

“Among the most useful, engaging, and well-crafted books ever written on how to start and sustain large-scale change.”

— Robert Sutton, Stanford Professor and bestselling author of *Good Boss, Bad Boss* and *Scaling Up Excellence*



CASCADES

HOW TO CREATE A
MOVEMENT THAT DRIVES
TRANSFORMATIONAL
CHANGE

GREG SATELL

Creator of Digital Tonto and Author of *Mapping Innovation*

Praise for **CASCADES**

In *Cascades*, Greg Satell delivers an essential guide to navigating and driving change in today's disruptive environment. I wish he had written it years ago. It would have reinforced our need not only to have the right strategy but to manage the entrenched forces working against it.

—John Antioco, former CEO of Blockbuster Video
and Chairman of Red Mango

Greg Satell's *Cascades* is among the most useful, engaging, and well-crafted books ever written on how to start and sustain large-scale change. Satell does a masterful job of weaving cases, stories, and evidence to illustrate the nuances of his simple formula—small groups, loosely connected, and united by a common purpose—and to show when and how leaders can use these elements to spread ideas and change organizations for the better.

—Robert Sutton, Stanford Professor and bestselling author of
Good Boss, Bad Boss and *Scaling Up Excellence*

One of the great puzzles of history is how enduring business, political, and social orders can crumble without warning, seemingly overnight. In *Cascades*, bestselling author Greg Satell lucidly combines insights from network science, historical case studies, and his own experience living through Ukraine's Orange Revolution in 2004 to deliver a thought-provoking account of this profound phenomenon. *Cascades* is essential reading for policy makers, business leaders, and social activists alike.

—Duncan J. Watts, author of *Six Degrees*

Greg Satell really understands movements—how they arise and what makes them succeed or fail. What makes him unique is his ability to show how the principles apply beyond the political sphere to organizations, industries, and society as a whole.

—Srdja Popović, Executive Director of Centre for Applied Nonviolent Action and Strategies (CANVAS), Co-Founder of Otpor!, and author of *Blueprint for Revolution*

The complex nature of modern-day counterterrorism taught us that defeating threat networks requires a hybrid structure of network and hierarchy. In *Cascades*, Satell walks us through the impacts that networks are having in other spaces, and shows us that it is often small groups with the ability to interoperate with other small groups that are the key to driving change. For those hoping to deepen their understanding of the current state of play, *Cascades* is a must read!

—Chris Fussell, President of McChrystal Group and bestselling author of *One Mission* and *Team of Teams*

In *Cascades*, you will learn how to create a successful movement, while avoiding pitfalls along the way. Throughout the book, Greg makes the case that the principles of great movements throughout history can empower you to create change in your own life, community, and company.

—Dan Schawbel, bestselling author of *Back to Human*, *Promote Yourself*, and *Me 2.0*

Creating change today requires more than a strategy, but a deep understanding of how information flows through networks and ecosystems to affect behavior. Greg Satell has a real talent for explaining the science behind networks and how it affects events in the real world in a way that is fun, engaging, and powerful.

—AnnaLee Saxenian, Dean and Professor at UC Berkeley School of Information and author of *Regional Advantage* and *The New Argonauts*

I wish I had this book when we started our movement to improve STEM education in America! *Cascades* promises to be an essential guide for anyone who wants to create meaningful change in the world.

—Talia Milgrom-Elcott, Executive Director
and Co-Founder of 100Kin10

Cascades provides a powerful blueprint for corporate change that leverages lessons learned from social movements around the world and throughout history. This book will forever change your perception of change and how to make it happen.

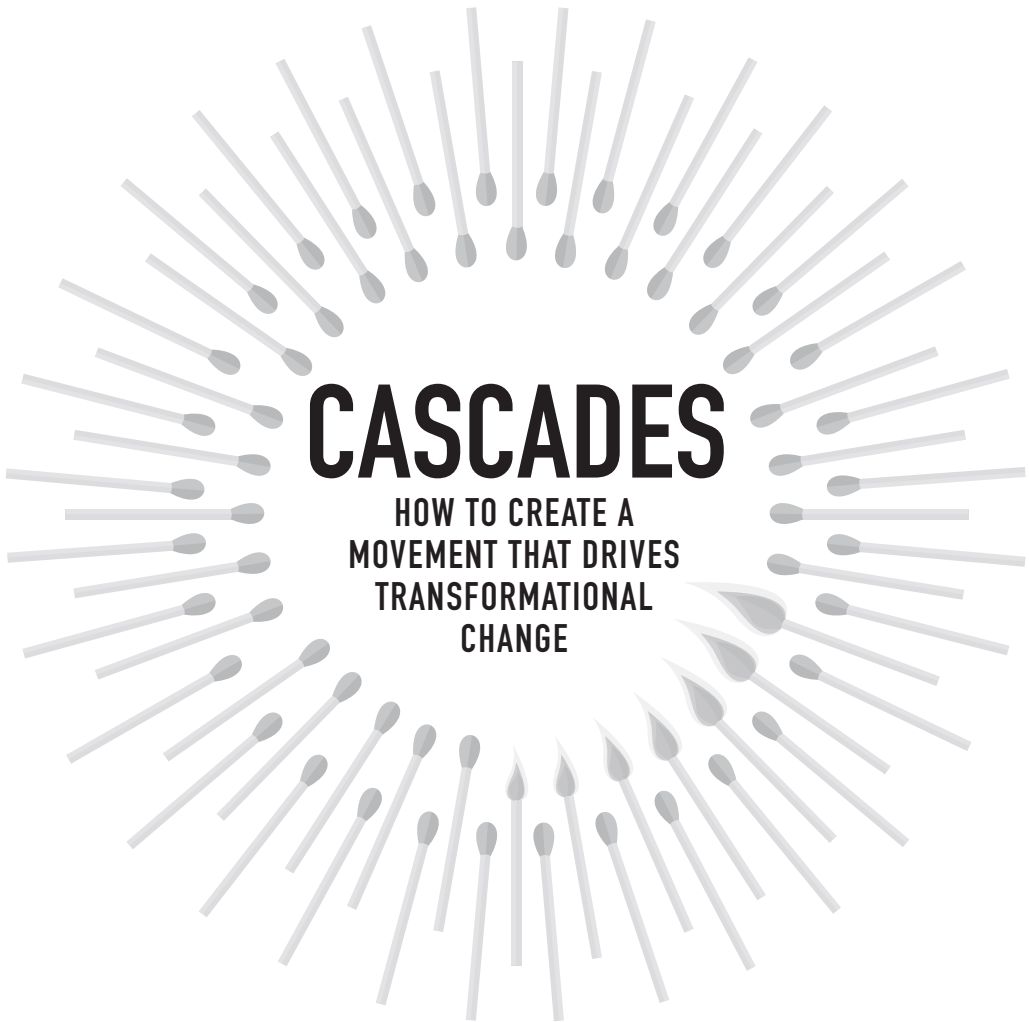
—Stephen Shapiro, author of *Best Practices Are Stupid*

Ready to reboot your company culture? Create something new? Leaders in organizations large and small will find an important blueprint for how to fail at starting a movement and how to inspire the kind of change that makes history in Greg Satell's *Cascades*. A must read for all innovators and daring organizers.

—Lu Ann Cahn, eight-time Emmy award
winner and author of *I Dare Me*

The test of an excellent book on a leadership topic is its ability to give profound insight on daily situations that help leaders to do their jobs better. I had many “aha!” moments reading this book, but my favorite idea is the notion of “keystone changes” (in Chapter 4). What a genius concept! I have tried this idea out with several work teams, and all of them have moved forward in their thinking and practice as a result. We are joining the ranks of Gandhi and the salt march, votes for women, and the same-sex marriage movement in finding a common cause that a diverse group of people can unite behind. The difference between tactics that work for social movements and tactics for contemporary organizations is actually not that great.

—Helen Bevan, Chief Transformation Officer at
NHS Horizons (National Health Service of England)



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MOVEMENT THAT DRIVES
TRANSFORMATIONAL
CHANGE

GREG SATELL



New York Chicago San Francisco Athens London Madrid
Mexico City Milan New Delhi Singapore Sydney Toronto

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1 2 3 4 5 6 7 8 9 LCR 24 23 22 21 20 19

ISBN 978-1-260-45401-7
MHID 1-260-45401-0

e-ISBN 978-1-260-45402-4
e-MHID 1-260-45402-9

Library of Congress Cataloging-in-Publication Data
TK

McGraw-Hill Education books are available at special quantity discounts to use as premiums and sales promotions or for use in corporate training programs. To contact a representative, please visit the Contact Us pages at www.mhprofessional.com.

CONTENTS

FOREWORD	vii
ACKNOWLEDGMENTS	xiii
PREFACE	xvii
INTRODUCTION: A Shift from Hierarchies to Networks	1
PART ONE THE ANATOMY OF A CASCADE	
<hr/>	
CHAPTER 1: What a Revolution Looks like from the Inside	27
CHAPTER 2: Fireflies, Snowy Tree Crickets, and the New Science of Networks	47
CHAPTER 3: How Cascades Create Transformational Change	73
PART TWO HOW CHANGE MOVEMENTS SUCCEED—AND FAIL	
<hr/>	
CHAPTER 4: Identifying a Keystone Change	97
CHAPTER 5: Making A Plan	123
CHAPTER 6: Networking the Movement	147
CHAPTER 7: Indoctrinating a Genome of Values	169
CHAPTER 8: Building Platforms for Participation, Mobilization, and Connection	189
CHAPTER 9: Surviving Victory	213
AFTERWORD: Leading Toward Common Ground	227
NOTES	237
INDEX	253

PREFACE

One night in 2002, I had dinner with a man named Jed Sunden in Kyiv, Ukraine. I'd only recently arrived in town, but had been in the region for a number of years. Sunden, on the other hand, was already a legend in Ukrainian media circles. He had come in 1995 to work on a project to catalogue Jewish cemeteries and, sensing opportunity, launched the *Kyiv Post*, an English-language newspaper, with \$8,000 he financed on his credit cards.

I had several reasons for setting up the meeting. First, I had been sent to Kyiv by a Swiss magazine publisher whose Ukrainian business unit was having some trouble, and it was clear that Sunden would be a valuable source of market information. Second, it was already well known that he was preparing to launch a Russian language newsweekly, *Korrespondent*, and the company I was representing had some interest, albeit not very serious interest, in investing in the venture. Third, I wanted to take the measure of the man and see what he was about.

I found Jed immediately likeable and wickedly smart. He seemed to know everyone and everything that went on in the post-Soviet media world. For his part, he seemed to be intrigued by my knowledge and contacts in the Western media world. It was an interesting discussion that lasted for hours and ended only when we started getting dirty looks from the waiters who wanted to close up.

Eventually, the conversation turned to the launch of his upcoming magazine. I knew that Jed had been declared “persona non grata” by the Ukrainian government for running a hard-hitting journalistic operation in English at the *Kyiv Post*.

Introducing a more comprehensive version in Russian seemed like a gutsy move, and I told him so. He looked at me lucidly and said, “Maybe . . . but I just think that the Ukrainian people deserve a reliable news source in their own language.”

That’s what hooked me on Jed Sunden.

Over the next few years, we established a friendship and eventually became partners in a billboard venture. A few months later, he asked me if I could help him with *Korrespondent*, the magazine we had discussed during that first dinner. It was doing well editorially but struggled financially. He also wanted my assistance with a women’s fashion magazine that was in a similar position. Before I knew it, I was spending more time at Jed’s business, KP Media, than on our joint venture. Eventually, we sold the billboard business and I went to work full-time managing KP Media.

The most formative experience I had in Ukraine was the Orange Revolution, and *Korrespondent* was at the center of it all. It was incredibly exciting, but also terribly confusing. Events seemed to happen with no rhyme or reason. Thousands of people who would ordinarily be doing different things would all of a sudden stop, then start doing something else entirely, in unison, guided by some mysterious force that neither I nor anybody else could seem to identify.

A few years later, in 2006, I was in California, taking a summer publishing course at Stanford University, and everybody in Silicon Valley was talking about a new online phenomenon called social networks. Between the online version of *Korrespondent* and the web portal Bigmir, essentially Ukraine’s version of Yahoo!, KP Media had a commanding position in digital media, and it seemed like it was important for me to understand what social networks were and how they functioned.

So I began to research network theory and, to my great surprise, what I found was a mathematical description of exactly what I saw unfold in the Orange Revolution. As the years went by and my interest continued, I learned that others found essentially the same thing in vastly different contexts. AnnaLee

Saxenian, a professor at Cal Berkeley, saw similar effect in the formation of Silicon Valley. General Stanley McChrystal found the understanding of networks essential to defeating Al Qaeda in Iraq. After he left the military, he established a successful consultancy teaching businesses to harness many of the same network forces. Finally, I got to know Srdja Popović, who leads CANVAS, the organization that trained the activists in Ukraine as well as in many other countries around the world. It seemed that everywhere I looked, whenever transformative change took place, networks were central to making it happen.

Today, as I write this, it's been more than 15 years since I began my journey at that dinner in Kyiv with Jed Sunden. What follows is what I've learned along the way.



A Shift from Hierarchies to Networks

Power is easier to get and harder to use or keep.

—MOISÉS NAÍM

Nobody really knows exactly how or why everything erupted so suddenly. Most probably, it was a confluence of factors, events, and contexts. Clearly, though, when protestors began flood into Zuccotti Park on September 17, 2011, it was the start of something big. The activists obviously touched a nerve that ran deeply throughout the populace and, almost immediately, “Occupy Wall Street” became a household name.

The most proximate cause was a campaign initiated by *Adbusters*, a pro-environment, anti-consumerist magazine based in Vancouver, Canada. Asking, “Are you ready for a Tahrir moment?”¹ and distributing posters with a ballerina perched atop Wall Street’s famous bull statue,² those seemingly small sparks quickly grew to bonfire-sized proportions. “We basically floated the idea in mid-July into our [email list] and it was spontaneously taken up by all the people of the world,”

remembered *Adbusters* senior editor Micah White. “It just kind of snowballed from there.”³

Others point to earlier precursors, such as a meeting held at 16 Beaver Street, an artists’ collective in lower Manhattan, which had been discussing occupations for some time. Or the “New York General Assembly,” which helped organize the “Bloombergville” protests that took place earlier that summer to decry budget cuts that would result in mass layoffs of teachers and firefighters.⁴ Clearly, those earlier actions laid important groundwork.

Most likely, the embers had been stoking for some time and the call from *Adbusters* merely helped channel the anger that had been brewing since the financial crisis and had been slowly growing through work of various activist groups. What is clear though, is that nobody was quite ready for what followed. Thousands of protesters descended on Zuccotti Park, bringing tents, sleeping bags, and provisions. They were prepared to stay as long as it took to achieve their vision. “We are the 99%,” they declared, and as far as they were concerned, it was time for the reign of the “1%” to end.

The movement spread like wildfire, and before you knew it, similar protests were popping up everywhere. In nearly 1,000 cities across more than 80 countries,⁵ ordinary citizens took to the streets to rise up against those who wielded power. It was time for their voice to be heard, and they were determined to make sure it was.

Yet within a few months, the streets and parks were cleared. The protesters went home, and nothing much changed. Occupy was, to paraphrase Shakespeare, full of sound and fury, signifying nothing. It may have attracted attention and brought certain issues to the fore, but little more than that. Certainly, nothing tangible was accomplished, as Micah White himself admitted in a 2017 column in the newspaper *The Guardian*.⁶

Now consider the Serbian resistance movement called Otpor that succeeded brilliantly where Occupy failed so completely. Unlike *Adbusters* and the other groups that spawned Occupy,

the founders of Otpor weren't very ideologically driven. They were, for the most part, just students who'd grown fed up with the incompetence and corruption of the Milošević regime that ruled their country with an iron hand. They also had very different ideas about how to move forward than the Occupy protestors. Otpor had no desire to sleep on the streets or ask anyone else to, but were, at heart, a fun-loving bunch. "Our product is a lifestyle," Ivan Marović, a co-founder of Otpor, would later explain. "The movement isn't about the issues. It's about identity. We're trying to make politics sexy."⁷

The contrasts don't end there, either. While the Occupy protesters were adamantly anti-corporate and anti-consumerist, the founders of Otpor considered the branding strategies of corporate giants like Coca-Cola to be a model to emulate. One of their first acts was to create a logo—a clenched fist with the text "Otpor!" ("Resist!" in Serbian)—and spray-paint it throughout Belgrade. Compared to the dedicated activists of Occupy, it seems like a childish and futile act.

But the founders of Otpor were different from most activists. Growing up, they had been far less interested in politics than they were in going to rock concerts and having fun. Their heroes weren't civil rights leaders or revolutionaries, but the British comedy group Monty Python. Srdja Popović, a bass guitarist and a founding member of Otpor, would later write in his memoir, *Blueprint for Revolution*, "It's common for people launching nonviolent movements to cite Gandhi, say, or Martin Luther King, Jr., as their inspiration, but those guys, for all their many, many virtues, simply weren't that hilarious."⁸

In my own conversations with Srdja, he exudes the same easygoing spirit. At 45 years old, he still looks the part of a bass guitarist in a rock band. His easygoing smile hardly ever leaves his face, even when the subject of discussion is him getting brutally beaten in a police station and having a gun stuck in his mouth. When our conversation turned to current movements that seem unable to get results, he often points to their lack of a sense of humor as a key weakness.

So perhaps not surprisingly, Otpor's weapon of choice was street pranks. One of the earliest and best known involved a barrel with a picture of Slobodan Milošević's face drawn on it. They painted a big sign that read, "smash his face for just a dinar" (worth about two cents at the time) and placed it, the barrel, and a long wooden stick on a street called Knez Mihailova, which was famous for its fashionable boutiques and cafes. At first passersby were reticent, but eventually one dropped a coin in the barrel and took a swing. Soon there was a long line of patrons waiting for their turn to beat the brutal dictator's face with a bat.⁹

Soon the police showed up and were at a loss for what to do. There was no law against hitting a barrel with a wooden stick, and arresting pedestrians on the street would have caused an outrage. They couldn't arrest the members of Otpor either, who were sitting out of sight at a nearby café drinking coffee and smoking cigarettes, watching the scene with the utmost amusement. Out of options, the officers decided to arrest the filthy, rusted-out barrel. The next day a photograph of the burly men in uniform struggling to fit the thing in the back of their squad car made the papers. They looked ridiculous. A dictator can afford many things, but looking ridiculous in front of his people isn't one of them.

In another exploit, Otpor activists in the city of Kragujevac took white flowers, much like the ones Milošević's wife wore, and stuck them onto the heads of turkeys, which they then let loose in the streets. Now, a turkey is just about the worst thing you can call a woman in Serbia, so this was an outrageous insult to the first lady of the country. But what could the police do except to arrest the turkeys? The citizens of the city were then treated to the farce of out-of-shape police officers chasing turkeys all over town. Once again, journalists were there to take photos and published them in the next day's papers, another embarrassment for the seemingly all-powerful regime.¹⁰

Although these pranks earned Otpor admirers, its membership grew slowly at first. By March of 1999, the year after

its founding, it had maybe 300 members,¹¹ nothing compared to the massive numbers that attended Occupy's protests. But eventually the movement hit a tipping point and its membership swelled to over 70,000 activists. By October 2000, things came to a head and Slobodan Milošević was voted out of power. He tried to annul the election's result, but by this time, even the police and the army would no longer obey his orders. The dictator died in his prison cell at The Hague six years later.

After their victory in their home country, some key members of Otpor would later form the Centre for Applied Nonviolent Action and Strategies (CANVAS) and train activists in other countries. One by one, regimes began to fall. In Georgia, Ukraine, Lebanon, Maldives, Egypt, Burma, and others, activists using Otpor's methods overcame seemingly insurmountable odds to create transformational change in their societies. To date, CANVAS has been active in almost 50 countries. Somehow, the party-loving pranksters developed a repeatable model that worked.

So we are left with a puzzle. How could a fun-loving band of students succeed so completely, while the hardened band of professional activists behind Occupy failed so miserably?



John Antioco's rise to the highest echelons of corporate America began in the humblest of fashions. The son of a milkman from a working-class neighborhood in Brooklyn, he started out as a management trainee at 7-Eleven. Smart and ambitious, he worked his way up quickly, becoming a district manager responsible for 35 stores by the age of 25. Antioco made the most of the opportunity, turning his region into one of the most profitable in the country. He then went on to become northeast division manager, then national marketing manager, and finally a senior vice president of the company.

As a fast-rising executive, Antioco got noticed and was recruited to turn around the struggling Circle K convenience store chain. He took the company private in a \$400 million

leveraged buyout, improved its operations, and three years later it was worth \$1 billion. His next assignment was PepsiCo's Taco Bell chain, known unaffectionately to many as "Taco Hell." There, he introduced a new menu, a new ad campaign and revamped the franchising strategy. Once again, it only took Antioco three years to work wonders. Years of declining sales were magically transformed into steady growth, and soon Taco Bell was humming again.¹²

When Antioco was named CEO of Blockbuster Video in 1997, he was, by all accounts, ideally suited to lead the 800-pound gorilla of the video rental industry. For his part, he saw a great opportunity to transform the business. At the time, video rental operations had to pay movie studios up front for the latest hits and needed to rent each one 30 times before they could make a profit. The model not only involved the rental chain taking all the risk, it tied up a lot of cash that could be more productively deployed elsewhere, such as for marketing new releases.

"It seemed crazy to me," Antioco would later remember. "I myself had stopped going to Blockbuster on Friday and Saturday nights because they never had the movies I wanted. So I went to the studios to ask them to enter into a revenue-sharing agreement. They would sell us each video for as little as a dollar, but then we would share 40 percent of the rental revenues with them."¹³ He expected to them to agree to a six-month pilot program, so he was surprised when the studios were so enthusiastic about the plan that they agreed to multiyear contracts. It turned out to be a win-win arrangement. Blockbuster reduced its risk and improved its capital position, while the studios got a recurring revenue stream.

It also allowed Blockbuster to guarantee availability of hot new titles. After all, the videocassettes themselves were cheap; it was the intellectual property that was valuable. As long as the studios were getting a 40 percent cut of the rental proceeds, they were more than happy to send Antioco and Blockbuster as many copies as he wanted. Also, with more cash on hand,

Antioco was able to boost his advertising budget by 30 percent, increasing profits for both his company and the studios. The strategy was nothing less than a stroke of genius.¹⁴

Yet in putting the plan into place, he encountered stiff resistance. “The experienced video executives were skeptical,” Antioco told me. “In fact, they thought that the revenue-sharing agreement would kill the company. But throughout my career, I had learned that whenever you set out to do anything big, some people aren’t going to like it. I’d been successful by defying the status quo at important junctures, and that’s what I thought had to be done in this case.”¹⁵

This time, it took only two years for Antioco to work his magic. In 1999, Blockbuster’s parent company, Viacom, raised funds in an initial public offering that valued the company at \$2.6 billion (it would spin off Blockbuster entirely in 2004). Once again, Antioco had transformed a struggling business into a well-oiled machine. Yet he would soon find that all of the acumen he acquired throughout his storied career had not equipped him for the challenges to come.

It started with a simple meeting with a fairly insignificant startup called Netflix.¹⁶ Antioco’s schedule was probably hectic that day and he wasn’t able to attend, but if he had, it’s likely he wouldn’t have taken much notice. Netflix was still in its embryonic stage. The start-up proposed to run Blockbuster’s brand online much like the deal Toys “R” Us signed with Amazon. That arrangement turned out to be a disaster for the toy retailer, and Antioco didn’t see how it would benefit his company.¹⁷

Netflix would eventually develop an innovative subscription model for renting videos online. Rather than charging for each title, the company let customers pay a low monthly subscription fee to access to all the movies they wanted by mail. Netflix would grow quickly to rival Blockbuster. That, however, was years in the future. In 2000, when the meeting took place, the young start-up was much like the “Bloombergville” protests that preceded Occupy, fairly insignificant and easy to miss.

Yet Blockbuster's model had a weakness that wasn't clear at the time. It earned an enormous amount of money by charging its customers late fees, which had become an important part of the video rental giant's revenue model. Blockbuster was, in fact, a business largely dependent on penalizing its patrons. That's never a good sign.

And while Netflix was still just a small start-up that had yet to turn a profit (in fact, it was hemorrhaging money at the time), it had certain advantages that also weren't immediately obvious. By eschewing retail locations, it lowered costs and could afford to offer its customers far greater variety. Also, the monthly subscription model it would develop made the annoying late fees unnecessary. Customers could keep a video for as long as they wanted or return it and get a new one. In effect, Netflix was what Harvard's Clayton Christensen calls a *disruptive innovation*. Blockbuster would have to alter its business model—and diminish its profitability—in order to compete with it effectively.

Customers loved the subscription service, and the idea began to spread. People raved about Netflix and encouraged their friends to give it a try. Some were reluctant at first—they actually liked being able to browse movies at the store and pick one up at a moment's notice—but others jumped right in. As the holdouts heard more and more of their friends heap praise on Netflix, they tried it too, loved it, and convinced others to give it a go. Much like a social movement, there seemed to be a powerful force drawing people in.

While the story of Blockbuster and Netflix is often portrayed as a clever, nimble start-up running circles around dull corporate executives who were blind to the changes swirling around them, nothing could be further from the truth. In 2004, after Blockbuster's spinoff from Viacom was complete, Antioch felt he had much more freedom to address the Netflix threat head-on and formulated a plan to meet the challenge. He dropped the late fees that turned off customers¹⁸ and invested in an online platform, which surprised industry observers with its user-friendly design. Before long, it began to gain traction.

In 2006, he instituted a hybrid plan, called “Total Access,” which allowed customers to rent from either a physical store or online for one low subscription price. Customers were also saved the trouble of mailing movies back because they could return them to a local retail location. It proved to be an enormous success, and soon Blockbuster was adding online customers even faster than Netflix was.¹⁹ The company’s COO, Nick Shepherd, had also begun taking serious steps toward launching a streaming service, although that was still in the future.²⁰ Once again, it seemed that Antioco had come up with a brilliant plan to meet a thorny challenge.

Alas, it was not to be. While Antioco’s handling of the Netflix threat was a textbook case of good strategic management in which he identified clear objectives, formulated a plan to address them, and deployed resources intelligently, there were other forces brewing that would undermine his cleverly crafted strategy.

First, there were the franchisees who had invested in Blockbuster retail outlets. For them, the new plan meant the demise of the businesses they had worked hard to build and, although they only accounted for 20 percent of stores, they could make their displeasure felt. The company’s shareholders didn’t measure success in terms of online subscribers but profits, and they didn’t like the costs associated with the shift—about \$200 million to abandon late fees and another \$200 million to launch Blockbuster Online.²¹ Much as in the case of the revenue-sharing agreement with the studios, Antioco understood their concerns but felt it was necessary to push forward. Things came to a head when the Blockbuster CEO found himself in a compensation dispute with the company’s largest shareholder, Carl Icahn. “I was at a point, both personally and financially, that I had little desire to fight it out anymore,” Antioco told me. He left the company, and his successor, Jim Keyes, reduced investment in the digital platform, reinstated late fees, and refocused the company on the retail stores.

Where Occupy let its networks spin out of control and undermined its ability to effect change, Antioco was unable to

align his network of stakeholders around the change needed to secure Blockbuster's future. In both cases, the result was the same—failure. Blockbuster went bankrupt in 2010.



Like John Antioco, Stanley McChrystal showed early promise and enjoyed a stellar career. The fourth child of an Army general, he enrolled at West Point in 1972. When he entered service as a young lieutenant in 1976, he gained a reputation for extraordinary discipline and quickly moved up through the ranks. McChrystal completed his Special Forces training in 1979, became an elite Ranger instructor and then a Fellow at Harvard's John F. Kennedy School of Government. He was, by all accounts, a model officer with an impeccable record both in and out of combat.²² But like Antioco, nothing in his experience would prepare him for the challenge he faced leading US Special Forces in Iraq.

As commander of Special Forces, McChrystal led what was perhaps the greatest military machine ever built. Not only were his commandos among the world's most elite and highly trained soldiers, they had cutting-edge technology that could link up to an extensive network of satellites, manned aircraft, and unmanned drones. In an instant, they could access live video to surveil the battlefield, locate a target, and launch an attack. They also "owned the night," having the ability to move swiftly and silently under the cover of darkness, achieve an objective, and return to base before anyone knew they were there. Their outstanding fighting skills made them almost unbeatable in battle.

Yet still, they were somehow losing the war. As McChrystal would later write, "The world had outpaced us. In the time it took us to move a plan from creation to approval, the battlefield for which the plan had been devised would have changed. By the time it had been implemented, the plan—however ingenious in its initial design—was often irrelevant."²³

The similarities between the situation he faced and that of Antioco's Blockbuster Video are striking. A well-led,

well-resourced, and highly efficient organization was faced with a disruptive challenge by a smaller, less powerful, but far more nimble enemy. The usual metrics of success, such as the number of videos rented in Blockbuster's case or the number of enemy combatants killed in McChrystal's, were not only useless, but misleading. When Antioco's successor shifted the focus back onto the traditional retail model, it killed the company. Now McChrystal's forces were facing a similar fate, only literally instead of figuratively.

The problem, as McChrystal came to realize, was not of resources or capability, but of agility and interoperability. The individual units were operating at a high level, but the links between them were broken. Commandos would capture valuable intelligence on a raid, but then documents and hard drives would sit in a closet for days or even weeks before they could be translated and analyzed. The intelligence officers were highly adept, but without timely material, their analyses were of limited use to the soldiers. Perhaps not surprisingly, mistrust was endemic. It seemed to the Special Forces operators that the intelligence teams were blissfully ignorant about on-the-ground realities of war, while the analysts felt that the brawny soldiers were too dim to grasp the larger picture.²⁴

Another problem was how information flowed. Intelligence analysts could turn raw data into actionable insights, but by protocol they passed that information up the chain of command. Military planners would then develop strategies for the troops on the ground, which created further lags. "I began to reconsider the nature of my role as a leader," McChrystal remembered. "The wait for my approval was *not* resulting in any better decisions, and our priority should be reaching the best possible decision that could be made *in a time frame that allowed it to be relevant.*"²⁵

Yet the crucial difference between Antioco and McChrystal was that the general recognized that he had to fundamentally change how his organization functioned on a visceral level. His forces could not win by utilizing conventional notions of

strategy, planning, and execution. As noted above, his teams were already performing well, but the links between them ceased to function effectively. So he dedicated himself to forging them anew. “It takes a network to defeat a network,”²⁶ he declared and set out to make his organization become one.

So McChrystal began to forge links wherever he could. He started embedding intelligence analysts into commando teams and vice versa. Liaison officer positions, traditionally given to marginal performers or those nearing retirement, were now earmarked for the very best operators. Moves like these slowed down the individual teams—commandos in business suits placed at embassies don’t kill many terrorists—but that wasn’t the point, building networks of trust and interoperability was. “We began to make progress when we started looking at these relationships as just that: relationships—parts of a network, not cogs in a machine or outputs and inputs,” McChrystal would remember.²⁷

This was a radical change in culture as well as practice. Traditionally in a military enterprise, subordinates provide information and leaders make plans and give orders. Yet he saw that had to be reversed, with leaders providing information, connectivity, and context so that subordinates could act.²⁸ “I needed to shift my focus from moving pieces on the board to shaping the ecosystem,” he would later write.²⁹

Not all of his decisions were popular. In the military, people are trained to attain objectives with relentless efficiency, and creating those connections between teams could be somewhat of an encumbrance. Commando teams need to depend on one another, and being saddled with an embedded intelligence analyst was a burden. The analysts, for their part, didn’t welcome the Special Forces personnel with their bulging biceps, either. And nobody liked losing a top operative from their team to a liaison post in some far-off embassy. Nevertheless, the diverse teams learned to trust each other and work together. They became, to paraphrase McChrystal, not a collection of teams but a “team of teams.”

The moves paid off. Although his actions may have decreased the efficiency of the individual teams, overall operational efficiency *increased by a factor of seventeen*.³⁰ The tide of the war soon shifted, and the forces under his command would achieve their major objectives. The barbarians were no longer at the gate, but on the run.

Ironically, the strategies of General McChrystal in Iraq and the Otpor activists in Serbia were surprisingly similar. Both focused on weaving networks that were resilient, adaptable, and based on shared values. Once that was achieved, the specific tactics employed, to a large extent, took care of themselves.



In the 1970s, Boston was at the center of the technology industry. With some of the top research institutions in the world, such as MIT and Harvard, as well as a strong business and finance community, it had an almost unparalleled combination of brains, money, and acumen. It had also benefitted from having Vannevar Bush, a former MIT professor, as head of the Office for Scientific Research and Development (OSRD) during World War II. Perhaps not surprisingly, a disproportionate number of grants flowed to local institutions to develop radar and other key technologies for the war effort. Those funds, in turn, helped create the foundations that led to the region's technological prowess.³¹

Boston got a second boost when a number of its high-profile citizens, including Karl Compton, MIT's president and Vannevar Bush's former colleague at the OSRD, formed the American Research and Development Corporation (ARD). It was essentially the country's first venture capital fund, and its focus was to invest in commercializing technologies developed at local institutions. ARD's most successful investment was in a young company headed up by MIT graduate Ken Olsen. It was called Digital Equipment Corporation (DEC).³²

In the 1960s, DEC pioneered a new technology called minicomputers. These were far smaller than the mainframes that

dominated the industry at the time, but still fast and powerful enough to be incredibly useful. Before long, DEC grew into a major enterprise and led the way for other local technology companies, such as Data General and Wang Laboratories, which began to populate along Route 128 outside Boston.

Throughout the 1970s and '80s, the region flourished in an economic revival often referred to as the Massachusetts Miracle. As the minicomputer industry continued to take market share from mainframes, the Route 128 companies created 100,000 new jobs³³ and helped the region reduce unemployment from 12 percent to less than 3 percent.³⁴ Yet by the 1990s, Boston's technology giants had been surpassed by Silicon Valley. And as Route 128 descended into obscurity, the Bay Area rose to even greater heights. Today, Silicon Valley has become so unparalleled in its leadership of information technology that it has become synonymous with the industry itself.

Much like Occupy and Otpor, to an outside observer the two regions seem so eerily similar that it's somewhat of a puzzle why one succeeded brilliantly and the other just seemed to peter out. Like Boston's Route 128, Silicon Valley's rise was fueled by local universities and military contracts. Also, much like Boston, the initial success of a few local companies, Fairchild Semiconductor and Hewlett-Packard in the case of Silicon Valley, helped form the industrial base for a regional economy based on technology.

But look a little more closely, and the contrasts become clearer. First, while Boston's high-tech companies were rooted in traditional Eastern establishment practices, Silicon Valley was much more freewheeling, with lots of mixing between companies. Also, while the Route 128 stalwarts like DEC and Data General focused on vertical integration to dominate their industry's value chain, Silicon Valley firms were highly interdependent. Cooperation and competition flourished simultaneously. Another stark difference was in job mobility. In Boston, few people job-hopped, and those who did leave their company were treated as pariahs. Once an employee left there

was no option of return. But in California someone leaving for greener pastures was seen as an asset who could be a valuable source of market intelligence and new business opportunities.³⁵ While the Boston firms built barriers to protect themselves, Silicon Valley thrived on connection.

Most of all, while the Route 128 companies saw themselves as a collection of self-sufficient firms competing for the same customers, Silicon Valley firms saw themselves as an ecosystem. Much like McChrystal's forces in Iraq, they came to see interdependencies as essential for creating shared purpose and shared consciousness. While captains of industry in Boston lobbied for tax breaks and sweetheart deals to benefit their companies, the Silicon Valley entrepreneurs worked to improve regional transportation, technical programs at community colleges, and other qualitative factors that would help the region prosper.³⁶

In the final analysis, what made the difference was not one of resources, but of vision and perspective. The Route 128 companies, much like McChrystal's elite forces before he began their transformation, were so focused on winning battles that they failed to recognize that the war had changed. By insulating themselves they became incapable of understanding the forces that would lead to their downfall. As nascent technologies continued to render their products obsolete, they increasingly found themselves cut off from the changes swirling around them. In a fashion uncannily similar to the situation in Iraq, upstart companies that seemed to spring from nowhere would regularly thwart their well-laid strategic plans. Essentially, the Route 128 firms ceased to be cutting-edge firms and became champions of the dying minicomputer industry. When it ceased to exist, their own demise was just a matter of time.

Once again, we see similar principles at work. The Boston firms, much like the Occupy protesters and John Antioco at Blockbuster, failed to manage networks and, in fact, seemed scarcely aware that networks would play a role in their success or failure. The Silicon Valley firms, on the other hand, thrived on connection as much as the Otpor activists and McChrystal did.

THE END OF POWER?

Otpor, McChrystal's forces in Iraq, and the Silicon Valley firms all created transformational change, albeit in vastly different contexts and for very different purposes, because of their ability to connect and form networks. Whether you are an activist advocating for social and political change, a manager leading an organization, or a leader looking to shape an entire society, the need to create interconnectivity and interdependence remains essential.

These principles aren't new. As we will see later in the book, they played a part in successful movements throughout history. Yet today, they have become far more salient because the connectivity that drives networks has become predominant. We can now initiate, build, and maintain relationships with far greater velocity and at far greater distances. That has changed the nature of power, shifting it from being a function of hierarchies to one of networks.

Since ancient Rome, institutions have ruled the world. Throughout the march of history, hierarchies became increasingly elaborate. Better-organized societies were able to collect ample tax revenues, raise armies, and provide services more efficiently. Well-run bureaucracies could keep accurate records, organize the flow of information, and cut down on waste. Through the more efficient use of resources, societies could gain power by acquiring military assets, territory, raw materials, and other advantages that would further enhance their power.

By the mid-nineteenth century, the industrial revolution had brought a new level of organization to private enterprise. Large factories required resources, and men like Vanderbilt, Carnegie, Rockefeller, and Ford built powerful corporations by devising methods for managing assets efficiently. In the mid-twentieth century, Alfred Sloan built the first modern corporation at General Motors and it became the largest private organization the world had ever seen.

This principle of efficient hierarchies has held true in just about every realm and field of endeavor. In religion, charity, and labor, organizations like the Catholic Church, The United Way, and the AFL-CIO have used hierarchical organization to achieve greater efficiency, allowing for the accumulation of more resources with which an enterprise could compete on a superior basis. They then used those assets to crush or absorb rival entities and gain more power still.

While specifics would vary, success generally followed a clear, linear path: increase efficiency, acquire more resources, and wield your ever-greater power to keep down those who would try to usurp it. The objective was always the same: the power to shape their environment and determine their own destiny. That's what allowed successful organizations and institutions to influence the actions of others and define the game for themselves.

Perhaps not surprisingly, over the years a number of scholars have attempted to define power and the correct way to use it. For example, in 1977, Ray S. Cline, a top official at the CIA during the 1960s and '70s, defined the power of a nation as the sum of population, territory, economy, and military multiplied by strategy and will.³⁷ Theories about power in the private sector have followed in a similar vein. Nobel prizewinning economist Ronald Coase argued that enterprises derived their power from managing two countervailing forces: transaction costs (including informational and search costs) and organizational costs.³⁸ Harvard Business School professor Michael Porter built on Coase's idea, explaining how firms could use scale to build sustainable competitive advantage through the optimization of *value chains*. By controlling more of the process by which raw materials were transformed into finished products and delivered to customers, enterprises could continually tilt the playing field in their favor.³⁹

Yet today, these notions have become largely obsolete. In Serbia, Milošević controlled all of the traditional levers of power, but was still unable to forestall the uprising that Otpor—a rag-tag bunch of kids—engineered. John Antioco at Blockbuster was a paragon of effective strategy and planning, but was

unable to bring investors and franchisees on board. He left the company in frustration and it descended into bankruptcy. The technology companies along Boston's Route 128 were widely recognized for their good management and business acumen, but were soon surpassed by the network of freewheeling Silicon Valley upstarts.

This phenomenon of falling giants is far from anecdotal. Moisés Naím, author of *The End of Power*, which was, incidentally the first book that Facebook founder Mark Zuckerberg chose for his book club,⁴⁰ argues that it is even more widespread than it would first appear. He notes that everyone from chess masters to CEOs retain their status for far shorter periods than they did a generation ago. A study by the consulting firm Innosight found that the average lifespan for a company on the S&P 500 has declined from 33 years in 1964 to a mere 24 years in 2016, and it estimates that it will shrink to just 12 years by 2027.⁴¹ Mark Perry, an economist at the University of Michigan, has calculated that of all the companies on the first Fortune 500 list in 1955, 87 percent no longer exist.⁴² Everywhere you look, the great and mighty are continually being upended. Armies, religions, and even charities are being thwarted by far smaller adversaries who, in turn, later face similarly disruptive challengers.⁴³ As Naím puts it, "Power is easier to get and harder to use or keep."⁴⁴

Yet the truth is that power itself remains, but has shifted from the top of hierarchies to the center of networks, and that's essential to understanding how to effect change in the modern world. Today, digital technology helps connections to form with blazing speed, upending the traditional forces that drove power in the twentieth century. We no longer need bureaucracies to carry a message, or even, strictly speaking, to organize work. In fact, traditional institutions are finding that conventional hierarchies are often too slow and cumbersome to function in the world today. To paraphrase General McChrystal, in order to compete with networks, they need to become networks themselves.

CREATING TRANSFORMATIVE CHANGE

This is a book about transformative change and the movements that create it. As we have seen, not all movements are successful. Some begin in a blaze of glory, make a lot of noise, and then fizzle out without achieving much at all. But others perpetuate and create a lasting legacy. This isn't random or by chance. There are reasons that some movements succeed and others fail—notice how CANVAS has been able to repeat its success across the globe—and if we want to effect change in this world we need to understand them. As you will learn in the pages ahead, successful movements combine two aspects:

The first aspect, which successful movements often share with unsuccessful ones, is network cascades. Hundreds of consumers standing in line at your local Apple store, thousands of protesters rushing to flood the streets of Cairo, Istanbul, or Washington, D.C. Countless fireflies blinking on and off in complete unison to light up entire forests. As individual entities or even small groups, each is negligible. However, when they connect and synchronize their collective behavior, they become immensely powerful cascades. An industry is remade, a country overthrown, the preceding order is no more, and the world is transformed.

This simple formula: *small groups, loosely connected, and united by a common purpose*, is one we will see continually throughout the pages ahead. Anytime an idea goes viral and becomes a cascade, we will see those three components. That's why movements tend to start slowly (sometimes taking years or even decades to gather strength) but grow as the density of connections between small clusters increases, eventually hit a critical mass, and finally explode (or percolate, to use a more technically accurate term) to create the potential for transformational change.

Sometimes, cascades can be spontaneous, like when enthusiastic fans do “the wave” at a stadium, with little or no planning or forethought. As we have already seen, the longtime activists

behind the Occupy movement had been organizing protests for years—in some cases, decades—but nothing had caught fire before quite like their takeover of Zuccotti Park. It was an unusual confluence of forces, including the financial crisis, the political environment, and social media, that made theirs the right message at the right time. Successful movements, however, don't merely wait for lightning to strike, but develop clear strategies to gain support long before circumstances trigger a window of opportunity.

Otpor saw that even a supremely powerful dictator relied on others to impose his will and that by winning those people over to their cause, the regime's authority would crumble under its own weight. So the activists designed their tactics to appeal not just to fellow travelers, but also to everyone else. They were funny, engaging, and, above all, clear about what they intended to achieve: the downfall of the Milošević regime. As they built connections throughout Serbian society, their movement cascaded to victory.

General McChrystal saw that commanding the most powerful forces on earth was of little use if he couldn't make them interoperable. He recognized that having greater resources can actually be a disadvantage because as you expand the nodes in your organization, the links increase at an almost exponential rate.⁴⁵ So he set out to widen and deepen linkages between individual units in order to create a "team of teams." In doing so, he fundamentally changed the way his organization functioned, allowing information cascades to help his forces determine where they would strike next, instead of waiting for orders from centralized commanders.

The technology companies in Silicon Valley, taken individually, weren't all that different from their Route 128 counterparts. Yet by understanding the importance of the links between enterprises as well as those firms' connections to the communities in the region, they created a cascade that led to a technological movement that has no equal anywhere in the world.

The evidence is clear. In a world pervaded by digital technology, power no longer resides at the top of hierarchies, but at the center of networks. Movements become successful by expanding out, always seeking to widen their appeal. Those that continue to play to a narrow constituency of stakeholders eventually find themselves stuck on the periphery. This principle holds true whether you are seeking change in an organization, an industry, or throughout society as a whole.

In Part One of this book, we will learn how cascades work through understanding the new science of networks. In the late 1990s, researchers began to understand how real-world networks create order from chaos. We will meet some of these pathbreaking scientists and learn how the principles they uncovered can guide us as we seek to create positive change around us.

The second aspect, seemingly antithetical to the first aspect of cascades, is planning, organization, and discipline, without which a cascading movement will spin out of control. It was Otpor's superior planning and discipline that empowered it to inspire fellow citizens and topple a dictator. And it was Occupy's lack of discipline that turned off many who may have sympathized with its message about economic inequality, but were reluctant to throw in with activists who often seemed extreme, disorganized, and vulgar.

Where Occupy hurled insults at police, Otpor saw every interaction, even arrests, as an opportunity to win converts. Otpor also trained its activists to defend police against violent protesters so that they wouldn't turn off the people they needed to help them effect change. They had more than passion, but a plan to identify pillars of support, win allies within the mainstream populace, and undermine their foes. It is not the passion and fervor of zealots that creates change, but it is when everyone else joins the cause that a movement gains power. Students and activists can protest, but it is only when everybody else starts taking to the streets that a true revolution can begin to take place.

In a similar vein, Al Qaeda's brutal tactics were able to make the populace tremble in fear, but its inability to provide even a modicum of governance to meet people's needs made it possible for McChrystal's forces to not only defeat it on the battlefield, but also in the hearts and minds of ordinary Iraqis. It was the "Sunni uprising," as much as anything else, that led to Al Qaeda's defeat in Iraq. It was also the Route 128 firms' inability to see beyond the boundaries of their own organizations that led to their irrelevance. On the other hand, it was the Silicon Valley entrepreneurs' efforts to build a regional ecosystem that helped create a global phenomenon. The reality of today's world is that connection wins and isolation loses.

As we will see, these principles do not just apply to the examples discussed above, but were also utilized by successful movements throughout history, such as those led by Gandhi, Martin Luther King Jr., and those who struggled to win LGBT rights. Their salience is not confined to political revolutions, either, but can be applied to transformational change in any context. Corporate revolutionaries, such as Lou Gerstner at IBM and Paul O'Neill at Alcoa, as well as other leaders, like Rick Warren of the Saddleback Church, applied many of the same precepts, as did the Institute for Healthcare Improvement, a movement to decrease preventable deaths in hospitals, and 100Kin10, a movement to recruit and train 100,000 STEM teachers in 10 years.

Part Two of this book will explain how to apply the concepts of planning, organization, and discipline to harness the power of network cascades to create your own brand of transformational change. We will see how creating clear purpose and values, devising a plan to win over converts in the populace as well as within institutions, can help you make a positive difference in the world.

If you want to create change—real change, not just make noise—you will find these principles invaluable. They will be your playbook for making a true difference in the things you care deeply about. But before we get into the specifics of how

transformational change is created, let's first take a look inside a true revolution. This is my personal story of how I first came to understand the power of network cascades and the movements they spawn.

It starts in the fall of 2004 in Kyiv, Ukraine, when I woke up one morning to find that my world had completely, unalterably changed.

ABOUT THE AUTHOR



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