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What’s the issue and why should I care?

Why should you bother to pay attention? Frankly, the last thing corporate leaders need is yet another fad. Another low-yielding, resource-consuming monster that we have to do simply because it’s the new, new thing.

Well, regardless of new trends and industry fads, the real issue is the inescapable fact that conducting business in the 21st century is becoming more and more complex. Everyone in the corporation is grappling with an ever-increasing, complex choreography of dynamics within the corporation – dynamics that we may, or may not, even be conscious of. Some of these dynamics are internal to the corporation and many are external dynamics. So what are the primary dynamics that influence business complexity?

1. Enormous market complexity
   (a) Globalization
   (b) Increasing substitutes
   (c) Hyper-competition
(d) Increasing new entrants (especially from developing economies)
(e) Product and service convergence
(f) Consolidation
(g) New and disruptive technologies.

2. Organization complexity
   (a) Virtual organizations
   (b) Multiple mergers and acquisitions
   (c) Multiculturalism
   (d) Outsourcing
   (e) Consensus management
   (f) Aging workforce
   (g) Non-institutionalized corporate knowledge
   (h) Generation next values
   (i) Corporate improvement initiatives.

3. Regulations and compliance

   – and oh so many, many more. . . .

Unfortunately, there are just so darn many, so let’s abstract most of these complexity contributors or drivers into one category of singular importance. Let’s lump these drivers together under the label of conducting business in the 21st century or 21st-century commerce (21CC).

One of the premier thought leaders and an expert in systems thinking, Peter Senge, has some interesting observations about complexity:

three types of increasing complexity are at the root of organizations’ and societies’ toughest problems:

1) dynamic complexity: cause and effect distant in time and space
2) social complexity: diverse stakeholders with different agendas and worldviews

3) generative complexity: emergent realities wherein solutions from the past no longer fit.

In the face of such complexity, the very concept of 'problem solving' can be an impediment. It can lead us to think of fixing something that is broken. It can lead to imposing solutions from the past. And, it can lead to seeing reality as the adversary rather than the ally.

But let’s think about complexity for a second. We all agree that business is more complex, yet if we do a review of the literature it’s difficult, if not impossible, to find common agreement as to what complexity means. For the purposes of this book we are going to define complexity in the following way: there are more things to do, more people/organizations/systems doing them, more places in which they occur (regional/national/international), more time constraints involved in their performance and probably the biggest contributor to complexity is that there is more information, or at least more data.

So we agree business is getting more and more complex, and this is perfectly in line with the thoughts of academics, industry analysts and thought leaders of the day. All agree that commerce is getting ever more complex.

All agree too that we should build business-driven processes, rather than exist in process-driven businesses. All agree that corporate stovepipes must go, and rapidly be replaced with nimble, customer-focused business processes that are readily automated. All agree that we urgently need to address these significant challenges. And all agree that corporations which fail to adapt to the emerging complexity will be severely and negatively impacted.
Few agree on how to face and address these 21CC challenges. Indeed, many have not even thought much of the *tools required* for 21CC. Many naively assume that the tools are already in place. Many are in for a nasty surprise!

Another major reason (and arguably the most important reason for caring about the content of this book) is, like it or not, our organizations spend a great deal of time, energy and resources attempting to understand and describe themselves.

What we mean by this, is that every corporate change and improvement initiative spends 10 to 50 (or more) percent of its effort attempting to understand and describe the business. In fact the first step in every Six Sigma, Lean, organizational improvement, BPM, SOX, and all the other multitude of initiatives is to (you guessed it) *understand and describe* the business.

We conservatively estimate, that 5 to 10 percent of our corporate expenses are consumed trying to understand and describe the business. In a multi-trillion dollar economy that’s a lot of beans.

If we could gain just a small modicum of efficiency in this endeavor the savings would be astronomical.

If your organization is not a victim of complexity and you have no corporate change initiatives or projects, then no need to read further. But for everyone else the simple challenge is: **how on earth are you going to understand your business and what do you truly have at your disposal to help?**

*We believe* Business Genetics will provide a significant part of the answer.