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What Drives Organizational Change?

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Over the past several months we've had the privilege of watching several very effective change leaders in action. We've watched corporate executives, elected officials, middle managers, and just plain folks, all of whom launched and led meaningful organizational change. Their backgrounds, their values, and even their leadership styles varied all of the map. Our observations got us to thinking about what made them successful, and what – if anything – they had in common.

It's been said that leadership is one of the most-studied and least understood topics in the entire world of business. We don't pretend to have figured out the "secret sauce" that's fascinated students of leadership like John Kotter, Noel Tichy, Margaret Wheatley, Jim Kouzes, Peter Drucker, Warren Bennis, Doris Kearns Goodwin, and David McCullough. And it's not a subject that anyone ever completely masters. But we do have some ideas of our own that we hope you'll find useful.

Let's start by looking at one of the most dynamic, visionary Mayors we've ever run into. His name is Ron Armstrong, and he's been the mayor of Newaygo, Michigan for about eight years.

So where the hell is Newaygo, Michigan, you ask? It's a small, mostly rural community about 30 miles north of Grand Rapids in West Michigan. We've spent a lot of time in Newaygo over the past 18 months as part of our work on the WIRED West Michigan project (see the [WIRED West Michigan website](#) for background on the project).

Ron Armstrong was an independent entrepreneur/small business owner with almost no background in politics or government when he was recruited to run for Mayor about eight years ago. At that time when Newaygo was in the midst of a near-death experience (remember that – it's one of the keys to successful organizational transformation). A former town manager had bled the tax coffers dry through a combination of incompetence and corruption. For all intents and purposes Newaygo was broke.

Not only that, but many of the nearby businesses that had provided local jobs were sinking into the sunset in the wake of the near-death of the automobile industry. And Newaygo was watching the departure of many other manufacturing firms in search of lower-cost overseas production. It was not a good time.

Armstrong had just finished leading the voters of Newaygo to approve a significant tax increase to support the local school district; he was clearly committed to Newaygo's future, and – more importantly – was capable and credible. He won because his would-be opponents dropped out and he ran unopposed.

The past eight years have been characterized by a long, slow climb back to fiscal health. But more importantly, they have also been a time of reflection and renewal for Newaygo as it's local business leaders and citizens have struggled to develop an identity as a solid, dynamic area that offers good schools, good recreational opportunities, a low cost of living, and an exciting future.

Armstrong and his fellow public officials and local business leaders worked together to create an entirely new climate for development. The downtown shopping district has been completely revitalized; a principal shopping district board has been formed to control all future development of the area. The City has also been able to attract millions of dollars in federal and state grants, which have in turn spurred millions more in private investments. And the city now has a new 20-year master plan.

We just met Ron Armstrong and Newaygo about a year ago. Last month we sat through a public town meeting focused on a surprisingly (at least to us) rich portfolio of public works projects (including, we might add humbly, a proposal for a Business Community Center based on our work – but that's a whole different story).

Over the next five years Newaygo will be drawing on federal and state funds to build a comprehensive sports complex at the local high school, investing in new roads and parks, and supporting many small entrepreneurial businesses whose success will help rebuild the tax base. In addition the town is actively working with local developers interested in building a major conference center and resort along the Muskegon River (Newaygo boasts that it offers some of the finest fishing in the entire Midwest).

It's hard to convey here the way that town meeting unfolded, and the sheer energy that filled the room. Ron Armstrong, his City Manager Rich Blachford, Adam Wright, President of the Chamber of Commerce, Libby Cherin, CEO of the local Fremont Foundation, and Andy Lofgren, Director of the County Economic Development agency, all spoke about the vision, the plans, and their commitment to helping it all come together.

It was clear to us that an incredible amount of preparation had gone into that meeting, and the plans that were being described that morning. We were struck by how many different agencies, funding sources, and ideas had all been blended together by Ron and his core team. The sense that Newaygo is hurtling full speed ahead into an information-base economy was almost overwhelming. We're almost ready to rush out and buy some property!

That's a brief and very incomplete description of one small town's history and future. Now let's step back, observe what happened (and is happening) in Newaygo, and see what lessons we can draw for other communities and organizations seeking to grab hold of the future and make it their own.

We see at least five specific principles in action here:

1. Change is much more likely to be successful when it follows a near-death experience.

Others have called it “the burning platform” (calling up images of an off-shore oil rig catching fire and forcing everyone to jump overboard). Now, we wouldn’t wish “near-death” on anyone. But it’s remarkable to us how often successful transformations have risen, Phoenix-like, from near-disasters.

About fourteen years ago IBM, historically one of the most successful corporations of all time, was within a few weeks of missing a payroll. Thousands of IBM’ers were laid off, and many more were forced to take on radically different roles as the company struggled to stay alive. Today, of course, IBM is back with a vengeance, and has become known as one of the most innovative of all the high-technology companies.

The lesson here is not to drive your organization to – or over – a cliff. Rather, it’s important to recognize that unless there is a clear and widely recognized crisis you will be hard-pressed to achieve large-scale change. There’s just too much inertia in most organizations, too much satisfaction with the status quo. Unless the pain of changing is less than the pain of staying put, it just won’t happen.

Bottom line: if you see a need for change that others don’t, spend time building the case for change before you take the leap.

2. Effective leaders paint a picture of the future – and then make it happen

We’re reminded of George Bernard Shaw’s often-quoted statement:

Some people see things as they are and say, Why? I dream things that never were and say, Why not?

Change leaders have an uncanny ability to “see over the horizon.” Or, rather, to imagine what the world looks like over that horizon. Think of the pilgrims who set sail from England for the New World in the 1600’s, or the adventurers who left their families behinds to conquer the Western United States in covered wagons – having no idea what was ahead of them, but holding a deep faith that there was a better world beyond the horizon.

Or consider the history of Silicon Valley. Entrepreneurs like Bill Hewlett, David Packard, Steve Jobs, Larry Ellison, Gordon Moore, and even Bill Gates didn’t spend a lot of money on market research. Their product ideas germinated in their own heads. They built prototypes and then sold people on buying them – people who didn’t know they needed a personal computer, or an iPod, or an iPhone, or a web-based database application, or . . .

In every case of technological innovation we can think of, someone developed a product for a market that didn’t exist at the time. It takes a whole lot of imagination, guts, chutzpa, and faith to create something that doesn’t exist – and to turn that idea into a new market and even an industry of its own.

Peter Drucker perhaps said it best: “The best way to predict the future is to invent it.” Change has a funny way of being a self-fulfilling prophecy. If you create it, they will come.

3. Leading change *requires* being reality-based

Recently we've heard a number of risk-averse developers complain that some of the ideas we're talking about just won't work. Our sense is that they are stuck with models of how things work that don't reflect current demographics, current economics, or current social values. We're fond of rebutting their arguments with that old cliché' “Those who say it can't be done are often run over by someone doing it.”

The New York Times Magazine recently carried an intriguing commentary on [“Old School Economics”](#) by Christopher Caldwell (Sunday, January 27, 2008 – thank to Penny Ladd for alerting us to it). Caldwell was actually addressing his comments to the current crop of Presidential candidates, most of whom seem to be arguing about economic conditions that ceased to exist decades ago. Some of them are continuing to offer “solutions” to problems that simply no longer exist. In Caldwell's words:

Republican rhetoric about trusting the transition to a new economy is not allaying fears as it once did.

The reason is simple. It is that the transition is over. The new economy we have been promised is [already] in place. While the economy of 1998 was a world away from the Internet-less, land-line-dependent, non-Nafta, I.B.M.-Selectric-powered, partly-Communist world of 1988, today's economy is fully recognizable as the one we inhabited in 1998.

Today's economic anxiety is not the same anxiety that simmered between 1980 and 2000. Back then, recessions and slowdowns were understood as the pangs of a new economy struggling to be born. But the recession we now seem to be entering is to the information age what the recession of, say, 1957-1958 was to the industrial age — a “normal” recession in the midst of an economy with stable bases, an economy that (to use a current cliché) “is what it is.” The “jobs of the future” that were promised 20 years ago are here. Choreographers, blackjack dealers and security guards have replaced factory workers as the economy's backbone, if not yet its symbol.

A few years ago the CEO of a once-proud and successful corporation that had just been acquired after several years of operating in the red commented something like this: “I've learned a lot in my 30 years in business. Unfortunately, most of it just isn't true anymore.”

We believe in data-based interventions. That is, it is incredibly important to base your assessments of problems, current conditions, and even future possibilities on real, hard data, not on wishes, anecdotes, or outdated assumptions. For instance, relying on the demographics of the past (e.g., generational values and profiles) as a guide to the future is not only misleading, it's dangerous. Not only are the about-to-be-

“retired” Baby Boomers not your father’s retirees, but they aren’t going to “retire” gracefully. And the Gen-Y’ers that everyone seems to fear just may be the most self-directed, creative, worldly, tolerant, and thoughtful generation the world has ever seen.

We don’t think this principle conflicts in any way with number two, which emphasized dreaming of “things that never were.” There’s a very significant difference between dreams of what could be and fantasies about what *is* right now.

4. Change leaders are passionate about their dreams – and they show it

For us, the most striking aspect of listening to Ron Armstrong is the amount of energy and conviction he brings to the table. The future of Newaygo means one whole heck of a lot to him, and his behaviors show it all the time. In front of an audience he waves his arms, speaks quickly, and almost shouts about “how great it’s going to be.” You can’t listen to him without getting excited yourself.

In our view a good leader doesn’t make you **do** what he (or she) wants; he makes you **want** what he wants. Or, as others would put it, “It’s about charisma, stupid.”

5. It takes a team to make change happen

Early in Ron Armstrong’s tenure as Mayor of Newaygo he brought in Rich Blachford as City Manager. Like Ron, Rich had no real experience in municipal government, but he was an experienced entrepreneur with incredible sales and people skills (like Ron, Rich still owns a couple of his own businesses). Rich is one of those “git ‘er done” guys – he helps turn Ron’s visions into hard, cold reality.

One of the best ways to tell if a leader is on the right path is to look at who is on his or her team. One person can’t do it all. And there’s real truth in the old adage, “A’ people hire ‘A’ people; ‘B’ people hire ‘C’ people.” Good leaders (who “do things right”) need good managers (who “do the right things”) to carry out their strategies and make their dreams come true.

Effective leaders aren’t threatened at all by other competent people. In fact, they thrive on being both challenged and complemented by great staff. Jim Collins, co-author of *Built to Last*, and lead author of *Good to Great*, believes that great leaders hire their core team even before they define their strategy and mission. In his view, effective leaders get their team on the bus, and then the whole team figures out where the bus is going to go.

Leading change is far from a simple task, and there’s much more to doing it well than what we’ve mentioned here. But it’s also incredibly important. That “new economy” that Christopher Caldwell described is far less predictable – and far more dynamic – than anything any of us have ever experienced before.

At the same time, we’re convinced that change leadership is going to be the “magic feather” that will make the difference between success and failure for the foreseeable future. We anticipate seeing more and more instances of new products being created for

markets that don't exist. And public officials are increasingly going to have to imagine futures for their communities that are dramatically different from their current realities – and then the fun begins: sharing that vision, building widespread consensus that it's a compelling one; and – finally – pulling together all the critical stakeholders and funding sources to make it happen.

If you're looking for a role model, you really ought to get to know Ron Armstrong and the City of Newaygo.

Send us your comments to comments@thefutureofwork.net. We look forward to learning from you!

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

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