

Feature: On the Clock But Off on Their Own: Pet-project Programs Set to Gain Wider Acceptance

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In addition to fueling innovation, policies like Google's '20 percent time' can serve as an important recruiting and retention tool, but companies must effectively manage the programs to make sure they pay off.

By **Ed Frauenheim**

Genentech and 3M have done it for years. Google is doing it now. And other companies may find themselves doing it soon.

The "it" is giving workers a large chunk of time to pursue projects of their own choosing. This may sound like a recipe for wasted employee hours. But there's a strong case that independent-project policies pay off or are likely to—and not just in terms of new products like the Post-it Notes that came from a 3M researcher's personal quest. At Google, 3M and Genentech, the programs also figure into recruiting.

Pet-project policies will take off in the near future, predicts Joyce Gioia, consultant and author of *Impending Crisis: Too Many Jobs, Too Few People*. She argues that freeing workers to undertake creative ventures makes them more devoted to their jobs and employers at a time when loyalty is becoming precious.

"This is a great time for such policies," Gioia says, "because the employment market is heating up."

Loyalty in a tight labor market isn't the only reason companies may want to launch independent-project programs. Research by University of Michigan professor Theresa Welbourne indicates that company performance increases when more time is spent on "noncore job roles"—for example, when leaders focus on roles such as innovator or team member.

Lots of companies talk a good game about unleashing workers' talents, but few actually make it safe to devote time and energy to a novel project, Welbourne says.

"They expect people to spend time on innovation, but they don't give them time to do it," she says. "People listen to the message on innovation, but they realize they are going to be penalized if they do it."

At a handful of companies, though, employees are effectively guaranteed they can pursue projects they're itching to explore. Google puts it in writing

right on its Web site about life as an engineer at the Internet giant: "Google engineers all have '20 percent time' in which they're free to pursue projects they're passionate about."

The policy emerged a few years ago and has its roots in the company's desire to foster innovation, says Stacy Sullivan, Google's head of human resources. And it applies to all employees. Sullivan herself worked on an initiative a few years back, though she declines to specify what it was. "It is ingrained in our culture," she says. "It's really important to the founders and everyone at Google."

Sullivan says 20 percent time at Google can take a back seat to looming deadlines on efforts that are crucial to the company. But an employee may make up weeks without any pet-project time by spending several days straight on their personal initiative, she says.

Biotechnology company Genentech labels its independent-project policy "discretionary time" and limits it to the research division. That group of more than 700 scientists is crucial to a company that depends on new drug therapies for it to thrive. There's no set formula for how much time researchers can spend on a personal project, says Holly Butler, manager of staffing for Genentech's research group. "It really ranges from zero to 100 percent," Butler says. "But everyone seems to find time to pursue their own interests."

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--Theresa Welbourne,
University of Michigan**

3M, which makes everything from duct tape to computer touch screens, has perhaps the longest-running policy of preserving time for independent projects. Known as the "15 percent rule," the practice dates to the 1920s. That's when an employee disobeyed an order to abandon a project to ease automobile painting and ended up creating Scotch masking tape. The policy is principally for 3M's research staff, which makes up a little less than a tenth of the 69,000-person company. 3M not only encouraged researchers to devote 15 percent of their time on projects of their own design, but awards "Genesis" grants of tens of thousands of dollars to support the efforts.

In December, 3M brought on a new CEO, George Buckley. But don't expect Buckley, who holds a doctorate in engineering, to halt independent research projects, says company spokeswoman Jackie Berry. "That will still be part of the company's R&D future," she says.

Guaranteed freedom

Technology-focused companies have historically given researchers some latitude. What makes 3M, Genentech and Google stand out is the way they've codified a degree of employee freedom.

A wide range of firms beyond tech companies would be wise to explore independent-project programs, says Google's Sullivan. And to her mind, the practice makes sense for workers ranging from retail clerks to midlevel managers to top executives. "It could be anyone," she says. "Just give them an opportunity to make a difference to your organization."

Consultant Gioia agrees that some version of personal projects can be effective for many kinds of companies and for the entire gamut of employees. But she says frontline workers may need some help to make the independent time meaningful. This might include holding brainstorming sessions with employees, helping them plan their project and then checking in with them on how they are progressing.

A key to managing pet-project programs is seizing the best ideas and communicating them quickly throughout the organization, says Dr. John Sullivan, professor of management at San Francisco State University. This is a particular challenge at large firms, he says. "That's what's killing the HPs of the world," he says. "Innovation occurs, but it's not spread."

Analysts also suggest keeping close tabs on projects. "Make sure that the goals of the individual are aligned with your goals," Gioia says. Accountability is also critical, she says, or the programs could deteriorate into a big waste of time. "You can't just give people carte blanche to laze around," she says.

At Genentech and Google, employees generally are expected to get approval for their independent projects from managers. 3M researchers might not seek a green light for all their pet initiatives, but those pursuing Genesis grants have to apply formally.

For many corporate programs, a study on their return on investment is required. Genentech, Google and 3M, however, do not have figures about the overall costs and benefits of their independent-project policies. Google's Sullivan suggests the program's importance is self-evident. "We're more interested in people having that opportunity" than in measuring its efficacy, Sullivan says.

On the other hand, the companies can point to concrete products that have emerged from employees' self-directed efforts. At Google, independent projects led to the Gmail electronic mail service, the Google News service and social networking site Orkut.

Genentech, meanwhile, cites its anti-cancer drug Avastin. Company researcher Napoleone Ferrara was hired to work on a hormone thought to be related to the reproductive system, but in his spare time he found a gene critical to the spread of cancer. Based on that finding, Avastin works to starve tumors of the blood supply they need to grow. U.S. sales of Avastin more than doubled last year to \$1.1 billion. Genentech's U.S. product sales last year were \$5.2 billion.

3M's Post-it Notes may be the most famous example of a successful product resulting from an employee chasing a dream. 3M researcher Art Fry was annoyed by the way paper bookmarks in his church choir hymnal kept falling out, and had an epiphany. He realized that a substance developed by another

3M researcher could be used to make reliable bookmarks. After Fry and others overcame internal skeptics, the company launched the product in 1980 and it quickly became a mainstay in offices.

"A big selling point"

Apart from generating new products, allowing for independent projects also can serve as a talent magnet. Google's Sullivan says the 20 percent policy is as important to attracting and retaining employees as it is to sparking fresh ideas.

"We hear people asking about it in interviews," she says. "It's a big selling point. It makes people feel the company values the employees."

Google declined to provide statistics about its recruiting, but the company has developed a reputation as the company to work for in technology these days. A key ingredient to that success is the 20 percent time policy, John Sullivan says. "Google has changed work itself with 20 percent time," he has written.

Genentech's Butler says that smaller biotechnology companies have been paring back the amount of discretionary time they give researchers as a way to trim costs. Genentech isn't backing away from its commitment, she says, which helps make the company stand out to job candidates. "That is a huge piece of why they want to work at Genentech," she says. "It is Disneyland for scientists."

Companies would do well to recognize that employees already do personal tasks on company time, sanctioned or not. A survey last year by Salary.com found that the average worker admits to frittering away about two hours per day, not counting lunch.

"It's probably very productive to channel some of that energy into experiments for new products that will benefit the company and the individual," says Robert Fulmer, visiting business professor at Pepperdine University.

Paradoxically, letting go of employees through independent projects can mean getting more from them, Fulmer argues. "It's a way to get people to go beyond what's expected of them."

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