meals policy in place from the start at HubSpot," said Shah. Shah even shares a set of recommendations and best practices for hosting these dinners (pro tips: pick restaurants with good acoustics, limit group size to six to eight, and favor round tables so everyone can see one another).

LinkedIn has a similar program under which employees can expense their lunches with smart people in the industry, as long as they summarize what they learned from the lunch on their expense report—a neat intersection of the alliance with old-school HR operations.

Neither of these programs takes a lot of time and effort; just a single policy and some minimal expense.

Facilitate Speaking Gigs for Your Employees

Give your people time to take on leadership roles and speaking gigs in associations. Employees who are thought leaders outside the company improve the company brand and the employee’s own personal brand. For example, Moz, a Seattle-based marketing software start-up has a number of programs to encourage employees to speak. “If you get a speaking spot at an event, Moz will cover the travel and accommodations,” Moz founder Rand Fishkin told us. Moz even offers employees the opportunity to create their own speaking gigs. The MozCation program encourages employees (“Mozzers”) to travel to exotic locations and host a mini one-day conference for Moz users.

Host Events at Your Company Office

Try to leverage your firm's facilities. Bigger companies, especially, should host conferences and events; these attract outsiders onto the campus and make it easier for current employees to meet and engage with them.

Nor should this practice be limited to formal events that require official support. Simply allowing employees to host clubs and associations is a low-cost way to encourage external networking. We do recommend that any employee who hosts a meeting in the company offices make it open to any other employee who wants to attend (which hopefully helps develop even more new relationships).

At LinkedIn, any employee can use any room, space, or facility on the corporate campus for any external group. For example, groups ranging from LGBT groups to a local Toastmasters club have used LinkedIn facilities to host meetings for their association. LinkedIn also hosts three to four industry events at its offices each month.

4. Have Employees Share What They Learn with the Company

If you're not actively taking what employees learn from their networks and bringing that knowledge back into the company to help solve challenges, it's as if you're flying millions of miles a year without bothering to attach your frequent flyer number to the reservations. The asset is there, but you have to claim it. If an employee takes someone interesting out for coffee or attends a conference, have a plan for "scaling" the learning. Employees can share their lessons learned in forms ranging from a simple e-mail to full-blown presentations.

It's not difficult to make such sessions part of your company's or team's standard operating procedure. Olivier Cardon, the former CEO of British luxury firm Linley, describes how his firm handled this: "Each designer had half a day every week—usually Friday afternoon—to research whatever they felt like as long as it was remotely connected to what the company was doing. Every month, each designer had to present the results of their research to their fellow designers, me, and anyone else in the company who wanted to attend." Not only did this program help build the individual networks of the designers, it also ensured that the insights those designers uncovered would spread throughout the company.

Cardon reports that this program helped Linley retain two skillful but independent-minded designers who otherwise would probably have left the firm. It also led to unique and innovative products. For example, one of the firm's designers was a skateboard enthusiast and worked with a friend in the skateboard business to research manufacturing techniques. The result was the first product line in the luxury goods business to incorporate skateboard materials for durability and finish.

While Linley made network intelligence a companywide priority, even as an individual manager, you can apply these techniques to smaller groups and teams to reap similar benefits.

Walking the Walk: How LinkedIn Uses Network Intelligence

From the start, Reid built network intelligence into the culture of LinkedIn. Early on, he modeled the behavior he wanted to encourage. For example, he would make sure that he took notes during external meetings and then report his findings back to the team. This “closing the loop” served two purposes. First, it helped LinkedIn’s team learn about the company’s competitive environment. Reid was friends with Mark Pincus and Jonathan Abrams, the founders of Tribe and Friendster. As LinkedIn did not compete with either of these other networks, Reid was able to bring back useful information about the social networking industry as a whole. Reid was in close touch with key entrepreneurs and technologists on the trend that became known as Web 2.0. Second, Reid’s actions and the time and energy he devoted to reporting back to the team demonstrated the importance he placed on acting as a scout for the company. Other early employees followed his lead, which was a crucial source of hidden data. The network intelligence helped LinkedIn focus on the key issues and quickly integrate other companies’ lessons.

As the company has grown, it has created programs to make network intelligence an integral and scalable part of its operations. For example, when employees return from a conference, they’re asked to host a brown-bag lunch (“Lunch in Learn”) to share with their colleagues what they learned. If an in-person get-together isn’t an option or isn’t scalable enough, employees can log in to LearnIn, the internal learning portal at the company, and publish their insights on the intranet for all other employees to see. Reid still participates in the process by bringing key industry leaders like Marc Andreessen and Arianna Huffington onto the corporate campus to share their insights with the company.

HAVING THE CONVERSATION

Advice for Managers

Network intelligence needs to be an integral part of the alliance and the tour of duty conversation. When you define an employee's tour of duty, you should set explicit expectations about how both parties will invest in and benefit from network intelligence. For example, you might tell the employee, "We will provide you with time to build your network, and will pay for you to attend events where you can extend it. In exchange, we ask you to leverage that network as you're working—to deploy your network intelligence to help you and the company accomplish your mission." Here is some detailed advice on how to have this conversation.

MAKE THE CASE FOR WHY NETWORK INTELLIGENCE IS IMPORTANT FOR EMPLOYER AND EMPLOYEE. Employees instinctively understand why networking helps improve their career prospects; your job is to point out how networking is an integral part of a mutually beneficial alliance. Remember the underpinnings of the alliance: *the company helps the employee transform his career; the employee helps the company transform itself and become more adaptable*.

Too many employees are made to feel guilty or conflicted when they attend conferences or networking happy hours. You need to make it clear that the company isn't supporting networks as an employee benefit, but rather as a mutually beneficial asset that helps the company as well.

PERSONALLY EXPLAIN THE COMPANY'S PROGRAMS. Sadly, many corporate policies are honored more in the breach than the observance. As a result, employees may be reluctant to take advantage of things like the ability to expense a networking lunch, even if those benefits are spelled out in the employee handbook. You should encourage your employees to take the company up on these offers by being a role model and doing it yourself, much as Reid did during the early days of LinkedIn.

MODEL PROPER USAGE OF INDIVIDUAL NETWORKS. A critical element of network intelligence is sharing what's learned with colleagues at the office. You should kick off the network intelligence conversation by citing a specific challenge you faced at work and how you tapped your network to help you solve it. This helps establish the norm and provides practical instruction.

ASK EVERY EMPLOYEE TO FURNISH A LIST OF THE SMARTEST PEOPLE HE KNOWS WHO DO NOT WORK AT THE COMPANY. Here's a simple technique to use at the company's or team's next group meeting. Have each employee on the team make a list of the three smartest people he knows. These lists can help the company in many ways, ranging from identifying experts who could be brought in as speakers to educate employees, to identifying potential problem-solving resources. The employee also benefits from this program; he gets the chance to strengthen a valuable relationship by offering potential speaking and consulting opportunities.

More Online: Learn specific tips and techniques that will help your employees use LinkedIn and other social platforms to gather and deploy network intelligence at www.theallianceframework.com/networkintel.

7

Corporate Alumni Networks

The Mutual Benefits of Lifelong Alliance

LinkedIn. Tesla. YouTube. Yelp. Yammer. SpaceX. What do all these companies have in common?

They're not just examples of innovation and massive financial success. All of them were founded by the alumni of a single company: PayPal.

Lifetime employment might be over, but a lifetime relationship remains the ideal, and as the alumni of PayPal know better than anyone, it can be extremely valuable. Unlike the free agency model, the alliance can and should persist even after an employee's final tour of duty. Typically, both company and employee aren't getting as much as they could from a strong corporate alumni relationship. As you'll see, despite evidence of pent-up demand for stronger alumni relationships, few companies have a good strategy for maintaining a relationship with former employees. Conversely, few of the alumni themselves realize how helpful a former employer can be to their career.

Establishing a corporate alumni network, which requires relatively little investment, is the next logical step in maintaining a relationship of mutual trust, mutual investment, and mutual benefit in an era where lifetime employment is no longer the norm.

Both companies and employees benefit from continuing the alliance. When a company is thriving, its alumni look good. For example, when Apple was struggling, no one wanted Apple alumni. Today, Apple alumni are sought after, even those who, like Reid, worked at Apple before Steve Jobs's triumphant return in 1997. Meanwhile, when a company's alumni are thriving professionally, that network becomes a valuable asset that helps the company. For example, much of McKinsey's luster and business comes from its powerful alumni network, which provides network intelligence, candidate referrals, and even sales.

To maximize the benefits of the corporate alumni network, a company should clearly articulate the bidirectional value both parties get from the continuing relationship. Fortunately, this isn't a difficult task. Employees clearly want an alumni relationship. LinkedIn (the service) now hosts over 118,000 corporate alumni groups, including 98 percent of the *Fortune* 500. Yet surprisingly, most of these alumni groups have little to no relationship with their former companies.

In fact, the majority of alumni networks that do exist are run completely independently from the company. A study from the University of Twente in the Netherlands showed that while only 15 percent of the companies surveyed had formal alumni networks, another 67 percent had employees who independently organized informal alumni groups.[1] Think about that—alumni want to connect so badly that they are spending their *own* time and money to set up these networks.

Informal groups can become quite elaborate. The P&G Alumni Network is completely independent from Procter & Gamble. Despite only starting in 2001, today it has over twenty-five thousand members, as well as a charitable foundation and speakers' bureau.[2] These informal alumni networks represent a huge (and largely missed) opportunity for companies. Most such groups focus on helping alumni help each other, rather than on maintaining members' relationships with their former organization. This approach creates some value for alumni, but little for the company.

The value to both parties can be much greater when a company actually contributes to its alumni network. So why don't more businesses do so? Let's start by examining the two industries that do grasp the value of corporate alumni: professional services firms and universities.

It’s All about the ROI

Professional services firms are the gold standard of corporate alumni networks. McKinsey & Company has operated an official program since the 1960s, which has grown to over twenty-four thousand members.[3] Bain & Company employs nine full-time people to spearhead corporate alumni initiatives. Six of those full-timers work in the Bain Executive Network, which helps place alumni into executive roles with Bain clients and other companies and provides general career counseling services. The Boston Consulting Group, PricewaterhouseCoopers, Deloitte, and their peers run similar practices.

Perhaps the only organizations that invest more in their alumni are colleges and universities, which employ armies of staff to print magazines, host reunion events, organize outings, and more. For many college graduates, their alma mater is one of the strongest aspects of their personal and professional identity.

What professional services firms and universities have in common is that their alumni drive direct revenue, making the investment case easy. Professional services alums frequently refer new clients to the firm, or hire the firm themselves when they are in an executive role at a company. College and university alumni donate vast sums of money directly to the university, as well as contribute revenue indirectly through things like ticket and apparel sales.

In most other industries, the benefits of operating an alumni network are uncertain and serendipitous, and so companies ignore the opportunity. When you launch a new product line, it’s easy to quantify incremental sales. When you launch an alumni network, the precise return is hard to measure, and might not show up for years. Just as uncertainty doesn’t equal risky, unpredictability doesn’t equal low value.

If more companies studied corporate alumni networks, they would see that the costs of investing in alumni are much less than they might think, and the returns much greater. That’s why creating and maintaining alumni networks is a compelling proposition and key element of the alliance.

Four Reasons to Invest in an Alumni Network

The Alumni Network Helps You Hire Great People

The first way an alumni network helps with hiring is making it easier for "boomerang" employees to return for another tour of duty after an absence from the company. Boomerangs are uniquely valuable because they offer an outsider perspective combined with an insider's knowledge of company process and culture. An ex-employee will be more interested in returning if the company stayed in touch and maintained a relationship in the interim. As the saying goes, Dig the well before you get thirsty. For example, the Corporate Executive Board reports that rolling out the CEB Alumni Network doubled the firm's rehire rate within two years.

Chevron takes things a step further with its Bridges program. Chevron alumni can sign up to be considered for specific contract assignments. It's an obvious win-win. Alumni get consulting opportunities that might turn into full-time gigs; Chevron gets a highly qualified pool of potential consultants whom it knows are a good cultural fit.[4]

Alumni can also refer great candidates. Given the cost of professional recruiters and the value of a vetted job candidate, soliciting alumni referrals ought to be a best practice. For example, companies ranging from consultancy Deloitte to payroll giant ADP offer cash bonuses to corporate alumni who refer successful candidates. Beyond simple referrals, corporate alumni can help with reference checks and judging cultural fit, even when they don't directly source the candidate.

Finally, the very presence of a properly implemented corporate alumni network can help an employer close great candidates. Candidates don't need to guess what impact one or more tours of duty might have; instead, they can simply use alumni as surrogates to get a sense of whether they'd like the job. The fact that McKinsey alumni have gone on to lead hundreds of billion-dollar companies helps illustrate the benefits of joining the firm.[5] Does McKinsey remind prospective employees of this fact? Of course they do.

Recruiting great people is expensive. An alumni network that generates just a few hires a year is easily worth six figures on hiring value alone.

Alumni Provide Useful Intelligence

Alumni are a great source of network intelligence—competitive information, effective business practices, emerging industry trends, and more. Not only do they have knowledge of the outside world that a company's current employees do not, they also understand how the organization works.

Simply conducting regular polls of alumni using standard questions can unearth key nuggets of information, such as how the company is perceived as an employer, competitive intelligence and industry trends, and pointers to potential customers. At LinkedIn, reports and rumors about emerging technologies like WhatsApp are taken more seriously when they come from former employees than from random commentators.

Finally, alumni provide a much-needed outside perspective. Companies find it all too easy to drink their own Kool-Aid; alums can have both the necessary objectivity and the respect and trust of the company to be listened to when they point out uncomfortable truths. For example, an alum who tests the beta version of a new product is more likely to offer honest feedback than a current employee.

Alumni Refer Customers

Alumni can become customers or refer customers, especially when incentivized to do so. Implementing formal incentive programs for alumni can require a bit more paperwork and process—no financial software includes an out-of-the-box “alumni rewards” module. But the value can be enormous, and even small steps like giving out high-end swag as a reward can help.

Business-to-business (B2B) and business-to-consumer (B2C) companies will generally adopt different approaches. A single B2B customer might represent millions in revenue (remember those ex-McKinsey CEOs who hire their old firms?), whereas a single B2C customer might be worth a small number of dollars. B2B firms should incentivize direct customer introductions, while B2C companies should focus on encouraging influencers.

Alumni Are Brand Ambassadors

Your company's brand is no longer fully under your control. Spending money on advertising campaigns can drive awareness, but buzz emerges from grassroots interest, especially on social media. Corporate alumni can help in this regard, especially if they outnumber a firm's current employees. They also have the advantage of being third parties and thus are perceived as more objective. They're not getting a paycheck to tweet. If they promote a product or initiative on social media or respond to the tweets of customers or prospects, alumni have credibility that current employees simply can't duplicate.

In sum, the more a corporate alumni network strengthens the company's brand, the easier it becomes to leverage that network for hiring, network intelligence, and customer referrals.

But the "R," or return, of a corporate alumni network is only half of the ROI value equation. Let's explore the "I"—the investment.

Three Levels of Investment in Alumni Networks

The investment a company makes in its alumni network runs along a continuum from low to high. The level that's right for your company will depend on its specific circumstances.

1. IGNORE. If your worldwide corporate headquarters is also the place where your spouse parks his or her Prius at night, it's probably too early in your start-up's lifespan to start cultivating an alumni network. But once your company's alumni base numbers in the dozens and hundreds, ignoring it means the firm is missing a great opportunity. Remember, an informal group is run for the benefit of its moderators—the company has no control over or impact on the returns to the company.

2. SUPPORT. This level involves creating a direct connection with alumni group organizers to provide informal, largely ad hoc support. This can be as simple as asking, "What can we do for you?" Examples of inexpensive support include maintaining mailing lists, paying for pizza at alumni meet-ups, and endorsing the independent efforts of alumni. Almost any company should support its alumni, given the minimal cost and the potential returns from maintaining an ongoing relationship. Accenture provides a great example of how a small investment can bring big benefits. The consultancy's LinkedIn group has over thirty-one thousand members who opt in to receive updates and career information from the firm and, more importantly, who opt in to talking with each other.[6] Thanks to engaged alumni, Accenture has saved significant sums on recruiting by hiring more "boomerang" talent.

3. INVEST. This level involves providing formal infrastructure and systematic benefits to alumni. These companies generally run the official alumni group directly; have staff dedicated (full- or part-time) to maintaining the network; offer the alumni benefits such as an employee store discount; and coordinate with the rest of the company employee base to aid in network intelligence gathering from alumni. While this tier of investment has real

costs, companies that want to truly incorporate alumni into key processes and initiatives need this kind of rigor to reap the associated benefits.

For example, Harvard Business School recruited Chris to run an alumni association for HBS graduates in the high-tech industry. The school identified the need, sourced a candidate, and then invested in his efforts. This investment included providing the online infrastructure for running the club, as well as inviting club officers to attend the annual conference of all HBS alumni clubs.

eBay adopts the Invest model. For example, they host and sponsor alumni events, which it explicitly models on college reunions. As CEO John Donahoe told us, “We’ll organize a dinner of about a hundred people for the ‘Class of 2004’—the people who joined in a particular year. We get people to call their peers and get them to come. It’s a great opportunity to reflect on shared experiences and to rebond with eBay.”

Walking the Walk: The LinkedIn Corporate Alumni Network

Like most start-ups, LinkedIn didn't immediately establish an alumni network. As a high-growth start-up, it had little time to spare for anything other than building the business. And thanks to years of rapid growth, its few alumni were outnumbered by current employees.

As the company matured, however, and the number of alumni grew, it became apparent that establishing a formal alumni network would be a good long-term investment. Given the growth of the company, its management expected the alumni pool to expand rapidly over the following five years. It made sense to set up the alumni network before this expansion took place. As a result, the company shifted from lightly supporting the informal alumni group that emerged organically to truly investing in an official alumni network.

In late 2013, LinkedIn established an official alumni network to continue the alliance with more than one thousand alumni. The company decided to be inclusive—after all, its business model is predicated on the power of networks—which meant that all ex-employees in good standing were invited to join. The alumni network lives as a group on LinkedIn (the service). There, an employee in LinkedIn's HR department posts news about the company (this news is repurposed from an existing corporate communications internal e-mail, and thus requires little incremental effort). The moderator works with operating managers to seed the group with potentially useful questions such as "Has anyone heard anything interesting about the new Google phone?" or "What do people need to be successful in their current jobs?"

On a regular basis (up to once a quarter), all alumni who are part of the LinkedIn group receive an e-mail with a summary of the company's updates, alumni in the news, and a link to a survey that asks questions like "What your favorite new mobile app? Who should become a new participant on our Influencer publishing platform?"

To encourage participation and convey the strength of the alliance, LinkedIn offers a range of gifts to alumni. Every alum receives a free premium subscription to LinkedIn (the service). If they refer customers or employees who are hired, they are thanked with both nice gifts and personal notes.

In addition to the general group, the company maintains an invitation-only network for its most valued and distinguished alumni. This allows LinkedIn and these former employees to invest more in (and get more out of) the alumni relationship than would be possible or desirable for the general pool of employees. The members of the executive team select people into this hand-picked group on the basis of their contributions to the company as employees, contributions to the company as alumni, or accomplishments in the industry over their careers. To these distinguished alumni, LinkedIn extends special invitations to events on campus, such as judging hackathons or attending fireside chats between Reid and outside guests such as Facebook's Sheryl Sandberg and WordPress creator Matt Mullenweg.

Together, these corporate alumni programs impose little incremental cost on LinkedIn. As noted, much of the content is repurposed from existing initiatives, and the few out-of-pocket costs like gifts for candidate referrals or network intelligence are minimal in comparison with alternatives like paying recruiting fees or hiring consultants and outside analysts.

Your corporate alumni network is a potential profit center, not just a line-item cost. And it's a powerful signal that you embrace the new employment alliance. So make a list of all your ex-employees—if you don't have a corporate alumni network for them, consider them resources that you're leaving fallow. Lifetime employment may be over, but a valuable lifetime relationship with your talent can and should persist.

More Online: Learn how other companies build their alumni networks and join the conversation yourself at www.theallianceframework.com/alumni.

8

Implementing an Alumni Network

Tactics and Techniques for Setting Up a Corporate Alumni Network

Here is a step-by-step guide to launching and leveraging a corporate alumni network for your organization, whether for a single department or the entire company.

1. Decide Who You Want to Include in Your Alumni Network

The simplest way to organize an alumni network is to include all ex-employees—stars, corporate middle class, and the most junior employees. Exclude employees where there is pending legal action or the equivalent against that employee or their new company. Exclude employees fired for cause (for instance, sexual harassment or theft). Maybe exclude contractors and interns, depending.

Broad participation can give rise to tricky situations. What if an employee goes to work for a competitor? Or is toxic to the alumni group? Or poaches the company's talent for his new employer? Or bad-mouths the company in the press after leaving? You will want to maintain the ability to "fire" people individually from the alumni network if their behavior is unseemly.

Establishing a "distinguished" alumni group offers a cleaner, longer-term solution to these dilemmas. The company can be more nuanced in who's involved and what benefits are provided. This allows a manager to provide a higher level of service to loyal former stars in exchange for a higher level of engagement. These folks are likely to go on to great things and be the center of their own networks, which could very valuable to the business. In addition, the threat of losing these "distinguished" benefits serves as a stick to discourage bad behavior.

2. Explicitly Define the Expectations and Benefits of the Relationship

The alumni relationship, like the rest of the employment alliance, is reciprocal. To harvest benefits from alumni, your company needs to offer them real benefits in return.

Some of the most common programs for rewarding and engaging alumni include:

Referral bonuses: If hiring great employees is so important, why not make that path easier to follow? Post open positions to an alumni mailing list and offer recruiting bonuses to alumni.

Product discounts and whitelist access: Microsoft alumni receive an employee discount of up to 90 percent at the Microsoft company store.[1] LinkedIn sometimes adds some alumni to a product's beta "whitelist," granting that person early access. These are both benefits to the alum and opportunities to solicit constructive feedback on the products from informed, yet more objective, sources.

Hosted events: Hosting events allows companies to leverage the magic of face-to-face interaction to strengthen the alumni relationship. There's a reason why every college or university holds regular reunions—these are prime drivers behind alumni engagement and, by extension, alumni donations. Implementing an alumni reunion mixer is pretty straightforward. There are also creative options, like inviting alumni to an annual company party or other on-campus events.

Official recognition for select alumni: Companies should consider taking a page from the best practices of consumer-facing businesses such as Amazon, eBay, and Yelp, which recognize Top Reviewers, Power Sellers, and Elite members, respectively, with publicly visible badges. Colleges also employ this practice by offering honors and distinction. A company could officially recognize its distinguished alumni and allow them to talk about their membership in that elite group. To be sure, some companies might feel uncomfortable officially favoring certain alumni; you have to decide whether the benefits outweigh the costs of perceived favoritism, as is true with any public reward or recognition.

Keeping alumni informed: Keeping alumni informed isn’t just good for the alumni, it’s also good for the company. The better alumni understand the company’s current circumstances, the more practical the insights and assistance they can provide. For example, Microsoft provides its alumni with early access to “beta” software. Alumni who find out about unpleasant facts from the press rather than the company itself should rightly see that as a breakdown in the alliance.

3. Establish a Comprehensive Exit Process

Not reinforcing the lifetime relationship with an employee during the exit interview is like setting up a booth at a trade show but failing to collect business cards from the people who stop by—it's a huge missed opportunity. The organization spent significant time and energy building a great relationship—why throw it out? First, at the time of exit, decide if the departing employee has the executive sponsorship to be invited to join the distinguished alumni network. Then, collect from departing employees all the information that the company needs to maintain a long-term relationship. This includes things like contact information, expertise, and what the employee might want to help with in the future. Given the end of lifetime employment, your company shouldn't rely on the ability to leverage your personal relationship with the employee; you should build organizational, as well as personal, connectivity. The company or work group should have a database of the following for all ex-employees: permanent e-mail, phone number, LinkedIn profile, Twitter handle, blog URL, and other similar information.

4. Build Links between Current Employees and Alumni

Once the corporate alumni network is active, value won't flow automatically. Busy alumni may not remember to send in information without some kind of reminder. Current employees might not think to reach out to alumni for insights and help with solving problems.

Senior managers should set up formal programs and processes for tapping alumni intelligence before the need for their contribution arises. These could include alumni advisory councils, topic-specific mailing lists for current employees and distinguished alumni, and regular alumni events where current execs mingle with alumni. Such tools should be a standard part of the problem-solving process within the organization.

The marketing software company HubSpot offers one example of a company that consciously connects with and trusts its alumni. The HubSpot alumni network is an informal group that is managed by former employees but maintains a strong relationship with the company. "A member of the executive team attends every alumni network meeting," HubSpot cofounder and CTO Dharmesh Shah told us, "That executive usually holds a thirty- to forty-minute open Q&A [Ask Me Anything] session, where the alumni can ask any question about the company, including 'What's keeping you up at night?' 'How is the customer retention doing?'" This is confidential information that is not available to the general public.

Companies should also seek to involve alumni in celebrating their big wins. When LinkedIn held its initial public offering (IPO), Reid specifically worked to include alumni in the celebration and acknowledge their contributions. He had personalized bobblehead dolls made in the image of a number of LinkedIn's early supporters—forty-five, all told—most of whom were former employees by the time of the IPO.

HAVING THE CONVERSATION

Advice for Managers

All healthy relationships begin with thinking of how one can help the other party. In all conversations, you should start from the employee's point of view.

There are three times when you need to have a conversation with your direct reports about the alumni network: during their hiring process, while the employee is employed, and when the employee exits and becomes an alumnus. Each time calls for a different conversation.

USE THE ALUMNI NETWORK AS A SELLING POINT DURING THE HIRING PROCESS. Deploy a combination of statistics and stories for maximum impact on recruiting. Remember the promise of Transformational tours: a tour of duty will transform your entire career, and it's the alumni network that helps ensure that promise is realized. It's nice to be able to cite the size, reach, and activity of the corporate alumni network, but to be really persuasive, you should share concrete personal examples of how the alumni network helped *you* on and off the job.

MAKE IT EASY AND OBVIOUS FOR CURRENT EMPLOYEES TO TAP THE ALUMNI NETWORK FOR NETWORK INTELLIGENCE. Because most companies don't have formal alumni networks, few employees will have experience leveraging these networks on the job. As a manager, market your alumni to colleagues in meetings: "Say, couldn't we could ask alumnus John Doe, who's now a leading designer at an ad agency?" Send around impressive alumni's LinkedIn profiles to remind your employees of the assets they can tap.

REINFORCE THE CAREER-LONG NATURE OF THE ALLIANCE UPON EXIT. Emphasize in the exit interview that while the employment relationship may end, the alliance will live on, not just between the two of you, but with the company as well. Despite all the emotions that sometimes surround such a conversation, see it as an opportunity. Because lifetime employment is out, but lifetime alliance is *in*.

More Online: Find practical advice, sample e-mails, and real-world case studies at www.theallianceframework.com/alumni.

Conclusion

Think back to the era of lifetime employment. Although that model lacked the flexibility to adapt to our networked age, it did encourage long-term thinking. During the 1950s and 1960s, we invested heavily in the future and developed the technologies that drove the Information Age.

The free-agency-style era that followed, and in which we're still living, leads us away from long-term investment and to a shortsighted focus on instant gratification. Remember: a business without loyalty is a business without long-term thinking. A business without long-term thinking is a business that's unable to invest in the future. And a business that isn't investing in tomorrow's opportunities and technologies is a company already in the process of dying.

The Alliance creates a model for work that encourages companies and individuals to invest in each other. Imagine a world in which managers and employees have honest conversations about each other's goals and time tables; where managers and team members define jobs that match their values and aspirations; and in which even employees who move on to a different employer maintain an ongoing, mutually beneficial relationship with the company.

It's a world—and a culture of employment—that's already taken shape in Silicon Valley, and we expect its principles will spread to all industries and across the globe. Mutual investment creates massive value for companies and for employees. Even if the effects of the alliance stopped there, it would be a talent framework worth adopting.

But the impact of the alliance extends far beyond company walls.

Improving the microcosm of workplace relationships can have a major impact on society—job by job, team by team, company by company. The alliance may seem like a small thing next to macroeconomic proposals like overhauling the education system or reforming our regulatory regime, but it's a small thing we can all adopt today that will generate big cumulative returns in the years to come.

The trends of nearly half a century are not easily undone. But with *The Alliance*, we hope we have given you a framework that changes how you, your team, your company, and ultimately our entire economy works.

The three of us embarked on a shared tour of duty to write this book because we believe that when the right talent meets the right opportunity in a company with the right philosophies, amazing transformations can happen.

Now it's your turn to build the alliances that will transform your company and career.

—Reid, Ben, and Chris

Palo Alto, California

www.theallianceframework.com

Appendix A

Sample Statement of Alliance

This statement of alliance provides a model for you to use when you're defining a Transformational tour of duty with an employee. Customize the policies and programs (such as the budget for networking) to reflect the specific circumstances of the company and the team you lead. The statement of alliance should also be personalized with individual goals for the individual employee, but for the sake of fairness, the same general policies and principles should apply equally to all the members of the team.

"I" = the manager

"We" = manager and employee

"We the company" = the company

In a larger organization, the senior management and HR leadership of the firm should work to customize the alliance based on the company's needs, but should still allow individual managers the leeway to adapt the alliance to their teams.

To download your own electronic copy of this Statement of Alliance, visit our website at www.theallianceframework.com.

Preamble

- I’m glad to have you on my team.
- I view our relationship as a mutual alliance that needs to help both of us.
- This statement of alliance lets us lay out both our expectations so that we can invest in the relationship and each other with confidence.
- I want you to help transform the company.
- In return, I and the company need to help you improve your market value and transform your career (preferably within this organization).
- While I am not making a commitment to offer lifetime employment, and you are not making a commitment to stay for your entire career, we will act to maintain a long-term alliance, even if the employment relationship ends.

Article 1: Your Tour of Duty

Principles

- Your tour of duty defines what you will do for me and the business; it also defines what the business and I will do for your career.
- While there is no legal obligation on you, me, or the company, and plans can always change, right now we are all committed to completing this tour of duty on the basis of mutual trust. This means that if we’re progressing toward our mutual goals, the company won’t fire you, and you won’t leave.
- As we deepen our mutual investment and commitment, we may someday decide to make a long-term, Foundational commitment to each other.

Expectations

- We the company expect this current tour of duty to encompass the time it takes for you to execute the following mission objective: _____________
- I expect this tour of duty will last approximately the following amount of time: _____________
- Here is what the results of a successful tour of duty look like for the company (product launches, process improvements, sales, etc.): _____________
- Here is what the results of a successful tour of duty look like for you (knowledge, skills, accomplishments, recognition, etc.): _____________
- As we approach the end of this tour of duty (approximately 12 months to go), you and I should discuss what you would like to do once the tour of duty is complete, either by defining a new tour of duty at the company or discussing your transition to a different company.

Article 2: Alignment

Principles

- You, I, and the company all have core aspirations and values.
- We will all work together to align as many aspirations and values as we can between the three parties involved, while understanding there will not be 100 percent overlap.

Expectations

- I will lay out my core aspirations and values and what I believe are the company's specific and rigorous core aspirations and values.
- We welcome your feedback and suggestions on those core aspirations and values.
- I would like to learn about your core aspirations and values, even where they differ from mine or those of the company. They are: ______________
- We will work together to set mutual expectations for your career trajectory.
- We will recognize you for both your business accomplishments and your ability to exemplify the company's aspirations and values.
- If gaps exist, we will address them explicitly and proactively, rather than ignoring them and letting them grow and damage our alliance.

Article 3: Network Intelligence

Principles

- Your professional network is a valuable asset, both for you and your career, and for me and the company.
- People, including those outside our company, are a critical source of information and insight for solving business challenges.
- The company and I will give you time to build and groom your network; in exchange, we ask that you use your network to help us achieve your mission objective and make the business successful.

Expectations

- I will be clear about what constitutes nonpublic, nonsecret information you can share with your network.
- While this shouldn’t need to be explicit, you should feel free to use company equipment (e.g., your computer or smartphone) and company time for professional social networking so that you are discoverable and active on social media like LinkedIn and Twitter.
- You may expense any event, conference, or club membership up to X dollars, provided you think it will help you build your professional network. For larger amounts, ask me first, and I will try to approve as many of your requests as I can. You are responsible for sharing what you learn with me and your colleagues.
- You may use company facilities to host external groups and events.

Article 4: The Alumni Network

Principles

- Lifetime employment is over for most of us. But a valuable relationship should be lifetime.
- If and when you leave the company, if you’re in good standing, we will invite you to our corporate alumni network.
- The alliance between the company and you as an alum will remain consistent with the same principles: mutual trust, mutual investment, mutual benefit.
- As a current employee, feel free to tap the alumni network for help on solving current business challenges.

Expectations

- The company and I commit to keeping you in the loop and up to date on what's happening with the company, including consulting projects or new positions that might interest you.
- When the company or I think there's a way for you to help us, we ask that you give us a fair hearing, though of course you can decline.
- The company will set up tools (e.g., mailing lists, groups, enterprise social networks) to help you tap the knowledge of our employees and corporate alumni.

Appendix B

Mission Alignment Exercise: People We Admire

In our discussion on alignment, we wrote about the importance of understanding the values of your employees, and the technique of asking someone who they admire and why. Here’s how each of us completed the exercise—three people we admire, the three traits about each that we most admire, and a rough ordering of how strongly we cherish the traits overall.

Reid

1. Martin Luther King Jr.

A great hero whose vision and courage remains an inspiration for all Americans and indeed the world

- Vision
- Courage
- Compassion

2. Marie Curie

A hero of science who demonstrates that you don't need to lead a large organization in order to take fundamental, intelligent risks and blaze a path for people behind you

- Intelligence
- Independent thinking
- Dedication

3. Andrew Carnegie

An industrialist whose evolution into philanthropist has provided a beacon throughout the decades

- Generosity
- Leadership
- Entrepreneurialism

Ranking the traits

1. Compassion
2. Courage
3. Dedication

4. Intelligence
5. Generosity
6. Vision
7. Leadership
8. Entrepreneurialism
9. Independent thinking

Chris

1. Abraham Lincoln

The greatest American who ever lived. He faced greater challenges than any president before or since, and managed to reunite the country.

- Compassion
- Egolessness
- Storytelling

2. Fred Rogers

He may very well have been the nicest man to ever live and impacted millions of children’s lives.

- Acceptance
- Authenticity
- Kindness

3. David Packard

Founder of Hewlett-Packard, one of the Godfathers of Silicon Valley and one of the greatest managers of all time

- Initiative
- Trust
- Generosity

Ranking the traits

1. Authenticity
2. Egolessness
3. Initiative

4. Trust
5. Acceptance
6. Kindness
7. Compassion
8. Generosity
9. Storytelling

Ben

1. Benjamin Franklin

A tireless inventor, cofounder of America, and effective diplomat

- Self-improvement
- Entrepreneurialism
- Internationalism

2. David Foster Wallace

A writer with unparalleled ability to explain human nature and the modern world

- Curiosity
- Humor
- Intensity

3. Siddhartha Gautama (the Buddha)

A spiritual leader whose teachings on the meaning of life changed the world

- Equanimity
- Peace
- Discipline

Ranking the traits

1. Curiosity
2. Humor
3. Peace
4. Entrepreneurialism
5. Discipline

6. Intensity
7. Self-improvement
8. Equanimity
9. Internationalism

Appendix C

Getting Started at Your Company

During the writing of this book, we encountered numerous topics that we found fascinating, but that we simply couldn't fit into this book. For example, while we dealt with social media in the context of setting policies around network intelligence, we really wanted the opportunity to explore the topic in greater detail.

We also found that when we shared drafts of the book with the great managers we know, these managers came up with insightful questions and practical concerns that helped improve our arguments and advice. Now that the book is available to the public, we expect you, the reader, to add to this collection of questions and improvements. Perhaps your industry has unique dynamics, and you want to know how the alliance needs to adapt to those dynamics. Perhaps there's a variation on the tour of duty framework that would work best in your company.

That's why we've created TheAllianceFramework.com. This website and the related LinkedIn group will act as a central clearinghouse for additional content, interactive assessments, and even practical worksheets and training guides, to expand our collective understanding of the alliance.

You'll also find information about keynote speaking, training sessions, and webinars.

We invite you to join us at TheAllianceFramework.com, to help us explore these issues and to help you bring the alliance to your organization.

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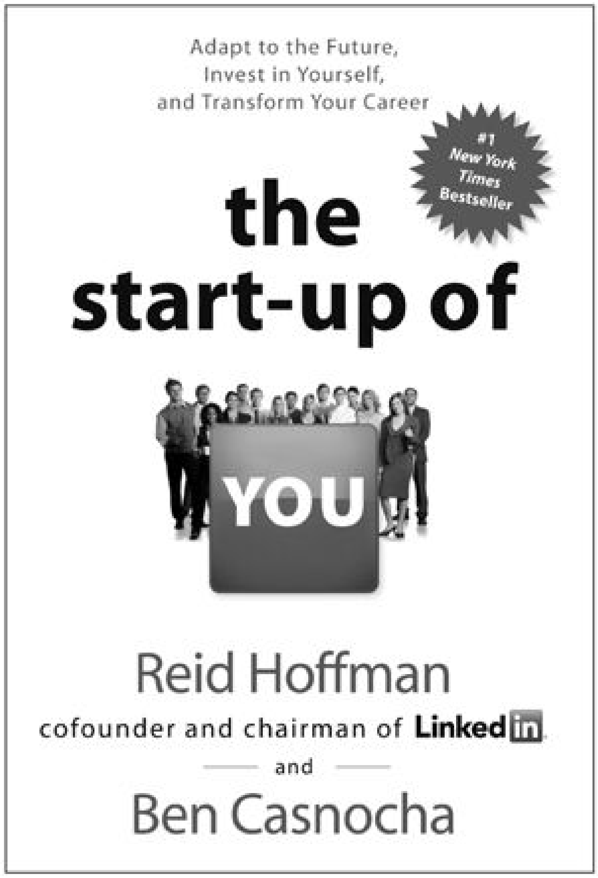
Chris earned two bachelor's degrees, with distinction, from Stanford University (Product Design Engineering and Creative Writing) and an MBA from Harvard Business School, where he was named a Baker Scholar.



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