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Someone Hit the Reset Button

Charlie Grantham and Jim Ware

We've been writing for the last several issues about the on-rushing wave of fundamental change that is sweeping over the old industrial order of our world. We believe that what is occurring—what has everyone's thoughts and fears all twisted up—is more than a routine swing in the “business cycle.” No less an expert than Jeff Immelt, CEO of General Electric, has said it: “Someone hit the re-set button.” We've expanded on that by suggesting that a “re-structuring” of many industries is coming. Well, now it's time for us to get specific.

This article is the first in another three-part series, which will drill deep down on just what we believe that re-structuring will look like. Part One, right here, will examine the basic characteristics of organizational transformation. How do you know it when you see it? Part Two will look at some examples we expect to see in different parts of our world—stretching from the business arena to more sacred realms. Part Three will conclude with a discussion of “community characteristics,” the ways we think both local and extended communities will embody the new forms of social and economic organization.

Fundamental transformation of anything has four basic dimensions: it is *irreversible*, it is *substantive*, it *changes your identity*, and it *shifts the purpose of the organization* (in this case). Let's look at each of these in turn.

Transformations are irreversible. We're now changing in ways that go beyond mere shifts in opinion. The interaction of technological, personal, and organizational forces is giving us an education that forces us to view the world in a completely different way. At the end of this transformation, we won't be able to give up the new knowledge and revert to our old ways of knowing. Butterflies can't go back and become caterpillars. There is no “wayback” machine.

Transformations are substantive. Transformations create new realities that are greater than the sum of their parts. For example, you don't transform by moving into positions of more power and authority; you move into positions of substantively *different*, often richer, kinds of power and authority. Kings evolve into presidents, CEO's into talent managers.

Transformations change who you are in the world. If everything around you is changing in substantive and irreversible ways, then who you are in the world must be changing too. Quite simply, you are called something different. New systems emerge from combinations of technologies, people, and organizations that have never been connected before, meaning that you're now part of something completely new.

Identity is a most powerful force in our lives; all transformations (if indeed they are transformations) involve a change in identity. Key to this new way of being in the world is who you are in the world in relation to others. In the world we're transforming into people are no longer defined by their "job" or their company affiliation; they are defined—and they define themselves—by the social network(s) in which they are enmeshed.

Transformation shift your purpose. Right now we see an emerging awareness that there is an interconnected web of existence. The important question then becomes: What is **your** purpose within that web? From an economic point of view purpose today must include more than "commercial profitability." Now it also includes environmental and moral considerations.

History has given us numerous examples of these fundamental transformations. The shift from medieval to modern civilization is the one we all share as a cultural history. There were others too; for example, think about the earlier shift from a Greek cultural dominance to a Roman one. That was far more significant than most of us today can even imagine. And we have all seen transformations at a personal level—recovery from addiction, a religious conversion, shifting one's life style after a severe accident or near-fatal disease. Our point is that we (as a Western society) are currently moving together through another profound transformation.

Individuals, communities, and societies will never be the same. The changes we're now experiencing are affecting how we earn our livelihood, how we learn, how we organize our communities and, even more fundamentally, how we see ourselves and think about what we are doing on this planet. If, as we submit, these are the characteristics of "our becoming," then, looking at the events around us through this lens should help us focus on investing our time, energy, and resources into efforts that will further enable the transformation, not fight against it.

In a community context this perspective means not trying to re-live the past. Certainly we should acknowledge our heritage, but don't get stuck in it. General Motors did get stuck; its executives tried for far too long to maintain a business model that was right for a long-bygone era. And ghost towns are examples of entire communities that didn't grasp the "irreversibility" principle that characterizes fundamental transformations.

The substantive part of transformation means that everything is connected to everything else. You can't just "re-engineer" one part of the organization, or make improvements in one part of the community infrastructure. When the market shifts, so must your development processes, your distribution systems, your "back room" support processes, and your customer-facing activities. How many companies today still send out paper invoices? Is your company or community the one that puts the **no** in **innovation**?

Let's review these ideas one more time.

Who you are. That's brand, pure and simple. Brands change, names change, logos change. What's the new identity? Maybe if GM had changed its brand (and its core identity and its skill sets and its processes) into a "personal transportation product/service company" instead an automobile manufacturer it might have survived the transformation of its industry. Caterpillars are bugs, so what are butterflies?

Purpose. Again, In Our Humble Opinion (gosh, we haven't used that in a while), purpose must now include more than profit for companies, and, for communities, be more than simply a place to consume goods and services. And it has to be about stewardship of the environment and investment in structures and processes that build social capital.

Okay, we realize we're getting close to pontificating. To conclude this first part of our new series, the fundamental economic and social changes we are experiencing right now clearly have the basic, knowable characteristics of irreversibility, substance, shifting our identities, and expanding our purpose. Organizations and institutions (and even individuals) who aren't embracing these changes and using them as an opportunity to prepare for the future are destined to fail.

Who is next in line for the Chapter 11 parade? Is your town the last stop on the stage line to oblivion? Next month we'll take a closer look at what this transformation will look like in commerce, government, and education, as well as the arts, the media, and local communities.

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Direct inquiries to either Charlie Grantham at charlie@thefutureofwork.net, or Jim Ware at jim@thefutureofwork.net.