

## FUNCTIONAL LEADERSHIP: A MODEL FOR THE 21ST CENTURY

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### REBIRTH AND RENEWAL

Every living thing is dynamic. Nothing is static, at least not for long. The life and health of any living organism is dependent on its ability to change and adapt to the ecosystem in which it must live. To slow or limit this adaptation is to invite disease, ill health, and premature aging. To arrest this adaptation is essentially choosing to die. Whether death is quick or slow, harsh or gracious, it is inevitable. As Organization Development practitioners, Change Agents, or Leadership practitioners, we understand and even preach this truth. We intellectually and perhaps even spiritually understand the need for change and, we advocate for it at every turn. Psychologically and particularly emotionally, however, we frequently resist making change in our own ways with equal, if not more, passion than we have advocated for it in the lives of others.

In most instances, we find it easier to direct others to change and to assist them in doing so than we find it easy to direct and assist ourselves. If we could be objective observers of our own behaviors, we might even view ourselves as hindrances to organizational, group, or community adaptation and change. If we were able to be self-reflective, we might even see ourselves as drawn to change agent roles because we are seeking ways to make change in our own lives more comfortable.

Perhaps the greatest paradox of life is that the very adaptation on which we depend to sustain us and the organizations, institutions, and communities which we establish, is the very requirement from which we desire the most freedom and over which we have the least control. As those practicing leadership, serving as change agents, and blazing new trails in organizational life and practice, we must be a source of renewal, an example of continual adaptation and change rather than a source of arrested development and resistance.

Becoming this source of renewal will require that we change our perspectives, that we give up established paradigms and methods of practice, and move out of our comfort zone. We must ask ourselves hard questions. Do we behave as we do in our organizations, communities, and governments because we believe that doing so is in the best interest of the whole? Or do we behave as we do because it enables us to maintain some control, retain our expert status, and significantly reduce the anxiety and perhaps even the embarrassment that we feel when we do not have all the answers and cannot predict the future.

We believe that organizations are living organisms, at one with their members. And for organizations, as for all organisms, adaptation is the key to life and health. As change agents and as members, we must hold this truth sacred. What works today may not work tomorrow and what does not work today may very well work tomorrow.

It is with this spirit of openness to renewal and learning that we share with you our journey in the belief that this sharing and the resulting interactions and conversations will create new horizons and possibilities for us all.

## THE JOURNEY

### Introduction

When we at Lazarus began our careers as Organization Development Practitioners, we came to the work having had several years of experience in other careers. Because of this time spent as traditional members of the workforce, we understood that some things about how we structured organizations and work and conducted organizational life were not very functional and created tension for both the organization and its members. We were determined to make a difference in the organizations with whom we worked and in the members within these organizations by partnering with them to bring about change.

Our journey together as practitioner has been emergent rather than planned, and we have always considered it more art than science. However, the principles of the new scientific model are very much similar to the core beliefs that have always guided our work.

- Everything is in a constant process of discovering and creating.
- Life uses messes to get well-ordered solutions.
- Life is intent on finding what works, not what's "right."
- Life creates more possibilities as it engages with opportunities.
- Everything participates in the creation and evolution of its neighbor.

Perhaps art and science are more convergent than we may have believed.

### Increasing Tension in Organizations

During the 1980's and 1990's, the tension between organizations and their members increased at a fevered pitch. This fact was particularly true in service and knowledge

work organizations where members were well-educated, independent thinkers who wanted freedom to work and to give input. The closer we moved to the new millennium, the more the tension grew. Because most of our clients were service and knowledge work organization, we found ourselves trying to discover the roots of the tension. Our experience and assessments seemed to indicate that these tensions were greatest when a significant difference existed between work reality and home or personal reality.

Some of the issues we found were:

- The potential of members was often limited rather than enhanced
- The creativity of members was not encouraged and often not welcomed
- Reporting structure was often more important than intelligent work structures
- Social realities of independence, equality, and group decision making were at odds with work realities of dependence, inequality, and chain of command decision making
- Spirituality was missing from the work environment
- Work lacked challenge and was not always fulfilling
- Members were often given directives by those less knowledgeable, experienced, or creative
- Members' views of needed changes were largely ignored.
- Organizations did not easily adapt to changes in the environment
- Equating growth in the organization with moving up the hierarchy limited the potential for growth and focused the attention on politics rather than on professional and personal development

*Note:* We realize now that the tensions we were experiencing were very much related to the fading Industrial Economy and the emerging Creative Economy. We also understand that our quest to help create an organization that was more socially informed was very much related to the emerging Creative Economy. For a more in-depth comparison, see Appendix 1.

### **Altering the "How" and Assuming the "What"**

As new consultants, we followed what was then a fairly common practice; we helped our client organizations change how things were done and didn't spend a great deal of time questioning whether or not the things themselves were appropriate. It wasn't the management structure that was the problem, for example; it was how we practiced management. It wasn't the work structure that was the problem; it was lack of a quality program. It wasn't the work that teams were given to do, their role in the organization, or their degree of autonomy or authority; it was how they held meetings, brain-stormed around problems, and shared space.

This approach of improving the "how" encompassed several key points:

- Emphasis was on improving the "how" of work
- In most organizations, the message was that the "what" was OK and untouchable.

- This fact was further driven home because formal leaders usually decided the "whats."
- Business logic was the order of the day and was more important than human logic, spirituality, or intuition, or social awareness.
- Organizations and membership are not viewed as the same, and not only are they different, they are more important.
- Leadership was primarily done by a person in a position.

Though we quickly became disillusioned with these narrowly defined projects, we did extensive work in this area. I have noted some of our typical work from our earlier practice.

- Participative management development
- Participative supervisory training
- Participative decision making training
- Quality improvement and total quality management implementation
- Team development using a four phase model with teams whose members had less than full time involvement
- Team assessments based on simulations rather than on genuine involvement
- Enriching jobs
- Strategic planning done by the executive group
- Business planning done by the managers
- Custom training programs designed to meet needs determined by management

However, within a short time of beginning, we discovered that just altering "how" things were done was not enough. Tensions were just increasing. Though our client organizations usually enjoyed improved performance and members were more satisfied with their work and organizational life, we were not facilitating the transformational changes necessary to address the complex cultural and ecological problems we believed were eroding the effectiveness of organizations of all kinds and demoralizing their members.

### **Reconfiguring the "What" and Altering the "How"**

We would like to report that at this point we repented of our ignorance, changed directions, and lived happily ever after. In actuality, we did repent of our ignorance, and we did change direction. We did not, however, live happily ever after. We began experimenting with changing "what" was being done as well as "how" things were being done in the hope of having a more significant impact on the complex ills we saw engulfing the organizations with whom we worked.

Some of our realizations about this time were:

- Organizational ills and problems are very complex and don't lend themselves to quick or simple fixes.
- Just giving members the skills to do things better will not solve all the problems.

- Assessments are a necessity and the best way to gather objective information about all aspects of the organization. Formal leaders tended to own any change process and usually attempted to control it.
- Change is both feared and resisted by most members.

Reconfiguring the "What" involved us in such efforts as:

- Implementing fully autonomous teams within an organization
- Flattening the hierarchy and eliminating management layers
- Implementing cross-functional teams with complete authority to perform
- Implementing a horizontal work structure
- Developing a seven phase model for team development

Though the work was much more challenging and interesting, we still were not getting the measure of impact we desired. The tensions were still rising.

### **Putting New Wine in Old Wine Skins**

We realized that the more socially informed ideas and practices about work had to find their way into the knowledge and service work organizations with whom we worked. Our next direction was to take the concepts of "workplace communities" and to try to implement them in our client organizations. Since most organizations were maintaining the traditional, hierarchical framework, we had to lay these "soft skills" over the traditional organization structure. The results were still significantly less than we had hoped for. While members of the organization responded well to the concepts and learned new ways of interacting, communicating, and dealing with problems, they were not always able to practice what they were learning. The organizations in structure and practice were still very traditional and hierarchical, leaving little room for the more open, community based communication and interactions.

Some of the understandings we learned or attach to this time in our practice are:

- People and organizations are one.
- Socially informed philosophies about work had been virtually ignored and had to be inserted in the mix.
- Social philosophies about work were laid over the traditional organization with limited success.
- Members had to learn self-awareness, relationship skills, group skills – the hard "soft" skills.
- Members were not able to practice their new skills because the traditional environment was still alive and well.

We did such work projects as:

- Charting points of integration and designing integration processes
- Facilitating negotiations involving professional feedback issues.

- Shifting the organization from a department focus to a work team focus.
- Designing horizontal work structures.
- Designing conflict management processes.

## CREATING AND INNOVATION: ON THE RIGHT TRACK

Because of our experiences with workplace communities, we knew that something more drastic would have to be implemented to overcome and/or change the culture of any organization. We had, for all practical purposes, given up on finding an existing model that would enable us to realize our goal. Since a portion of what was going wrong with our client organizations could be traced to the formal and even informal leaders, we decided that it was time to give up on existing models and create some totally new ways of thinking about and practicing leadership. We began to question the validity of what had always been considered good business practice.

It was during this time as well, that we also came to understand the extent of the tension in many organizations and arrived at some wisdom about the causes. The industrial economy was dying; the creative economy was emerging and all bets were off. The foundation of the creative economy is based on the sale of ideas and concepts and the services that come from these. Organizational practices had to change to meet the challenges of the 21st century.

We are still at this point in our journey. We are learning, innovating, and sharing more than we ever imagined possible. Some points we have gleaned are:

- Creativity and innovation are central to the new economy.
- The self and the self in relationship to others is the core of every organization.
- Healthy relationships engender creativity.
- Leadership is a set of functions that must be done by everyone.
- Management is a set the functions that must be done by everyone.

Out of this effort came the framework for what we dubbed the "Collaborative Organization" and "Functional Leadership." The Collaborative structure differs from other organizational structures in that the power is equally distributed throughout the organization and the work is maintained and changed by dialogue, interaction, and negotiation. Functional Leadership was unique in that it approached leadership as a set of things that had to be done, not as a position or a personality that had to be acquired.

This functional approach to leadership meant that all members of the organization could learn to practice leadership and would be accountable for doing so. At this point, we really felt that we had reached Mecca. However, our excitement was short lived because those practicing functional leadership and collaboration were still running into barriers in the organization. To end our frustration, we decided to really examine the traditions of organizations and to identify those that hindered the full implementation of Functional Leadership or Collaborative work structures.

What we discovered was that we had backed into the place where we likely should have started our work several years before. What we needed was an entirely new model for business. We needed a model that was consistent with what was important to those in the workforce, that would enable organizations to move into and take advantage of the coming economy, and that was conducive to rapid adaptation and change. We arrived at the RELATIONAL MODEL FOR BUSINESS.

### **The Relational Model of Business**

For more than eighty years now business has operated by the “mechanistic” model and lived out the belief that the purpose of business is to create and control wealth. As this model has worked less and less well, we have modified it, applied management and motivation theories to it, and tried every structure from hierarchy to teams to keep the model effective. However, even with all our efforts, very few of us have ever stopped to seriously consider the current validity of the model itself or the core belief on which it was built.

However, we found that challenging the model and its core belief was not only appropriate, it was mandatory if we were ever to experience more socially informed organizations. Any model that treats people as machines and primarily a means to an end is no longer relevant or a good fit for today's businesses.

We challenge the assumption that people are machines, expendable cogs replaceable on a whim, or resources waiting to be used. We do believe that financial reward is ultimately a result of business. However, we seriously question that it is the PURPOSE of business.

The principles of scientific management and the methods employed by Frederick Taylor during the Industrial Era will not be able to affect the kind of widespread, radical change needed to align business with who we are as humans or with the Creative economy which has already been birthed.

For us, the purpose of business is to provide a venue for healthy and productive relationships out of which the creation of new goods, services, information, or knowledge is possible. Creativity happens the most effectively in the context of people and things in their environment working together well and the least effectively in the context of people and things in their environment working together poorly. Business is about relationships, and not just those with other organization members. It is people in relationship with clients and customers, with vendors, with technology, with the market and the industry, with the organization culture, with work process, with systems.

Business is about relationships that foster creativity. Creation tends to result in financial returns. However, creation rarely happens from focusing on finances. To make the leap back to its beginning, business must have at its heart the essence of what it means to be human – which we don't think is about creating or generating money, though that is a necessity of living.

Instead, it is more about creating meaning, ending each day, each month, each year, and ultimately a lifetime feeling a sense of fulfillment at what we have done with our time. For most of us, meaning comes from relationships and from what we ultimately contribute to our world, however we define it.

Business must begin to see itself as a vehicle through which we can create meaning in our lives, and to understand that the better the vehicle the more meaning we can create. The more meaning we can create, the more innovations in products, services, and knowledge we can produce. The more innovations we produce, the more likely we are to adapt and remain successful over time in all ways.

Our questioning has led us to the belief that every member of the organization must attend to SEVEN CRITICAL NEEDS if the organization is to become a healthy ecological business community stable, productive, and adaptable. Every member of the organization must take ownership of these critical needs if the business is to respond quickly to its environment.

So, what we are proposing is an entirely new way of thinking, a new model which holds that people and the organization are the same, and that the purpose of business is to provide a venue for healthy, productive relationships out of which the creation of new goods, services, information, or knowledge is possible. People working together in community to put new things in the world will result in wealth, and perhaps more importantly, will result in the ongoing creation of knowledge the only way a developed country can grow economically.

Creativity happens most effectively when people and things in their environment work together well and least effectively when people and things in their environment work together poorly. Business is about relationships, and not just those with other organization members. It is people in relationship with clients and customers, with vendors, with technology, with the market and the industry, with the organization culture, with work process, with systems. Business is about relationships that foster creativity.

Creativity rarely happens from focusing on finances. When business begins to see itself as a vehicle through which we can create meaning in our lives, and to understand that the better the vehicle the more meaning we can create, and the more meaning we can create, the more innovations in products, services, and knowledge we can produce, and the more innovations we produce, the more likely we are to adapt and remain successful over time in all ways.

*Note:* The mechanistic or scientific model on which business has operated since the Industrial Age of Henry Ford and Frederick Taylor is based on Newton's "laws of nature." From the 1680s onward, Newton presented a few simple equations—the "laws of nature"—that never failed in predicting the tides, the orbits or the movement of any

object that could be seen or felt. Output was exactly proportional in input. Everything was equal to the sum of its parts.

Newton's mechanics seemed so perfect, so universal, they became the organizing principle of economic institutions of every kind. The machine became the mental model for work in the Industrial Economy. Jobs, like machines, became ever more specialized and repetitive. Frederick Taylor argued a century ago that "all possible brain work should be removed from the shop" and set about to structure work in such a way to make that happen.

## FUNCTIONAL LEADERSHIP: A NEW PHILOSOPHY

The conceptualization of leadership that we have come to is function-centered rather than person-centered. This conceptualization is a departure from the traditional thinking about leadership, which focuses more on the person practicing the leadership than on the things being practiced. This traditional view holds as its central tenant that an individual must have or develop certain personal characteristics to effectively practice leadership or to be an effective leader. The traditional understanding essentially means that good leadership is only possible for those who are born with or who have developed certain personal characteristics or who have learned a certain way of functioning in the world.

Much research has been conducted on leadership using this traditional person-centered view. A digest of the bulk of this research seems to indicate that someone who is able to be an effective leader is ambitious, achievement oriented, energetic and tenacious. In addition, he or she has integrity and is honest, self-confident, emotionally stable, creative, flexible, charismatic, dominant, conscientious, open to change. He or she possesses technical knowledge, has superlative people and management skills, and has the ability to think and reason intelligently, develop and articulate a vision, take risks, build teams, and manage information. Finally, he or she must be able to motivate others, effectively hire and train staff members, and structure work.

In short, the people able to be strong leaders are quite extraordinary and, in our estimation, few and far between. In reality, it is not possible for any one person to be equally gifted in all the ways mentioned above. This means that when only a few are empowered to practice leadership, some things will be attended to very well; other things will be attended to less well, and still other things will not be attended to at all.

Function centered leadership focuses on the practice of leadership as a set of things that must be done in order to look after the critical business needs of the organization rather than on a set of characteristics that must be acquired. Functional leadership involves the practice of seven functions. These functions are broad categories of activities that are used to respond to the seven critical business needs of the organization.

Since these critical business needs are expressed throughout the organization day in and day out, in strategic and operational ways, both formally and informally, they cannot be well attended if only those in positions of formal authority are chartered with their care. If everyone is practicing leadership, however, all the needs of the organization are much more likely to be met and in more effective ways.

Functional leadership can and should be practiced by everyone in the organization at any point that a need arises. When everyone is practicing leadership, no one person has to be gifted in all functions. Certain members will usually have a natural giftedness in certain leadership functions. However, it is rare to see any one member with natural giftedness in all seven functions. Each person can operate in his or her strongest gifts and all the needs of the organization will be attended in the best ways possible.

We believe that for an organization to be fully healthy, to be fully stable, productive, and adaptable, every member must practice leadership. At Lazarus, we are in the business of teaching the practice of leadership to all members of our client organization.

### **The Seven Leadership Functions**

Lazarus conceptualizes leadership as function-centered rather than person-centered. Function centered leadership focuses on the practice of leadership as a set of things that must be done in order to look after the critical business needs of the organization rather than on a set of characteristics that must be acquired. Functional leadership involves the practice of seven functions. These functions are broad categories of activities that are used to respond to the seven critical business needs of the organization.

**Assessing:** One of the most important leadership functions is assessment. Continuously assessing the organization and its ecology is critical to the continued life and health of the organization. Assessment is the precursor to any formal or informal change within the organization.

Assessing involves:

1. Scanning organizational ecology
2. Questioning Status Quo
3. Determining needed sources of data
4. Gathering global and specific data
5. Synthesizing information
6. Hypothesizing possibilities
7. Recommending changes, new directions, & new ways of doing things

This task of assessment requires objectivity, clarity, and the ability to synthesize lots of information from many different sources so that we will know what, when, where, and how to make changes.

**Internal Aligning:** Equally important to protecting the culture and attending to the continued health of the organization is the leadership function of Internal Alignment. Aligning internally means that we understand what is important to the organization and its members and make and where it is headed and sure that all activities and decisions are consist with this data.

Internal Alignment involves the following:

1. Championing organizational values
2. Devising strategies consistent with organizational values
3. Aligning work structure with organizational values
4. Aligning processes with organizational values
5. Aligning systems with organizational values
6. Making decisions consistent with organizational values
7. Practicing behaviors consistent with organizational values

Once the vision and values of the organization have been determined and everyone understands and shares a belief in what is important, then these values must be lived out in the daily operations of the organization. The alignment function allows the organization to actually practice what it preaches by keeping the culture and business practices of the organization aligned with its vision and values. When inconsistencies arise, those practicing leadership must hold firm to the vision and values of the organization.

**Altering:** A major function of leadership is determining needed changes. In order to stay healthy and meet the demands being placed on the organization, it must be in constant change. Those practicing leadership must be the agents for this constant adaptation.

Being an effective change agent involves:

1. Planning for needed changes
2. Examining execution of the plan
3. Questioning viability of the plan
4. Making needed adjustments
5. Evaluating results with an objective eye
6. Synchronizing global implementation of the plan
7. Evaluating on-going global impact of the plan

Once the organization, the environment, the systems, the processes, and the integration of all of these within the organization or any problems or opportunities that may present themselves have been assessed, we must plan for the needed changes. Once these plans are made, they must be implemented and the implementation monitored so that needed adjustments to the plans can be made.

**Initiating:** One of the demands or most important requirements of those practicing leadership is to initiate totally new things into the organization, the unit, or the team.

These new things can be new members, new teams, new projects, new processes, new systems, new ways of solving problems, new ways of planning, or even new ways of celebrating.

Initiating involves:

1. Visioning possibilities for the future
2. Innovating to realize the vision
3. Designing new processes and systems
4. Starting new operational activities
5. Locating necessary resources for initiatives
6. Providing support and involvement with initiatives
7. Evaluating progress of initiatives

New times and new demands require new strategies. Sometimes just tweaking the old ways or just having the same members will not meet the demands of the environment or our own demands for challenge and growth. As members practicing leadership, we must be sensitive to the need for a new way and initiate new orders. However, whatever is initiated, part of the initiation function is to secure whatever resources are needed for the effort to be successful, including coaching and support, and monitoring during the initiation period.

**Facilitating:** Facilitation means influencing the interaction of others so that the most effective and efficient performance of the tasks at hand can be realized.

Facilitation involves:

1. Influencing free flow of leadership, management, membership & business information
2. Influencing caring interactions
3. Influencing courageous behaviors
4. Requiring consensus decisions
5. Influencing personal ownership
6. Influencing alignment and integration of all activities
7. Encouraging personal and professional growth

Practicing leadership facilitation means influencing the flow of membership, leadership, and task information so that all the data is being presented. Good decisions cannot be made unless all the needed information is on the table. Facilitating may mean guiding interactions during a meeting, encouraging discussions on difficult issues and conflict management so that relationships are not damaged. Facilitation may require that we encourage courageous behavior when information is being withheld or that we work for true consensus on difficult decisions.

Leadership facilitates the smooth interaction of people, processes, and systems. Facilitation is the guiding touch, the grease that allows everything to flow smoothly. This does not mean that facilitation enables things to run smoothly for the short term.

Sometimes practicing good facilitation means asking hard questions or making members uncomfortable.

**Integrating:** Another function of leadership is integration. Integration means that people, processes, and systems within the team, the unit, and across the organization connect, fit well together, and are improved or changed as needed.

Practicing integration involves:

1. Determining points of internal integration
2. Determining points of external integration
3. Connecting with everyone involved
4. Establishing integration processes
5. Evaluating integration processes
6. Allocating necessary resources
7. Synchronizing global integration

Integration is perhaps the most overlooked and undervalued function of leadership. It is, however, one of the main reasons why systems, processes, projects, and collaborations of all kinds are successful or unsuccessful. Well-defined and designed points of integration will result in efficient and effective operations across the organization.

Integration can be thought of as the operational grease, just as facilitation is the interaction grease. Smooth integration makes everyone feel good about the work being accomplished.

**Educating:** Practicing leadership also involves providing others with the education they will need to perform well in the organization and its environment.

Educating involves:

1. Ascertaining needed Knowledge, Skills, & Abilities
2. Ascertaining individual giftedness and preferences
3. Teaching to impact knowledge
4. Training to provide skills
5. Providing opportunities for experience
6. Coaching to increase abilities
7. Guiding to recognize wisdom gained

Determining what knowledge, skills, or abilities are needed is the first step in practicing the leadership function of education. This determination can be made formally through testing or evaluations or informally through observation or discussion.

How these functions are attended to and by whom will vary from organization to organization. If any organization is to be productive, stable, and adaptable leadership

must practiced. Simply giving someone or some group the title of leader is no guarantee that leadership will happen. Leadership is a set of things that must be done in a specified way and by specified people – whether this is a few people in formal positions or everyone in the organization.

### **A Few Key Learnings**

- Each organization is unique.
- Cookie cutter approach doesn't work because of the variation among organizations.
- Not all members are happy about being given authority to make decisions.
- Not all members want to be responsible for the life and health of the business.
- Not all executives and managers are resistant to giving away or sharing authority with members.
- Not all members are excited about working on a team.
- Not all members are willing or able to be self-reflective.
- Without self-awareness, healthy relationships are difficult.
- Personal courage is important in a relational organization.
- Formal leaders do not always know what is best for the organization.
- Change takes time – almost always more time than you think it will.

## APPENDIX 1

### THE FADING INDUSTRIAL ECONOMY & THE EMERGING CREATIVE / RELATIONAL ECONOMY

The Industrial Economy of the 20th Century is and has been an economy based on the production, sale, and use of material goods or products. The business profile for most industrial economy organizations could be described as follows:

- Rapid growth in enterprise and in the number and size of corporations happened, especially during first half of century.
- Big business came to the fore.
- Material ecology became central defining characteristic of organizations.
- Building things (railroads, steel mills) & producing physical goods was central.
- Businesses were dependent on & driven by material assets / capital.
- High cost of start-up and maintenance meant fewer businesses & less competition.
- Production design, processes and machines were central to success.
- Internal sufficiency was valued & outsourcing was not the norm.
- Command and control organizations were the norm – centralized intelligence.
- Pyramid organizations structured around reporting lines was most common.
- Reporting structure and work structure was synonymous.
- Organization structures were more static.
- Titles were reflective of positions rather than the work being done.
- Leadership and management responsibilities were position-centered and reserved for members of a select group.
- Advanced education of employees was not central to the prosperity of the organization.
- Minimal cultural diversity was present in most businesses.
- Higher employee to net worth ratio was the norm.
- Labor organizations had significant influence.
- Independent and more self-sufficient organizations were the rule.
- Extensive deliberation was valued.
- Delivering a product was the mindset.
- The power of the corporation had natural limits based on the access of clients/customers to places or products.
- Business base was primarily national.
- Material wealth increased as never before in history.
- Government involvement in business was limited.
- Businesses carried limited social responsibility.
- Design of buildings reflected hierarchy and material assets needed to do the work.
- For employees, business needs took precedence over personal needs.

The Creative / Relational Economy of the 21st Century is shaping up to be an Economy based on the production, sale, & use of ideas & innovations. The business profile for most creative economy organizations could be described as follows:

- Rapid growth in the power of ideas began happening toward the last quarter of the 20th century.
- Small business is coming to the fore.
- Human ecology is the central defining characteristic of business & organizations.
- Speed is valued.
- Providing ideas, information, & knowledgeware (data, software, etc) is central to the creative economy.
- Low cost of start-up and maintenance means many businesses and more competition.
- Intellectual property is central to success.
- Business is driven by and dependent on technology.
- Leadership & management as functions done by everyone in the organization is gaining in acceptance.
- Advanced education of members is central to prosperity.
- Web shaped organization chart indicating work structure and integration points is gaining popularity.
- Reporting structure and communication structure are being separated.
- Titles are becoming more reflective of work responsibilities.
- Organization structures are more fluid and businesses more dynamic.
- Wider gap in prosperity between college and high school graduates.
- Greater cultural diversity present in the work force.
- Businesses are providing family related services to retain workers.
- Relational organizations will be the norm – decentralized intelligence.
- Businesses are becoming more and more interdependent.
- Businesses are dependent on intellectual capital.
- Serving the client / customer is becoming the mindset.
- Enduring relationships and close interactions externally & internally are more and more prevalent.
- Lower employee-to-net worth ratio.
- Few natural limits to the power of a corporation because the number who can become dependent on ideas-based assets is limitless
- Outsourcing is becoming more and more common.
- Business is global.
- Government is extensively involved with businesses.
- Businesses carry significant social responsibilities.
- Labor organizations have very limited influence.
- Design of business facilities and space allocation is changing to reflect efficiency & effectiveness of interacting, integrating, sharing resources, and adapting to the ecosystem.
- For members, personal needs take precedence over business needs.