Leadership's Online Labs

by Byron Reeves, Thomas W. Malone, and Tony O'Driscoll

Tomorrow's business landscape could well be alien territory for today's business leaders. At many companies, important decision making will be distributed throughout the organization to enable people to respond rapidly to change. A lot of work will be done by global teams—partly composed of people from outside the institution, over whom a leader has no formal authority—that are assembled for a single project and then disbanded. Collaboration within these geographically diverse groups will, by necessity, occur mainly through digital rather than face-to-face interaction.

What on earth will leadership look like in such a world—a world whose features have already begun to transform business?

Suspend your skepticism for a moment when we say that the answers may be found among the exploding space stations, grotesque monsters, and spiky-armored warriors of games such as *Eve Online*, *EverQuest*, and *World of Warcraft*. Despite their fantasy settings, these online play worlds—sometimes given the infelicitous moniker MMORPGs (for "massively multiplayer online role-playing games")—in many ways resemble the coming environment we have described and thus open a window onto the future of real-world business leadership.

True, leading 25 guild members in a six-hour raid on Illidan the Betrayer's temple fortress is hardly the same as running a complex global organization. For starters, the stakes are just a bit higher in business. But don't dismiss online games as mere play. The best ones differ from traditional video games as much as universities do from one-room schoolhouses. In fact, these enterprises are actually sprawling online communities in which thousands of players collaborate with and compete against one another in real time within a visually three-dimensional virtual world—one that persists and evolves even while a player is away.

The organizational and strategic challenges facing players who serve as game leaders are familiar ones: recruiting, assessing, motivating, rewarding, and retaining talented and culturally diverse team members; identifying and capitalizing on the organization's competitive advantage; analyzing multiple streams of constantly changing and often incomplete data in order to make quick decisions that have wide-ranging and sometimes long-lasting effects. But these management challenges are heightened in online games because an organization must be built and sustained with a volunteer workforce in a fluid and digitally mediated environment.

Getting a look at how leadership works in online games isn't easy. To see the best players in action, you need skills that allow you to participate at the highest levels of play, and those can take 400 or 500 hours to acquire. When IBM commissioned Seriosity to study leadership in games, Seriosity used a team of a half-dozen veteran players, with more than 50,000 hours of cumulative experience, to observe and record the actions of leaders in this rarefied setting. The eight-month study also included interviews with more than a dozen prominent gamers about their leadership endeavors in this arena. A follow-up survey at IBM of people with both gaming and business leadership experience helped validate some of our findings and suggested how they might be translated to fit real-world corporate contexts.

A number of our conclusions about the future of business leadership were unanticipated. For one, individuals you'd never expect to identify—and who'd never expect to be identified—as "high potentials" for real-world management training end up taking on significant leadership roles in games. Even more provocative was our finding that successful leadership in online games has less to do with the attributes of individual leaders than with the game environment, as created by the developer and enhanced by the gamers themselves. Furthermore, some characteristics of that environment—for example, immediate compensation for successful completion of a project with nonmonetary incentives, such as points for commitment and game performance—represent more than mere foreshadowing of how leadership might evolve.

Adopting some of these signature qualities of the game environment could actually make it easier to lead people in today's real-world companies. The startling implication: Getting the leadership environment right may be at least as important to an organization as choosing the right people to lead.

Byron Reeves (reeves@stanford.edu) is the Paul C. Edwards Professor of Communication at Stanford University and a cofounder of Seriosity, a company based in Palo Alto, California, that develops enterprise software products and services inspired by online games.

Thomas W. Malone (malone@mit.edu) is the Patrick J. McGovern Professor of Management at MIT's Sloan School of Management in Cambridge, Massachusetts; a Seriosity board member; and a coauthor of "In Praise of the Incomplete Leader" (HBR February 2007).

Tony O'Driscoll (tmodrisc@ncsu.edu) is a professor of the practice of management, innovation, and entrepreneurship at North Carolina State University's Jenkins Graduate School of Management and a former member of IBM's On Demand Learning leadership team.