



Extreme Competition

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Latest book:
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The Battleground States

By Peter Fingar, with a little sprinkle of election *verbiage* and satire.

It has gotten really ugly, really nasty, as we roll into November 2008, both politically and economically.

BPM proponents have been campaigning for “Agility” for years now. They know the need for change in business leadership from command-and-control *states* to sense-and-respond, connect-and-collaborate *states*, yet the old guard stands fast with “stay the *command-and-control* course.” What *state* is your company in? Can you cope with the unexpected?

Command-and-control functional management is what got vertically integrated companies through the 20th century, and leadership style is hard to change, especially when 20th century business leaders have had to stare at next-quarter earnings to keep their jobs. Of course, they will keep doing what they’ve done in the past, well into the changed world of the 21st century. They’ll cling to their silo’ed guns and command-and-control religion. After all, that’s what brought them power in the past.

So what’s it going to take for 20th century business leaders to change?

Well, forget that 3 a.m. wake-up call made famous in the 2008 primaries.

How about moving from next-quarter horizons to that almost daily 3 p.m. wake-up call?

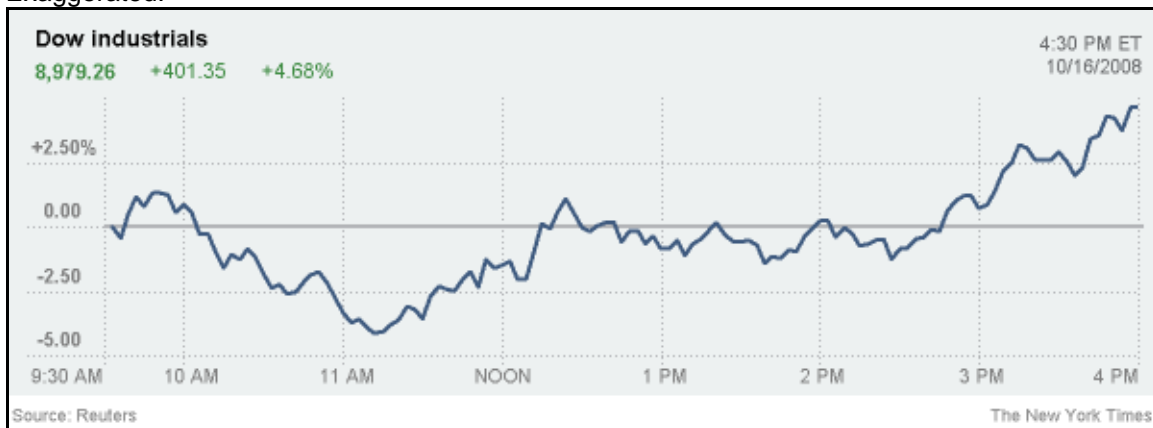
That’s when financial markets like to get hyper, almost each and every day lately: The Dow is plunging! No, it’s surging! No, it’s plunging! No, it’s, it’s ...

On 15 October, when the Dow tanked by 733 points, Reuters posted the article that opened with “Capitalism as we used to know it is on its deathbed.”



But that was yesterday, and yesterday's gone.

The very next day on Reuters, when the Dow shot up 401 points, economist Diana Furchtgott-Roth paraphrased Mark Twain in her article, "Reports of Capitalism's Death are Greatly Exaggerated."



What does all this bantering and gyration mean?

Business has changed, changed utterly, and your business must change utterly.

As (*may I call you Charlie?*) Darwin said, "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."

You betcha, it's that darn *agility* thing.

Just as we have recently seen that no financial institution is an island, the next round of shock waves are likely to be in the *real economy*, not the make-believe-worlds of exotic derivatives, Collateralized Debt Obligations (CDOs) and Credit Default Swaps (CDS) (say what?). Speaking in Tacoma, Washington, economist Todd Bucholz¹ exclaimed, "Aside from being interesting, the times are also *curious*." Bucholz cites an example, "Mattel makes Hot Wheels and other toys. The market capitalization (the total value of all outstanding stock) of Mattel shares is \$5.3 billion. General Motors makes real cars and trucks. The market capitalization of GM shares is \$3.8 billion. Go figure."

This October, GM shares fell to the lowest level since 1950. And, hey, *dontcha* know, as GM goes, so goes America, so goes the consumption engine of the planet, and so goes Joe the Plumber's and Joe Six-Pack's wallets. *Gosh. Darn.*

In "The Coming Pink Slip Epidemic," *Business Week's* Moira Herbst's wrote on October 21, "Economic woe usually leads to layoffs in certain industries, but this time the pink slips will be widespread. When the dot-com bubble burst, it was easy to see what types of jobs would disappear. But these days, virtually every industry is likely to be scathed in the widely predicted downturn starting this autumn. Nearly every business relies on credit to operate – just as they need customers to have spending power." You know, it's now about the *real* economy, the non-financial economy, where you and your company must deliver goods and services of *real value* to your customers, well, *you betcha*, it's also about those customers, *darn right*. They are all you have in the world of abundant global resources for goods and services, and in the world characterized by that nasty word, *commoditization*. And, can you see China and also India from your house, *also*?

Growing more desperate for real value, and with shrinking amounts of monies to spend, your remaining customers don't want you selling them stuff, they want you going to the ends of the earth finding stuff that's the greatest value on the entire planet, whether that stuff be goods or services. *You betcha, darn right*. To do that, you *gotta* connect-and-collaborate in a world where, as Bucholz said, "No longer is our interesting world a matter of 'here-today, gone-tomorrow' in terms of failing concerns. It's 'here-today, gone-today,' considering such luminaries-gone-dark as Bear Stearns and Aloha Airlines. 'Shockwaves of change' have disrupted a once-quiet business world. India, China, commodity prices rising, competition for jobs – all these and many more have combined to create a world where uncertainty is almost a currency unto itself." *You betcha*.

Warren Buffett once said, "You never know who's swimming naked until the tide goes out." Many companies have purchased BPM Suites over the past few years, but most of the deployments have been tactical – *darn it all*, just back-office in nature. So you never know who is really an agile, process-managed enterprise until the tide also goes out. It's when that *darn* tide goes out that you can see the real state such companies are in. It's then that you'll see BPM Suite adopters who have really only put *lipstick on a pig*, rather than transforming themselves into agile, process-managed, connect-and-collaborate enterprises. And if you really don't want to be naked, and really do want to connect-and-collaborate, you'd *darn* sure better have peer-to-peer Human Interaction Management (HIM), the human-to-human heart and soul of business process management – the missing link in most BPM systems to date, *also*.

Although BPM is the lynchpin of strategy execution, that doesn't guarantee business success. Success always starts with sound business *strategy*. *You betcha*. BPM, both as a philosophy and a technology, is but a means for *executing on strategy*. Bad strategy? No problem, *First Dude*. BPM technologies can *amplify* bad business strategies and business models, with great speed and agility, across the globe. For example, the recent demise of certain giants in the financial services industry seems to have been based on a toxic business model that Warren Buffet called "financial weapons of mass destruction." The business model was rotten all the way through, a giant house of cards maintained by the ingenious connivance of banks, rating agencies and insurance companies in what *New York Times* columnist, Roger Cohen, calls "a monumental heist." Hmm? Greed run amuck, conflagrated by a wired world. While straight through processing (STP) technologies were needed on a global scale to support such a business model, the supporting technologies were *neutral* to the model's ultimate value, or lack thereof. Oh my, just think what Al Capone's supply chain would have been with such supporting technologies. In short, technology, as used to implement a given business strategy, is a double-edged sword that can be used for good or evil. *You betcha*.

You know, to err is human, but *dontcha* know, to really screw things up requires powerful technology, and BPM technology is no exception to the double-edged sword of technology. Indeed, it's not just *doing things right*, it's also *doing the right things*, and BPM, as a philosophy and a technology, can amplify *doing the wrong things, right*. For, you see, as BPM luminary, John Jeston, would remind us, "The change from command-and-control to connect-and-collaborate needs BPM in the sense of BPM meaning a management philosophy and the need to innovate the processes of management itself." *Ouch*.

Though no silver bullet, BPM, as a management approach enabled with technology, can indeed allow a company to do the right things, *right*. *You betcha*. So, as the campaign for our futures rolls into November, we'll need to do the right things – with great *agility*, remembering Bucholz's apt description of a curious new world where "uncertainty is almost a currency unto itself." The ability to sense-and-respond to unpredictable change is the secret sauce of business going forward from November 2008. And process management is the enabler of being able to respond, for it's no longer what you do, it's how you do what you do that counts. As Dr. Mathias Kirchmer, Executive Partner of Process Excellence at Accenture would elaborate, "Just like you have to manage your financial assets, you also have to manage your 'process assets' in the form of robust process models in repositories." Can you use your process assets to sense, and then respond to your customers' unarticulated needs?

Hey, Joe, got agility? Can you sense? Can you respond? Do you grok process?
You can bet your @ss you'd better, because, *darn* it, in the *real* economy, real change isn't coming, it's already here.
You betcha.

ⁱ <http://www.thenewstribune.com/business/story/508816.html>