CHANGE AT THE EDGE OF CHAOS AND ORDER

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My responsibility

The driving force behind my deep dive into the disruptive issues is discovering precisely how technology is/will affect entrepreneurs and users of enterprise systems, the primary subjects of my passion and writings. All authors have an implied responsibility to their readers, to thoroughly research technical subjects before publication. I take pride in doing extensive research to supplement real-life experience when publishing a book, newsletter, or photo/essay. Readers need to know the information is current and accurate. My goal is, and will always be keeping you informed and enabling your success.

Statement of the issue

Our last month's newsletter, [Data Rules](#), summarized a reordering of society and the workplace as the world enters a time of *massive digital disruption*. The first layer reveals technological and social implications with mind-blowing consequences. The unprepared will pay dearly, but unlimited opportunities exist for individuals capable of adaptation and willing to embrace change by taking the appropriate actions.

The digital disruption will dramatically change planning and control systems, such as Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Supply-Chain Management Systems (SCM).

The subject this month, change, sets the stage for future discussions on digital disruption.

Change

Change is a constant, relentless, unending process. It takes multiple forms and occurs at varying, unpredictable speeds, and the intensity may be steady or intermittent. Everything is in a perpetual state of change, and the final process and result are frequently hidden from our perception. For most of us, change is occurring so rapidly, it is impossible to be aware of everything, even in our fields of endeavor.

All change is cause and effect, and applies to all systems structures, and at every level. It occurs in the natural systems, the lives of people, in business and cultural societies. It is a pervasive, constant, wonderful, and universal part of nature itself.

New thought patterns and ideas trigger innovation and change, with unintended consequences. It may simply be a natural shift of events (effect following cause), or one driven by a massive social or technological change. Change frequently occurs in cycles, often predictable, but the events and consequences are never precisely the same as any cycle preceding it. Change is convoluted, creating strange relationships and weird results.

Change in action

Change agents understand that **chaos and order are change in action**. Ask a businessperson what they hate most; a likely answer is "a surprise." The reason is that orderly systems equate to controlled processes, and more easily allow companies to add value to customers, products, and profits. Change is not a negative issue, but uncontrolled change has unpredictable and possibly negative consequences.

When change occurs incrementally, as a process, through the accumulation of small changes, it is evolutionary, predictable, and more understandable. Evolution implies layering sequential events on an existing structure, extending a modified version of the old one - a continuum. In business, we like evolutionary change because there is a demonstrated past effect, and controlled change provides confidence in future functionality. This is the world of *continuous process improvement*.

In a revolutionary environment, chaos occurs as systems/processes are restructured, resulting in a paradigm shift. The genesis block may not be the largest or the most obvious, nor even be the one with a predictable, significant consequence. Like dominoes, the movement in one system precipitates a chain reaction building sufficient inertia to shift ever-larger blocks.

Continuous improvement projects, such as Lean and Theory of constraints (TOC) based upon a continuum, are evolutionary. The digital disruption will not wait for incremental modifications. It will require business process transformation as defined by Michael Hammer in his pioneering work on disruptive change, The Reengineering Revolution, and Beyond Reengineering. The core concept is that new processes/systems replace, not change, the old ones.

When a complete restructuring occurs and a new set of systems relationships replace all or part of the old, this is the world of *business transformation*.

Human reaction - macro

Regardless of the perceived suddenness of massive structural change, we frequently ignore or dismiss the subtle warning bells. Often, we suffer from the normalcy bias, and deceive ourselves into believing "it can't happen." In either situation, we fail to take advantage of initial opportunities.

Fortunately, the after-shocks present additional favorable situations as the new systems structures become clear. We can capitalize on the consequences of change, whether evolutionary or revolutionary, reap the benefits and minimize the threats.

We need to match our operational paradigms - philosophy, beliefs, values, and current knowledge, to the reality of the world around us, and should logically change when the mismatch indicates that our paradigm is no longer correct. All of us need to work at anticipating the future changes to systems structures and find actionable, capital opportunities. We acquire most knowledge in evolutionary steps, and we have the option to upgrade paradigms incrementally, relative to ongoing change. However, patterns are deeply ingrained and difficult to modify, even in the face of over-riding evidence. It is far more common to wait until the facts create a new paradigm, forcing us to deal with current reality.

TOO OFTEN, WE WAIT FOR THE FREIGHT TRAIN OF DISRUPTIVE CHANGE TO RUN US OVER.

IT IS HUGE, AND IT IS COMING WITH SPEED AND IMMENSE POWER.

Human reaction - personal/business

As business people, we have little control over the macro-forces of disruptive change. We do have the obligation to our organizations, and ourselves, to understand the risks and opportunities associated with a paradigm shift. New knowledge about changing situations must be converted into future strategies and tactics to take situational advantage or mitigate the associated risk. To implement these plans will require fast response tactics.

The digital nature of the disruption potentially results in changed business models. For example, ERP functionality in your current business state may not meet the requirements for a planned future state. For those failing to perform due diligence on the effects of this disruption, life may be chaotic, as frantic attempts are required to accommodate increasingly unstable situations.

I have words of advice for those companies involved in selecting or installing an ERP system, **make sure the strategy is solid**. In my book *ERP Lessons Learned- Structured Process*, extensive attention is devoted to the core issue of correctly planning the future state. There are hundreds, if not thousands, of sad stories about ERP project failures caused by inadequately defined requirements. Finding that a solution lacks the functionality to service new business requirements is disappointing and very expensive. Disruptive environments are breeding grounds for business needs mismatches of all types.

Our challenge

Our challenge is to match current perceptions of the digital disruption to the rapidly growing body of knowledge indicating a very different future reality. Make no mistake; most Americans probably do not see the massive digital tsunami that is occurring.

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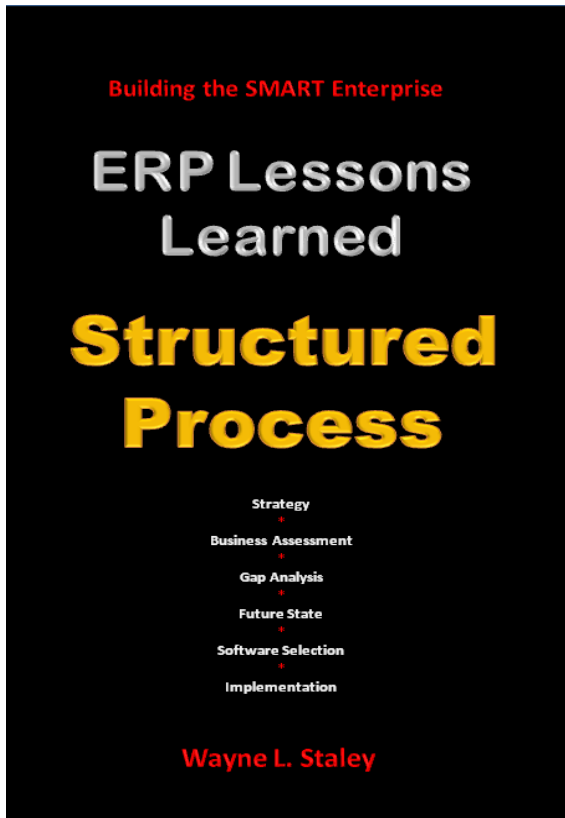
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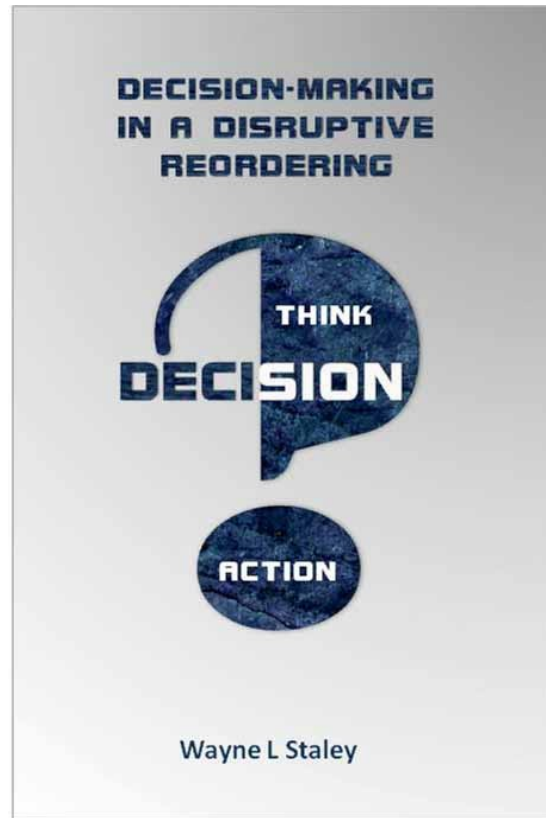
Decision-making in a Disruptive Reordering