

INTERVIEW WITH GARY HAMEL ORGANIZING THE CHURCH TO OUTFRONT CHANGE

Recently, Andrews University, Lakeland HealthCare, and Whirlpool Corporation invited Gary Hamel to speak to a joint audience at Andrews University. Hamel, ranked the world's #1 most influential business thinker by the Wall Street Journal, shared insights from his latest book, *What Matters Now*. Erich Baumgartner, Duane Covrig, and David Ferguson, members of the faculty community of the Department of Leadership at Andrews University, and Stan Patterson, Director of the Christian Leadership Center and Chair of the Christian Ministry Department at Andrews University, also had the opportunity to interview Hamel and talk more about some of the issues that drive his passion for improving leadership and organizations.

ERICH BAUMGARTNER: Gary, as you know we are engaged in developing leaders in an innovative academic program. We constantly wrestle with the question of how to do this in a more effective way. For this reason we would like to talk to you about developing the kind of leaders you are talking about in your most recent book, *What Matters Now*.

You are now well known for your call for new systems of management (*The Future of Management*) that enable people to be creative. How did you find your way into this passion for innovation as an organizational response to rapid environmental change?

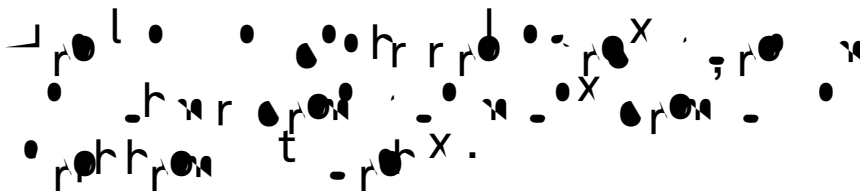
GARY HAMEL: I think there's an intellectual journey and then there's a more personal journey of just the circumstances that led me to this; but let me give the intellectual journey.

My Ph.D. was in international business from the University of Michigan and my first job after my Ph.D. was at the London School of Business teaching strategy. What began to interest me there and while writing articles about strategy, was that for any organization creating a strategy is essentially an innovative process. In a competitive environment, the only thing that really matters about an organization's strategy is finding a different way to compete and a different way to win.

seemed almost impossible. And the reason wasn't because individuals themselves can't innovate, but the reason was that the organizations we were working with had been built from the bottom up to be very good at operational efficiency but not very good at spurring new ideas and particularly rule-breaking ideas.

So that kind of led to my work over the last few years, which has really been focused on recognizing that if you want innovation of any sort in an organization, you have to start by innovating around your management processes. This means that you have to work much harder to find the dissidents in your organization. You have to create those incentives for new thinking. You have to make it easy for people to run experiments. And you have to teach them to do that. And so to get innovation in strategy, or innovation in services, or any sort of innovation, we actually have to change this fundamental management DNA in organizations.

So I've kind of gone from strategy to innovation to then thinking about management and this ideology we have around control in organizations and how we rebalance that with principles that are more focused on creativity and innovation and experimentation.



EB: You've spoken about control and freedom as a paradox we need to embrace. Could you explain that further?

GH: Yes, I believe there is a deep assumption, a widely accepted ideology, especially among managers, that control is the basic way to approach management and that bureaucracy is the most rational way to get control (Max Weber). So we end up with a pyramidal structure of managers who manage more managers who in turn manage yet more managers. Thus the organization becomes inefficient and even incompetent.

In a world that is becoming more turbulent, we need organizations that are adaptive and that encourage innovation. And standing in the way is that old ideology of control. The implicit model in many organizations is that $\text{control} \times \text{freedom} = \text{a constant}$. And if control goes up,

freedom must go down and vice versa. But control and freedom are not mutually exclusive. We need both.

I will venture into a place where I have limited expertise, but I think about the paradox of mercy and justice in the Bible. Psalm 7:11 states,

So I think historically we made a distinction between what I would call in organizations “executives,” “managers,” and “operators.” So the executives, you know, those are the top corporate officers; here at Andrews it would be your vice presidents. And then managers are kind of a level down from that; middle managers. And then you have the people every day who are cleaning the floors, and running the IT system, and keeping the lights on, and so on. And I think historically we saw the executing, the managing, and the operating as corresponding to different organizational levels. And I think more and more, I see those not as different levels but just different sorts of activity. And so, at least my vision of where organizations are going to go is, in any given day, anybody in that organization could play some or all three of those roles.

So let me give you some examples: IBM, Red Hat, and 3M all invited company-wide conversations when trying to define their values and growth opportunities. Suddenly, something that was historically regarded as the

you can find it online with a little Google search. But there's a woman in India who started a movement. They were so upset at the fact that police were turning a blind eye to prostitution and corruption that she started a movement. And these women, all they have is sticks; they don't attack anybody, but it's kind of a symbol of power for them. And so they march on police stations and they've gotten a lot of local police commissioners fired in India, and they've become this very powerful force. Well, that person is a leader! Right? No hierarchy; nobody elected her; I'm sure there's no formal power structure. But for me that's a leader.

EB: So how can we prepare that kind of leader?

GH: Well, it's interesting. Again, I've spent my whole life, I suppose, in leadership development in one way or the other. I've been an MBA professor forever and I've done a lot of executive education. And I believe there is a huge amount of value in leadership development.
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Shell and General Motors. They want to go to some startup or some social startup. And what you see now is that the first generation in history is now coming of age whose primary social reference point is not a hierarchical organization. This is the first generation in history for which that has been true. And so they just expect to be able to contribute.

DF: Deep ramifications for the church, then.

GH: Absolutely. Most young people do not want to work in a hierarchical organization, and they don't want to worship in one either.

STAN PATTERSON: I'm old and I don't want to work in a hierarchical organization.

GH: Yeah, exactly. Why would anybody? What young people have learned in those social networks, online forums, blogs, wikis, etc., is freedom to communicate, freedom to create, freedom to connect, freedom to choose, and freedom to challenge. Nobody will be able to take that away from them—and we shouldn't want to!

What my friend Drew Williams at St. Andrews Church would say is low control and high accountability. In these new structures, employees are held accountable to their own mission by their peers. In my book I describe what happened in Drew's church when he used a totally different approach (chapter 4.3, "Building Communities of Passion").

SP: And the question I have—and I've worked as a pastor, I've spent 15 years as a denominational administrator, and I'm teaching now—how might this fit into the organized church today, especially given the fact that the church continues to move toward a centralized model?

GH: You know, I don't think it really does fit. I think there may be a migration path. But there's a reason (and I'm making a generalization) that many if not most of the fastest growing churches over the last several decades in the United States have basically been entrepreneurial churches. It used to be if you were at seminary, you wanted to come out and find a big pulpit. So in our [Adventist] church that might be Loma Linda, or Andrews, or, I don't know, Silver Spring [Maryland]. If you're a Presbyterian or Episcopalian it might mean something else. It's just the parallel of what we've seen in business—people wanting to be CEO

of a large company. But I think over the last few years, a lot of the brightest, young, most ambitious pastors want to go out and build their own church. But the dilemma is that if you look at those churches, they follow the same kind of 40-year curve. They grow very fast, but then that recipe becomes stale. I mean, the megachurch phenomenon is mostly over, right? It's now on the downside of its strategy curve.

And so I think there are ways of starting the change and I'm trying to do it with the church I'm part of. But I'm not sure that it starts with some big program at the center. It might. If you can get people at the center to understand this, and understand this is not an option, that these organizations are too slow, they're too inflexible, they're too disempowering, sometimes you can kind of convince a CEO, a president of an organization, to get there. More often I think you have to start with

So in the organizations where we're trying to do this, what we're trying to create at the very top is this sense of, "Guys, this is not an option. This has to change. The old structures are simply not going to work; they will not serve us well; they are not consistent with the first-century church at all." In fact, the most eye-opening book I read over the last several years is a book called *Pagan Christianity*. It's written by George Barna and somebody else [Frank Viola]. He argues that most of the church structures—you know, as Adventists, you can look at the Catholic Church and be critical about all of the tradition and all of the hierarchy. But you know what? We're hierarchical, too! And we have

SP: But the original DNA of the church was different. It is more like the model of organization you call for in your book—a model that embraces the idea that we were created to create?

GH: Oh, I think so. And I think that's why the church grew—literally it was the world's first viral organization. And when a church got to a size that it could no longer fit in one house, you split and you started meeting somewhere else. But not the idea that you had two or three thousand people together—and as I understand it, and you guys can correct me, there was no professional clergy. There were people who traveled to help plant new churches and start new communities. But the idea that we're going to outsource spiritual leadership to a paid clergy? That was not a first-century idea, I don't think.

I have this DNA analogy about why innovation is so difficult. If you think about a dog, it's certainly possible to get a dog to walk on its hind legs; if you get the right incentive in front of its nose, it'll take a few halting steps. But the moment you turn your back the dog is back on all fours because it has quadruped DNA; it does not have biped DNA. It's just never going to really be comfortable on two legs.

And so what really struck me was that there was something very deep and fundamental in organizations that made innovation almost impossible. And that really deep DNA was a set of principles around which these organizations had been built—principles of standardization, and hierarchy, and alignment, and conformance, and control, and discipline, and predictability—all of these principles are very well represented in our management processes—including the church. We have a lot of ways of making sure that people never color outside the lines. But instead we have to ask ourselves, what will the church look like that honors, respects, and enables parishioners of all ages to live, worship, and evangelize in the way they were created?

EB: So what advice would you give to church leaders—well, to all of us, even just ordinary parishioners interested in renewing the church?

GH: Several years ago I gave a presentation to church leaders at Willow Creek in Chicago. Much of my thinking about churches is in my Wall Street Journal blog about that experience (<http://blogs.wsj.com/management/2009/08/21/organized-religions-management-problem/>).

But basically I have two suggestions: First, you have to be able to overcome the natural human tendency to denial. How is the church

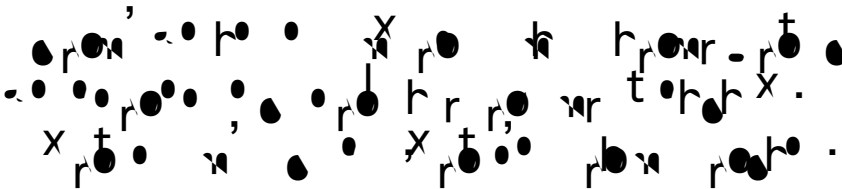
doing? What are the facts? Here's some I think about:

- On an average weekend, only 17% of Americans are in any sort of religious meeting.
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an unlimited number of distractions to take us away from reflection. Young people have become deeply cynical of all sorts of societal things, including the church.

Living in a society that is increasingly “me-centered” has made things more difficult for the church. But what is our response? We could wring our hands in despair, or maybe we should feel grateful that so many people are not just going through the motions. Maybe we should be glad a materialistic culture has left people hungry for true authenticity. The fundamental problem facing the church in the 21st century is not materialism, not atheism, not skepticism, not relativism. It is inertia. We are institutions that are not changing as fast as the world around us. And the power of inertia is so strong that it takes a crisis to make a change. How do you create a church that forever out-runs change?

That brings me to my second point: We must generate a bunch of new ways of doing worship and evangelism. We need to try new things. In Silicon Valley, we have to generate thousands of ideas to get only a few useful ones. How do we get every single member of the church to be an entrepreneur?



In one church, some members chose to buy prostitutes' time in order to share Jesus with them. Another church gave out cards on a university campus apologizing for the sins of the church—the Crusades, the way gays and lesbians have been treated, etc. Some churches are meeting in coffee houses. What would happen if we invited atheists to our churches to tell us what they experience?

In business it's almost always the newcomers who come up with the new ideas; they don't have the embedded orthodoxy. What are the things that haven't changed for 10 or 20 or 30 years? Why haven't they changed? We need to examine our practices. Why can't we bring our laptops and iPhones to church without someone telling us to put them away? Why is church a lecture and not a discussion? How do we deliver the function without the form? What matters is contribution, not credentials. Earlier I mentioned Drew Williams, a young pastor in a small Anglican parish in the UK. He was tired of top-down models and determined to unleash the natural leadership of his parishioners. Mission-

shaped Communities emerged that were led by lay leaders, and the church grew from 500 to 1,600. You can read his amazing story in the book *Breakout*. That's an example of what I'm talking about. We need to rethink our organizations and turn them upside down.

so the reality is that the resilience of a democracy, the resilience of the United States does not depend on who's in the White House. Now that person can screw things up; and in a crisis sometimes you need a strong leader there. But mostly the nation absorbs immigrants, and new businesses get created, and political movements get started, and here's Occupy Wall Street, and here's Tea Party, and nobody really decided, nobody gave them permission, and so on. So there's this hugely vibrant, organic thing that's always morphing, always changing, but they're not waiting for somebody in Washington to give them permission. In fact, usually those folks are the last to see it. "Oh gee! OK, people care about the environment!" Or some other issue. And I often feel that our organizations are kind of the reverse—they seem to have been invented by idiots and can only be run by geniuses, so we need these exceptional leaders. When I listen to Jim Collins or these other folks who talk about how we need leaders who are bold yet prudent, who are strong yet empathetic, who are decisive yet reflective, etc.

DC: Others need not apply.

GH: Yeah, well, that's what every woman hopes for in a husband—that doesn't happen very often either. So, my sense is that otherf are

much more complex, as the pace of change accelerates, as the number of issues that have to be dealt with multiplies, you reach the cognitive limit of any small group of people.

And so I think more and more I see the role of a leader as being a social architect who thinks about, “How do I harness the collective genius of an organization in really productive ways that help us grapple with these really complicated issues?” But I can’t start with an assumption that I have the bandwidth, the expertise, the data to do it on my own. So the leaders that I find very interesting are less in the Jack Welch mold—the great, famous ex-CEO of General Electric—and they’re much more folks like Jimmy Wales, who created Wikipedia, or Linus Torvalds, who is behind Linux and the whole open source movement. These are people who really are building collaborative architectures that allow many people to contribute, that get the best ideas up to the surface, that allow natural leaders to emerge and exercise their gifts. But the model of the leader as the person who is the decision maker in chief? I think that model just isn’t robust enough given the environment today.

EB: Final summary points?

GH: We must ask ourselves: “Are we more committed to redemption, renewal, and reconciliation than to our programs, policies, and practices?” If we are, then what would be the test—the evidence of such a commitment? The next generation has grown up in the non-hierarchical world of the Internet where they can make a difference. They are ready to make a difference. How will we respond?

We need to pray that God will give us the imagination to reinvent the way we do church and the way we think about organizations, and the stamina to see things through even when the path forward is very uncertain.

Reference