

The Compact Enterprise[™] A Business Style For Today's New Winners

The rules are changing rapidly these days. What it takes to become and remain a winner in the tough New-Era of business is significantly different, and fundamentals are continuing to change. Some prerequisites for market leading New-Era companies will include a capability for sustained innovation with the corequisite organization and team skills that make it possible, rapid-deployment operational systems, and a management system that not only asserts non-stop control but also improves flexibility to change and improve. These capabilities will make it very hard for rivals running traditional operations, and rigid management hierarchies -- who will struggle but fail to keep up, while the leaders press relentlessly for new competitive advantages.

"Innovation at the speed of markets" will become the watch-word, as the pace is set by new leaders, adapting very rapidly to capture the new market opportunities. The overarching value of end-to-end operations and control systems, of operations with integrated compliance, and of collaborative-entrepreneurial leadership (rather than bureaucracies) will be manifest in more and more obvious ways.

But, how will business grapple with such things? These ideas, that are the seeds of today's emerging new reality, are a major departure from what we have known in management systems of the recent industrial age (that is rapidly passing into history). This big shift in the practice of business comes with some key technology underpinnings that we can easily understand. Just when we thought that information technology had run its course, was becoming irrelevant, and would fall off of the strategic radar, something entirely different is happening instead. The impact is a bit more like a revolution than we might like.

Paraphrasing from a report, Living in the U.S.A. - 2000 to 2020 by David P. Snyder an editor of The Futurist, "From now on, IT will have transformational effects on everything we do, in America and around the world. America has now entered the final stage of the Information Revolution, and we should see a sustained surge in general levels of prosperity over the next 20 years. . .we still have another 15 years of institutional adaptation ahead of us - before this turbulent phase is over." The advent of the web/internet medium plus the facilities and low cost of modern computers have combined to push information technology into its final hyper-productive stage of the evolutionary cycle.

But, don't be confused by the contradictions. Notice that while information technology is changing how we live and work in fundamental ways, it is also moving behind the scenes in terms of how it does that. We will see less of the technology "in-your-face" as it becomes a mature provider of services, working quietly in the background, helping us succeed in our businesses.

But, there is more to what is happening than technology trends. We are also talking about the way companies organize to work, how they deploy resources, and how they are governed. Likewise, the rules and substance of competitive advantage are changing, and the life cycle of traditional advantages is getting shorter and shorter.

Meanwhile, we must start clearing away the roadblocks in today's business operations, which impede our progress. One of the biggest roadblocks is the counter-productivity that current information technology presents as it is applied. Business leaders know that IT has almost stopped contributing to business advantage in most cases, and we have seen articles written to explain this commoditization. So, we need to return to the apparent dichotomy, and try to reconcile our interpretations of the trends looking at today and tomorrow.

Let's Ask Why

Why has the current IT innovation cycle stalled, and what is really so different about the the new IT that it will have such impact? Sometimes the truth of a situation hides in plain site while we search everywhere for it. After four historic stages of innovation over 50 years, IT has stalled due to a legacy of unresolved problems, that we see everywhere today:

- Market saturation of isolated task-oriented applications
- Failure to provide solutions adaptable to business changes
- Failure to interoperate between software applications
- Failure to address the majority of businesses' creative tasks
- A practice of passing complexity on to the user to resolve
- Failure to address stability, reliability, and security of software

In other words, the IT industry and products we know today are rather immature considering their actual age and history. IT persists in handing us a host of their own problems to struggle with, in addition to a whole array of very limited value solutions that lack differentiation. These solutions address about 20% of what companies really do, just the part of functionality located inside the isolated towers of "application software" they create. They do little or nothing for managerial and creative efforts, but often they actually impede the operation of enterprise business processes in their current form, trapping data that we need, isolating workers from problems, introducing errors, and multiplying costs outside of their limited domains.

Using IT now is a bit too much like taking a drive in an automobile, in 1925. You had better go equipped with your own mechanic onboard, with a full set of tools, lots of spare parts of every kind, and plenty of down time for maintenance along the way. And yet, you discover that you can get somewhere doing it this way! So, on we go down this path, making the best of it like true adventurers. But, this is a huge distraction and not why we came to our workplaces. The good news is that we won't be settling for such unacceptable compromises for very much longer.

Even so, many business owners, CEOs and CIOs know that great innovations should be possible for their company's business, even though their current IT progress is stalled. The demonstration of the stall is quite simple:

- IT is often an obstacle to new progress
- Innovation is slow, weak, and too costly
- Cost of ownership is rising again
- Unresolved complexity and quality

Things are not as they should be! The combined burden of all these shortcomings absorbs available resources, leaving little for business innovation. Some have suggested that the age of technology based advantages has ended, and we will comment more on that shortly. Meanwhile, accomplished innovative senior executives actually do know what they want from their business technology investments.

What Owners Want From Technology

- Contributions to new business value creation
- Contributions to competitive advantages
- Help with managerial & creative processes
- Systematic end-to-end operations and control deployed across units
- Extra-enterprise and global reach to resources and markets

It's a new day, and it's time to ask what is capable of effectively driving those kinds of desired results? What we should be looking for, and expecting is quite remarkable. We anticipate that the New-Era paradigm will be 5X more powerful than what we have experienced before, in terms of the impact on overall business performance. This kind of impact is based on fundamental changes in the capability and focus of the underpinning technology of business systems. The proof remains to be seen, and will take some time to be fully manifested. What seems clear already is that the higher impact will come from the change in six key aspects of the business environment.

How New-Era Innovation - Creates Winners

These six characteristics or keys leading to success in the New-Era are listed and compared in the following table. They are so dramatically different that we are scarcely surprised at how quickly they are changing the rules for business leadership.

Legacy IT (60's – 90's) Produced: . . . New-Era IT (2000+) Enables:

Isolated Individuals . . . ->	. . . Collaborative Teams
Inward Focused Silos. . . ->	. . . Outward Focused Processes
Single Enterprise Scope. . . ->	. . . Extra-Enterprise Reach
Enterprise Affordability . . . ->	. . . Small Biz Affordability
Preoccupation: IT Complexity . . . ->	. . . Focus: Company Value Add
Accumulated Legacy Obstacles . . . ->	. . . Managed-Services Outsourcing

These New-Era characteristics dramatically refocus the operating environment toward factors that support the most creative things that companies do, full-constituency collaboration, full-contextual problem solving, core value delivery, extended and virtual teamwork, and global reach. Isolation and inward preoccupations are lost. The impact is on nearly 100% of business activity, rather than the 20% tied up in traditional application and data silos -- a 5X larger field of play. Realizing an actual 5X impact will require companies and people to learn new skills across a wider scope of activity. This could take some time, but it might erupt onto the competitive scene, in a flash. It is important to consider the possibility of rapid impact because in these times of hyper-productive evolution, we can already see examples of New-Era leadership. (Companies and institutions that exhibit New-Era leadership in the operations and products include eBay, Autotask, Skype, Google, Linux, and Open Source development groups.)

The Most Surprising Factor . . . Continuous Innovation

What if information technology has already created a much faster way for companies to implement and change their automated operational processes, as they learn how to improve them? What if the New-Era companies harness their collaborative ability, openness, and agility in order to define, test, implement and deploy improvements for old and new businesses? What if they do this with ease, and are tireless?

Well, this is already happening, and it is possible today for those who are accomplished, innovative leaders capable of adopting some new ways of earning more success. What they are doing is nothing less than the most effective way of creating competitive advantage since the age of business technologies began. We like to call this the killer secret of New-Era success, "innovation at the speed of markets."

This will be recognized as the fountain of most competitive advantage in the very near future. Leaders will press business innovations at a pace determined by their market's interest and ability to adopt, and not by the rate that traditional organizations can produce and release something different. . . which has been very slow.

Today, sustained advantage is derived from sustained improvement and innovation in near real-time. It is not a static thing, and never has been. Rather it is a process in action. The truth about this is just becoming more insistent now. This is the killer secret of the New-Era, because competitive advantage naturally flows from it. . . that is, it flows when the organization and teamwork are capable enough of ideas, and are proactive enough about execution. Becoming "capable enough" is the catalyst, the fundamental challenge for organizations on the path to success in the New-Era. This is a primary focus of our own work at [IntegraSphere Inc.](#)

Keep in mind that the technology driving New-Era capabilities is moving behind the scenes, into the infrastructure of networks and computers that comprise the worldwide internet. Companies like [IntegraSphere Inc.](#) that provide business management services via the web (ready for companies to configure and use in their business) will lift the burden of system deployment and maintenance, making it easier for businesses to keep their focus on delivering their own core value propositions. A company's locally installed systems infrastructure will be simplified, as will security issues, reliability assurance, and disaster recovery. This means that enterprise class operations will be very affordable for small companies that will find the new systems relatively easy to adopt. The idea of compact, efficient, and very focused enterprises will receive much more attention in the coming times so well suited to this model.

In these and other ways New-Era paradigms favor [Compact Enterprises™](#) capable of purposeful development that advances their business agendas rapidly. These companies have become the seat of most real innovation in our economy already, so we feel optimistic that with advanced management systems such organizations will prosper and excel in the times just ahead. The day of sophisticated [Compact Enterprises™](#) is at hand.

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