



INNOVATION AND FLEXIBILITY

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Good afternoon everyone, and welcome to this sixth general session of what has been a great International Assembly.

Now, this assembly is one for the record books. Because it is the first time that Rotaractors have been invited to come to an International Assembly as full-fledged participants. So, congratulations to President Barry [Rassin] for putting so much emphasis on Rotaractors and how much they contribute to our organization. And to President-elect Mark [Daniel Maloney] for his initiative to invite our 60 Rotaract participants.

Today it's my privilege to talk about innovation and flexibility at Rotary. Those are two words you hear a lot today when we think about any organization adapting to a rapidly changing environment. But what do they mean for Rotary?

Well, let me begin with a description of someone you might recognize. A young person alone in a big city. A young person looking for friendship, looking for connections with other professionals, looking for a shared mission regardless of color or creed, social status or nationality. A young person looking to make an impact, but unsure where to begin. Well, that man was Paul Harris, Rotary's founder.

You know, back in 1905 when Paul planted the seed for the great organization we know today, he was only 36 years old. Now, he wouldn't qualify as a Rotaractor today because he was just a little bit too old, but he certainly had that spirit of youthful innovation that we must try to emulate. Because, to that group of four friends who formed the first Rotary club in Chicago, "Rotary was like an oasis in a desert."

And over a century later, you — our Rotaractors — are a generation that has to grapple with your own challenges, your own deserts, in a world of increasing social and political upheavals.

Many of you graduated during a global economic depression, and perhaps had to struggle to get that first job or pay off student loans. Many of you have witnessed rising social inequality and political polarization. Some of you might be disenchanted with business practices that don't meet your high ethical standards. But I don't want you to lose hope — because we want Rotary to be your oasis in the desert.

That applies not only to the 60 Rotaractors here today, but also to the thousands of other Rotaractors around the world.

But to be an attractive oasis, Rotary will need to change.

And that change is possible, because we've been here before. The Chicago in which Rotary was born is not so different from the environment many of you want to change.

Paul Harris experienced firsthand the struggle between the forces for positive social change and the aggression of a fast-growing city. It was a place of stark contrasts, between astonishing wealth, abject poverty, and high unemployment.

But innovators like Paul, looking at first for nothing more than friendship and business connections, began to turn the corner. What started as a fellowship of four people grew into a large and thriving service organization.

Your continued engagement, and that of all the Rotaractors in the world, will allow you to make an impact on the issues you care about. It will help to implement the changes we need to take Rotary to even greater heights.

And now, to the district governors-elect. Your term in the next Rotary year will be a special one, because it is the year when our brand-new strategic plan will be put into action. And a fundamental pillar of the strategic plan is to use innovation and flexibility to take Rotary into an even brighter future.

So, can I ask you to raise your hand if you were under 30 when you joined Rotary?

Well, I see that President-elect Mark has raised his hand. You know, Mark was a Rotary member at 25, a club president by the time he was 30, and as you heard in the opening session, district governor at 34. In fact, looking back at Rotary International presidents over the last three decades, all but *three* joined Rotary in their 20s or 30s.

So, I think that it is clear that the myth that Rotary cannot be the place for young people to make their mark on the world is just that — a myth. But if we are really serious about growing Rotary and attracting new members from all demographics, we must innovate.

And that innovation will need to take various forms.

It begins, first, with making innovation a core principle in Rotary. It begins with developing a culture of positive change and adapting to the needs of our new realities and challenges.

Second, innovation is also about transformative technologies. We can call this sustaining innovation — that is, constantly developing our suite of products to serve our existing members. And we have implemented this concept of sustaining innovation through three channels of new technology: Rotary's Learning Center, Rotary Club Central, and an enhanced online membership leads program.

Now, all these tools are at your disposal, and many new ones are in the process of being developed. Their consistent use should be a key foundation of our future growth strategy. So we can innovate in our mindset. We can pursue sustaining innovation through technology.

But there's a third kind of innovation that we must aspire to generate at Rotary. It's called disruptive innovation. In the world of business, it refers to a product or service,

often very simple in its first design. This product or service takes root at the bottom of a market, and then relentlessly grows in popularity, until it displaces established competitors.

Truly disruptive innovation can create new markets. Take Apple, for example. Most of you here, I would suspect, are carrying a smartphone. And today, we take for granted that we will always have a personal computer within our pockets.

Now, when Apple first arrived in the technology space, it was a real innovator, just like Rotary was in its early day in the area of social impact and connecting for good. However, over time, Apple became just another overpriced computer company, and faced an uncertain future.

The brand didn't reverse its decline until, with the help of Steve Jobs, it returned to a path of disruptive innovation. With products like the very first iPod and iPhone, Apple made transformative technologies available to millions. Today, it is one of the world's most valuable companies.

Now, I mentioned Apple because its huge growth is a testament to the fact that established organizations can channel disruptive innovation to reach new customers.

As Tusu Tusubira said earlier this week, increasing our ability to adapt is a cornerstone of our strategic plan. Because if we don't respond to the rapidly changing world we exist to serve, we run the risk of being left behind by a new breed of disruptive innovators.

This is exactly what happened to Kodak, which for a century was one of the world's leading companies with a consistent reputation for innovation and excellence. But the company stopped innovating. It invested less in research and development, and misread many signs of how the world was changing around it.

It became unable to adapt swiftly, and lost sight of its long-term vision. And a company that was once one of the most valuable and most recognizable in the world was forced to declare bankruptcy in January of 2012.

And so as Rotarians, we need to heed the lessons of missing opportunities to adapt and to innovate.

Imagine for a moment what Rotary clubs could look like in the future. Imagine a club that could change its meeting schedule and format. A club where you can relax attendance requirements. A club where you can offer multiple membership types. A club where you can invite Rotaractors to be members of your club while they are still in Rotaract. A club where measuring adherence to the rules is replaced with measuring progress against goals to improve the community and to grow the club.

Well, you don't have to imagine very far, because these clubs already exist.

The Rotary Club of Invercargill NRG [Next Rotary Generation] is a family-friendly club in New Zealand with fluid meeting times and venues. While attendance is encouraged, it is not compulsory.

The Rotary Club of Aruba systematically engages with its local Rotaract and Interact clubs to ensure a smooth and natural transition into the Rotary club. As a result, half of the club members are former Rotaractors.

And then there are the so-called Passport clubs. Three years ago, District 5180 in California began thinking about a club model that would be attractive to younger members who were not interested in attending weekly meetings or paying dues they could not afford.

So the district chartered what it called a Passport club with 20 members in Sacramento, California. The club meets only six times a year — six times a year — with an optional social event in the month between meetings. And in addition to attending the six required meetings, every year Passport members must either contribute \$1,000 to The Rotary Foundation *or* do at least 40 hours of community service with Rotary clubs or other nonprofits in the district.

This club has more than tripled — tripled — its membership in three years.

It may not be for everyone. But it is offering a product that young professionals find attractive. In fact, the concept is now spreading, and almost 20 passport clubs now exist in the U.S., Canada, Australia, and elsewhere.

But I think that we can do even more.

We can innovate while still supporting our existing or traditional clubs. They will continue to be the backbone of Rotary. And our innovation should always reflect our core values.

But we also need to push the envelope and grow Rotary through the establishment of new, pioneering clubs. They can become our iPod or iPhone.

Now, a long-term sustainable growth strategy just doesn't appear out of thin air. It requires persistent and continued emphasis and commitment by leadership within every single district. It requires a commitment to club innovation and flexibility, a commitment to best serving the specific needs of our communities as they evolve. It requires a commitment to incorporating Rotaractors into Rotary.

Here's an interesting idea for governors-elect: How about handing over one day of your district conference to your local Rotaractors? And if you really want to be bold, turn the whole district conference program over to the Rotaractors. Or even better, invite Rotaractors to district leadership positions and have them play a meaningful role as an equal, equal, partner in developing and carrying out projects.

So as you, the governors-elect, embark on your year of leadership, I challenge you to support existing and traditional clubs. But even more so, I challenge you to think out of the box, and to grow Rotary through new innovative club models.

We need to try new approaches. But as we all know, change can be hard. It's hard for an existing club that is struggling to change.

But it's very easy for a new club to do things differently and embrace flexible formats and meeting types. In fact, the easiest new club to form is a club of former Rotaractors

and other alumni who haven't joined a club. They already know Rotary, are passionate about Rotary and our values. And they are likely looking for a club experience that doesn't yet exist.

But above all, we need governors who support new club development and support the creation of new clubs that are different.

So to summarize, there are three clear paths to make the changes that will grow Rotary:

- One, to grow by innovation in those existing clubs that want to change
- Two, to grow through the creation of new and different clubs
- Finally, to grow by incorporating Rotaractors — to truly treat them as the extraordinary partners and resources they are

You know, Rotary today stands at a crossroads. We have a choice to make. Are we going to be Apple — which responds to external realities and innovates? Or are we going to be Kodak — which didn't?

The choice is ours.

And I'm confident that through your leadership, and through the leadership of your successors and thousands of Rotarians around the world, you will *Be the Inspiration* that allows us to successfully navigate these crossroads.

We are clearly up to the challenge. And in doing so, we will prove how *Rotary Connects the World* through innovation, flexibility, and thoughtful change.

Thank you very much.