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## Corporate Agility – Thriving in a Flat World

by Charlie Grantham, Jim Ware, and Cory Williamson

*This article is inspired by, and adapted from, our new book, **Corporate Agility**, which will be published by the American Management Association in August. We started with the Introduction to the book but have embellished it significantly to create this call for a new way of thinking about the management and organization of large organizations.*

Early in 2002, as part of our continuing efforts at the Work Design Collaborative, we began a modest research project we called the “*Future of Work*.” As business consultants with backgrounds in academia – Jim at the Harvard Business School, and Charlie at the University of San Francisco – we saw the need for a new set of analytical tools that businesses could use to rationalize their real estate needs, their information technology deployment, and their human resources planning.

As a result, we gathered a small group of corporate thought leaders – among them Agilent Technologies, Cisco Systems, Intel, PeopleSoft, Capital One, and Herman Miller – and we began to survey both individual workers and senior executives in an attempt to discover how new technologies, the changing workforce, and economic globalization were changing both how and where people worked, and what those changes meant to the future of work in the so-called “Information Economy.”

We began with a presumption that, as population growth slowed and the baby boomers moved towards retirement, the workplace would become an increasingly important means of attracting and retaining talented workers. We knew from personal experience and our own previous research that talented people wanted – no, *demanded* – a great deal of personal control over their work, and that traditional, top-down, one-size-fits-all management and cube farms don’t exactly produce any meaningful sense of self-control.

In essence we set out to understand the current state of individual-organizational relationships and what employees were looking for in a job – with a particular focus on the workplace, or as we have always preferred to call it, the “work environment,” mindful of the fact that the physical *place* is only one dimension of the context in which work gets done. And as important as place is in defining work, we were convinced that the tools companies provide to their staff and the human resource management practices they put in place are equally important factors in workforce productivity, to say nothing of how people feel about their work and their employers.

Our initial findings confirmed what our experiences as academics, consultants, and corporate managers had long led us to suspect: although the global economy had undergone a series of rapid, model-shattering changes, most businesses had been unable, or unwilling, to adapt their traditional management styles to the new conditions.

Prisoners of their outdated business practices and their assumptions about how work gets done, most organizations found themselves losing ground to competitors who had not even been on the map a decade before. They became victims, rather than beneficiaries, of advances in information technology. And at a time when the attraction and retention of qualified, engaged employees had become an even more critical factor in a business's success or failure, they found themselves out of touch with a workforce that had undergone a dizzying transformation in attitudes, abilities, and ambitions.

Together, these factors resulted in a crippling loss of **corporate agility**. In an economy characterized by rapid, unpredictable change, traditionally managed companies felt as though they were standing still while the new global order spun past them. The weights on those corporate ankles were easy to identify: high fixed operational costs, or in other words, long-term commitments to buildings, people, and technologies that robbed them of the flexibility and the agility required to compete and succeed in a period of unprecedented and very short-term change in the business world.

Traditionally managed companies were paying too much for real estate and facilities, and had labor forces that were costly, inflexible, locked in to long-term contracts, and plagued by high rates of turnover. Worse, these same companies had product development cycles so lengthy and complicated that the markets themselves often changed before the “new” products ever reached them.

These industrial-age behemoths are often referred to as “corporate dinosaurs” in an effort to describe just how slow and unwieldy they really are – to say nothing of being nearly extinct – and there may be even more truth and insight contained in that image than anyone ever intended.

While dinosaurs inhabited the earth for something like 150 million years, the general belief today is that they disappeared following a cataclysmic climate change caused by the impact of an enormous meteorite. The dinosaurs had become so physically large and complex, with nervous systems focused almost completely on their own internal needs (i.e., breathing, digesting food, circulation, and so on) that they were unable to adapt to the new conditions. Only smaller, fleet-footed mammals were able to survive, by reacting to the changing climate, plant life, and the other remaining inhabitants of the radically changed ecosystem.

We find that a compelling metaphor for what is happening in the business world today. Those that survive will be the fleet of foot and the nimble, or those organizations that create not only new products but also new markets, and do so faster than their competitors ever imagined possible.

And in addition to being able to advance quickly, they will also be capable of pulling back in response to unexpected changes in customer demand or interest. It's not enough to be first to market, or to double your revenue overnight; it's also important to be able to reduce your presence in one part of the globe at the same time you establish it in another. In today's business climate, only the agile survive.

That perspective has solid backing from academic theory as well as the real-world school of hard knocks. In a classic study of organizational structure and management style first published almost 50 years ago **Paul Lawrence** and **Jay Lorsch** of the Harvard Business School ([Organization and Environment](#) – link is to a 1986 paperback edition,

but the original research was conducted in the 1960's) showed conclusively that in dynamic and uncertain business environments more decentralized organizational decision-making and flatter organizational structures were essential for survival.

In contrast, organizations in stable, predictable environments where efficiency still mattered actually performed far better with top-down, bureaucratic, command-and-control management style. To be specific, the two industries that Lawrence and Lorsch studied were plastics (high tech, rapid rates of change) and glass bottle manufacturing (a very mature, stable technology where fractions of a cent in manufacturing cost made the difference between profitability and going under).

Today it's hard to think of an industry that isn't driven by fast-paced innovation, where being first to market with new products and technologies is just about the only way to survive. And in those kinds of environments the only way an organization can succeed is to be fleet of foot, nimble, and ready to shift into or out of products, technologies, customers, and markets in a nanosecond. To mix metaphors shamelessly, you can't turn a tanker on a dime, yet the worldwide business environment is nothing but churning, unpredictable whitewater rapids. You need a kayak, not a 200-ton tanker, to survive the journey today.

How, then, does a business evolve from the dinosaur to the jaguar (yet another metaphor, but a compelling one), and in the space of months, not millennia? After decades of research, both on our own and in conjunction with various members of the *Future of Work* community, we believe the answer is a collaborative, strategic approach to management that acknowledges and leverages the growing interdependence of Human Resources (HR), Corporate Real Estate (CRE), and Information Technology (IT), a process we call ***Collaborative Strategic Management***.

People, place, and technology, after all, are what come together to define the workplace, and it is there that businesses thrive or fail. Yet despite that simple, unassailable truth, in most businesses operating today the management of HR, CRE, and IT remains disconnected, and therefore largely dysfunctional.

At first glance, given their dissimilarities, this is not surprising. Just think about it for a moment: are there any two professional areas more dissimilar than IT and HR? IT is all about reliably delivering data on demand, and at the lowest possible cost. IT is about machines, software codes, and electricity. It is about being 100% correct all the time, since one little bug, or virus, can destroy a multimillion-dollar enterprise. HR, in contrast, is about understanding and motivating human beings – i.e., highly unpredictable, emotional creatures, who often have contradictory opinions.

And the corporate real estate profession? Suffice it to say that the CRE manager lives in a world as far from IT and HR as the earth is from Saturn and Jupiter. Real estate professionals are charged with providing safe, productive, low-cost workplaces in strategically desirable locations. And they must provide that space at just the right time, anticipating the company's needs so that it's available just before it's needed, and yet can be disposed of just as soon as it isn't, and at minimal cost to the company.

Thus, each of these three functional areas has its own disciplines, its own values, and its own challenges. Yet no business can operate effectively unless HR, CRE, and IT are "in sync," aligned both with one another, and with the organization's broader strategic goals.

For all these reasons, businesses today desperately need a clearly defined methodology that allows them to align their HR, IT, and CRE strategies, and thus achieve that all-too-elusive corporate agility. Three years ago, recognizing this need, all of us at *Future of Work* redefined our community, reshaping it into a collaborative network of thought leaders, research specialists, and business consultants committed to learning how to define, develop, and implement **Collaborative Strategic Management**, and thus achieve that desperately needed corporate agility.

We're convinced that agility is the central and essential capability that organizations need to compete in the "flat world" of today. Being able to grow rapidly in one location at the same you are shrinking in another; being able to reach out and engage the talent you need, no matter where in the world it's located; continuously inventing new products and processes; being able to shed old products, unprofitable customers, and even unproductive staff on a moment's notice – that's what corporate agility means to us.

*The forthcoming book is a compendium of corporate agility success stories – with a few failures mixed in for good measure. And it reflects our initial efforts to codify what we've learned into an emergent methodology that we hope will help you benefit from the experiences of the pioneers whose stories we've been privileged to hear and retell. We're excited that the book will finally be on bookshelves everywhere in August, and we hope you'll pick up a copy and let us know what you like – and don't.*

As usual, your comments and reactions are more than welcome. And as always, please send your thoughts to us at [comments@thefutureofwork.net](mailto:comments@thefutureofwork.net).

### **About the Work Design Collaborative and *Future of Work Agenda***

*Future of Work* is a global network of resources – practitioners, thought leaders, researchers, and senior consultants – who are committed to building and implementing physical, social, and technology-based work environments that are cost-effective, socially and environmentally responsible, and personally satisfying.

We are focused on defining the future of work and helping our members and clients achieve new levels of workforce and workplace productivity. *Future of Work* produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. The Work Design Collaborative, LLC, provides leadership and infrastructure services for the *Future of Work* community.

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