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Your Job Is Change

When change programs are doomed before they start ... When old leaders are stumped by new challengers ... When change itself is changing ...

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The Web changes everything -- including change. And it's not just the Web. Digital technologies, wireless technologies, the Human Genome Project, complexity theory, and the emergence of new science have all changed how we think about change: why change has to happen in companies, how change happens, and, most important, who makes change happen. Power has shifted from inside to outside, from corporate planners to aggressive buyers. Now all customers, all clients, all investors, have a huge array of choices -- and can switch to something better instantly.

Change today happens suddenly, unexpectedly, unpredictably. It occurs in companies the way that we see it occur in biological systems or in technological breakthroughs: Change is sudden, nonlinear, and constant. Its amplitude and direction can't be forecast. Killer apps can come from anywhere; new competitors are lurking everywhere. Markets emerge, flourish, inspire imitators, breed competitors, and disappear seemingly overnight. Brands, which once took years to establish and which, once established, seemed unassailable, now burst on the scene like a new strain of virus, finding competitive spaces and market niches that were previously invisible. Internet buzz can make a product overnight -- or break it. There is more choice than ever, more challenge than ever -- and more change than ever. As a result, products and markets are continuously morphing, so organizations that want to prosper over the long term need to practice the art of continuous change.

In this environment of constant change, companies are known both for the products that they create and for the speed and agility with which they move to create them. A communication device becomes a means of finding a great buy on a car over the Web. It becomes a financial instrument to buy a car. It becomes an interactive tool enabling a customer to design a car from scratch. "Company" no longer refers to a fixed set of assets and employees operating with a set strategy and in a defined market. A company is a living organism competing, collaborating, and cocreating in a network of other companies. It is moving and morphing into different revenue streams where it can add value, extract profits -- and change the rules of competition in entire industries.

Companies that can't change in this new environment can't play in this new economy. Companies that can't change the way that they think about change won't be able to change the way that they compete. And hiring change agents, who used to carry the banner for change inside large companies, is no longer the right way to think about or to practice change.

Change today demands the change insurgent.

The Job of the Change Insurgent

The old change agent is as much a thing of the past as the old environment for change is. The old change agent could help a company do things faster, cheaper, better. He could try to push the company toward a linear improvement in its performance -- cutting costs, questioning bad practices, applying new technology to an old task, inching the company closer to its customers. But the mind-set for change -- as well as the process for change -- was limited, mechanical, point-to-point.

The change insurgent operates with a different mandate and a different mind-set.

Rather than coming up with better products, the change insurgent continually invents better organizations. For the change insurgent, doing "it" faster, cheaper, and better is no longer the goal -- because "it" keeps changing. As a result, the change insurgent focuses less on specific products or specific markets, and more on organizational readiness. The whole organization has to scan technologies for possible applications, scan markets for possible needs, scan all other organizations for newly emerging technologies or markets -- and then move like lightning.

Rather than aiming for growth, the change insurgent aims for dexterity. In the 1990s, the Web gave companies a new mandate: Stop cutting costs, and start growing revenues. In the 2000s, the next phase of the Web is giving companies another mandate: Get more disciplined about growth and more focused on adaptation. It's no longer enough just to grow. The job of the change insurgent is to focus companies on their ability to maneuver and to change direction.

Rather than just cutting costs, the change insurgent has to explode the organization and put it on the Web. The change insurgent's job is to turn an old-line company into an online company. And in the course of making that change, the change insurgent has an opportunity to change the larger context within which the company operates. Rather than keeping operations in-house, the insurgent relies on B2B Web-based auctions and partnerships. Instead of paying suppliers a fixed price, the insurgent gives them equity. In place of fixed payrolls, the insurgent relies on performance-based pay, stock options, project teams, and contract workers.

Rather than working from the top down, the change insurgent works from wherever he is. Many change agents used to depend on title, authority, or official sanction to undertake their change programs. Change insurgency doesn't depend on formal rank; it depends on great ideas, powerful visions, and daring examples. There's no way that the people at the top can know enough about technology, markets, or the potential of people in and around the organization to be the major instigators of change. There's no way that change can be planned as a formal "program." The job of the people with the most formal authority, the "chiefs" -- chief executive officer, chief operating officer, chief financial officer -- is to create an environment in which change insurgency can flourish.

The 10 Rules of the Change Insurgent

In a time of constant change, one thing hasn't changed: Organizations are still resistant to change. The change agent of the old economy worked in an environment where incremental change was all that was needed -- and all that was tolerated. He counted it a victory if he could move the organization toward better products in a slow and steady fashion. Today, change has changed -- the speed, the pace, the type, the purpose. The balance has shifted. The change insurgent has to keep altering the organization's fundamental form, focusing on its capacity to change constantly.

Here are 10 important rules for the change insurgent.

1. Manage the blood supply.

It's a simple fact of competitive life: Every company constantly needs new ideas, new perspectives, new ways of thinking about its products, its services, and its customers. And that means that every company needs a constant infusion of new blood. In an economy that's all about the intersection of talent and ideas, change insurgents have taken to managing turbulence -- monitoring the flow of new people into a team or a department to produce a creative tension between the old hands who know the ropes and the new hires who are there to disturb the status quo.

Create too much turbulence, and the organization loses the capacity to get things done. Knowledge, skills, and relationships are sacrificed in the name of creative chaos. But create too little turbulence, and people stagnate. They fall into comfortable routines. Or worse, they get head-hunted away to more vibrant organizations, or they give up competing, since they no longer feel like part of the action. Managing the blood supply and monitoring the turbulence are critical skills for keeping an organization vibrant, involved, and alert.

Raymond J. Lane, the former president and COO of Oracle -- and the "behind the scenes guy" who is credited with actually running the company and building it into what it is today -- was a master of this first rule of change insurgency. He left Oracle in July (opinions differ as to why he quit, though the

company line is that he'd been planning a change for some time). But while he was there, he finessed the talent transfusion, balancing new blood and old blood almost perfectly. He honed his crew, adding here and taking away there, so that Oracle was able to meet new challenges from the outside even as it stretched and challenged itself internally.

When Lane joined Oracle in 1992, he faced a homegrown management team that had been doing things the same way since the company's founding, 15 years earlier. Growing the company by stretching beyond comfort zones was something that none of the inbred group had ever imagined. "Every day, the people here were running something bigger than they'd ever run before," says Lane, 53. "They knew what it was like to operate as a \$1 billion company. We needed people who knew how to operate as a \$10 billion company."

Lane moved quickly to bring in new people from old companies -- Booz-Allen & Hamilton, IBM, McKinsey & Co. -- talented operators who could take Oracle to the next step. By the time Lane left Oracle, only one person who reported to him predated him at the company. Harsh? Probably. Necessary? Absolutely. These were moves that Lane had to make as a change insurgent to promote first Oracle's survival, then its growth. "You think that you're doing the right things all the time," Lane says. "But if you don't ask anybody and you don't have any critics, guess what? In this business, you just don't know when you're drinking your own bathwater."

But bringing in new talent is only the first task of a change insurgent. The second task is to make sure that the new blood has a better-than-fair chance to succeed. As Lane explains it, there's a period of time, after someone joins an organization, when the jury's out on whether that person will make it. Existing employees are understandably skeptical, and sometimes even defensive, when a new person joins the team, and they can make the adjustment period easy or hard at their whim. Lane knew that it was important to help new hires gain credibility as fast as possible, so that they'd be able to contribute as fast as possible. His approach? Give new hires projects that they could complete quickly and successfully. Give them something visible on which to prove themselves.

"You get resentment until the particular person you've brought in achieves success," Lane says. For Lane, this principle is not strictly business -- it's also personal. When he joined Oracle, some of the existing staff took bets on how long he would last. But he was stepping into a situation that he knew how to handle, and, for the most part, the people there gave him the room and the support to do his job. Growth was flat in Oracle's U.S. business when Lane started. But by his third quarter with the company, it had turned a profit. Revenues had grown by about 20%. Stock had gone up 18 points. And Lane was an accepted, respected member of the team. "As soon as you perform, you're fine," he says. "All of a sudden, people were saying, 'Oh, he's real,' and I was in."

2. Find, hire, and promote people who make you -- and the organization -- uncomfortable.

If the job of change insurgents is to move their company out of its comfort zone, it's the duty of change insurgents to hire people who make them uncomfortable. Bringing in new blood isn't good enough -- not if the new people all come from the same place and have the same attitudes. Then all you're doing is substituting one prevailing mind-set for another. Instead, change insurgents surf across different talent pools, picking the best people from different companies, backgrounds, disciplines, and generations.

The goal is to add a destabilizing element -- people who will disturb the status quo and question routine practices. So if you're running a consulting firm that always taps MBAs, try bringing in a class peppered with liberal-arts majors, Webmasters, or foreign-policy experts. If every top-management meeting could adjourn without a discussion -- since everyone already knows everyone else's opinion, and the outcome is a foregone conclusion -- introduce some unexpected points of view. Ask your newest hires to make a presentation, and reward them for asking fresh questions. The hard truth: Most companies today are political backwaters, where yes-men and corporate kiss-ups are still the ones who get recognized and promoted. The first message of change insurgents: Those days are over. Change today means that companies need shit disturbers, not ass kissers.

"Sometimes I yearn for just one staff meeting where everyone agrees with what I have to say," says Mark Shunk, 43, president and CEO of Cadence Network Inc., a Cincinnati-based, new-economy player that helps companies control operating costs by providing Web-enabled information on such expenses as energy and solid-waste management. "I just want one meeting where I don't get quite so much

push back." But Shunk knows that if everyone agreed, the company wouldn't be nearly as dynamic: It's the self-appointed "pushers" who keep Cadence improving. "Jim Christopher, our chief technology officer, is probably our biggest pusher," Shunk says. "But that's why we hired him. Jim spent his first week with us auditing what we had been doing -- not in an 'explain to me what you've done' kind of way but in a 'help me understand what we need to do' kind of way. Then he was able to assess whether he thought we were doing what we needed to do, and he could propose changes. His view is always on the future, and that's what we need."

What can keep a company from bringing in a pusher -- the kind of talent who will take an organization outside its comfort zone? According to an executive who until recently was a division leader at a large retailer, one "blocker" that can screen out pushers is the human-resources department. "HR employees are so melded to the old guard that they don't adjust to the new rule book," she says. "In my case, the HR people were so locked in with the old guard that they just perpetuated the past, and that became a sticking point. I remember trying to hire Webmasters and information architects. We were creating new positions in the company, and we had found one person who was extraordinarily talented. But the HR people couldn't get over the fact that someone like that would have to be paid more than a middle manager. I explained why these people were so valuable, and the HR people told me, 'Well, first we need to do a compensation study, and then we'll get back to you -- in a year.' A year! Certain company functions are bound by so many old rules that they get bogged down, and then they can't help you scale the change team."

3. Undermine or subvert "relations" people.

This leads to the next rule for change insurgents: Don't let the relations people determine the pace of change in the company. In the old economy, where stability and predictability were the orders of the day, people with "relations" in their titles proliferated. Their jobs were about one thing: preventing change -- eliminating disturbances and muting turbulence.

Are customers upset, unhappy, demanding better service? Send them to the customer-relations people: They'll smooth those ruffled feathers (and eliminate the need for change). Is the company engaged in questionable practices that draw the attention of the press? That's a job for the public-relations experts: They can explain away operations that probably ought to be changed. Are discontented employees raising tough questions about how the company treats its own people? Send them to the folks in employee relations: They can make the malcontents quiet down. How about legislators who challenge the company's environmental record? They'll get a call from the government-relations team. And so it goes.

Whenever there's a challenge to the established order, or to the standard way of working, call in the appropriate relations people. These are the "handlers" who can calm down the pushers. Think of them as the heat shields who dampen, deflect, or moderate the demands coming from inside and outside the organization, telling the company that it has to change. In the new economy, heat shields, who think that they're the company's staunchest defenders, become the company's worst enemies -- by protecting it too well from demanding customers, clients, and constituents.

The change insurgent's alternative? If you can't convince the relations people to rethink their operations, use technology to route demands around them. Email, intranets, and extranets can move information across borders, around established bottlenecks, and over chains of command -- so that complaints, suggestions, and alternatives get a hearing inside the company.

That was the approach adopted by Ted Leonsis when he and a friend, Jon Ledecky, became majority owners of the Washington Capitals ice-hockey team. (Leonsis's day job is president of interactive properties at AOL.) One of Leonsis's first moves as team owner was to send a direct message to the hard-core but disaffected fans in the Capitals' ice-hockey community: No more relations people acting as intermediaries. Starting immediately, the fans could email their comments, complaints, and suggestions to him directly.

"I went online to 'chat' with fans between game periods," says Leonsis, 43. "I made my email address known. Then I made a list of 125 things that the fans told me they didn't like. And I asked them, 'If I handle these issues, can you fall in love with the team again?' " The fans said yes, and Leonsis went to work making changes, responding to the feedback and publishing the progress online.

For example, all players now have their own laptops, so they can communicate directly with fans. And the team Web site has been redesigned with chat rooms and message boards to emphasize interactivity. There are low-tech improvements as well: An army of cleaning people shows up between periods at Capitals home games to wash the glass that separates fans from the game. "The fans told me that the glass got all smudged, and they couldn't see the game," Leonsis says. "I told them that we'd take care of it. Now, when the glass cleaners show up, the fans cheer."

4. Conduct heat.

Routing around the heat shields is a defensive tactic -- important as an improvement but insufficient as a strategy. The next step for change insurgents is to learn how to play offense -- and that means figuring out how to conduct heat. The challenge here is to calculate exactly the right temperature and the right location, so that the rising temperature becomes an incentive for the organization to change, rather than an excuse to give up or to bail out.

With practice, change insurgents learn to move complaints, concerns, problems, and competitive threats to the right place in the organization and with the right intensity. Blasting people with a constant cascade of complaints and bad news simply demoralizes them. At the same time, it's essential that people in responsible positions not be able to deny the existence of problems and challenges that the company has to confront.

Here again, change insurgents are using technology as a heat conductor. They forward emails from unhappy customers to the people who can really do something about the complaints. Or they go out into the field and videotape real customers shopping in a store, or using the company's product or service -- and then show the tape back at headquarters. And they don't show it just to one representative from a function; they show it to everyone, because different people will pick up on different things. Or they assign employees to check competitors' Web sites and to analyze what the competition is doing that outperforms their own offerings. Or they post up-to-date data on company sales, earnings, and market price for every employee to see, so that everyone is involved and no one can duck what the market is saying about how they're doing. In every case, the point is the same: Make it impossible for people inside the company to stay comfortable and to plead ignorance.

There's another way to raise the temperature inside the company: Make sure that people inside the organization talk to one another and incite one another to change. Hans Bukow, 40, founder, president, and CEO of eWork Exchange, likens that practice to being an old-time telephone operator. "You have to pull the lines out of their normal connection and plug them in somewhere else," he says. "You have to cross the lines deliberately -- from one function to another and from one level to another." To help make connections that otherwise wouldn't happen, Bukow sets up regular lunches for people who wouldn't normally cross paths. For example, says Bukow: "We'll have a vice president of sales take a programmer to lunch."

Do those lunches bring about great new revelations about the business, or produce a newly motivated team? Of course not, Bukow readily admits. But over time, the lunches become part of a company-wide mind-set: People get used to sharing information that they otherwise wouldn't. Ideas, opinions, issues, and challenges move across boundaries. People are more likely to know one another, and, as a result, they're more likely to speak their minds. It's a small but important victory for the change insurgent.

5. Turn the company geeks and salespeople into change allies.

In the new economy, the old biblical prophecy is finally fulfilled: The first shall be last, and the last shall be first. The blockers and the resisters with fancy titles will either change or be changed. And the men and women who have usually labored in obscurity within the organization -- the geeks in the labs or behind the monitors, and the salespeople in the field -- will be recognized for their key contributions as change insurgents.

Why are the geeks and the salespeople critical allies of the change insurgent? And why are they incipient change insurgents themselves? Because they're the people closest to today's sources of change: rapidly morphing technology and relentlessly demanding customers. These are the people who constantly monitor new technological developments -- both inside their own company and within competing companies. And they're the people who constantly talk to your customers. They know more

about what's coming in their areas than anyone. They spend time with the problems, opportunities, complaints, and challenges that signal the arrival of a major competitive moment. They can become a squad of powerful truth tellers -- if you can get them to tell you what they know.