



Leadership in a Distributed World: Lessons from Online Gaming

Moderator: Linda Ban

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Linda Ban: Good day everyone and welcome to our Leadership in a Distributed World: Lessons from Online Gaming. I'm Linda Ban from the Digital Convergence Emerging Business Unit, part of IBM Research, and our organization is currently focusing on opportunities in the 3D Internet and virtual worlds.

By now, just about everyone knows that, contrary to what Columbus discovered back in 1492, the world is in fact flat. While we're beginning to understand what that means for today's globally integrated enterprises, both in terms of challenges and opportunities, we're only just starting to understand and consider how executives have to adapt in order to lead in a flat world.

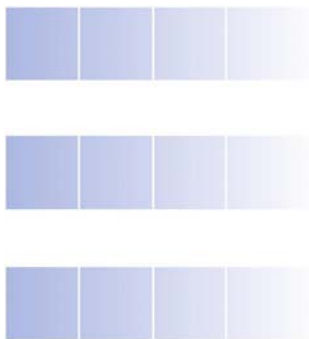
Today's guests, Eric Lesser and Michael DiMarco, both from IBM's Institute for Business Value, have a unique take on leadership in a flat world, based on lessons learned from online games.

Eric, at first glance, I think that your take would surprise most seasoned executives.

Eric Lesser: No doubt it will Linda, but let me quickly walk you through the premise. As organizations continue to expand and operate in more virtual environments, executives are being asked to provide guidance and direction to teams working across time zones and distances. In addition, a competitive environment is requiring leaders to make sense of increasingly disparate sources of information and make decisions more rapidly.

Mike and I, along with some of our colleagues within the IBM Institute for Business Value and our Human Capital Management Practice wondered where organizations might turn to see the future of leadership in a distributed world. We came to see that online games in fact provide a window into the future of organizations and the leadership capabilities necessary to guide enterprises to success.

Of course, we're not talking about arcade style video games. We're referring specifically to a specific kind of game called massively multiplayer online role playing games. These games bring together thousands of simultaneous players in fast paced online environments. They are massively popular with people of all ages, not just kids, and the parallels between online globe spanning gaming world and the emerging picture of the globally integrated enterprise of the future are actually quite striking.





Linda Ban: Wow. Now you have my curiosity peaked. Mike, can you tell me a bit more about these parallels and more specifically, the research that the IBM Institute for Business Value has conducted on the subject?

Michael DiMarco: Well, as Eric alluded to, in online role playing games, leaders develop and operate in environments that are highly distributed, global, hyper-competitive and virtual, not unlike today's business world. In these sophisticated gaming environments, leaders recruit, organize, motivate and direct large groups of players toward a common goal, and they must make decisions quickly, often based on incomplete information.

Given the parallels between the gaming environment and the globally integrated enterprise of the 21st century, we decided to explore the similarities and differences in leadership across both domains. To do so, we tapped into an extensive cohort of gamers who work for IBM. For our study, we surveyed 214 business professionals who participate in a community of online gaming enthusiasts. These are experienced gamers as well as experienced professionals, with over 68 percent of them over the age of 35 and over 80 percent of them having nine or more years of business experience. We attempted to answer three questions through our research. First, which leadership behaviors are most relevant in online and corporate settings? Second, which tools and capabilities benefit leaders in both environments? And third, how relevant are the parallels between leadership in the online and corporate worlds?

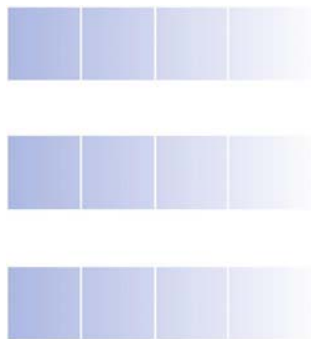
Linda Ban: This sounds like a fascinating group to survey. Eric, what did you learn about leadership behaviors from this specific group of IBMers?

Eric Lesser: Well, what we did was, we developed a hybrid of our internal IBM leadership model and a well known leadership framework developed by MIT Sloan Management School faculty members, Deborah Ancona, Wanda Orlikowski, Peter Senge and Tom Malone, to look at four pivotal leadership behaviors.

For one, we learned that collaborative behaviors are vital to leadership success within the gaming environment and will be increasingly so within the corporate environment. In other words, while our respondents found collaborative behaviors to be important, the relative importance was greater for gaming leaders. In a virtual environment where leaders do not have face to face interaction with their followers, building personal leadership credibility takes on a premium and requires finding new ways to win the hearts and minds of others. The best gaming leaders build credibility by first creating strong personal relationships with their followers. We also learned that visioning tends to be more important in corporate environments because the business playing field lacks many of the predefined dimensions that lend structure to games.

Next we also learned that evaluating is an important skill, both for gamers and corporate leaders, both who must gather information from far flung sources and quickly and decisively chart a course for action. In games and what we're finding in more corporate environments is that learning by doing is key. The best leaders collect and evaluate data, take decisive action, judge the results of those actions and then respond accordingly.

Finally, we learned that executing in games and in more flexible corporations is enabled by aligning frequent feedback with both short and long term incentives tied clearly to goals. Our research shows that the best gaming leaders motivate accordingly by breaking desired





outcomes into manageable pieces and by distributing rewards as well as feedback immediately upon the completion of a particular task or objective.

Linda Ban: You mentioned earlier that you studied not only behaviors but environmental tools and capabilities that are seen within online games that are particularly important to leadership success in those games. Mike, can you tell us more about what the IBM gamers had to say about this area of interest?

Michael DiMarco: I sure can. We asked our respondents about 24 capabilities typically required within online gaming environments and asked which were the most important in terms of enhancing gaming leadership effectiveness. From that list of 24, six capabilities were ranked most applicable to the corporate environment and I'll briefly review them.

First we learned that much of success within games has to do with the ability to communicate in real time on multiple channels. To win, leaders must communicate with team members to gather data for evaluation, identify the right people for the right task, offer instructions for execution and drive toward the agreed upon goal. These communications take place over a variety of channels like voice, e-mail or instant messaging. This open two-way communication allows leaders to reinforce critical messages and insure that individuals in the field are providing input to leaders and coordinating with others on an ongoing basis.

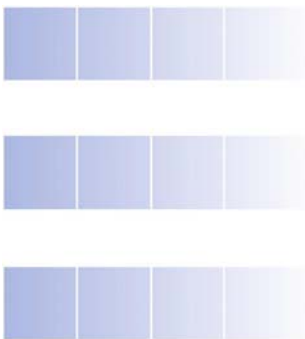
A second critical capability relates to identifying the skills and abilities of players, whereby leaders not only assign the right tasks in the short term, but also help players determine their own skills and interests. From there, they show those players how they can acquire the skills necessary to play other roles within the team over the medium to long term.

Third, we also see that in a virtual world, leaders are able to instantly navigate to places where people they want to connect with are located. This allows leaders to get in front of their followers to take responsibility for their actions, get to know the team, build trust and create the esprit de corps needed for victory, all vital in a world where truly meeting face to face is an impossibility.

For our fourth capability, we saw that in games as in real life, players can accumulate assets and earn status or experience points. The best leaders use these incentives transparently to encourage team oriented behaviors and collaboration and show what's in it for players, thereby aligning individual and team goals. Some of these incentives are provided instantly to energize players to continue with certain behaviors.

Next, we saw that speed is critical to winning games and given the scattered and diverse locations of players in virtual worlds, finding the right people with the right capabilities on short notice can make all the difference. This is particularly true given the voluntary nature of participation in online games. In the corporate world, a similar analogy holds true in finding available talent from around the world to work on new opportunities or fill existing gaps as often a task that many organizations currently find significantly challenging.

Finally, we learned that within games, having the ability to view operational status and communicate in real time allows for the fluid handoff of responsibilities, enabling quick decision making. Gaming leaders are also rapidly assessed and ultimately judged based





on their visioning, evaluating, collaborating and executing abilities and less on their political acumen.

Linda Ban: Eric and Mike, you two sound like true believers, but did the IBMers you surveyed really buy into this gaming and corporate environment analogy? Eric, what is your perspective?

Eric Lesser: Overall I think people did feel that there was a relationship and we asked a number of questions related to that. Over a third of people believed that leadership in these gaming environments could directly be used to improve leadership effectiveness within their enterprise. Respondents believed that the skills and techniques of the gaming leader could be documented and transferred directly to leadership in a virtual corporation. I'd say that nearly half of the people believed that their own game playing improved their real world leadership capability. In the same way that athletes or class officers gain leadership experience that carry over to the corporate environment, these respondents saw opportunities within the workplace to apply the techniques that they practiced and mastered within the gaming environment and apply them to the workplace.

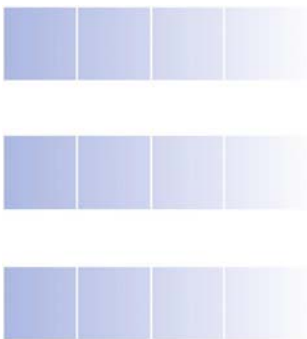
And then finally, three quarters believed that the environmental factors that we just discussed within these gaming environments can be applied to enhance the leadership effectiveness in a globally integrated enterprise so that respondents indicated that any tool that enhances the ability of a gaming leader to better collaborate, share a vision, evaluate team members or be able to execute tasks, whether that tool be in an instant messaging capability or an expressive avatar, ought to be applicable in the virtual business world.

Linda Ban: Clearly the two of you have immersed yourselves in all of this data that you've gathered. In the final analysis, what would you recommend to leaders looking to increase their effectiveness in a distributed world?

Eric Lesser: The first recommendation is about applying virtual communication tools and facilitation techniques to more effectively connect people from around the world. Technology such as instant messaging, virtual white boarding and video conferencing can enable real time interaction, while e-mail and discussion forums can help people connect when the rest of the world and their colleagues are offline. However, the tools themselves are only one part of the effort. To communicate effectively in a virtual environment skilled leaders must know how to mediate conflict, draw individuals into a discussion and actively engage appropriate people in the topic at hand. In other words, you build real relationships, no small challenge with people that you perhaps never met in person.

Next, leaders should consider using collaborative spaces to gather knowledge, express ideas and concerns and share passions. Centralized spaces for organizing knowledge and ideas, enabling group meetings, brainstorming or simply just hanging out are on the rise. Providing a central location helps individuals avoid the fragmentation of information that often occurs in distributed organizations and, if you will, creates a center of gravity that encourages individuals to participate and contribute.

In addition, leaders should spend more time on setting organizational context and communicating where the organization needs to go. This may sound simple enough but when employees are spread around the globe, come from many cultures and speak many languages, it takes some planning and effort to make everyone feel valued and part of the





team. Emerging communication channels such as podcasts and blogs can help communicate key messages across distributed environments and engage newer generations of employees in the strategy of the organization.

Mike, were there other recommendations that we saw?

Michael DiMarco: A few more, yes. Technologies are allowing distributed organizations to improve the visibility of both formal and informal skills, and by all means, we think leaders should embrace these tools if they want to make better and faster decisions. The leader who has the data at the ready to enable the right people to staff the right projects will likely get the best results. While identifying individuals using a formal process is important, having information on more personal factors such as interests, hobbies, culture and that sort of thing, can improve project team chemistry and help insure the right blend of skills and personalities. When we all used to work in the same office, these things happened naturally. Now it takes effort, but it still can be done.

Leaders also can increasingly use dashboards linked to collaborative tools to capture key real time information about people, activities and outcomes. The dynamic global business leader needs to be able to constantly gather, integrate and broker information in real time to quickly take risks, experiment, stretch the organization and evaluate results. Dashboards that pull data from the right sources at the right time to enable these decisions are increasingly critical to leaders operating in virtual environments.

And one more, leaders should reconsider incentive and guidance processes and consider providing more frequent guidance and at the same time, link performance to recognition. That's because in a virtual world where people may not regularly engage with their direct manager, it's very important that employees receive regular input on their performance, including areas of strength and needed improvement. If that feedback can be complimented with tangible recognition vehicles, whether that be cash, a mention on the corporate intranet or any number of rewards, individuals will more easily grasp how their actions are being valued by the organization.

Linda Ban: Eric and Mike, I've really enjoyed talking to both of you about this fascinating analogy and the unique research you've done around it. Do you have any closing thoughts for our listeners?

Eric Lesser: Yes, I think, Linda, online gaming provides us with what we believe is a unique look into the future of tomorrow's organization. To succeed in a more global, fast paced business environment, organizations will need to consider both behaviors that they're going to need in their future leaders and the tools and techniques that they will need to master. This has a range of implications for organizations, from the design of leadership development programs to the prioritization of future IT budgets. By leveraging the lessons from online gaming environments, companies can gain a better understanding of the ways in which the next generation of leaders will need to operate in the future.

Linda Ban: Eric and Mike, thank you very much for all of this information and for the discussion today. I'm sure our listeners will find it very, very interesting and fascinating to what they do going forward. From the IBM Institute for Business Value, thank you very much for listening today.

