

THE BUSINESS GENOME

At the end of the 20th century and the beginning of the 21st, it took ten years to map the human genome. Ten years – a massive undertaking, driven by the quest for knowledge and the potential extensive benefits from this knowledge. Now, today (2011) it takes three weeks to map the genome. From ten years to three weeks. This is a classic example of continuous improvement – driving the benefits from learned lessons, becoming faster, more responsive, less expensive.

Change and acquired knowledge at their best.

Indeed, this is how the sum total of human knowledge has been acquired. We learn from the past. We learn what to do and what not to do. And in this way we build upon past layers of learning to achieve a sort of “information momentum” we use to be better at what we do. This is continuous improvement. It is necessary. It is important – and it is instrumental in creating the future. The sustainability of the future is dependent on how we learn from past successes and past mistakes.

For example, when a manufacturer wants to produce a new car, they don't have to go through the tortuous process of re-inventing wheels. They already know what a wheel is.

And yet ... there is one part of society that seems to think it is acceptable to constantly re-invent the wheel, to say all the right things about continuous improvement ... yet clearly and consistently fails to act upon its own advice. This is the corporate world. Take my word for it.

Portraying themselves through slick marketing as being organised, disciplined, focused – the truth for many corporates is the exact opposite. The culture within many corporates is one where they lurch from crisis to crisis simply because they do not learn from past successes or past mistakes. This disconnect can prove to be very, very costly. In many there is the prevailing underlying mindset of the need to constantly re-invent the wheel for each development that takes place. Why? Because in truth there is limited organisation, discipline and focus. This invariably relates to increased cost and increased risk resulting in decreased profitability. In a commercially dynamic environment and in a fast changing world ... this is simply not sustainable business.

No one can afford to keep running to stand still. The use of resources to do this can be phenomenal. It doesn't take much for more agile and responsive competitors to nibble away at the market share.

All business is striving to increase revenue generation. Yet without the control of internal costs, without the necessary learning to be better, faster, cheaper, increased revenue will be like water through a sieve.

A true life example: a well known multinational made a big internal deal of re-organising to increase revenue, to tap into new markets and develop new products / services. Within the first 6 months of the new year there was a 10% increase in revenue. However, the small print revealed the true picture – while revenue increased 10%, profitability had decreased 1%. Revenue efficiency meets internal chaos. What was the point of generating extra revenue only to watch that revenue filter away through hidden internal costs that no one wanted to speak about, far less tackle?

And no, this isn't as unusual as you may think. It is common – and commonly denied by senior managers.

The companies of the 21st century need to be smarter than this. They need to break out of their 19th century mindset that they will always survive and be successful regardless of what they do. They need to break out of the medieval mindset that the world revolves around them. They won't and it doesn't. The 21st century commercial landscape is quickly shifting. Companies not only need to understand how it is shifting – and to what – but also to become internally efficient and flexible, to increase profitability and responsiveness – to be more slick and lean.

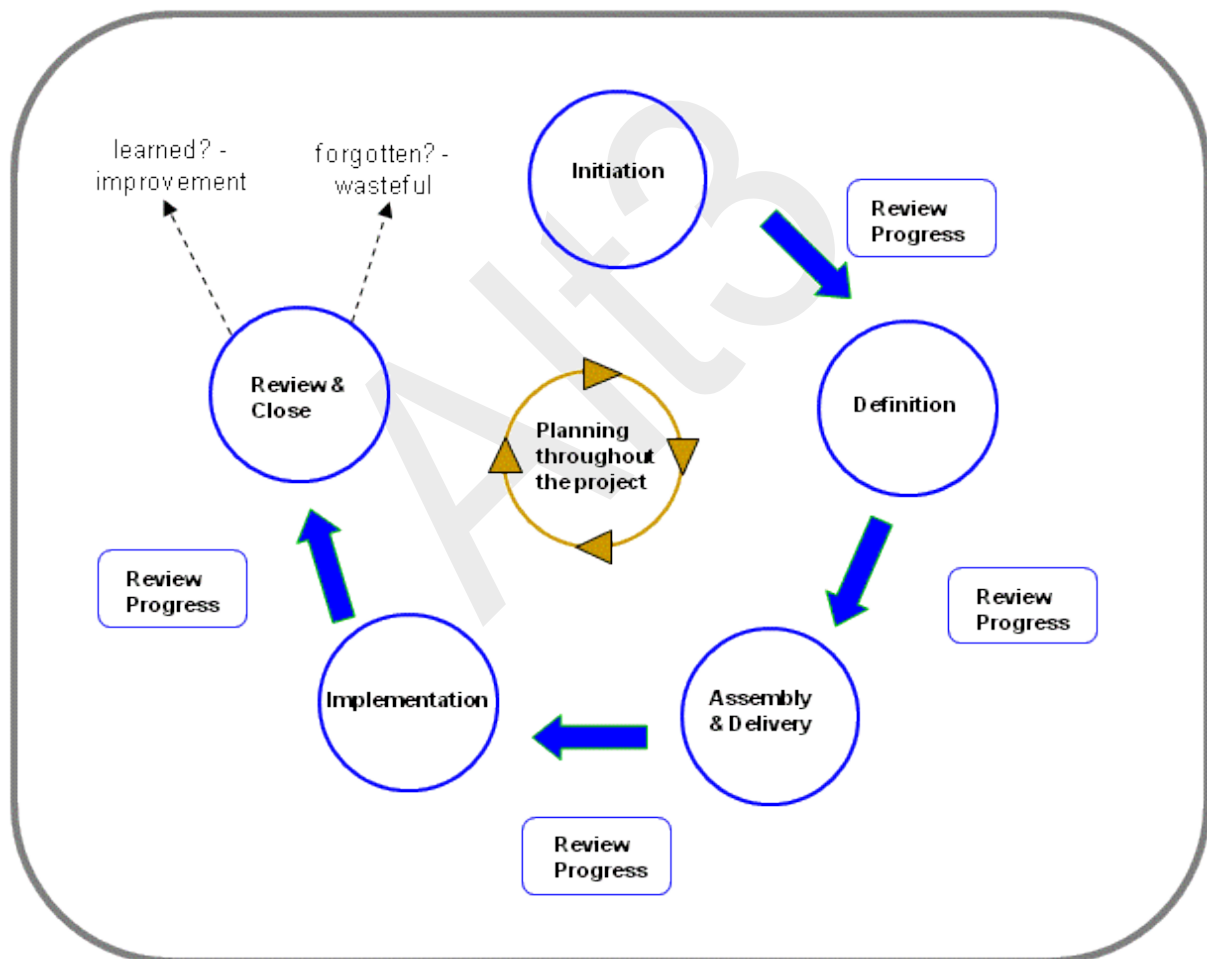
They have to learn. There has to be a culture of learning, and of acting upon the new wave of knowledge.

To do this, companies have to understand how they, themselves function. As a basis they need a map of who does what, when, why and how – a business genome. The business genome will show in detail the individual parts that make up the whole, and how each part takes part in the activity that generates worth. From this it will be quickly seen which parts are worthwhile ... and which parts are defective.

This indeed as the “as is” basis for what may be termed genetic engineering on a business scale – business mechanics. Some people fix cars. Other people fix companies.

You may be surprised to find out how many companies don't actually understand what goes on internally. To alter this type of complacency they do need a genome type blueprint that can graphically display the flow of activity, and so where to become more efficient. A good example of re-inventing the wheel is at the project / programme level of development.

Projects are individual pieces of work that add up to create the progressive movement of the company to achieve its strategic goals. As below, it is a straightforward process most companies will understand and agree with because it is something they all engage in.



A simple version of learning from a straightforward series of activities.

However, as part of the overall learning, the questions need to be asked:

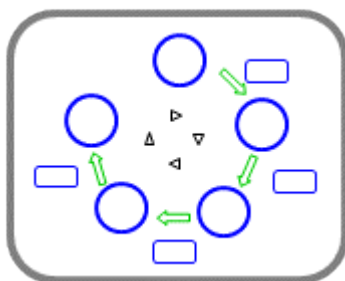
- does the project start from "square one"? (or is there acquired knowledge that means it can cut time, resources, cost?)

- what happens when the project is complete? Is there learning from what went right and what went wrong? Or is there forgetfulness – and a swift moving on to the next project?

In reality, it is often the case that yes, projects have to start from square one. And no, once complete there is no substantive learning to add to the accumulated knowledge – and make things better next time around.

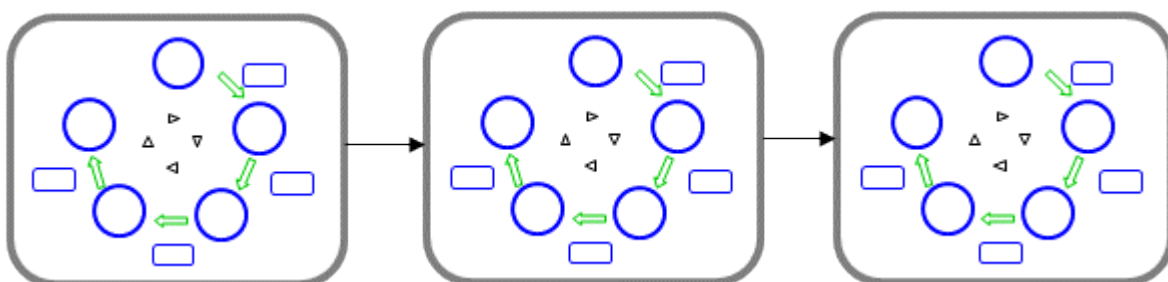
Senior managers will deny this of course. But they are the ones who believe increasing revenue by 10% but with a 1% decrease in profitability is acceptable ... and by the way shouldn't be spoken about.

All companies know how smart it is to learn. Yet not many do it. In the internal chaos of their own structures, few take responsibility for learning lessons – and fewer for implementing them. This is further hampered by the silo management within the organisational structure that often prevents the free flow of valuable information. And, it must be said, information is the lifeblood of every organisation, regardless of who or what that organisation is or does. Restricting the lifeblood restricts the prospects for cost effective growth.

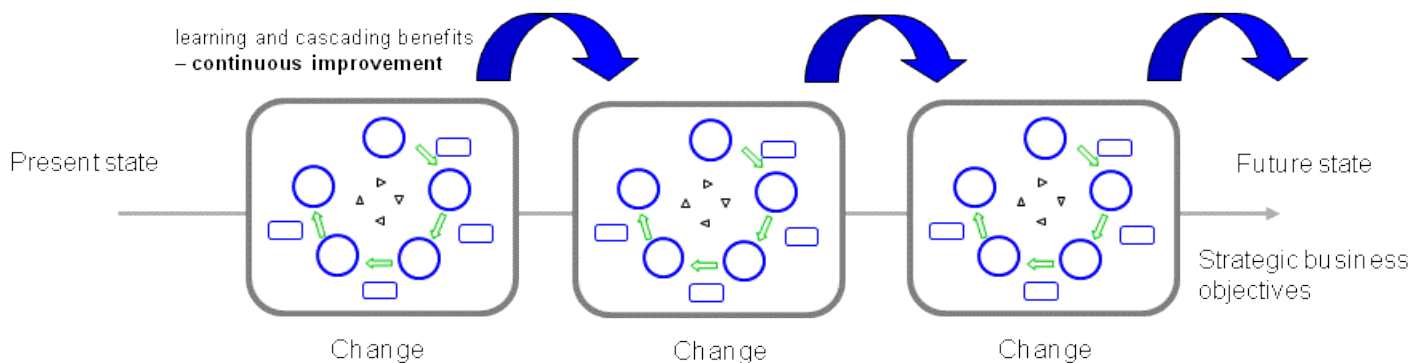


the project view

the programme view



the continuous improvement view



Learning lessons is important.

To repeat, learning teaches us how to be better at what we do. In a changing landscape, if we don't become better, we stand still. In the dynamic business world, standing still leads only to stagnation.

The most consistent and most prevalent risk within any company is not learning lessons at the project and programme level. This means greater risk of making mistakes – some of them serious mistakes because the knowledge that could prevent such mistakes has not been passed on. It means greater cost in terms of people and time, perhaps market loss or competitor gain ... or simply through covering up the mistakes. It means lost opportunity. It can also mean lost careers.

In this day and age, companies have to be smarter than they used to be. They have to understand the world is changing and the pace of change is increasing. Business needs to evolve – and it needs to evolve through being smart.

It is a common mistake to believe the biggest and the strongest survive. If that was true, the world would be populated by dinosaurs and mammoths. But it isn't. It is populated by ourselves – because we were smart enough to adapt, to use our intelligence to find new ways, to learn, to improve – to be better and so to increase our chances of survival and being able to develop. This is who we are. Any company who fails to understand this will go the same way as the dinosaurs.

It's a simple fact of life.

Regards

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