

Organization External Drivers of Change

External driven drivers are typically the most challenging forces of change to an organization. These forces are those arising external to the firm or organization itself; factors that the firm has little or no control over. Typical examples would include the following:

- **Economic**
 - Typical economic drivers of change are a slowing economy, such as in a recession, or a booming economy. It could be as far as high or low interest rates or easing of monetary policy. It could also be the depreciation of the country's currency, or appreciation.
- **Technological**
 - Technological drivers of change could be a new generation of programmable chips that dramatically improve processing speed, or a technological driver of change could be in the area of new business development where a technology that was successfully applied in economic sector A has found use in sector B. Or it could also be the expiration of a pharmaceutical firm's patent, which could cause it to scramble to replace the lost revenue and put it in competition to rapidly copy what once was a proprietary formula.
- **Regulation and Governmental Actions**
 - Regulation and governmental intervention can occur at all levels of government, from local to county, or state to federal legislation. Recent standards of the Corporate Average Fuel Economy (CAFE) are raising in U.S.-based auto manufacturers. This legislation will affect the future engineering of materials that are used in car design and manufacturing.
 - Another example is the recent passage of the Affordable Care Act (ACA). Some sectors in the economy will benefit from this, such as any health care service or product provider with 30 million new customers. Depending upon the number of people with preexisting conditions, health insurance firms may either benefit or be hurt by the legislation
 - Recent Environmental Protection Agency (EPA) rulings are presently causing coal mines and coal-fired power plants to begin shutting down, not only devastating the firms and their employees, but whole towns dependent on these coal-related firms for economic activity
- **Competition**
 - Each of these externally driven changes require the organization to react and the pace to start of the change effort

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that is, in most cases, driven by the nature of these external forces. For example, if a new governmental regulation requires immediate compliance, the pace of change implementation will need to be far faster than a regulation with an effective date in 12 months.