- *The New Norm* -

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An irreversible change

Whenever the current economic crisis comes to an end, we shall live in and face a different world where many things will have changed. New regulations will have been introduced, corporate and public sector organisations will have reacted, and global economic power will continue to shift.

To many analysts, these changes are the results of well understood cycles of economic boom and bust; of the rise and fall of political powers. However, while cycles can be understood at the macro level, at the micro level it is a different matter altogether. Business and government failed to call the crunch. And even those that suspected it were still engulfed by it.

At the same time as this current economic cycle is working its way through, the Internet and the Web have created a one-time, systemic shift which has changed the global power game. This shift is calling into question the very nature of organisations as we know them.

If the first half of the 20th century was characterised by society vesting power in its governments, and the second half by the power shift away from government toward big corporations, the 21st century is being characterised by a shift of power to the people.

Around half the world's people will imminently be connected via the Internet and the pace of connectivity is rising exponentially. If Michel Foucault is right that knowledge equals power, then the Internet is the ultimate power distributor. This is the new norm.

While it is difficult to call a point in a cycle, it is possible, in fact essential, to understand the system within which the cycles operate. This paper explores some of the key facets of the new norm – the new system of power within which economies and society exist. It presents a set of emerging leadership techniques critical to embrace it, and 5 new questions to help re-frame organisational strategy and take new action.

New connectivity, new world order

Today's corporate and government powers are organisations which at their heart are sensors, collectors, analysers, processors, producers and distributors of information. They are both consumers and producers of information, or *information prosumers*.

Before connectivity through the Internet and the Web, the majority of the world's information was owned and managed by the few. Now it is owned and managed by the many – we're all information prosumers now. The global capability for *any individual* to sense, collect, analyse, process, produce and distribute information is at the heart of the new world order.

Even worse for established organisations, the technology and global information available to individuals tends today to be far cheaper, and far more powerful, than their own.

Connectivity is fuelling four global trends:

1. Everyone and everything is becoming connected
2. People and machines are becoming inter-dependent
3. Economies are shifting from being product, to service, to experience oriented

4. Business models are shifting from organisation-centric to people-centric, where the individual, rather than the corporate or government, has a prime role to 'sense, influence, socialise and commercialise'

Together, these four trends challenge the very notion of corporate and government organisation as we have come to know it.

Quantum business

People-centric business is *quantum business*. Quantum business is the combination of the smallest units of value - individual citizens, employees, information, financial and physical assets, business units and such - that *combine* to make up the influencing of and transacting of value.

Quantum business poses many new questions for strategic management, including:

a. Which parts of my business model are susceptible to people doing it for themselves?
b. How can I leverage commodity technology and global information sources?
c. How can I influence the business models of others, of which my model forms but one part?

From the well known person-person businesses such as eBay, to the rising stars such as the person-person bank Zopa, to people solving crimes the authorities cannot, people are exchanging value for themselves. Quantum business is big business in the new norm.

The pressure within

It's not just the change on the outside that is creating pressure on established organisations, there is rising pressure from within. As we become more socially networked, open and experienced in our personal technology use, we expect the experience to be replicated at work. Yet many major organisations appear to be unwilling or unable to adopt new technologies.

The answer on the surface is often because such technologies are not secure or robust enough, or that they cannot be controlled, or that through employees using them they could result in a loss of control by the organisation.

But the deeper answer lies in the power-shift from the corporate to the people and in the challenges this poses to corporate risk and governance models. In this new reality, the disconnect from the experience outside the corporate to that inside it is frustrating for employees, customers and other stakeholders. Worse, it constrains corporate ability to serve its markets, and perhaps even worse, a 'behind the wall' security mindset applied to the connected world can actually increase business risk.

In the new norm, we are seeing a shift from literacy to *electracy*. Electracy describes the kind of 'literacy' or skill and facility necessary to exploit the full communicative potential of new electronic media such as multimedia, hypermedia, social software, and virtual worlds. According to Gregory Ulmer, English professor at the University of Florida, electracy 'is to digital media what literacy is to print'. Just as the pre-Web IT revolution led to near-ubiquitous IT literacy in the workplace, so too will the new age of media demand another level of computer literacy.

As generation Y (those born between around 1976 and 1989) - who have really only known a digital and connected world - move into middle-senior management positions, corporate attitudes are being challenged.

The dual challenge to today's corporate leaders, from the outside of quantum business and from the inside of electracy, requires we embrace fresh perspectives; that we understand the emerging practices for business administration and leadership, not just the best practices.

From best practice to next practice

Most professional practices for business and information technology management were established *before* global information connectivity.

And there is an increasing recognition that many of the well-known *best practice* management techniques do not address the complexities brought about by connectivity. They were never designed to. Some of the techniques can even make situations worse. Such techniques may be best for walled organisations and for markets and societies where a few organisations are in control of the information to the many. But they do not serve the corporate or government too well where the information power is shifted to the people. These best practices represent the pre-connectivity accepted ways of working. New professional practices - *next practices* - are needed for the post-connected world.

This emerging shift in leadership techniques, from best to next practice, from pre-connectivity to post-connectivity, is shown in table 1:

Best practices 'pre-connectivity'		**Next practices** 'post-connectivity'
Business Processes	1.	Value Systems
'Known' data	2.	Weak signals, probe, sense and respond
Primary perspective on the parts	3.	Primary perspective on the whole
Theory X management	4.	Theory Y management
The organisational model	5.	Network analysis and social capital
Enterprise Architecture	6.	Behaviour Based Systems
Stability & predictability	7.	Agility, adaptability & innovation
Change Management	8.	Adoption Engineering
As-Is and To-Be grand designs	9.	Next state, evolving, "adaptive change"
Discipline specialisation	10.	Cross-discipline collaboration
IT systems	11.	Information and socio-technical systems
Business/IT divide mgt & translation	12.	Multi-discipline common language
Business & technology specification	13.	Agile product development
Users of technology	14.	Participants in information systems
Bespoke and corporate technology	15.	Service and consumerised technology
Fail-Safe	16.	Safe-Fail
Internally focused first	17.	Externally focused first
Web model as a bolt-on to the existing	18.	Living on the Web

Table 1: From Best Practice to Next Practice

The practices of 'best' on the left hand side are the very practices which have fostered industrialisation and led to global connectivity. Now we are here, the irony is that these practices do not naturally foster external and connected views, which are essential to work in the connected world the best practices have helped create.

Of more immediate concern, however, is that the practices of best on the left hand side often create an *artificially simplified* view of the world, whereas the practices of next on the right are designed to help us understand and tackle *real-world complexity*.

The best practices, which are used day-in day-out to formalise business and IT models, as well as change initiatives, tend to err on the side of Systems where cause and effect are knowable - that is, if A, B, C and D happens, we know we will get E. The operating model, the plan for change or the contract may look great, but the real world outcome rarely matches it. Such management approaches work well for simple, or even complicated, highly predictable situations such as an automated factory, but less well for real-world *complex* situations involving people and many connected parties, such as an organisation, market or society in general.

We may note that best practices also promote more and more precise views of the things we can control; and the next practices, founded in Systems thinking, promote more holistic views of the external world and the interactions across the system, of which our organisation is a part.

Consider a business process map. Where are motivations or trust relationships defined? Or an as-is and to-be business plan. We all know the to-be plan, as expressed, is most certainly *not* going to happen – yet many of us still persist in their use.

What of our organisational chart versus the social network of our organisation – which describes the most important relationships to deliver our organisational goals? Or how about change management? Somehow, employees never seem to do quite what was expected from the centre but find ways to get the job done that they believe to be most effective. One thing the new norm is teaching us is that it's better to be broadly right than precisely wrong!

This emergence of new norm management techniques from 'best to next' does not mean we throw away best practice; rather, we must place these techniques in the new real-world context - to use these known 'best' techniques in the context of the emerging 'next' practices.

Specifically, we must leverage the best of the best practices, but challenge the rest where they clearly no longer help us formulate and execute winning strategies in the real, complex and globally connected world.

Consider some of the emerging management considerations in the new norm, and how next practices can help create new insights to address them:

a. *Prepare for a different future*   (7, 9, 13, 14, 15, 16)
b. *Exploit emerging global connectivity of people and commodity devices*   (1, 2, 5, 8, 17, 18)
c. *Shift management attention from internal to external*   (1, 3, 5, 7, 11, 17, 18)
d. *Take a holistic view*   (3, 10, 11, 12)
e. *Shift management attention from control to compliant value generation*   (1, 4, 6, 7, 8, 16)
f. *Treat people as responsible individuals*   (4, 8, 14)

These issues are often placed on the 'too hard' pile, or perhaps more specifically the 'important but non-urgent' pile.

Yet, organisations who are starting to tackle them head on are finding they have a double benefit of not only orientating toward the new connected reality, but also shining a light on the root cause of some longer-standing issues where best practices have been helping perpetuate the problems.

Mastering these emerging practices will take us all time. And as a health warning they are not formulaic and they do not promote certain outcomes. But critically, they help us make sense of and embrace real-world complexity, without which today's organisations are lost.

Embracing the new norm starts with embracing new questions

Establishing a new organisational intelligence with a mastery of complexity will take, for sure, a fair degree of time. Right now, five questions are proposed to help organisations re-frame their strategy, and to take immediate action to begin to embrace the new norm.

It is well known that it's often finding the new *question* that can help solve an old problem, or drive innovation in business and genuine reform in government - and that seeking new solutions to existing questions is a trap easy to fall into and very hard to climb out of. Real innovation is more of a questions race than a solutions race.

Here are five questions organisations are finding helpful to re-frame strategy and take a fresh look at the old problems in the connected world:

1. People are directly influencing governments and the profitability of the biggest brand names, mass trading between themselves directly, and reconfiguring the quantum elements of business, government and society around them. Which parts of your business model today are most susceptible to people bypassing the organisation and doing it for themselves?

2. With 1 billion iStore app downloads in its first year, and the 10 billionth app downloaded in early 2011, people aren't just solving life's little problems one app at a time, they're solving business problems too. Which parts of your corporate model are susceptible to employee bypass enabled by consumer technology and external information?

3. Douglas Adams famously described technology as 'stuff that doesn't quite work yet'. Yet information technology as we know it *is* really starting to work. What's the future for your organisational investment in and management of information technology when the technology available to everyone is actually working?

4. We've had hundreds of years to develop trust in 'four wall' business risk management and security. Connectivity throughout is the new norm. How can you develop and accelerate trust in the new business and societal security models?

5. The world is less predictable than many corporate models had assumed. Internal management controls and process optimisation is no longer enough by itself to work in the new norm. What new skills and decision making responsibilities are needed by your organisation to embrace the opportunities and manage the risks of global connectivity?

It has been said that, post this economic crisis, we should not ask what lessons should the next generation of MBAs learn, rather, we should ask what did we teach the current generation.

Of the 5 starter questions proposed to help re-frame strategy, exploring the first one is the most pressing question for organisations today: *'Which parts of the current business model are susceptible to people 'doing it for themselves'?* What are the new risks? What are the new opportunities?

Are you in the new norm, or the new unreality?

Our new norm reality is connectivity. The infrastructure that enables this might not be as obvious as major cities, corporate head offices, transport links and public facilities. Its influence may not yet be obvious in stock prices, GDP and government policy, but the broadband wires and wireless communication infrastructures that connect the world are there, and increasing every day.

Corporations and governments which continue to pursue business models which do not embrace the shift of power to the people are perhaps living in their own 'unreality' bubble. Perhaps it is the organisations who live in this 'new unreality' who are more likely than not to face a terminal threat to their business model before we reach 2020. This applies across public, private and public backed private sector organisations.

Perhaps the first step out of the new unreality bubble is to acknowledge that the new norm is here, and that it is a systemic shift not a cyclical shift. While this may appear obvious, organisations which appear to be taking the new norm seriously are far fewer than those that are not.

The second step is to begin to re-frame strategy and establish pioneering projects based on the power shift to the people. This requires strategic questions to be framed first from the perspective of the people, and then back to the perspective of the organisation.

Every generation believes they face unique challenges and live in the most interesting of times. In a business and societal sense, perhaps our unique challenge and opportunity is to work with a never before seen global infrastructure for information sharing. Information is power. And the Internet has plugged half the world's people into it.

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Carl has cross-industry and cross-geography experience and has served as an advisor and line executive across many organisations. Carl has served clients as an advisor in cross-border policing, global education, global energy, global financial services, global hi-tech, global law, global logistics, global media, global pharmaceutical, UK financial services, UK retail, UK services, and UK Government, including the Cabinet Office, Home Office, HMRC and UK Criminal Justice System. A British Computer Society Fellow, formerly Chair of the BCS Futures Group, Vice President and Chief Technology Officer for Capgemini UK & Ireland and Head of its Technology Consulting Group, Carl has a track-record in helping organisations address long-standing issues and embrace new opportunities.

Carl is co-author of 'Lost in Translation – a handbook for information systems in the 21st century'. Published in 2007, it is a best-selling management book about 5 words which describe how organisations behave in the connected world, and which help 'business' and 'IT' speak a common language. This Systems thinking framework, VPEC-T, is being adopted as a way to aid analysis of complex business and societal situations – http://en.wikipedia.org/wiki/VPEC-T.

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