









FIT FOR COMPLEXITY

in small and medium-sized companies

**Be ready for increasing complexity –
with new knowledge and ability**

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Complexity is neither good nor bad.

Complexity is a historical fact and affects all people and organisations. And that includes small and medium-sized enterprises.

Scientific and technical innovations

and the exponential increase in the power of computers and computer chips worldwide have created a major dynamic that brings about considerable challenges for each individual.

You probably received more project statuses and updates, important information and global news at your workplace in the last few days than your grandparents would have in a whole year. Not only because there are so many more communication channels than in the past, but also because knowledge and diversity of information have exploded in recent decades.

This is a trend that is now continuing with huge data growth. The constant growth of the Internet of Things (*IoT*) alone will see people interacting with networked devices an average of around 4,800 times a day in just under five years' time, according to expert estimates.

In view of this new complexity, it is not easy to retain a feeling of control and focus and to be confident of reacting appropriately to it and making the right decisions now and in the future.

Complexity is simply there and increases on a daily basis. So what can you do to avoid being constantly overrun with mounds of events and information in everyday life? The solution is: establish good and flexible teamwork. Beyond that, each and every individual can observe and evaluate complex processes on the basis of personal experience and approach those processes with acquired knowledge and know-how.

This workbook attempts to describe complexity. The aim is to give you an impression of the processes associated with it. It should sketch out some effects of complexity on working life, people and companies, and it should give you initial impetus for how you can approach complexity, learning new things and developing as a person in the process.

We wish you happy reading and continued success in an increasingly complex world.

The Job Wizards

Complexity is a historical fact

What you should think and do now



Good to know - knowledge that you should consider and act on with regard to complex processes



Good to do - categorise and critically question your own encounters with complexity

The concept of Job Wizards Workbooks

The Job Wizards workbooks are published four times a year. They offer entrepreneurs and decision makers up-to-date facts, content and inspiration on important subjects in the world of work.

In Workbook #4, we have put together the most important information about the increasing complexity of working life for you. It describes core topics and consequences of complexity and provides important suggestions and impetus regarding how small companies in particular can use that to successfully approach related processes and effects.

- In the knowledge section
'Think ahead – good to know'
the workbook explains what influences customer relationships today and how companies can shape and manage relationships.
- In the practical section
'Work smart – good to do'
worksheets help you implement the freshly acquired knowledge in your daily work.

How to read this workbook.

CHAPTER

1

WHAT CHARACTERISES COMPLEX PROCESSES?

Imagine you have to explain the function of a spectrophotometer for high-precision colour measurements and then work with it without errors. A complicated process. Especially if the term spectrophotometer means nothing to you. But you can acquire the knowledge you lack. You can call the manufacturer, get hold of the instruction manual, and ask for help from experts who already work with it. Sooner or later, you will then understand how the device works, reliably and precisely. Without any room for interpretation. You will be able to control it.

The following example of a complex process comes from Yves Morieux, Director of the Boston Consulting Group Institute for Organization. In a TED Talk, the expert (*in corporate transformation*) describes an automotive manufacturer in the area of mechanical engineering, managed across business areas such as administration, purchasing, finance, sales, development and production. There are departments

that deal with fuel consumption, noise, anti-collision characteristics, and so on. For every requirement, every law and every specification, there are experts, engineers and specialists who each take care of their own area.

What happens in the automotive manufacturer's departments if a new stipulation, such as the length of the guarantee, is suddenly added? Reparability is immediately elevated to the position of a new core requirement, and important provisions are immediately decided on in a newly founded department. A complex process. But is it really helpful to open up a new unit with additional communication paths and new provisions? Definitely not, says Yves Morieux, because growing complexity is not about a lack of rules or provisions, but the interaction in the company and how internal workflows intermesh.

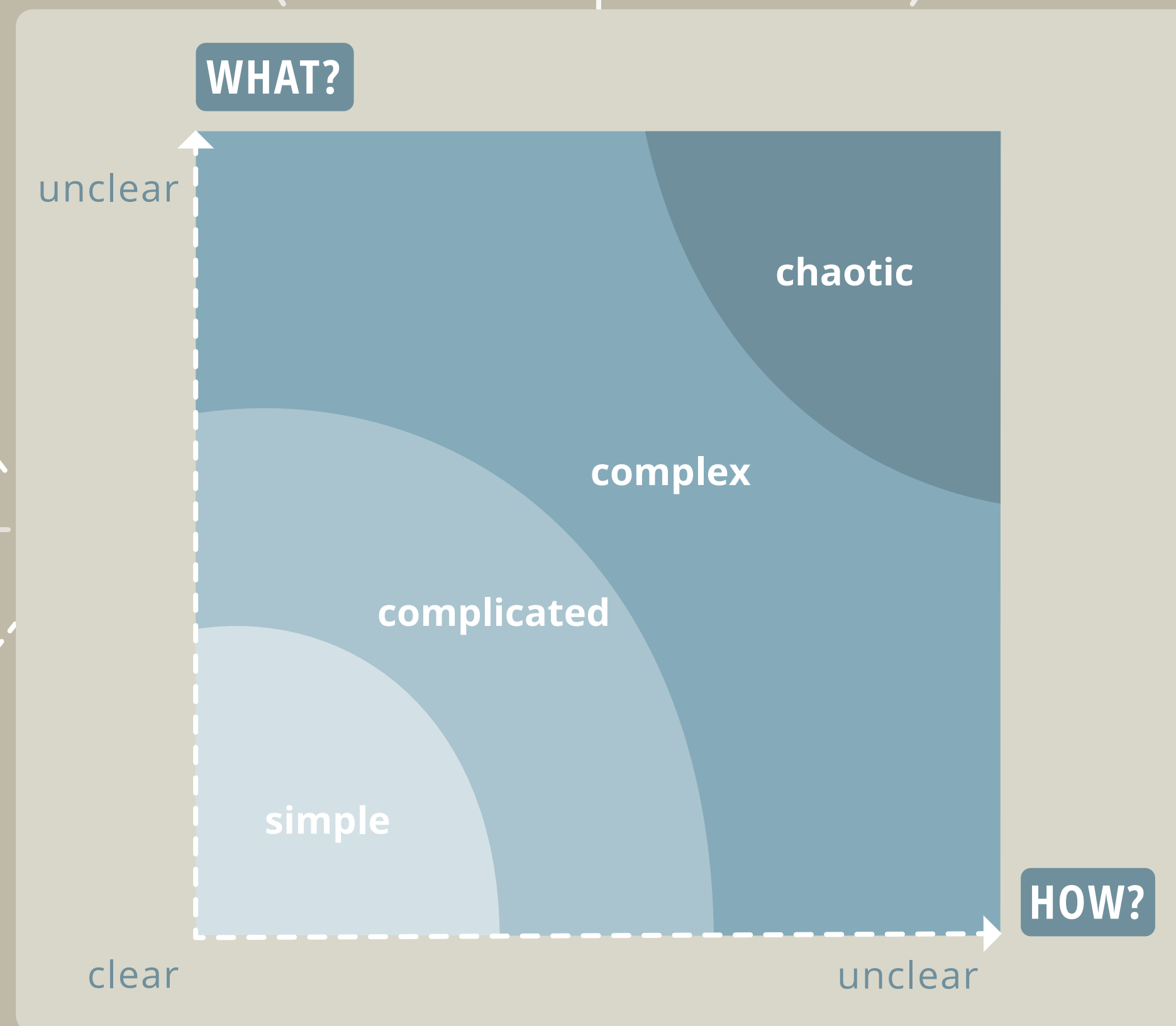
It is 'the connections, the interactions, the synapses' that are important, says the expert. When it comes to complex processes and encounters with them, it is necessary to establish a 'nervous system of adaptiveness and intelligence'.

The example shows what characterises a complex process:

- Different people, factors and components of a system interact at different times in a wide variety of ways.
- There is no precision or reliable predictions.
- The system is alive. There are surprises, new laws and provisions, unpredictable changes and room for interpretation again and again.

How to differentiate between complicated and complex processes





WORK OR PROJECTS ARE ...

- ... **simple**, if not only the aim and the requirements, but also the path there, are clear
- ... **complicated**, if the *what* and/or *how* are unclear
- ... **complex**, if aims, requirements and the path are unclear
- ... **chaotic**, if aims, requirements and the path are completely hazy

What is complex?



Infographic 1 shows whether work or projects are simple, complicated, complex or chaotic using the aims and requirements in the y-axis (*What?*) and the methods, strategies and technologies on the x-axis (*How?*).

You can approach complicated processes that always work according to the same pattern with specialist knowledge and the right instructions. However, with regard to complex processes, there are no right or wrong instructions. Instead, successful, flexible interaction and functioning connections between the different, intermeshing workflows are needed.

In practical terms in everyday work, it is therefore a matter of understanding what your colleagues are doing. What exactly does their work involve? What is important to them in it? It is about thinking in systems that overcome the isolated thinking and working of departments and units, says Yves Morieux. The following should be clear to a car designer: 'If I place a cable here, my colleagues will have to remove the engine to reach the lights when performing repairs.'

The solution: thinking in systems saves times and nerves

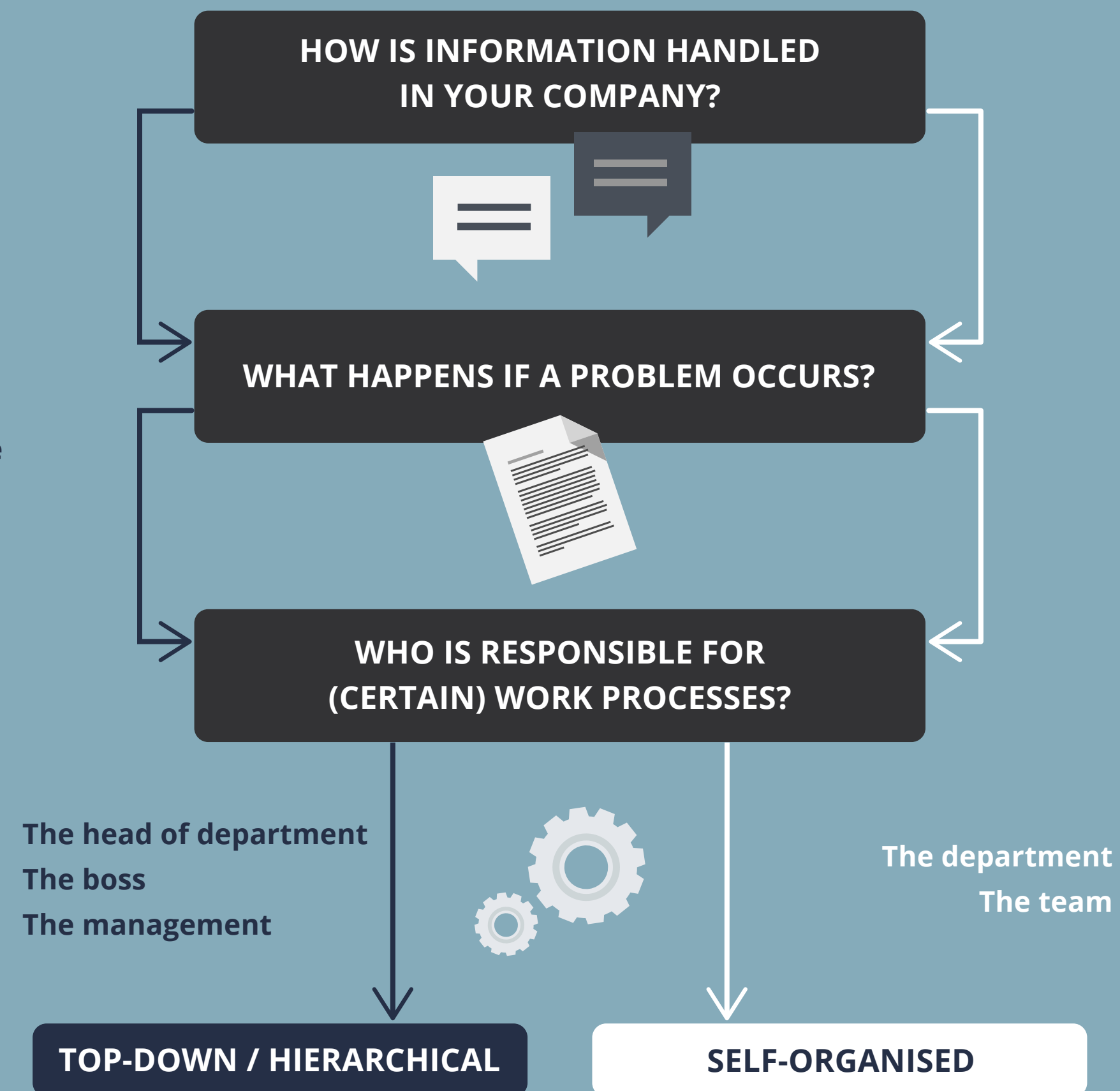


The flow of information is controlled by the management.

The head of department / the management take on the matter and provide corresponding instructions.

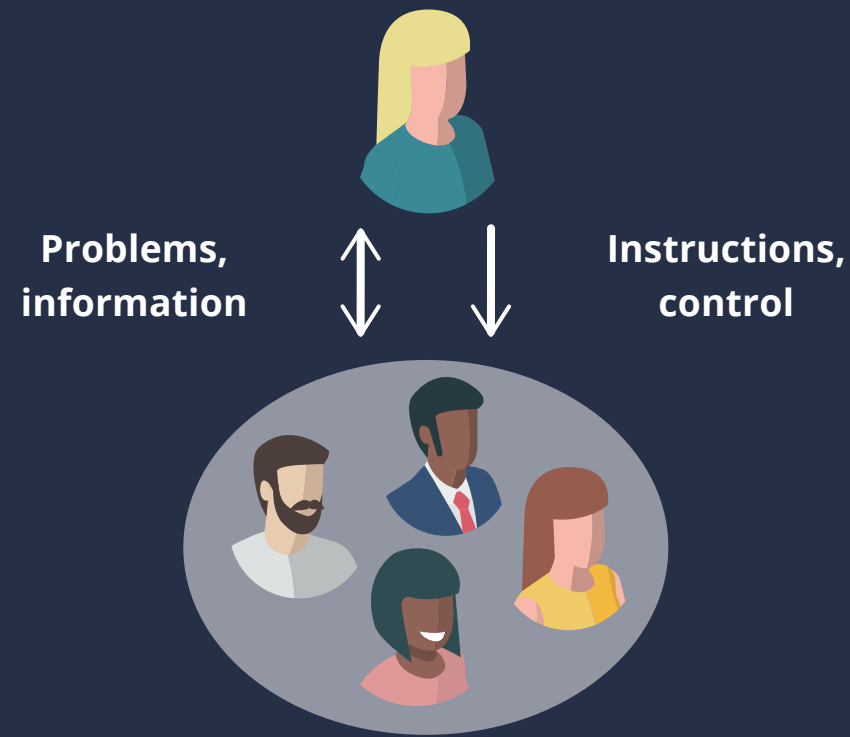
Everyone has access to important information.

Those involved in the problem / the team try to find a solution together.



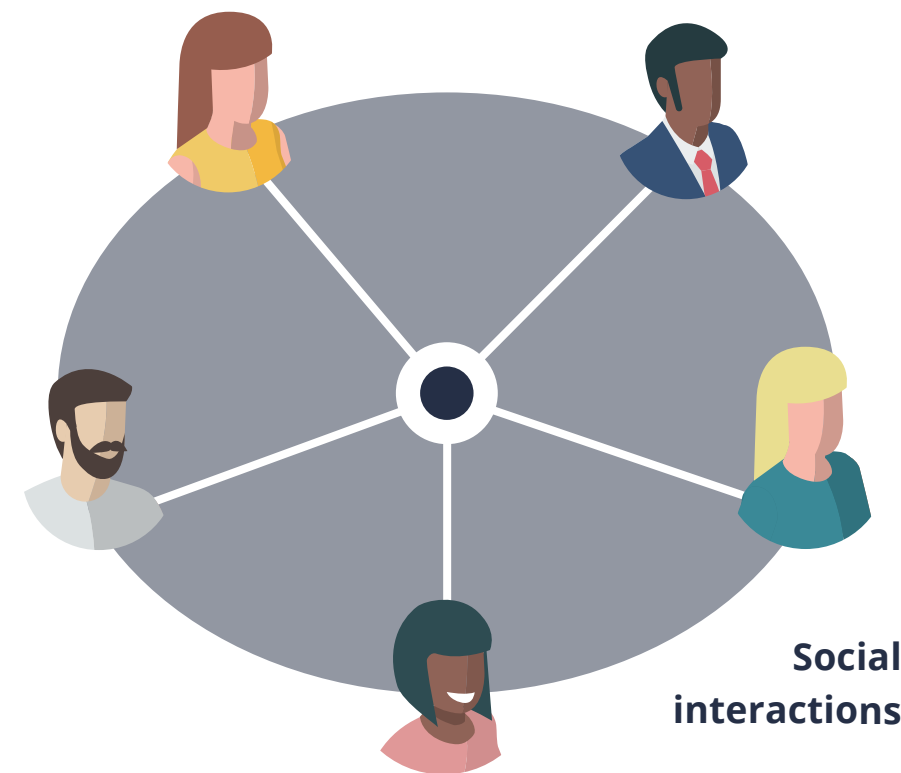
This worksheet helps you find out how you approach work processes in your company in times of complexity. Take your time to read the questions and follow the arrows that are closest to your answer in each case. You can find the solution under the worksheet.

*Model and questions on the basis of
Niels Pfläging, Organize for Complexity, p. 42*



TOP-DOWN / HIERARCHICAL

As recommended by traditional management theory, management in your company goes from top to bottom. That means: employees are controlled and managed by the management/boss, and information flows and responsibilities are clearly and hierarchically controlled.



SELF-ORGANISED

Teams are self-organised to a large extent in your company. Employees take on control and management of information and the solving of problems together; responsibility for work processes is carried jointly.

Have you primarily chosen the blue answers?

Then you are probably in a company that tries to approach complexity with traditional hierarchical structures (top-down). This is tricky, as traditional management methods are reaching their limits due to growing complexity.

Have you primarily chosen the white answers?

Then you are probably in a company that values social interactions, self-organisation of employees and productive teamwork. Due to growing complexity, this is the path for the future recommended by management experts, although it is not always easy.



Hierarchical or self-organised: how do you approach complexity?

CHAPTER

2

INDIVIDUAL PERFORMANCE IS A MYTH



MORE SUCCESS THROUGH GENUINELY GOOD COOPERATION

As the example of the automotive manufacturer shows, the solution for problems in complex contexts is not working on individual or separate parts of the system. It is not only individual parts that should and must work well, but rather it is about the interaction between them.

What matters is therefore improving the system and the interaction of the individual parts within it. 'Many organisations are permeated with the dogma of individual performance. But individual performance is a myth', writes the consultant, author and business speaker Niels Pfläging in his book *Organize for Complexity*. His experience: good business results always come from profitable interaction within and between teams.

In other words: there is no such thing as individual performance in complex organisations. Thus, it is a matter of good, productive networking of sales, production, purchasing, accounting and human resources on the basis of mutual understanding.

ALLOW AND SUPPORT SELF-ORGANISATION IN TEAMS

A change in attitude of the management board is therefore required, primarily in companies that are managed in a traditional, hierarchical way. Complex challenges can only be mastered with the help of teams that are working well and are cleverly networked. Now and in future, it is important to coordinate your own management style with these findings.

In terms of complex processes and workflows, it is therefore especially important to pay attention to and invest in good teamwork.

However, separating employees into groups, giving them specific tasks and looking for a certain amount of friendliness in their interaction is not enough.

This is because a team is fundamentally different from a group. Teams are about achieving something together: i.e., not all working for themselves next to each other, but reaching a target together through interaction and interdependency. There is a simple phrase that sums this up: no one is as smart as all of us.

Productive and complex interaction

works best when there are neither hierarchies (*project managers*) nor dominant shooting stars that outshine all others in a team. Different abilities and experiences among the team members, shared responsibility and the opportunity to make decisions together are beneficial.

Individual performance is a myth



Every person gathers different experiences over the course of their life. Thus, every employee also brings different knowledge and personal competences and abilities to a team.

The method of communication in a team is also highly individual. People talk, act and network with each other in very different ways.

A productive, capable team manages to make these different abilities, past experiences and behaviours optimally usable for each other. Thus, there may be team members who are highly critical or, in contrast, have an inspiring manner. Others are good observers, good with facts or good questioners. If they all work responsibly and together on a problem, a team like this brings many different points of view and methods of problem solving together.

Various communication types can also work together very productively. Malcolm Gladwell describes how with his 'Law of the Few'. According to this, a small circle of three people is enough to influence a whole society to get things moving or to stop them.

THESE GROUPS OF PEOPLE ARE AS FOLLOWS:

Connectors are ideal networkers who know many people from a wide variety of contexts and love to exchange information and bring people together.

Mavens are experts with a reliable intuition for trends and news, who like to share everything they have just found out.

Salesmen enjoy negotiating and use their charm to convince people of everything the connectors and mavens already know.

Team productivity



CONNECTOR



connects people
to each other

MAVEN



connects people through
sharing knowledge

SALESMAN



uses knowledge to
engage and persuade

Different communication types



*Three questions for
personal reflection:*

Allocated group or productive team:
what are you more familiar with?

What communication types are there
in your team and how do you work
together?

How well do you really know the
work areas, tasks and challenges of
your colleagues?

CHAPTER

3

ORGANISATIONAL HYGIENE: LESS IS MORE



In view of the growing complexity

in everyday company activity, it is necessary to establish a 'nervous system of adaptiveness and intelligence', as Yves Morieux, transformation expert at the Boston Consulting Group, puts it. In this context, it helps to focus on cooperation rather than individual performance. It is about gaining a mutual deeper understanding of the relevant production and work processes in order to be able to provide flexible support with upcoming problems or new challenges.

However, in order to be able to react flexibly, each and every individual needs a certain amount of space to act. If a department or company has too many or overly complicated rules that everyone has to adhere to precisely at all times, it is difficult, if not impossible, for employees to be able to deal flexibly with surprising situations or new challenges.

Some rules or provisions are legally prescribed, for example for reasons of occupational health and safety, and must therefore be strictly adhered to. But some regulations have not been revamped or checked for relevance for years or even decades and have long since ceased to be up to date. You can get an initial overview from the checklist '*Organisational hygiene checklist: how regulated is your company?*'.

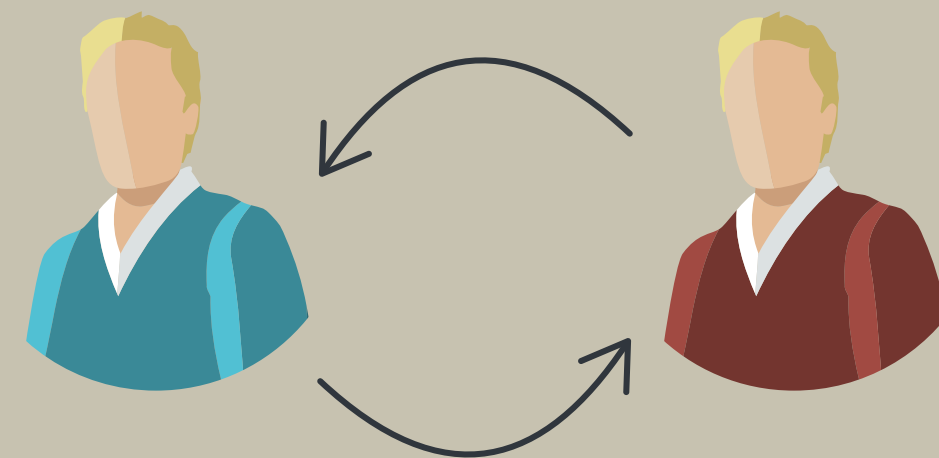
Too many rules and regulations prevent flexibility



Space to act is not only made less or greater, less or more flexible, through company rules, but also through precise job descriptions.

In companies that are *(still)* run strictly hierarchically in line with traditional management theory, more weight is generally applied to positions and status. Roughly speaking, that means there are managers who think strategically, provide orientation and targets, control work processes and results, bear responsibility and make important decisions, and there are employees who accept targets and instructions and implement them, doing their job.

The problem that arises more and more prominently given the increasing complexity and dynamism (*innovation cycles are ever shorter, changes occur ever faster*) is: hierarchically led companies are often too rigid and lifeless in terms of their structure to be able to adjust quickly and intelligently to new or changing conditions.



Interactions are limited to chains of command and reporting (*from top to bottom and back*), and the flexibility and space to act for individuals are limited. New freedom is needed for such a rigid structure to develop into a lively and adjustable system. This can happen if employees take on cross-departmental tasks or roles to which they are suited, rather than remaining in one position, for example. That also promotes mutual flexibility and joint work on problems or challenges across departments.

New vibrancy: alternating roles rather than fixed positions



Another consequence of growing complexity is the fact that there is always more for each individual to do in their work and private life than is possible in a single day. To-do lists grow by the day, without end, regardless of how much work or delegating is done. And even if some are better at multitasking than others, the fact is that most things can only be done one after the other.

In view of the mountains of tasks, to-dos and decisions that continually pile up, it is important to approach this phenomenon of complexity with a suitable mindset, so as not to end up exhausted or even suffering from burnout sooner or later.

Management consultant and trainer David Allen invented the productivity method *'Getting Things Done' (GTD)*. In an interview, the bestselling author of the book *Getting Things Done: The Art of Stress-Free Productivity* explained what it means to be connected 24/7 and to use several different tools or apps. His opinion: 'The digital world ... supports ... people with the mantra "out of sight, out of mind". In my opinion, my paper notebook connects with my brain considerably better than any digital tool ever could.'

In addition to the recommendation to also (*but of course not exclusively*) make use of the good, old notebook for self-organisation, David Allen emphasises the importance of a 'weekly review'. His advice: 'Once a week, you have to look at everything – those two hours really pay off every time. ... In business life, the most important thing is to reconsider everything weekly. At the same time, the "weekly review" is also the activity that is most often neglected in companies.'

Finally, the productivity expert offers another tip to reduce strain in times of never-ending to-do lists: it is important to make decisions and prioritise systematically. Then you not only feel good about what you are doing, but also what you are not (*yet*) doing.

Without a heavy conscience: smart time competence in demand



Mark all the areas and departments that you think are overloaded with rules. Add your opinions on ideas, targets or values that would be suitable to replace these regulations with effective principles.

EXAMPLE: TRAVEL COSTS GUIDELINES

Perhaps your company has lots of different provisions and specifications regarding who can travel how and where by car, train or plane, and how comfortably they can sleep when they get there? If the team has a trusting relationship, all the guidelines can be replaced by one principle:

we travel economically and sustainably.

CORPORATE & CULTURE

- **Remuneration/incentives**
- **Budgeting**
- **Quotas**

Ideas, targets or values for alternative principles:

FUTURE & SKILLS

- **Assessment centre**
- **Individual targets**
- **Company suggestions scheme**

Ideas, targets or values for alternative principles:

TEAM & TRANSFORMATION

- **Staff development**
- **Job descriptions/tasks/lists**
- **Specific (job) titles**

Ideas, targets or values for alternative principles:

WORK & SPACE

- **Attendance monitoring / time tracking**
- **Dress codes**
- **Overtime / overtime regulations**

Ideas, targets or values for alternative principles:

Organisational hygiene checklist: how regulated is your company?



Are there areas in your company where a lot of instructions and regulations have piled up? Now is your chance to turn things around.

CHAPTER

4

MANAGEMENT IN COMPLEX TIMES



Technical innovations, quick communication channels and paths, new knowledge and incredible diversity of information have decisively changed the approach to challenges and problems in recent decades. Roughly speaking, the following trend can be seen:

1900s

Experts solved problems

1950s

Everyone solved problems

1980s

Experts worked on the system

2000s

Everyone works on and in the system

Individuals cannot deal with complex systems alone. Rather than singular, strictly hierarchically organised management, work in agile, productive teams is required. Alan Deutschman, Silicon Valley journalist and professor, has not only written two books about Steve Jobs, but also impressively demonstrated in his book *Change or Die* how the three Fs of traditional management, namely *facts*, *fear* and *force*, inhibit and block the development of socially agile and functional networks.

Facts, fear and force have taken over as the medium of power and employee leadership. They prevent employees from thinking, networking, taking on new challenges, daring to learn new things without fear, following new paths or looking for innovative solutions to existing problems.



Management is created in social processes



As an alternative to facts, fear and force, Alan Deutschman suggest the three principles *relate, repeat and reframe*. In order to be able to change and to try new things, everyone who wants to or should change needs the support and backing of a related person or group of related people (*relate*). Management can be effective in social processes and establish such a system of related support.

Practicing new behaviour and new work methods is more than a one-off experience, it needs repetition (*repeat*) and support, especially in the early days. That is why it is important to manage and support change processes and the development of social support systems together. This, in turn, requires transparent structures so that as many people as possible can get involved in the network or system. Finally, due to frequent practice and repetition, the new approach will be internalised and ultimately accepted as self-evident (*reframe*).

Relationships, cooperation and transparency generate new strengths



1

RULE NO. 1:

Understand what your colleagues do. What does their work actually involve?

2

RULE NO. 2:

Integrative people and managers must be given more power. These are people who already exist in your company and are interested in others mutually helping each other and cooperating.

3

RULE NO. 3:

The quantity of power should change so that everyone in the company is empowered to make use of their judgement and intelligence. People need more freedom to risk really working together closely and giving up isolation.

4

RULE NO. 4:

You can increase the shadow of the future. Create feedback loops that expose people to the consequences of their actions. This is what the automotive company did. They said to the design engineers: build the cars so that they remain competitive even with longer guarantee periods.

5

RULE NO. 5:

We can increase reciprocity by removing the buffers that make us self-sufficient. It is about working with each other.

6

RULE NO. 6:

You need to reward those who cooperate and warn those who don't. Encourage employees to communicate. That changes everything. Suddenly it becomes my own interest to be transparent, regarding my real weaknesses, my real potential; I will not be blamed if I fail, but only if I fail to help or ask for help.

These six rules make complex work simpler

In a TED Talk (12 minutes), Yves Morieux introduces six rules and connections and explains how you can use them to deal with complexity. The rules presented here have been shortened considerably, but provide an impression of the intended direction of impetus.

The unpredictability of complexity

can basically be compared to the weather. Both are subject to endless different factors, influences and interactions at both global and local levels. Weather and complexity cannot be controlled, but both can be approached and both can be prepared for.

If you are suitably informed, add suitable equipment and adapt your own behaviour to the weather, you are actually prepared for almost any occasion. That also applies when approaching complexity.

The barometer is designed to help you assess your potential influence on complex workflows and processes in your company and approaching them flexibly.

Do you want to delve further into the topic? Do a little brainstorming and spontaneously write examples and keywords that come to mind from everyday business in the empty clouds around the barometer.

Barometer: how can I approach complexity?



Barometer: how can I approach complexity?



INFLUENCE OPPORTUNITIES OVER OTHERS

- Small to medium opportunities to build a common flexible system
- Small to medium pace of change

NO OWN INFLUENCE OPPORTUNITIES

- Hardly any opportunities to build a common flexible system
- No to very low pace of change

OWN INFLUENCE OPPORTUNITIES

- Good opportunities to build a common flexible system
- You can set the pace of change yourself



Companies that have left the myth of individual performance behind and rely on good and networked cooperation can act faster, more flexibly and more innovatively on the market. Growing complexity could also ensure that these companies in particular successfully survive and develop further in future thanks to their newly acquired strength, intelligence and networking.

Changing and orienting a company towards productive networking, which makes a flexible approach to the new complexity possible in the first place, also involves the desire to change, as well as confrontation with the past, present and ideas for the future.

Successful joint change processes in companies usually take eight steps, as Harvard professor John Kotter discovered.

Step 1: Create a sense of urgency

Step 2: Build a guiding coalition

Step 3: Form a strategic vision and initiatives

Step 4: Enlist a volunteer army

Step 5: Enable action by removing barriers

Step 6: Generate short-term wins

Step 7: Sustain acceleration

Step 8: Institute change

Perhaps you are familiar with that? If not, and the steps have aroused your interest, you can read all the important information about change processes in SMEs in our Job Wizards Workbook #1.

Growing complexity, change management (*Workbook #1*) and agile work (*you can find out more about this in our Workbook #2*) are interrelated and mutually influence everyday working and business life in the present and the future.

Help shape the present and the future. Manage change processes, approach increasing complexity with what you think are appropriate measures – and grow personally. We wish you every success!

Future-ready SMEs set themselves up for complexity and changes

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