



## FUTURE OF WORK AGENDA

A Free Monthly Newsletter  
March 2008  
[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 March 2008 issue of *Future of Work Agenda* and setting our theme for the month. This month we take a hard look at the economic transformation that is eliminating thousands of corporate “dinosaurs” and replacing them with millions of small, highly agile businesses. And we rant a bit more about the fear of change and why it’s so prevalent.
2. **[NEWS AND ANNOUNCEMENTS FROM THE WORLD OF WORK](#)**  
The inaugural meeting of our new Community Design Institute will be held in Prescott, Arizona, this week. And we’ve got a very full schedule of public appearances coming up over the next four months.
3. **[FEATURE ARTICLE: IT’S A SMALL, SMALL BUSINESS WORLD](#)**  
Winter is hard upon us, even in early March. Just ask our friends in the upper Midwest. So as we sit and ponder what it will feel like in warmer times it’s a good time for reflection. We start most of our presentations with the tantalizing belief that our societies are in the early stages of a fundamental transformation. This article will focus on that belief and bring forward some evidence that we are not totally daft.
4. **[BEST OF THE BLOG](#)**  
This section provides you with brief summaries of several recent notes we’ve already posted on the *Future of Work* weblog. In each case we also include a live link to the original post on the blog. And we encourage you to become a regular reader of the blog, where we are posting notes, case studies, and links to other important websites on a regular basis.
5. **[IN OUR HUMBLE OPINION: YOU HAVE NOTHING TO FEAR BUT CHANGE](#)**  
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 enjoy offering our opinions and predictions about what’s happening (or should be happening) in the world of work and beyond.

### THE FULL STORIES

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#### 1) FROM JIM AND CHARLIE

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March!

It’s been called the cruelest month, but it’s also the month that comes in like a lion and goes out like a lamb (that’s of course a North American-centric metaphor), and it’s the month of the Final Four (the NCAA basketball championships, for those of you who are sports-challenged). And

this year it just might be the month that United States voters will finally know who the two major presidential candidates are likely to be (with apologies to Pennsylvania, Puerto Rico, and the other primaries still to come). It's certainly been a long and surprising primary season. But of course it won't really be over until it's over.

And for us March is the beginning of a four-month marathon filled with membership meetings, public appearances, and active client work – all of it far from home. For all the noise we make about working virtually, we're going to be doing our darnedest to keep the airline and hotel industries in the black for the foreseeable future (see the [Announcements](#) for the gory details).

Actually, we relish the opportunities to get in front of clients and audiences, and we're the first to admit that face-to-face interaction still beats emails and phone calls – by a long shot. We'd love to see you if our travels bring us to a city or state anywhere near you.

Now, in terms of this newsletter, we've got two major thought pieces for your reading (and thinking) pleasure. First is our feature article, "[It's a Small, Small Business World](#)," where we boldly predict a continuing explosion in the number of individual entrepreneurs and small businesses, accompanied by the evolution of economic power away from the shrinking number of large enterprises. We even try to sound erudite (no easy task for us) by citing the pioneering economic theories of Nobel Laureate Ronald Coase.

And then in our rant ("[You Have Nothing to Fear but Change](#)") we pick up on a core theme of last month's feature article ("[What Drives Organizational Change?](#)"), the fact that the most powerful source of resistance to change is the fear of loss of control and power. This month, though, we include the ever-insightful views of our "boyz" Maynard, Buford, and Cooter the data dog. We hope you'll find their candid commentary both amusing and astute.

And as always, of course, we're also pleased to bring you the [Best of the Blog](#) section summarizing our most recent posts on the [Future of Work blog](#). We continue to believe that you'll find ideas and information here and on the blog that you just can't get anywhere else.

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).

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### **2) ANNOUNCEMENTS**

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#### **Organizing Meeting for the new Community Design Institute to be held March 4-6.**

We've invited a number of organizations and community officials to join us in Prescott, Arizona, March 4 (evening reception) through March 6 for an organizing/chartering meeting of our new "community of communities" network.

[As we reported in December, 2007](#), we're launching this new network group at the specific request of a number of clients and close friends who, like us, are interested in fostering the rebirth of local communities by developing new ways for their residents to work closer to home.

The meeting is a no-commitment/no fee organizing meeting, hosted by Jack Wilson, the newly-elected Mayor of Prescott. To be clear, however, our goal is to form a fee-based network of communities and corporate sponsors who will work together to develop new concepts and new data about what makes a community attractive to knowledge workers – and how to implement that knowledge into local and national action.

If you are interested in attending (there's still room), or just want to know more about the Community Design Institute, please contact Charlie Grantham at [charlie@thefutureofwork.net](mailto:charlie@thefutureofwork.net).

### **Other Upcoming Public Appearances**

We've got a very full schedule of public appearances over the next four months. Here's what's on the schedule so far.

#### ***March 19 – The Future of Work: How to Prepare Your Business for the New Frontier***

The office is becoming more of touchpad than a destination – and businesses need to catch up to the trend.

Join this interactive Webinar to hear about the business case for implementing a flexible work plan, some of the factors contributing to organizational resistance, and tips for getting your business up to speed.

To register (it's free) go to this link:

<http://learn.gotomypc.com/forms/G2C-WBR-FOW-031908?ID=70100000000518W>

**April 17** – [Conference Board's annual Human Metrics Conference](#) in New York City

**April 28** – at the Skillssoft/Books24x7 client conference in Orlando, Florida

**May 4** – at the [CoreNet Global Summit](#) (with Debra Moritz of Jones Lang LaSalle) in San Diego, California

**June 10** – at [NeoCon 2008](#) (with Jill Duncan of Herman Miller) in Chicago, Illinois

**June 12** – at the CoreNet Chicago Chapter in Chicago, Illinois

We'll have more details about these and other events in the near future.

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**4) FEATURE ARTICLE: IT'S A SMALL, SMALL BUSINESS WORLD**  
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By Charlie Grantham and Jim Ware

“Don't stop thinking about tomorrow” – Fleetwood Mac  
(<http://www.youtube.com/watch?v=-ODVfREMS8s>)

Winter is hard upon us, even in early March. Just ask our friends in the upper Midwest. So as we sit and ponder what it will feel like in warmer times it's a good time for reflection. We start most of our presentations with the tantalizing belief that our societies are in the early stages of a fundamental transformation. This article will focus on that belief and bring forward some evidence that we are not totally daft.

And even if we *are* daft, we're not alone:

*Like it or not, the world is in the early stages of powerful, deep running and pervasive changes that will transform its economics, its cultures and people's understanding of who they are and what they stand for.*

(That's from *The Power of Unreasonable People: How Social Entrepreneurs Create Markets that Change the World*, by John Elkington and Pamela Hartigan, Harvard Business School Press. 2008.)

We couldn't have said it better ourselves (though we wish we *had* said it ourselves). The authors of that statement (John Elkington and Pamela Hartigan) believe that social entrepreneurs are the next wave of wealth creators. You might debate that assertion, but the point is that entrepreneurial energy today are evolving away from being purely motivated by the profit motive to focusing on a larger emphasis on creating new products – and even new markets – that matter by making a difference in the quality of people's lives, in the health of the planet, and in the ways we relate to each other.

But before we delve into the nitty, gritty economics of this development, we offer an observation. It's harder than you think to raise money for starting a socially responsible business. That's a fact that we can personally attest to.

And that isn't just a self-interested gripe on our part. Investors want to see a hard return on their dollars – and quickly, we might add. Social entrepreneurs seeking long-term, systemic changes in societies can't articulate those gains very well (partly because, as we suggested last month, [There's No Accounting For It](#); it's very difficult to measure the social value of those new products and markets).

But that too is changing. The first evidence we can see of the change is the emergence of the “triple bottom line” approach to measuring of corporate performance.

As Wikipedia (our reliable source of insight on matters like this) puts it:

*In practical terms, triple bottom line accounting means expanding the traditional reporting framework to take into account [environmental](#) and [social](#) performance in addition to financial performance ([http://en.wikipedia.org/wiki/Triple\\_bottom\\_line](http://en.wikipedia.org/wiki/Triple_bottom_line)).*

Incidentally, the phrase “Triple Bottom Line” was actually coined by the senior author of *Unreasonable People*.

Again, there are arguments on both sides, but the idea is catching on that firms should somehow be held responsible for the impact they have on the environment and the communities they exist within. We believe that as the environmental impact of an industrial world based on petrochemicals becomes more and more apparent, the idea of the “triple bottom line” will move to the fore of investors’ minds.

Indeed, the economic argument runs something like this:

***As the systemic effects and costs of environmental impacts become visible in the global economy, markets will begin to calculate those costs in their valuations and investment risk decisions.*** When those costs are weighed against the benefits they produce the decisions that result will differ from what you would expect if a pure profit motive were all that mattered.

Two examples may help to explain this perspective.

First, coping with carbon emissions. If the carbon emissions impact of a product or service can be measured accurately, then the larger societal costs of mitigating that impact can be built into the transaction costs for the product. Let’s assume for a moment that we can calculate the CO2 impact of a Hummer over its average lifetime. Who pays for those costs in terms of pollution control, health costs, and climate impact? Without a “triple bottom line” approach those costs accrue to society at large and are diffused, unrecognized, across the entire economy. However, what if those environmental and social costs were bundled into the initial product cost? We’re pretty certain that market behaviors and decisions would change dramatically.

Second, apply similar thinking to tobacco. It’s taken a few decades but at least in the United States there is now a clear realization that tobacco products have an adverse social impact (as well as on the individual health of smokers). Tobacco use causes higher rates of disease (and therefore health care costs) for consumers who smoke (or chew, for that matter).

Pricing mechanisms have come into play recently that dramatically increases the cost of tobacco products. A portion of that increased revenue is now being re-invested in smoking cessation programs, early education, and other preventive measures. The true cost of the product on society is becoming more visible, and that visibility does change market behavior (<http://www.lungusa.org/site/pp.asp?c=dvLUK9O0E&b=39860#11>).

So how do “triple bottom line” accounting and social entrepreneurship relate to the fundamental, systemic changes in our economy that we began with? First there is a linkage to some important economic theory and then, more recently, there’s also observational evidence that we have moved from theory to action in the practical landscape of everyday life.

Let’s start with the theory.

This insight comes from the work of Robert Coase ([http://en.wikipedia.org/wiki/ronald\\_coase](http://en.wikipedia.org/wiki/ronald_coase)).

Coase suggested that firms (as formal organizations) emerge when a formal structure of agreements and processes can produce a product or service at a lower cost than a loosely affiliated group of independent producers can achieve in an open marketplace. So firms arise when they can produce what they need, such as knowledge and control mechanisms, more cheaply than “contracting out” the work in the broader marketplace. However, this cost aggregation has its limits, and at some point organizations become so large they lose the efficiencies that come with economies of scale (in essence, the costs of maintaining the internal bureaucracy become so great that the open market can get it done at a lower cost).

And this is exactly where we are today in many industries. The cost of organizing and managing many large firms has reached a point of clear inefficiency. The rapidly decreasing costs of technology enable many small businesses to operate as efficiently as larger ones.

At the same time increasing real estate costs, along with escalating infrastructure costs such as energy and transportation networks, make it far less attractive to aggregate large numbers of people within one organization. And human resource support costs like health care, retirement funding, and staff development are also escalating almost beyond control.

Put it all together, and we’ve reached the cross-over point in Coase’s model. And, we might add, the increasing movement to triple bottom line accounting increases these organizational costs even further.

Those basic economic facts are driving the shifts in how we organize to do work. We repeat:

*Like it or not, the world is in the early stages of powerful, deep running and pervasive changes that will transform its economics, its cultures and people’s understanding of who they are and what they stand for.”*

(Again, that’s from *The Power of Unreasonable People: How Social Entrepreneurs Create Markets that Change the World*, John Elkington and Pamela Hartigan, Harvard Business School Press. 2008.)

So how do we cope with these challenges? We believe, as we think Coase would, that the answer lies in the growing number of smaller firms that can help the larger firms move the essentially fixed costs of their strategic assets like human resources, technology, and real estate to variable costs. An example exposition of this insight can be found in a study published recently by the [Institute for the Future](http://www.institute-for-the-future.com) and sponsored by Intuit Corporation ([www.intuit.com/futureofsmallbusiness](http://www.intuit.com/futureofsmallbusiness)).

That report predicts the rise of a “barbell economy” in which there are a few large firms and thousands of small ones, with very few mid-sized firms. The few remaining large organizations will be those in which economies of scale still prevail, where the underlying technology continues to require large capital investment or high-volume usage (think of power generation, oil exploration and production, global telecommunications networks, and – for now, anyway – automobile manufacturing). But it’s important to realize that even those very large firms actually subcontract out a surprisingly high proportion of their business activities, even today.

Small businesses currently employ over 50% of the U.S. private-sector workers and account for about 75% of all new jobs created. We expect to see a continuing explosion of small business in the next decade, driven by the economics that underlie the theories of Robert Coase.

We believe there will be more than 30 million of these smaller firms by 2018. Small businesses will become the engine of wealth creation; and we'll return once again to an economy filled with agile, sustainable businesses (not unlike the world in the 1800's, before the Industrial Revolution that led to the growth of mega-corporations).

In a richly interconnected, technology-driven world the advantages of size and large capitalization have become almost a disadvantage to further innovation and creation. As technology allows our societies to become more atomized – and, paradoxically, more connected at the same time – we will change how we work.

As we have suggested elsewhere ([Proceedings of the ACM SIG on Computer Personnel Research, Chicago, IL, pp. 47-60, April 2000](#)) these new organizations will look more like “guilds” being led by “producers.” They will coalesce, disband, and re-form with almost lightening speed. The masters of the new business universe will be those who have perfected the “black arts” of networking and community-building. Success will be just as much about creating markets as about product development.

And lastly we believe that they (these new businesses) will be characterized by a social entrepreneurial spirit because they will be very closely connected to the communities within which they “live” and they will have an extreme sensitivity to their environmental costs and impacts. That's exactly what Elkington and Hartigan believe is happening.

What does tomorrow look like from this perspective? First of all, we already have a global economy where the true, full costs of production are becoming evident, spurred along by Triple Bottom Line Accounting that makes those costs visible (not just to management but to customers and society as a whole).

This development, coupled with rapidly lowering transaction costs, drives the decline of the large firm and the growth of many more smaller, more nimble businesses. Instead of a few large entities we'll see the emergence of a network of many smaller ones.

Of course, as with any societal change, there will be leaders and laggards. The leading industries will be the “fringe” ones like information-based and conceptual industries like finance, education, and even health care. The laggards will be those still dependent on the old capital-intensive infrastructures and technologies like transportation and telecommunications. We are left to wonder, then, where organizations such as business services, government, and agriculture will fall. That's an open question that we intend to watch closely.

Send us your comments to [comments@thefutureofwork.net](mailto:comments@thefutureofwork.net). We look forward to learning from you!

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## 5) BEST OF THE BLOG

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*Here's a small sampling of excerpts/lead-ins from our recent weblog posts. Please get in the habit of reading the [Future of Work weblog](#) regularly – bookmark it, or if you have an RSS news reader, subscribe to it. And please contribute as well. We're more than happy to reprint your stories, or to consider featuring you as a Guest Writer.*

*We believe we're creating a unique knowledge base of what's going on out there today, and what's going to be going on tomorrow. If you want to learn about the future of work, [our blog](#) is the place to go (along with this very newsletter, of course). Just click on each headline below to visit the full original blog post.*

### [The Future of Co-Working is Bright](#) (February 19)

As regular readers of this blog know only too well, Charlie Grantham and I have been promoting the idea of shared work centers for several years. . . . The most recent good story about what many are now calling "co-working" facilities appeared in the *San Francisco Chronicle* this morning - on the front page, no less ("[Shared work spaces a wave of the future](#)"). . .

### [A New Blog for Young Professionals](#) (February 24)

I've just found a new multi-author blog dedicated to Gen Y, Millennials, or whatever young professionals are calling themselves these days. It's called "[Newly Corporate: Work, life and the pursuit of happiness for the young professional](#)." One of its authors, **Brendan Henak**, wrote me recently and asked me to take a look. When I finally found a few moments on a Sunday afternoon (sadly, it's just about the only time these days I can do stuff like that) I liked what I saw. . .

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## 6) IN OUR HUMBLE OPINION: YOU'VE GOT NOTHING TO FEAR BUT CHANGE

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*Commentary by Charlie Grantham and Jim Ware*

You can put lipstick on it, but it's still a pig.

Enough is enough already! Good lord, we can't take it anymore. All those Birkenstock-wearing, Char-do-nay-drinkin, BMW-drivin', two-paycheck, no-brats, tree-huggin', vegan-eatin' whiners jabberin' about how hard it is to change. Give it a break! Go suck an egg! Get over it. Things are a-changin' and there ain't no goin' back. There – got it all out of our system at once.

Well, this one has really got Buford and Maynard in a twitter. It all started down at the radio talk show (remember that from a few months back?). Ferd was phil-os-o-fizin' about why nothin' seems to change here in Littlebittytown USA. (We've changed the name of the town to protect its citizens against a swift boat attack by radical centrists of the punditrocacy – you know who we mean).

Things don't change because people are scared poopless (can we say that? guess we did). In Our – here it comes, right early this month – Humble Opinion, those anti-change folks are jes'

plain afraid. Now that's another blinding flash of the obvious, but it got Buford and Maynard to ponderin' 'bout what's really goin' on.

You know you've heard it all a bunch of times: "We can't do that; why, it's never been done before." "But that would be different." "That's just not the way things are done around here." "If we did it differently, it would be an insult to our history."

So they sent ol' Cooter the data dog out to sniff around.

Warning: this stuff gets a little deep, so go get yourself a double helpin' of your favorite adult beverage and we'll have at it.

Cooter gets himself locked in the library (yes, the boyz do have one, smarty) and spends the night rummaging through everything psy-co-logical. And sure enough, just what good ol' Ferd was getting at: it turns out all this "fear" stuff is really about denial. Denial about what could possibly be. "We **can't** do that!" Do ya think what seems to be "fear of change" just might be fear of success? Or maybe a loss of power and predictability? Now ponder that for a tad.

Maynard doesn't have this problem because nobody never told him what he couldn't do. Some think he's just dumb enough to try anything 'cause he believes he can really do it. Lordy, he even went off to college when everybody thought . . . oh well, you know.

It seems to work like this: when somebody (or an organization) sees a possibility, a vision of the future, the nay-sayers get in a funk, say it can't happen, don't want to do it, or question why you'd want to do that anyway. They see the changes as harmful, and really value anything (or anyone) that stops the process or slows it down.

Buford allows that this role is usually played by the accountin' types and good ol' boys (we mean, "our esteemed legacy leaders," just to be politically correct).

Okay, okay, so they are afraid. Afraid because they are denyin' what could be. (Actually if you really get down to it, they have abandoned hope for a better future) Bring back the Cleavers!!! But why all the hullabaloo?

In our experience, people get really nasty, start actin' the fool, and do all sorts of stupid things when change confronts them. They build fences, stick their fingers in their ears so they can't hear, start readin' different newspapers and God help us (please!), watch Fox News Network (you knew we'd slip that in somewhere - gotcha).

Cut back to Cooter.

You see, there's a theory that says people start actin' stupid and doing hostile things when their old traditions and positions are threatened. There's that darned change thing again. You know you've zeroed in on it when people start cluckin' about how risk-taking is a no-no. What's really goin' on is that these folk feel that power is being taken away from them. And they're scared because they don't know what's gonna happen to 'em.

And here comes the real shocker. Underneath all that blatherin' on and screamin' is a sneaking feelin' that maybe they've had too much power and it wasn't really deserved.

Holy moly, Maynard. You sayin' these folks have their britches in a wad because they've had too much power they didn't really deserve and now someone has found out? Yep. That's it in a nutshell (those of you who are so inclined can check that theory out by looking at the work of Theodore Kemper or Arlie Hochschild—Google 'em).

So, what do you do?

That's a tough one, and that's what put Ferd in a bind. He started talkin' about that fear thing (you know, fear of success). It seems that only thing that really helps folks through this kind of change is a lot of planning that shows them how they can hold onto a little power and that it's rightfully theirs.

Enlist them in the process. Another thing is takin' 'em down to the opera house. Yep, theatre. Get them into acting out all those fears, playing different roles, experiencing what it could be like in that imaginary world called "The Future." Let 'em take a test drive of the future. It does wonders.

Seriously, we've seen the power of play-actin' and what the fancy-pants tech gurus like to call simm-u-lay-shuns. They're both very powerful way of tryin' on the future without making a commitment to it. Fear of change isn't just about losin' power – it's also about fear of the unknown. So putting on a little play about what could be, or might be, is a great way to help folks imagine something they can't fathom on their own.

Why is this ugly issue come bubblin' up to the surface now? It's always been here, of course, but change hasn't exactly been on most folks' agenda the past few years. But with recessification rearin' its ugly head a whole bunch of blowback from the status quo is shaking folks out of their sleep. Oh, oh, they are awakening. Now it's goin' to get real, real interestin'.

Change is in the air. Big-time Change, with a capital "C." Even Buford and Maynard can see it comin. As Cooter splainifies it, those against it have got their fur standin' straight up, their lips peeled back, their fangs out, and spit flyin' all over.

So get ready for the fear of change thing. But when you see those fangs comin' out, remember to ask, "Just what is it that **you're** afraid of?"

Deep down, we suspect you'll find it's all about losing power they really know they shouldn't have had in the first place. In Our Humble Opinion, you can take that to the bank. Check it out. Check it out in your Littlebittytown, USA; check it out in that next planning meeting at work; check it out in your homeowners association; check it out everywhere.

Turn on the TV, read the paper, listen to the radio. What do you hear? One side talkin' about visions of the future and hope; the other's talkin' about what? You fill in the blank and go figure. That's Our Humble Opinion, and we're stickin' to it.

Please direct your comments to [comments@thefutureofwork.net](mailto:comments@thefutureofwork.net). We'd love to publish your reactions and suggestions. And thanks for listening.

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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.

We encourage your comments, suggestions, and submission of materials for possible future publication.

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