What do we really want?
A manifesto for the organizations of the 21st Century

The MIT 21st Century Manifesto Working Group*

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In many ways, today's organizations are working very well. But few institutions anywhere -- be they educational, governmental, community, or business institutions -- are serving societies' and invididuals' needs as well as they could. In particular, business institutions, while arguably the healthiest of society's institutions, are operating far short of their potential to contribute broadly to societal well being.

Today's firms are more technically capable and more economically efficient than ever before, and free market efficiencies are being realized in more and more countries around the world. In many cases, however, these highly efficient organizations are not achieving what we humans really want. The current organization of economic activity is intensifying economic inequity. It is eroding critical environmental systems. And it is generating unsustainable stresses on people, even those "succeeding" in the system. We believe that it is even growing increasingly dysfunctional from the vantage point of traditional economic effectiveness in a world where competitive advantage depends on generating and sharing knowledge and managing increasingly complex interdependencies and change.

For example, we believe that the increasing divergence between the "haves" and "have-nots" within countries and around the world cannot continue without morally troubling inequities and, perhaps, major social disruptions. We believe that the energy-intensive patterns of production and consumption fostered by the current organization of economic activity cannot be sustained without significant breakdowns in our natural environment. Finally, we believe that even the people who are most successful in these organizations often find their lives increasingly unsatisfying. For many, the conflicts between their work, their family, and the rest of their lives seem almost impossible to reconcile. Others find, as have many before them, that the material things they buy do not actually make them any happier.

In short, today's remarkably efficient organizations may be taking us, ever more rapidly, to a place where we don't really want to go. The solution to these problems, therefore, is not a purely technical one. It is, at its root, a question of values. We cannot hope to create better organizations without a sense of what we mean by "better," and we believe there is a strong need today for clear thinking about this question: What goals do we want our organizations to serve? In particular, we believe that business organizations—and the societal, economic, and other institutions within which they are embedded—should evaluate themselves by a broader set of criteria than the narrow economic criteria often used today.

At the same time, the problem is not purely one of values either. Even people with the same values may differ about how best to achieve them. We need, therefore, to learn as much as possible from today's novel organizational experiments and from existing

theories about organizations and economic systems. Just as importantly, we need imagination to envision new possibilities for achieving our values. For example, by dramatically reducing the costs of communicating and coordinating, new information technologies make it economically feasible to organize human activities in ways that have never before been imagined.

In many countries around the world, today's political debates already include discussions of what values our organizations should achieve and how best to achieve them. The authors of this document have personal views that range widely across the political spectrum. We all believe, however, that it is important—and possible—to think about these issues at a level that goes beyond today's political debates. We hope that, by appealing to deep human values and imagining new possibilities, it will be possible to reframe today's political debates in important new ways.

We believe that the world of business and of organizations is now entering a period of significant changes—changes that many people believe will be as significant as those in the Industrial Revolution. We believe that this time of transition presents a historical window of opportunity -- a time in which the choices we make will have a dramatic effect on the world in which we, our children, and our grandchildren will live.

We wish to set forth here, therefore, the reasons for our beliefs. We also wish to issue with this document a call to reflection about what we as individuals and societies really want, a call to imagination about radical new possibilities, and a call to action in making the choices that face us as wisely as possible.

What isn't working?

Toward environmentally sustainable organizations

One of the most obvious examples of how today's industrial activities cannot be sustained indefinitely comes from the phenomenon of global warming. There has been significant disagreement for years about whether global warming is a reality. In 1995, however, the widely respected Inter-Governmental Panel on Climate Change (IPCC) published a report documenting a broad scientific consensus that global warming is, in fact, a reality. Even though there is still much uncertainty about the details of the phenomenon, the report concluded that human activities--such as the production of carbon dioxide--have led the average temperature of the earth's surface to rise over the last century, and if unchanged are likely to lead to continued temperature rises in the future.

One might expect large oil companies to be among the last to publicly agree that global warming is a problem. But, John Browne, the CEO of British Petroleum, gave a recent speech in which he says that BP has reached the point where they take the potential dangers seriously and are actively beginning to address them:

"We must now focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility can't be ignored. If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now."[1]

In another response to the same report, over 2500 economists including eight Nobel Laureates endorsed a statement agreeing with this conclusion and saying that:

"The most efficient approach to slowing climate change is through market-based policies. In order for the world to achieve its climatic objectives at minimum cost, a cooperative approach among nations is required -- such as an international emissions trading agreement."[2]

In this area, therefore, there is a clear need to invent new forms of production and new forms of organizations to use resources in ways that can preserve, rather than destroy, the physical environment of our planet.

Toward socially sustainable organizations

In the US, the differences between high- and low-income segments of the population have increased significantly in the last two decades. In fact, some observers believe that these economies are becoming increasingly stratified into two tiers: a privileged economic elite of "haves" and a broad mass of economically disenfranchised "have nots".

In global terms, too, the differences between "haves" and "have nots" are becoming much more apparent. While the economic differences between emerging market countries and industrialized countries may be decreasing in real terms, the explosive growth of television, international travel, and other forms of communication have made people in the developing world much more aware of the differences than they were before.

Of course, these trends are not caused (and cannot be reversed) by the actions of individual organizations alone. They emerge from complex economic and social systems of which business organizations are only a part. However, many people believe that these trends cannot continue without morally troubling inequities and, perhaps, major social disruptions. There appears to be a clear need, therefore, to invent organizations— and social systems within which they operate—that can be both economically efficient and also widely perceived as equitable.

Toward personally sustainable organizations

In the United States today, many people feel that their work lives and their personal lives are out of balance. In many jobs, for example, the average number of hours worked per week has increased, and in many families, both adults now have demanding jobs outside their home. The reasons for these changes are complex, but their result is that even many

of the people who are most successful in their work organizations often find their lives increasingly unsatisfying.

What do we really want?

In a sense, all the problems we've just described result from designing and operating organizations based on a narrow set of goals. For instance, many managers of today's publicly held companies believe that they are legally required to try to maximize the financial value of their current shareholders' investments, and to consider other goals only insofar as they ultimately affect this one.[3] We should not be surprised, therefore, to see organizations that are financially successful but whose actions have undesirable consequences for their societies, their employees, and their physical environment.

The basic problem here is that today's financial measures alone are not enough to reflect all the things we really think are important. But without explicit ways of recognizing other things that matter, it is very easy to forget (or underemphasize) them. In fact, as concepts like the Balanced Business Scorecard suggest, explicitly attending to a broader range of non-financial evaluation criteria may even lead to better financial performance, too.

To have any hope of creating better organizations, therefore, we need to think clearly about what goals we want our organizations to serve: What do we really want? One way to do this is to think first about who we mean by "we": Whose interests are being served? Business philosopher Charles Handy helps answer this question with his list of six kinds of "stakeholders" of an organization: (1) *customers*, (2) *employees,* (3) *investors*, (4) *suppliers*, (5) the *environment*, and (6) *society as a whole*.[4] By considering the interests of each of these different groups, we can identify—and make more explicit—the goals we would like our organizations to serve.

For example, how would companies operate differently if there were widely available measures of how well they created "good" jobs for people who would not otherwise have them or of how well they prepared their workers for better jobs in the future? Or what if organizations designed work processes by considering from the beginning how employees could best *integrate* their work lives and their family lives instead of designing work process first, and then trying to *balance* family needs afterwards.

A key need here is to find new ways of explicitly considering broader criteria of organizational success. In some cases, this will mean quantitatively measuring things not currently measured (such as the quality of jobs created). In other cases, it will mean bringing a new qualitative perspective to bear on evaluating and redesigning individual organizations (such as integrating work and family concerns in new ways).

Imagining new possibilities

We are, of course, not the first to point out the importance of using broader, non-financial, criteria in evaluating businesses and other organizations. For example, there has been significant recent interest in Europe (especially in Britain) in the concept of "stakeholder capitalism", which explicitly takes into account the interests of the stakeholders listed above. In the US, there has also been recent interest in defining broader measures of economic well being than simple Gross Domestic Product (GDP).[5]

Much of this previous work, however, has focused on what governments can do about the problems. While we believe that governments and laws will inevitably play an important role in solving (or exacerbating) these problems, we think it is also vital to consider what other people and organizations can do. We are particularly interested in what businesses and other organizations can do without explicit government intervention.

We also believe it is important to be both as reality-based and as creative as possible in imagining new kinds of organizations to better satisfy our real goals. To illustrate the kinds of thinking we believe are needed, we briefly describe in this section three examples of new organizational possibilities that have emerged in our work in the MIT Initiative on "Inventing the Organizations of the 21st Century".

"Guilds" for independent contractors

If, as many observers believe, more and more people effectively become independent contractors in fluid project-based "virtual" organizations, where will they go to satisfy many of the human needs that are satisfied today by large organizations? Where will they go, for instance, for a sense of financial security, identity, companionship, and learning? We have developed a detailed scenario for one possible answer to this question:[6] They may join independent organizations that do not produce specific products but, instead, provide a stable "home" for their members. We call these organizations "guilds", evoking the crafts associations of the middle ages, and we assume that they could provide various forms of health and unemployment insurance, social networking, educational opportunities, and other services. We believe that there are a number of organizations today from which such guilds could grow: professional societies, unions, college alumni associations, temporary help agencies, religions, or neighborhoods.

Public measures of social value created by companies

What if there were widely available measures of the value of "good" jobs a company created? Some organizations are already using surveys to rate companies in terms of how good they are as places to work. More elaborate financial measures could be created, for example, by comparing the income and benefits workers received in their current jobs to the income and other benefits they would receive in their next best alternative jobs.[7] How would such measures affect the behavior of workers and companies?

Some steps in this direction are being taken by companies, like Interface and Nike in the US and Shell in Europe, that are exploring seriously what it would take to manage by a "triple bottom line" of economic, social, and environmental impact.

Integrating work and family concerns, not balancing them

We often assume that the needs of work and family are in conflict and that we must trade off one against the other. In a recent study at Xerox, however, an innovative project tried to help employees *integrate* their work lives and family lives, instead of designing work processes first and then trying to *balance* family needs afterwards. This approach led an engineering team, not only to have more time with their families, but also to complete their project sooner and with higher quality than comparable projects in their organization.[8]

What can we do?

Many people believe that the economic and social changes we are now undergoing are as important as any that have ever occurred in human history. Whether they are right or not, we all have opportunities to make choices about what our future will be like.

As nations and as societies, we constantly answer questions like: What values do we honor? What legislative policies will we enact? As organizations our choices include: What products will we sell? How will we organize ourselves to produce and sell these products? What kind of working environment will we provide? How will we interact with our social and physical environment? And as individuals we make choices like: What kind of work will we do? What kind of organizations will we work for? How will we treat our fellow humans, at work and elsewhere?

The choices we make today will create the world in which we, and all our children's children, will live tomorrow. We hope, with this document, to stimulate you to think about these choices as deeply, as creatively—and as wisely—as you possibly can.

References

[1] John Browne, Speech given at Stanford University Graduate School of Business, May 19, 1997.

[2] See the following World Wide Web site maintained by a San Francisco based organization called "Redefining Progress": http://www.rprogress.org/pubs/ecstat.html.

[3] Even in today's world, corporate directors have more latitude than they usually assume. In the US for example, corporate officers are legally allowed to do what is in the best interests of their shareholders, broadly conceived, including the non-economic interests of current shareholders and the interests of potential future shareholders.

[4] Charles Handy, *The Age of Paradox* (Boston: Harvard Business School Press, 1994), p. 153.

[5] For example, see the following World Wide Web site for information about the Genuine Progress Indicator (GPI): http://www.rprogress.org

[6] See the following papers:

Malone, T. W. & Laubacher, R. J. The Dawn of the E-lance Economy. *Harvard Business Review,* September – October 1998, *76* (5), 144-152.

Robert J. Laubacher, Thomas W. Malone, and the MIT Scenario Working Group, *Two Scenarios for 21st Century Organizations: Shifting Networks of Small Firms or All-Encompassing "Virtual Countries"?* MIT Initiative on "Inventing the Organizations of the 21st Century Working Paper No. 001, January 1997. (Available at the following web site: ccs.mit.edu/21c/21CWP001.html)

Robert J. Laubacher and Thomas W. Malone, *Flexible Work Arrangements and 21st Century Workers' Guilds* MIT Initiative on "Inventing the Organizations of the 21st Century Working Paper No. 004, October 1997. (Available at the following web site: ccs.mit.edu/21c/21CWP004.html)

[7] This idea was suggested by Don Lessard.

[8] Lotte Bailyn, Joyce K. Fletcher, and Deborah Kolb. Unexpected Connections: Considering Employees' Personal Lives Can Revitalize Your Business. *Sloan Management Review,* Summer 1997, *38*, 4, 11-19.