

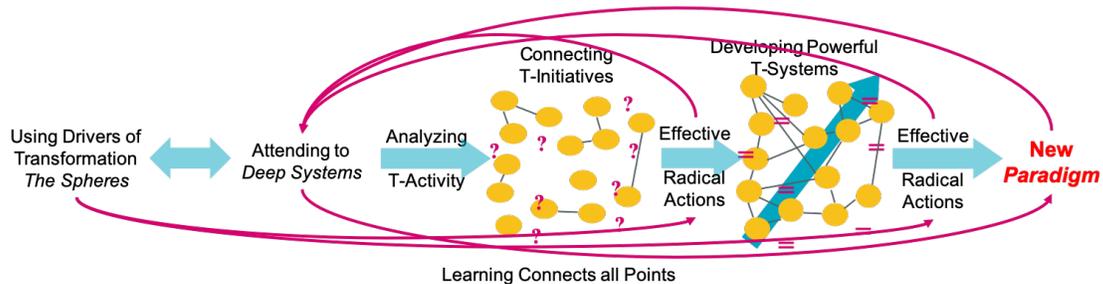
1 FORUM'S STRATEGY AND THEORY OF TRANSFORMATIONAL CHANGE

1.1 SUMMARY

The very idea of developing purposeful transformation usually overwhelms people – even “change experts” – because of the scale, complexity and unpredictable nature of the dynamics involved. Nevertheless, recent experience and arising knowledge of those in the Forum have led to define an approach that, while far from easy, inspires their confidence as moving in a very rewarding direction. Their strategy proposes that successful and speedy transformation requires:

1. **Understanding “transformation” as a very specific type of “change”.**
Without this understanding, the wrong tools and strategies are often used.
2. **Creating comprehensive processes that:**
 - a. Work with five powerful drivers of transformation;
 - b. Tackle six deep systems that impede transformations; and
 - c. Develop innovative social infrastructure of transformations systems to rapidly mature transformations.
3. **Supporting radical actions that move towards the new paradigm.**

This approach is represented in the diagram below:



The Forum proposes developing this process through a Transformations Interaction Platform and its associated structures and activities. The Forum will create value, by creating the connecting and amplifying infrastructure for diverse transformations enablers and initiatives to learn and work effectively and rapidly with the drivers of transformation to transform six deep systems through entrepreneurial radical actions. This is explained in more detail below.

1.2 TRANSFORMATION IS A DISTINCT TYPE OF CHANGE

Understanding “transformation” as a very specific type of “change” is critical. Without this understanding, the wrong tools and strategies can easily be used. By “transformation”, we mean such events as moving:

- From carbon-based to carbon neutral energy systems. Change in core logic technologically and understanding of socio-ecological relationships.
- From incarceration (or worse) to marriage equality. Change in core values, social norms and understanding of gays and lesbians.
- From apartheid to post-apartheid. Change in core values, social norms and political system rules.
- From war to peace in Northern Ireland. Change in core values and social norms.
- From centralized to decentralized: Change in power structures and governance mechanisms.
- From the world is flat to the world is round. Change in ways of conceiving the world.

	Incremental	Reform	Transformation
Core Question	How can we do more of the same? Are we doing things right?	What rules shall we create? What structures and processes do we need?	How do I make sense of this? What is the purpose? How do we know what is best?
Purpose	To improve performance	To understand and change the system and its parts	To innovate and create previously unimagined possibilities
Power and relationships	Confirms existing rules.	Opens rules to revision.	Opens issue to creation of new ways of thinking about power.
Archetypical Actions	Copying, duplicating, mimicking	Changing policy, adjusting, adapting	Visioning, experimenting, inventing
Tools Logic	Negotiation logic	Mediation logic	Envisioning logic

Table 1 clarifies the definition of transformation, by comparing it with “incremental” and “reform” types of change. By “incremental” we mean “doing more of the same. Starbucks opening another store is an example, as is increasing the efficiency of carbon fuel energy generation. By “reform,” we mean changing the boundaries of how something is organised, but keeping the over-arching production logics in place. It might be in response to new technologies that result in new regulatory structures or a new production subsidiary, which displaces an old one. With reform, the underlying goals and power structures remain.

Transformation involves doing something that is fundamentally different than what has been done before. It involves a redefinition of goals (e.g.: from producing energy to producing sustainable energy), which arises from a new understanding about the way things work (e.g.: carbon emissions result in climate change) and produce a fundamental change in operating logics (e.g.: from “mining” of nature, to harmony with nature). This usually involves deep shifts in power structures (e.g.: away from carbon extractors). In transformation, a key activity is visioning new possibilities that require radical innovation socially, often technologically, and definitely societally. The key activity is trying to do things in fundamentally new ways – radical experimenting. This usually starts at a small scale. (NOTE: Our definition of incremental is sometimes confused with “experimental”; our definition of “incremental” is more of the same.) Experiments can lead to large scale. Experiments can also be large scale, such as with transforming national energy programs. Transformation often involves rethinking traditional boundaries (such as “national”).

Giving this radical novelty associated with transformation, there are continuous cycles of “emergent” learning. This refers to learning arising with radically novel actions, which is quickly integrated into new actions to create a rapid learning and development process.

These three types of change interact. Successful transformational experiments require reform to support destruction (e.g.: of carbon miners), as well as of creation (e.g.: of sustainable energy producers). Reforms, in turn, produce new enabling environments and rules to support incremental change.

1.3 STRATEGY COMPONENTS: A COMPREHENSIVE APPROACH TO THE PROCESS OF TRANSFORMATION

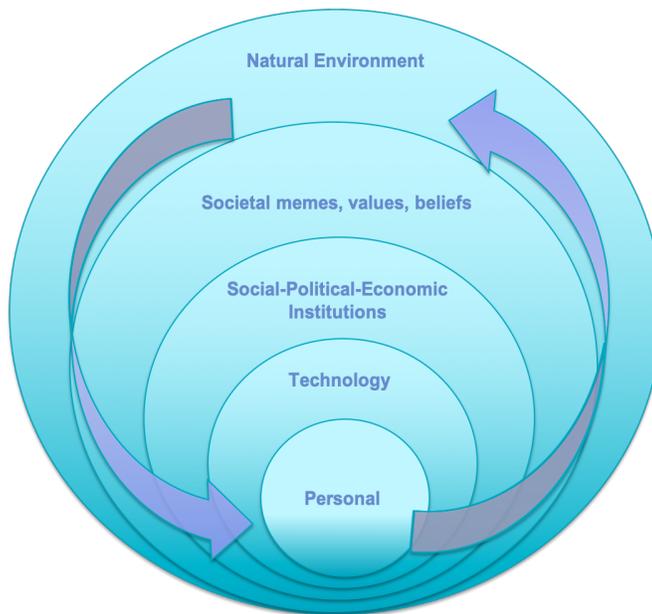
Transformation involves many unknowns, but nevertheless processes and interventions can be identified to support its direction. This understanding is critical for developing a purposeful transformations strategy, and when and how to intervene.

Although many people and initiatives integrate one or two of these insights into their work, the unique quality of the Forum is the comprehensiveness and depth of its approach. Without these qualities, transformations agents may well be blind to a part of the process that can derail all their efforts. Of course, this aspiration to be comprehensive requires open assessments and continually asking what is missing. While the Forum believes that its

approach is sufficiently comprehensive and deep, it integrates evaluation and learning to continually refine its approach.

1.3.1 COMPONENT 1: DRIVERS OF TRANSFORMATION

People usually focus on only one or two drivers of transformation. The Forum emphasizes the importance of paying attention to all the drivers, in order to understand where opportunities and threats are arising. It draws on the concept of “spheres of change” development through review of those writing about transformation. That review identified five drivers of change, which it describes as change spheres. They are presented in the diagram as a way to point out that they are all connected. These are:



- Personal: individuals, mental models, values, mind-sets
- Technology: physical innovations
- Social-political-economic institutions: formal and informal organizations
- Societal memes, values, beliefs: the cultural aspects
- Natural environment: the planet’s natural systems

Purposeful transformations agents often start with one “change sphere”, depending on their particular disposition. However, they then often come to realize that to support transformation in that one sphere, also requires transformation in other spheres. Different cultures tend to emphasize different spheres. American culture tends to emphasize an individual’s personal capacities; Europeans those of institutions; Germans are particularly comfortable with engineering technologies, and Silicon Valley with computer-based ones.

Different change spheres may be emphasized at different transformational moments. For example, with approaches to economic development, there have been cycles of solutions and emphasis on different spheres (except, in this case, the natural environment, although that is now arising with Nature-Based Solutions).

The drivers of transformation provide forces supporting purposeful transformation.

1.3.2 COMPONENT 2: DEEP SYSTEMS

One reason that purposeful transformation is very challenging, is because powerful status quo forces are holding the current paradigm in place. The concept of "deep systems" as a small set of forces playing this role arose out of the founding of the Forum, which involved asking about six dozen transformations agents "What is holding you back from being even *more* successful in your transformational change efforts?" Their responses described something quite different from the focus of most change efforts. Take the example of climate change, where the direct cause is greenhouse gases. Almost all change effort to reduce emissions focuses on shifting things such as, policies, inventing new technologies, raising more money for investment in sustainable energy, changing the production system, and influencing consumers. These activities address what can be called **proximate** causes, in contrast to the **deep systems** causes described by transformations change agents. The initial definition of deep systems arising from this inquiry has since been modified and validated by further research, with the results presented in Table 2.

Table 2: Transformations Inhibitors		
	Climate Change	Deforestation
Direct Causal Factor	Emissions	Cutting of trees, climate change
Proximate Causal Factor (Traditional focus)	Issue systems of: Policy, technology, finance, production/distribution systems, consumers	
Deep Systems Causal Factors (Forum focus)	Societal sets of: Narratives, organizing approaches, change capacity, evaluation approaches, innovation processes, financing,	

The six key Deep Systems, as now defined by the Forum, which are holding back transformation in various ways are:

1. **Capacity:** There are insufficient knowledge, tools and people skilled in transformation and the action-oriented learning/research logic associated with it.
2. **Evaluation:** Today's project-bounded, input output evaluation metrics, which are based on historical data collection and tend to be limited to historical performance, undermine the future-oriented, systemic and radical experimentation and learning essential for transformation.

3. **Financing:** The current emphasis on short-term financial return, relatively rigid performance assessments, and continual growth driven by historical data makes financing systemic transformation efforts very difficult.
4. **Governance and Organizing:** The status quo of existing systems is, by definition, held in place by individuals and institutions already in power positions, who are (understandably) very reluctant to change power structures towards the more responsive, participative, and systemically based governance structures needed in a sustainable future.
5. **Innovation:** Current innovation systems are largely driven by relatively short-term financial and growth goals, with little regard for the social and environmental impacts of these innovations.
6. **Narrative:** Today's dominant stories and cultural mythologies about how the world works (e.g., marketplace magic), the way values like "freedom" are defined and our very purpose in life (e.g., wealth accumulation), shape today's worldviews, attitudes, and practices in ways that are destructive to the natural environment and to the well-being in human societies.

Each of the six key Deep Systems requires transformation itself to realize system transformation towards well-being and flourishing for all. For example, education and human development systems need repurposing in favour of development of "learning/resilient societies", which can support the scale and pace of change we are experiencing. The evaluation challenge is not merely to find a new tool or framework, but to shift the purpose of evaluation to support radical experimentation. The financing challenge requires vastly increasing efforts, like impact investing and environmental-social-governance, to change the very logic of finance away from growth and profit at all costs to something more like societal well-being. The governance challenge requires finding much more responsive mechanisms than the current representative government ones, that can help human beings cope with the evident global challenges. Transformed innovations systems will be responsive to social cohesion and equity, and environmental sustainability goals. Narrative development will shift from largely economic stories to ones that support a sense of our shared humanity on a unique and vulnerable planet.

1.3.3 COMPONENT 3: IDENTIFYING THE CURRENT GAPS

Analysis of current purposeful transformations efforts have identified additional problems in the way they are organized – or, rather, their lack of collective organizing. Collectively, they are characterized by:

Lack of coherence and connection: Transformations initiatives and enablers currently are fragmented and poorly organized to take on the big inertial forces that characterize the SDG grand challenges. Transformation agents now tend to operate in niches, which individually are easily overwhelmed and captured by traditional players. They expend

scarce resources relearning lessons others already understand. They miss potential synergies that could be gained by cross-fertilization, because their efforts are poorly unconnected, and, therefore, lack coherence.

Inadequate financial resources: There are too few investors – science, government, philanthropic, impact, crowd sourcing and traditional ones – who understand what is needed to finance transformation efforts and who are willing to undertake transformation financing . Transformation investing requires long investment horizons, high risk tolerance and a willingness to invest in *social* infrastructure, as well as hard technologies. Such financiers are poorly connected, with weak knowledge about transformational investing, and few connections to transformative entrepreneurs.

Many ‘unknowns’: Transformation by its very nature requires stepping into the unknown and changing both recognized and unrecognized assumptions. There are unknown unknowns. Unexpected events are inevitable. Transformations entrepreneurs and their supporters can easily become exhausted and disoriented, by apparent paradoxes and dilemmas.

Need to Deal with Deep Systems Challenges: [Deep systems](#) are entrenched structures, institutions, attitudes, and practices that resist change and, hence, greatly impede transformation efforts. They require a collaborative effort that is rarely recognized and even less supported, either institutionally or financially. In part, this is because deep systems challenges need holistic, rather than piecemeal approaches.

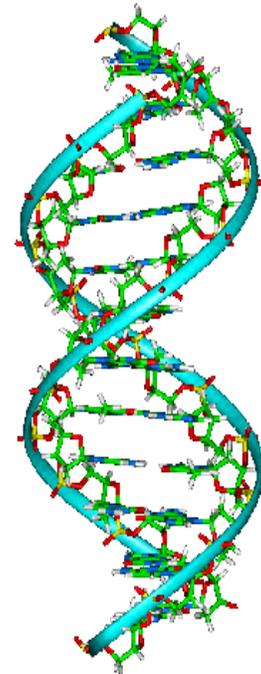
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1.3.4 COMPONENT 4: TRANSFORMATIONS SYSTEMS AND INFRASTRUCTURE

The SDG Transformations Forum comprises transformations enablers and initiatives who are developing transformations systems and infrastructure with a shared strategy.

T-systems or transformations systems are all the people, efforts, and initiatives working independently or collectively to transform the system. T-Systems include both individual T-entrepreneurs and T-initiatives working for change. This includes initiatives inside status quo organizations, independent research institutes, NGOs, radical enterprises, special government agencies, and collaborations of T-initiatives. T-systems participants may or may not have a transformations intent. Many working for new technologies simply have a money-making intent, although their impact can be transformational.

T-systems form around issues and places to transform a status quo system. In the diagram, the relationship between these two systems is presented as the double helix of DNA. With many points of connection, the T-system strand acts on the status quo strand. Status quo systems include the people, organizations, and institutions, arrangements, operating rules, practices, and standards that collectively work to deliver a set of goods, services, or values. Examples of systems include food production and supply, energy production, and health care. T-systems exist in and alongside of such existing systems. Just as we need powerful food systems to provide food security and health systems to support physical and mental well-being, we need powerful transformations systems to realize purposeful transformation.



There is currently little recognition and poor organization of T-systems. As a result, many transformational efforts simply muddle along without coherence or guidance. Fragmented efforts go in different directions. Transformations agents are more effective, when their actions are guided by an understanding of their T-system, its dynamics and structure. This provides the basis for connecting to address T-system weaknesses, such as gaps in effort, redundancies, conflicts and missed synergies. Connecting across different change efforts catalyses change, amplifies learning and provides collective power to take on deep systems.

T-systems require infrastructure to become powerful. This includes both soft social infrastructure and hard technological infrastructure. It involves creating networks, radical products, knowledge, tools, strategies, social innovation, and technological innovations, and new ways of organizing “production”.

