



## **FUTURE OF WORK AGENDA**

A Free Monthly Newsletter  
June, 2004

[www.thefutureofwork.net/](http://www.thefutureofwork.net/)

### **THIS MONTH'S HEADLINES**

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Click on any Headline to go to the full story.

#### **1. [FROM JIM AND CHARLIE](#)**

This is our personal note welcoming you to the June 2004 issue of *Future of Work Agenda* and setting our theme for the month. This time around it's clearly the I-word: **Innovation** – how to foster it; how to exploit it; and, most of all, how to survive it.

#### **2. [ANNOUNCEMENTS](#)**

We are very pleased to announce that the **General Services Administration (GSA)** and **Johnson Controls** have joined the *Future of Work* program as corporate members. We've agreed to collaborate with **Jones Lang LaSalle** in delivering a major executive seminar on Integrated Resource Strategies, and we've teamed up with **Forrester Research** as one of their new Oval Affiliates. We also continue to seek new individual members for the *Future of Work* community.

#### **3. [READER FEEDBACK: YOU LIKE THE NEWSLETTER BUT DON'T READ THE BLOG](#)**

Last month we asked you to give us some feedback on the newsletter and on our new *Future of Work* weblog. Here we tell you what you told us, and comment on where we're going next.

#### **4. [FEATURE ARTICLE: THE FUTURE OF WORK AND ECONOMIC DEVELOPMENT](#)**

We have recently witnessed a growing connection between corporate real estate (CRE) functions and community-based economic development. The basic connection isn't new, since economic development folks have been wooing CRE executives for decades. However, as we talk with people around the country, and indeed around the world, we see an old, outdated industrial model continuing to rear its ugly head.

#### **5. [BOOK REVIEW: THE SUCCESS OF OPEN SOURCE, BY STEVEN WEBER](#)**

Most of us think of Linux whenever we hear the term "open source." But Linux is only the best, and the most widely known, example of open source strategies of innovation and product development. This book is about open source concepts and management, much more than about Linux.

#### **6. [THE FUTURE OF WORK IS ALREADY HERE; IT JUST ISN'T EVENLY DISTRIBUTED](#)**

In one form or another, the future of work is already here. This regular section provides you with notes from all over the world – stories about what's happening somewhere today that provides clues to what will be happening everywhere tomorrow.

7. **IN OUR HUMBLE OPINION: INNOVATION IS THE ONLY GAME IN TOWN**

We end each issue of *Future of Work Agenda* with a personal perspective – our chance to comment on issues and developments in the world of work that we find important and interesting. This is our “editorial” page, where we are pleased to offer our opinions and predictions about what’s happening (or should be happening) in the world of work.

**THE FULL STORIES**

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**1) FROM JIM AND CHARLIE**

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Innovation is busting out all over. This issue of the newsletter is full of ideas, stories, and rants about innovation: innovation in the workplace, innovation in business strategies, innovation in organization structures and management practice, innovation in community development, and even (no surprise) innovation in our own *Future of Work* program.

But before we preview this issue, we feel compelled to report briefly on our recent participation in the **CoreNet Global Summit** in Chicago in mid-May. Not only did Jim participate in an important panel discussion along with **Johnson Controls**, **Hewlett Packard**, and **Ernst & Young**, but we also met with literally dozens of old friends, made just as many new ones, and welcomed several new members to our *Future of Work* community.

Jim’s participation on the *Changing Nature of Work* panel, chaired by good friend **Eric Scaff** of Johnson Controls, represented a reporting out of the research we helped Eric and his team conduct as part of the **Corporate Real Estate 2010** industry-wide project. We were honored to participate in the project and look forward to continuing to support CoreNet’s leadership in the future.

One small part of our 2010 research is reflected in our article that was just published in *Corporate Real Estate Leader*, reported in more detail in the [Announcements](#) section below. Look also for a more complete summary article describing the entire research project in a future issue of *Corporate Real Estate Leader*.

The Announcements also include the exciting news that both the **GSA** and **Johnson Controls** have committed to become Corporate Members of the *Future of Work* program. Welcome to both organizations!

Now, back to the innovation theme. Our [Feature Article](#) this month focuses on the intersection of corporate real estate and community development. We argue that communities must completely rethink their development strategies, first going after young, high-powered talent and only then focusing on bringing new jobs to town. That’s a major innovation for economic development folks.

Our [Book Review](#) this month looks at the open source movement, surely one of the most dramatic organizational innovations in the last 50 years. Just imagine developing a product through the combined efforts of thousands of independent, autonomous experts spread around the world, most of whom don’t know each other, and none of whom are being paid a penny for their work. And it works, better than any command and control structure. Now **that** is innovation at its finest.

You'll also learn about another example of open source management in our [The Future is Already Here](#) section – this time in the political arena, of all places.

Finally, our monthly rant, In [Our Humble Opinion](#), provides us an opportunity to share with you the powerful ideas expressed by **Gary Hamel**, founder of **Strategos Consulting**, who was one of the keynote speakers at the CoreNet Summit. Hamel is on a tear about how important innovation is to corporate survival, and he shared some fascinating examples to back up his claim that only the innovators survive. We buy that idea completely.

And now, on with the newsletter. Enjoy!

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## 2) ANNOUNCEMENTS

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### **GSA and Johnson Controls Join the *Future of Work* Program**

We are very proud to announce that the **General Services Administration's Public Building Service** (PBS) has committed to join the *Future of Work* community as a Corporate Member. The PBS Sponsoring Executive is **Kevin Kampschroer**, Director of Research. The PBS research team's goal is a fundamental re-thinking of the practice of workplace making. We're looking forward to Kevin's active participation in our community.

We are also very pleased that **Johnson Controls** has agreed to partner with **Agilent Technologies** in Agilent's sponsorship of the *Future of Work* program. Agilent, one of our longest-term supporters, recently renewed its membership for the 2004/2005 program year and invited Johnson Controls, its outsourcing partner for field offices worldwide, to join as well. **Dan Cooke** will continue to be our primary Agilent contact, while **Tom Baker**, another old friend, will be Johnson Controls' liaison to *Future of Work*. Many thanks to both of you for your interest and support.

### **Future of Work Forms Alliance with Jones Lang LaSalle**

The **Work Design Collaborative** is proud to announce the formation of a business alliance with **Jones, Lang LaSalle's Strategic Consulting Group**. The purpose of the alliance is to bring to market a suite of consulting and advisory services centered on helping companies develop and deploy a comprehensive workplace strategy program.

Our alliance will combine the diagnostic and analytic work of the Work Design Collaborative with the consulting, program, and project management expertise of Jones Lang LaSalle.

Watch this space in the near future for an announcement of our first public offering – an executive workshop that will introduce our process to the corporate real estate market later this summer. If you would like more information please contact [Charlie Grantham](#) of the Work Design Collaborative or [Steve Valenziano](#) of Jones Lang LaSalle.

### **Work Design Collaborative Teams Up with Forrester Research**

The **Work Design Collaborative** has been invited to join the **Forrester Research Oval Affiliates program**. Forrester, as many of you know, is the premier Information Technology industry analyst group.

The Affiliates Program was formed recently to extend Forrester's expertise. It brings together academics, authors, and experts working and researching at the intersection of technology and business. Oval Affiliates is an informal group of thought leaders that works with Corporate Oval members and Forrester's Oval staff to discuss current and/or future research needs, interact with client executives in response to inquiries, and participate in Oval offerings such as research projects and Oval members-only events.

We are very pleased to accept this offer. This relationship will provide *Future of Work* with even greater access to industry-leading thinking, research, senior information technology experts, and end-user companies.

### **Future of Work Program Actively Seeks Individual and Small Business Members**

In response to requests from many of you, the *Future of Work* program is open to individuals and small businesses.

*Future of Work* now offers several levels of membership that depend on your status and needs: *Individual and Small Business*, *Corporate*, and *Implementation Partners*. We also offer special discounts to nonprofit, educational, and public sector organizations.

These membership programs are described in more detail on the [Future of Work website](#), or feel free to [contact us](#) directly for more information about fees and benefits.

Our newest Individual/Small Business members are:

**Elizabeth Albrycht**, AMP Communications  
**Betsy Burroughs**, FutureCatalyst  
**Candace Fitzpatrick**, CRESA Partners  
**Neil Goldberg**, Gate3 WorkClub  
**David Isaacs**, The World Café  
**Susan Kelly**, Occasions by Design  
**Catherine Adams Lee**, Work Environment Consultant  
**Jennifer McClure**, AMP Communications  
**Lynne Waldera**, InMomentum, Inc.

Welcome one and all!

All individual members are now listed on the *Future of Work* website, in the [About Us/Members](#) section.

We encourage all our readers to consider joining the community. Please [visit our website](#) and apply for membership today.

### **Corporate Real Estate Leader Publishes *Future of Work* Article**

We are pleased that **Corporate Real Estate Leader**, the premier publication of [CoreNet Global](#), has just published “Demographics and The Changing Nature of Work,” co-authored by Charlie and Jim.

With CoreNet’s permission, we have posted the article in the [Reprints section](#) of the *Future of Work* website. You can read it and/or download it by [clicking here](#).

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### 3) SURVEY FEEDBACK

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*Last month we asked you to give us some feedback on the newsletter and on our new weblog. Here we report on what you told us, and comment on where we’re going next.*

Our survey last month asked you to tell us what you like about the current newsletter and what you want more of. We also asked whether you had visited the [Future of Work blog](#) and what you liked (or didn’t) about it.

While only a small number of you actually completed the survey (many thanks!), there were several clear themes running through your comments. Here, in brief, is what you told us:

- The new format (widely spaced, shorter lines) is great. Easier to read, easier to move around the newsletter.
- The length and number of features is just about right (we constantly worry about it getting too long, but none of you seem concerned).
- Your favorite parts of the newsletter are the feature articles, “The Future is Already Here” (short notes and case studies extracted from a variety of news sources and our own experience), and “In Our Humble Opinion” (our own favorite).

We also asked for comments about the [Future of Work weblog](#). Alas, very few of you have visited it. However, those who have report finding it interesting and valuable.

We’re going to work harder at making the blog a centerpiece of our communication strategy. It lets us be more current, and it enables more interactive dialogue between us and you, as well as among all the members of our far-flung community.

So look for some more active promotion of the blog, both here and on the website. And please do visit, read our postings, and use the comment capability to help us generate a rich, ongoing conversation about the future of work in all its manifestations.

Note also that all of the [“Future is Already Here”](#) stories you find here in the newsletter always appear first on the blog. So regular visits there will keep you more up to date, in smaller doses.

Lastly, we asked you to tell us what topics you are most interested in. Here, in order, are the six you most want us to stay focused on:

- **Distributed work** (tied for first)
- **Office and workspace design** (tied for first)

- **Workplace Strategy** (tied for second)
- **Alternate officing arrangements** (tied for second)
- **Collaborative technologies** (tied for second)
- **Skills for surviving and thriving in the “new world”**

As luck would have it, these priorities line up almost exactly with our own interests and capabilities. So you can count on us to stay right on course in future issues.

And we've already repositioned the [weblog](#) so it's now on the main menu of the website.

Again, thanks to those of you who took the time to complete the survey. We want to be “in tune” with you, and to keep focusing on making the newsletter and our website as conversational and interactive as we possibly can.

Comments? We welcome your input anytime. Just send a note to:

[comments@thefutureofwork.net](mailto:comments@thefutureofwork.net).

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### 4) FEATURE ARTICLE: THE FUTURE OF WORK AND ECONOMIC DEVELOPMENT

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*By Charlie Grantham and Jim Ware*

We have recently witnessed a growing connection between corporate real estate (CRE) functions and community-based economic development. The basic connection isn't new, since economic development folks have been wooing CRE executives to bring their new facilities to town for decades. However, as we talk with people around the country, and indeed around the world, we see an old, outdated industrial model continuing to rear its ugly head.

So we are going to take a stand. **We believe that economic development in the coming decade cannot be aimed solely at bringing more industrial operations into a community**, nor can it be effective by attracting more “big box” retail stores. As we say over and over, the world of work is changing, and those changes require communities to take a radical new look at how they attract and retain jobs.

The very nature of work is changing. In the future (which, by the way, is already here) there will be less hard work and more head work. In a recent op-ed piece in the **New York Times** Michael Cox, Richard Alm, and Nigel Holmes suggested that “Our history is one of constant churning of jobs, with workers always finding the next step forward in the evolution of work...” (“Where the Jobs Are”, Michael Cox, Richard Alm, Nigel Holmes, *The New York Times*, Editorials Op-Ed, May 13, 2004).

The authors report that we are seeing a tremendous shift from muscle power and manual dexterity-based employment to jobs characterized by imagination, creativity, and people skills. For example, in the period from 1994 to 2004 we in the United States have seen a 20% decrease in farm worker employment and a 23% decrease in tool and die makers, but a 78% *increase* in financial service sales positions and a 61% increase among actors and directors. The job opportunities are clearly migrating to significantly different sectors.

The workforce is also becoming more flexible and more diverse. In one of our own recent articles (“Demographics and the Changing Nature of Work”, *The Corporate Real Estate Leader*, May 2004) we noted:

“Indeed, we believe the most fundamental driver of work force diversity today is the continuing decline in birth rates in virtually all developed countries around the world. The work force is aging, and it is growing at a much slower rate. The result is a much broader range of ages in all professions — *generational* diversity is a new condition that most organizations have never faced before.”

And the way in which work gets done is also changing. Organizations are becoming smaller and more diffuse. Small businesses in the US generate 75% of the new jobs. We believe that virtually *all* the future growth in employment will take place in small business (firms under 100 employees).

According to William Dunkelberg, chief economist for the National Federation of Independent Business (which represents 600,000 businesses, the vast majority of which have fewer than 40 employees) small business hiring plans have risen to the highest level in 39 months. “We had a huge surge in the percent of firms planning to increase hiring,” Dunkelberg said. “I think we’ve beaten everything we can out of the existing labor force” (<http://msnbc.msn.com/id/4142727/>).

Finally, *where* people go to get their work done is also changing. And they are moving around far more than they used to, working more and more in multiple locations over the course of a day or a week. Our research indicates that many people (here we are referring to the ubiquitous “knowledge worker,” or creative class) are *currently* spending only about 40% of their work time in central offices, 30% in home offices and the remainder in a variety of “third places” like coffee shops, airplanes, hotel rooms, and so on.

Note also that much of this relatively affluent talent pool of 30-something’s is moving to exurban and rural areas. These workers do not just seek “rentable space.” Rather, they are looking for community-based locations that emphasize the melding of a network – or ecology – of small firms that can help each other and share what we used to call infrastructure. Why should each individual small business develop and fund its own work support systems, both technical and social?

We believe that communities must become magnets for this type of talent. We see this convergence of a different way of working and different places to work combining to pull economic activity towards communities – especially smaller ones outside major cities.

These communities are typically characterized by a high quality of life (i.e., a clean, healthy environment; good educational opportunities; a diversity of cultural and entertainment activities, and political stability), convenient transportation within the area, and a certain “human scale.”

The “new urbanism” movement of community development ties in quite well here. These creative professionals want to be able to walk to commercial centers, sit on their porches, and have close ties with their neighbors.

So what should economic development organizations do to leverage these opportunities? Several things jump out at us.

First and foremost is that economic development professionals and their organizations need to educate community leaders about their possible futures. This means helping leaders across all sectors of the local area identify and explore a range of potential

scenarios of the future, going well beyond a simple extrapolation of what's worked in the past.

The future that we believe in suggests that local success will require managed growth policies, less reliance on industry, tourism, and agriculture, and embracing change as a part of desired growth.

Economic development professionals also need to be catalysts for change. They must actively promote the development of consensus among the many disparate interests and constituencies that inhabit any community.

Our friends in the real estate development world tell us that the lack of consensus and the absence of a common vision are the most prominent causes of failure for large economic development projects. Thus, defining a compelling vision and achieving consensus around that vision is the most important task facing anyone wanting to re-shape their community to make it an engine of growth.

Lastly, we want to point to three specific issues that must be addressed if a community is going to become a place where the future of work thrives:

1. **Transportation.** Ease of mobility within a community and across communities is critical. We don't have the space here to discuss challenges like environmental impact, fuel efficiencies, and the like, but suffice to say the next generation of workers will not tolerate two-hour one-way commutes between their working and living places. Nor will they continue to pay the ever-increasing costs of transportation systems based solely on automobiles.
2. **Communication.** Technology is evolving with an ever-increasing speed. Telegraphy gave way to telephony and now that is giving way to Internet-based communication systems. The Internet is the absolute lifeblood of today's commerce. Communities *must* be able to offer low-cost broadband communications systems.

With the advent of new technologies like wireless broadband this goal is now a completely reasonable planning objective.

3. **Education.** We see education as the engine of social capital creation. Simply put, our educational systems must produce the raw knowledge and ability to survive that our graduates need for thriving in an increasingly uncertain world. Communities need to put as much money as they can possibly afford (and perhaps more) into public education. And we don't mean traditional education that essentially trains students to be factory automatons; we mean powerful educational systems that emphasize systemic thinking, collaborative work and creativity, and lifelong learning.

So there you have it: our view of how the future of work and economic development are deeply intertwined, and interdependent.

For economic development folks, the solution is not to go after jobs as an end in themselves, but rather to focus on becoming a place where talented professionals want to live. Then, once you are on the way to becoming a "cool community" (to quote our good friend **Rebecca Ryan** – see [www.hotjobs-coolcommunities.com](http://www.hotjobs-coolcommunities.com)), you will find it much easier to attract (or nurture locally) the companies that want to employ all that good talent.

And if you are a real estate or human resources professional, what you need to do is find those cool communities where the talent you want to attract is already choosing to live – or, perhaps even better, work with the communities where you already are to help them transition into talent magnets.

There is a tremendous opportunity for new partnerships here. We hope you'll take advantage of it.

We'll come back to this topic in future issues of the newsletter, with a particular emphasis on the need we see to dramatically overhaul public and private education, and to discuss how education can be the key to success for both corporations and communities.

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**5) BOOK REVIEW: *THE SUCCESS OF OPEN SOURCE***

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by Steven Weber (Harvard University Press, 2004)

*Reviewed by Jim Ware*

Whenever we hear the term “open source” most of us think immediately of Linux. But Linux is only the best, and most widely known, example of an open source approach to innovation and product development.

Author **Steven Weber** is a professor of political science at the University of California, Berkeley. He's not a computer scientist, and while this book tells the history of Linux in almost excruciating detail, it is not really about Linux. Rather, Weber uses the Linux story as a case study to raise far broader and much more interesting questions about organizational strategies and structures.

And you may not want to read anywhere near the whole book unless you really need to know the Linux story. But you owe it to yourself to read the opening three chapters and the closing one, which is provocatively – and somewhat misleadingly – titled “The Code that Changed the World?”

What matters in this book is Weber's insights into how an open source approach to almost any new idea or product development challenge can produce results better, faster, cheaper, and with much wider acceptance, than traditional top-down, command-and-control, closed-door management.

To summarize a complex set of ideas and analyses very briefly, Weber first tells us what open source really is: a radically nontraditional approach to building and distributing intellectual property. Rather than protecting, constraining, and charging a fee for the right to distribute ideas, open source *mandates* that the knowledge in question must be openly available and widely distributed to the general public, more or less free of charge.

The idea that made Linux a worldwide phenomenon was the development of the General Public License (GPL) by Richard Stallman and others at MIT. GPL turns the notion of copyright upside down. The GPL grants all users of Linux (or any other product it applies to) the freedom to use it for any purpose, to examine the source code, to redistribute it to others, and to improve it and share those improvements with others in the community (indeed, the GPL requires that improvements to Linux be widely available to anyone who wants to use them).

Contrary to general understanding, however, “free” software does not necessarily come at zero price. As Weber puts it, think “free speech,” not “free beer.” In fact there are many companies, including IBM, Red Hat Software, and others, that earn significant revenues from maintaining “free” software.

What it does mean is that a worldwide network of software developers have contributed to, and feel some ownership (in the psychological sense) of, Linux. And, most importantly, it means that Linux is a far more robust, and better, product because of the contributions of developers all over the world.

Weber asks and answers the most important question I had about open source: why would people give freely of their time and their intellectual ability to a product that will not directly generate income for them?

Actually, when you stop to think about it, there are plenty of reasons. For one, they get a better product to use for themselves or their companies. And of course they gain the personal satisfaction of proving they can add value. Self-interest plays a big role here; and it isn't just for personal gratification. Many programmers have built their reputations within the software community on the basis of their high-quality contributions – and those reputations very often translate into well-paying jobs.

So – why is this important beyond the arcane world of software development? As Weber points out, an open source approach may be far and away the most effective way to harness and leverage the minds (and hearts) of creative professionals in a whole variety of fields. He suggests that if you need *distributed innovation*, you should seriously consider building an open source community. And in our global economy, who doesn't need distributed innovation?

Weber suggests a number of specific industries and areas where open source has been tried, or could be highly effective. As just one example, consider the pharmaceutical industry and the drug development process. What if a company threw its initial formulation out into the general marketplace and invited researchers around the world to improve on it? Isn't it just possible that we might get much more effective drugs, much more quickly, and at much lower cost, than we do now?

Weber also highlights a number of other arenas where open source, or variants like networked communities, is already proving to be not only a viable alternative to traditional hierarchies and copyright laws, but in fact a superior model. And he suggests that one of the very big challenges facing us all is the difficulties that these two alternative forms of organization and idea development have working with each other.

Weber believes the toughest management issues occur at the intersection of closed hierarchies and open networks (One example that gets very close to home is the difficulty the United States government is having coping with terrorism. El Qaeda is clearly reinventing international warfare and proving almost impossible for even the most powerful military force in history to “defeat.”)

This is an important book that raises significant questions about how to organize and manage innovation. It's not just about software, it's about the future of management in a world that demands rapid, low-cost innovation from every one of us.

***The Success of Open Source*** is available online from Amazon.com at [this link](#).

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**6) THE FUTURE OF WORK IS ALREADY HERE**  
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*In one form or another, the future of work is being written about, discussed and debated, and experienced all over the world. Below are just a few references to recent reports and commentary we've come across (each of these reports **has already been posted** on our [Future of Work weblog](#); the best way to stay really current is to [check the blog](#) regularly).*

**Factor the "e-Quotient" into Your Economic Development Plans**

Our friend and community member Rebecca Ryan, founder of [Next Generation Consulting](#), focuses much of her attention on what makes a community attractive to younger professionals. In her most recent personal newsletter (available free through the Next Generation Consulting website) she highlights what she calls the "e\_Quotient," or entrepreneurial capability, of a community. She considers an entrepreneurial culture to be one of the most important considerations affecting the decisions of talented folks to relocate to a region or a community.

For Rebecca a community's level of support for, and nurturing of, entrepreneurs and a culture of innovation is also the first factor any business should consider when making a site decision. In her own words:

"You would not build a drinking fountain on a site with no water. Why would you relocate your company – one that demands innovative, fresh ideas – to a community void of entrepreneurial spirit and a "let's do it" attitude?"

You can read all of Rebecca's perspectives on this important idea in the [April 2004 issue](#) of *Business Expansion Journal*, online at :

[http://www.bxjonline.com/bxj/article.asp?magarticle\\_id=648&mag\\_id=1](http://www.bxjonline.com/bxj/article.asp?magarticle_id=648&mag_id=1)

**Top-Down versus Bottom-Up Organizational Strategies**

We tend to focus on the traditional world of work - commercial enterprises - in these postings and in our research. However, we often learn a great deal from other parts of life - the arts, politics, government, even sports.

One of our continuing questions is about the effectiveness of alternative organizational forms. In particular we're very curious about the growing impact of "networks" and other structures that are emerging as a result of the continuing explosion of information and telecommunications technologies (see [our review](#) of *The Success of Open Source*, earlier in this issue).

We recently became aware of a fascinating contrast in structure and strategy that is developing in the political world. On April 25 the [New York Times Magazine](#) ran a story called "The "Multilevel Marketing of the President," describing in some detail the Amway-like, multi-tiered structure of George Bush's re-election campaign. It's clearly a very top-down, command-and-control approach.

Then, in an article published May 6 at [alternet.org](#) Brad DeGraf compares the Republican's top-down campaign model with the Democrats' and other progressives' grassroots efforts, which he characterizes as a "massive, ad-hoc network of networks."

DeGraf suggests that the networks working to defeat George Bush are "as different from the Republicans as the Minutemen were from the Redcoats." And quite possibly just as much more effective.

Regardless of your politics, this is a fascinating case study of two very different styles of organizing. We recommend reading both the [original piece](#) in the *New York Times* (article now archived and available for purchase) and [DeGraf's "rebuttal"](#) at alterNet.org.

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### 7) IN OUR HUMBLE OPINION: INNOVATION IS THE ONLY GAME IN TOWN

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*Commentary by Charlie Grantham and Jim Ware*

We've been harping for years about the fact that innovation and creativity are the only true source of competitive advantage, that the work that matters today is creative work, and that creative workers are at the heart of the so-called "new economy."

See, for example, "[In Our Humble Opinion](#)", in our November 2003 issue, where we suggested that creative workers want (and need) working environments that are as different from Dilbertville cube farms as the Rocky Mountains are from the Sahara Desert.

Now, we're not claiming that we were the first to talk about the importance of creative work and creative workers (see Richard Florida's work, for example). Nor are we the only voices in the wilderness – far from it. But we were struck by how strategically important this topic is when we heard **Gary Hamel** talk about it for a full hour as a keynote speaker at the **CoreNet Global Summit** in Chicago a couple of weeks ago.

Hamel is a highly respected professor of management, founder of [Strategos Consulting](#), and much-in-demand speaker and consultant. He first burst on the national scene when he co-authored (with C.K. Prahalad) the now-classic [Competing for the Future](#) in 1996.

Even back then Hamel was arguing that it's not enough to reengineer your core business processes to achieve even dramatic operating efficiencies. No, the winners in the corporate world would be those who *redefined the rules of competition in their industry*. Hamel and Prahalad realized early on that order-of-magnitude changes in performance don't just make you better; they make you *different*.

And then along came [The Innovator's Dilemma](#), in which Harvard Professor **Clayton Christiansen** suggested that technological innovation almost invariably comes from outside the industry, and almost never from current industry leaders. His message: innovation is really, really difficult. Making yourself different may be a great concept, but it's darn near impossible to do.

Today Gary Hamel is on a mission to educate business leaders about why innovation is so important, what innovation really is, and why it's so difficult (correction – he's not just teaching about it, he's ranting about it, even more intensely than we do).

Here's a very brief summary of his major points:

- The pace of change is increasing – at an increasing rate;

- The two most powerful drivers of change are exponential increases in the processing power of IT (Moore's Law) and the explosion of connectivity that develops richer and denser networks on a global scale (Metcalf's Law);
- In times of change, success becomes more and more fragile and harder and harder to sustain;
- You *have* to think outside the box: "Only outlier strategies produce outlier results;" and
- The *only* way to survive and thrive is to rethink your basic business model, including *most of all* the assumptions and principles that underlie your management practices.

Most of us have heard this sort of thing before. But we sure don't act like it's true, or important.

Here's just a few of the facts and figures that Hamel emphasized to back up his assertions:

Just to make his point that the world really has changed with the invention of the computer, Hamel mentioned that for the first 850 of the last 1000 years global gross development product per capita was about \$250 a year (don't ask us how in heck he measured that!). But over the last 150 years (basically since the Industrial Revolution) annual global GDP per capita has shot up to over \$12,000. This isn't your granddaddy's economy.

Remember that management classic, [\*Built to Last?\*](#) In 1994 Jim Collins and Jerry Porras reported on an incredibly detailed research study in which they identified 11 companies that had built long-term successful business models (including General Electric, Hewlett Packard, and IBM, among others), compared them to more run of the mill competitors, and told us what it takes to "last." The book is also a classic (and a lasting best-seller) because Collins and Porras seemed to have found the "magic formula" that would guarantee success.

Well, Hamel recently created a hypothetical stock portfolio of those "obviously successful companies," and guess what? Over the past ten years that portfolio has *significantly under-performed* the general market.

Need more? Hamel also reported that over the last ten years three times as many companies have reported severe earnings declines than in any previous decade. And the increase in charges against earnings to write off worthless assets, as reported to the SEC, is staggering.

There just aren't any more "franchises" that businesses can count on to generate continued profitability. It looks like you have to earn it the old-fashioned way, one day at a time.

One of our CIO friends recently said that his short-term strategy was to "get through the day" while his long-term strategy was to have a string of short-term successes.

Okay, so what does all this have to do with us and the future of work? In our minds, everything. While Hamel is focused on big-picture business strategy rather the details of the work environment that fascinate us, we know full well that it's corporate culture and day-to-day management practice that determines the degree of innovation and openness to change in any organization.

As we suggested in our review of [The Success of Open Source](#), above, *distributed innovation* – fostered by network organization and management – is proving to be a highly effective, and much faster, way to generate new products, new processes, and even new strategies. Top-down is as dead as the dinosaurs.

Hamel suggested to the CoreNet audience that there are five “models” of what organizations of the future have to become: living things (nature); cities; markets; democracies; and faith-based movements. By the way, there are lots of parallels here to the ideas in Tom Malone’s new book, [The Future of Work](#), that we [reviewed](#) just last month.

So what? Ignore open source concepts, networks, markets, democracies, and distributed work at your peril. If you are currently working in a traditional hierarchical organization this advice may seem mildly threatening (indeed, we meant it that way), but in a world of rich and instantaneous interconnectedness in which almost every worker has low-cost access to a high-powered workstation and the world’s knowledge via the Internet, smart, distributed networks are already here.

We think the days when you could choose whether to be a command-and-control manager or a network enabler are long gone.

Those dinosaurs weren’t all killed instantaneously by the asteroid that changed the world’s climate a few hundred million years ago. But the survivors of that cataclysmic event were the smaller, fleet-of-foot mammals who were able to adapt to the new world they found themselves in. The dinosaurs’ nervous systems (read: business processes) were so focused on their massive internal bodies (read: bureaucratic structures), and so oblivious to their external environment, that they simply didn’t notice the changes. And, as you might have noticed, they aren’t around anymore.

Enough said?

All comments should be directed to [comments@thefutureofwork.net](mailto:comments@thefutureofwork.net). We’d love to publish your reactions to our latest rant.

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This issue of *Future of Work Agenda* was produced by Jim Ware and Charlie Grantham of the Work Design Collaborative, LLC.

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