

Extreme Competition

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Welcome to a new and different kind of column at Business Process Trends. Here you won't find discussions or debates about technology affairs or issues; they are covered in-depth by other columns. Of course, as a technologist I'm always interested in technology, and who could argue that technology isn't changing our world at a mind-boggling pace? But the power to create change is driven not only by technology, but also by *stories*. When it comes to the game of change, technology is on the supply-push side of the equation; *stories* that motivate adoptions are on the demand-pull side of the equation. Just consider BPM technology. Most decisions to adopt BPM are not due to a new gee-whiz technology; they are driven by business need and business people, not technologists. Technology is a means, but it is the power of stories, in almost all instances of technological breakthroughs, that causes the technology to "cross the chasm" to the mainstream. It is those stories related to BPM that I aspire to bring to this column, stories that can help you and me become, even in small ways, agents of change.

My Process Journey

As a business practitioner and manager for almost 40 years, with a few stints as a professor of computing studies, I have been working at the intersection of business and technology for a long time. Along the way I have sometimes been engrossed in innovation, and, at other times, engrossed in the boredom of "yet another computer system conversion." I have spent quality time at the home of John Vincent Atanasoff, the man who invented the electronic digital computer. I have enjoyed amazing stories from my daughter-in-law's great uncle, John Cocke, the father of RISC architecture and the winner of the Turing Award, the equivalent of a Nobel Prize in computer science. I have worked with pioneers in artificial intelligence, and with the co-inventor of XML, the lingua franca of the Internet. I commuted to Cairo, Egypt, to work on one of the biggest Internet projects ever envisioned. I first used the Internet in 1969, before it was called the Internet, while on my first job out of college at GTE Data Services. GTEDS was striving to become a "computer utility," a kind of computing that IBM and others now call "On Demand." In short, when it comes to the intersection of business and technology, I've kind of been there, done that. Little amazes me, and over the years I've been impatient with the slow assimilation of technology and the lack of impact it should have already made. Every time my PC hangs, I scream, does anybody in Redmond know what effing year it is? Why am I putting up with this crap in 2005?

But, you know what? I feel like an awed 18-year old again when it comes to what's happening at the intersection of business and technology today. It wasn't the invention of the computer that triggered a great 21st century transformation; it was Sputnik in 1957, and the beginning of global telecommunications. Now all the world's computers are linked by the Net, shrinking the planet to the size of the screen on your cell phone. The last 40 years have been a kind of warm up to the real thing. The great dot-com crash of 2000 wasn't the signal for the beginning of the end; it was a signal that we had reached the end of the beginning. The tinkering phase of the Internet was complete, and now it's time to get on with the real transformation of business and society. And, of course, that transformation

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is all about a subject near and dear to all BPTrends readers: process – for it's process that brings the Internet's raw connectivity to life.

Over the years, I've been a "dot connector," and since 1995 I have written many articles, and eight books about the intersection of business and technology – for I tend to write in order to learn. In 1995 and 1996 I wrote two books about object technology, but not from the perspective of the technology itself, but, instead, how distributed object computing could be used to harness emerging enterprise networks for business process reengineering (BPR), connecting the dots across an enterprise. In 2000, I wrote a book about connecting the dots across companies by harnessing the Internet for inter-enterprise process engineering (IPE), and later I followed up with a book in 2001 that dispelled the dot-com frenzy and pointed to Web services as the next phase of process transformation. In 2002, I listened in on a talk in London by Howard Smith, a CTO at CSC, that commanded my full attention, and we went on to write a book about how, for the first time ever, business processes could be brought under direct control of business people, obliterating the business-IT divide. Howard and I also wrote in 2003 about how the infamous *Harvard Business Review* article, "IT Doesn't Matter," was correct about the Old IT of record keeping and transaction processing, but that a New IT, called BPM, cannot be ignored by companies that want to win in the 21st century. Then, in 2004, I connected more dots to explain that in the real-time enterprise, it is no longer back office record keeping that counts; it is the "real-time doing," the actual conduct of business, that is the next frontier in technology for business advantage.

Throughout my journey as a dot-connector, and in my writings, one thing has been constant, and that is that *process* is indeed the capstone of any business technology's power to create competitive advantage. Although process has been king ever since 1911 when Fredrick Taylor coined the term "scientific management," the scope of process management has shifted from the shop floor, to the enterprise, to multi-company value chains, and now to the very heart of the business, restructuring not only a single company, not only a single value chain, but the very structure of the global economy – and even what it means to be a business.

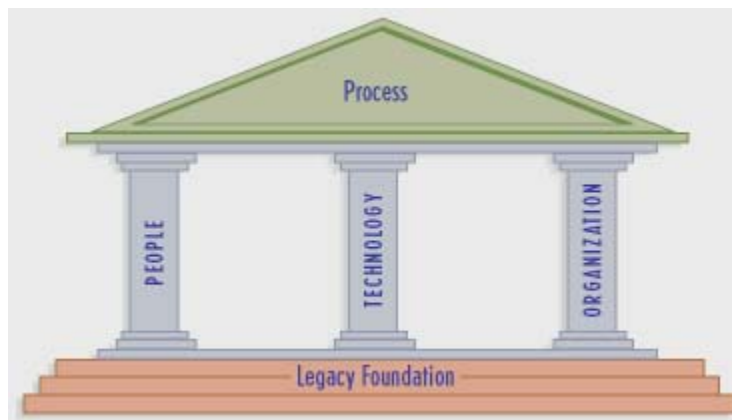


Figure 1. From *Next Generation Computing: Distributed Objects for Business*, 1996.



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On to Extreme Competition

Contrary to the current buzz circulating through the press these days, the world is not flat as a result of globalization; it is tilted in favor of a fierce new breed of competitors. A new form of extreme competition is being driven by the emergence of a wired world and three billion new capitalists from China, India, and the former Soviet Union. In the riveting new book, *Three Billion New Capitalists*, Clyde Prestowitz, former counselor to the Secretary of Commerce in the Reagan Administration, shocks us with his revelations that three billion new capitalists have entered the work force, triggering the great shift of wealth and power to the East – which means that all is changed, changed utterly. And it's all happening at the intersection of business and technology. What's more, it is not just the connectivity of the Internet that counts; it is also about businesses changing *how they do what they do* that counts. In order to adapt to the new realities of extreme competition, companies and individuals alike will have to innovate how they operate, and transform the fundamental ways they conduct business. Thus, underpinning most of the great 21st century business reformation issues is the needed capability to collaborate with our work processes. And that's why the development called Business Process Management is so essential – to give your company the capability to become an extreme competitor. Though you may be a systems architect or Java developer or a Six Sigma black belt, you not only need an overarching business context for your endeavors, you also need to educate your business users and leaders about the relationship of BPM to the brave new world of the globalization of white-collar work. Do you Grok process? You'd better, for as *Application Development Trends* columnist David Chappell wrote, "My guess is that over the next few years, many people working in IT will face a simple choice. One option is to get involved with business processes in a much more explicit way. The other? Pack your bags and move to Bangalore, India, because that is where your job is going to go."

To distill this great 21st century business transformation and what it portends, for businesses and individuals, I decided to reach out to experts from India, China, Europe, Japan, Australia, Korea, Singapore, and the Mid-East to bring up-to-the-minute research to a new book, *Extreme Competition: Innovation and the Great 21st Century Business Reformation* (www.mkpress.com, Feb. 2006). Those experts brought fresh information you'd hear only around the water cooler in high-tech organizations in Shanghai, Bangalore, Taipei, Tokyo, Hyderabad, Seoul, and Singapore – stepping up to the plate to make this synthesis and distillation reflect a global snapshot of the new world of extreme competition. Although we were continents apart during the development of the book, we were virtual office mates through our many collaborations using the Net and Skype Internet telephone, messaging, and file sharing (total cost of collaborating this way? \$Zero). Such intimate interaction with individual knowledge workers, scattered around the globe, wasn't possible before the world was wired, and gives you a hint of what this column is about – extreme collaboration without borders. I want this column to continue the journey from where that book leaves off.



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This *Extreme Competition* column will examine the five unstoppable drivers transforming competition, the sixteen new realities of business:

- Extreme customers
- Extreme innovation
- Extreme individuals
- Extreme customization
- Extreme business processes
- Extreme teams
- Extreme supply chains
- Extreme experiences and self-service
- Extreme industry blur
- Extreme education and learning
- Extreme government
- Extreme health care
- Extreme time
- Extreme change
- Extreme specialization
- Extreme branding

and thirteen concrete strategies you will want to consider as you chart your future:

- Be slavishly devoted to your customers
- Think globally, act globally
- Be a superspecialist
- Connect with the superspecialists
- Be a brand master, fight brand bullies
- Embrace time-based competition
- Grok process
- Embrace the new IT
- Offer process-powered self-service
- Offer product-services and experiences
- Systematize innovation
- Be a good citizen

It's now time to sound a piercing wake-up call to governments, companies, and individuals alike, starting with our business and government leaders. *Extreme Competition* isn't about the *future*; it's about the *present* and the new breed of fierce competitors already on our doorsteps. They play hardball and dominate their industries. They go to the ends of the earth to employ \$.09 an hour factory workers and \$20,000 per year PhDs in science and technology to drive their R&D labs. They innovate by how they operate, how they deliver their services, and how they *do* what they do. They've reformed 20th century business doctrines, dogmas, and practices with 21st century thinking. Yes, there is a Next Big Thing, but it's not about technology; it's about operational innovation and transformation, driven by the emergence of a wired world and a new world of "work process" collaboration (BPM). It's about the fusion of business operations and process-oriented technology to the point of unity.

This column, *Extreme Competition*, is an exploration of this epic change. Through the stories of innovation and transformation that I want to pursue in this column,



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my hope is that you benefit as you strive to win at the game of extreme competition as businesses, and as individuals. There's a lot to learn, and many cultural barriers to overcome, but *today* is a great day to start your journey to becoming an extreme competitor. I hope this column will serve as a launching pad for that journey. I cannot take this journey alone, so please contribute to the column by emailing me your stories, questions, criticisms, and feedback: pfingar@acm.org. Together, let's connect more dots and bring the picture of 21st business into ever-sharper focus.

Sometimes it's tough to convey a message with written words alone, so I invite you to watch a 50-second video clip that sets the stage for extreme competition. It's called "Wake-Up Call" and can be launched from www.mkpress.com/extreme

Peter Fingar is the Executive Partner, Greystone Group. He has written *The Real-Time Enterprise: Competing on Time*; *Business Process Management: The Third Wave*; *IT Doesn't Matter: Business Processes Do*; and the just-released *Extreme Competition: Innovation and the Great 21st Century Business Reformation* (www.mkpress.com).

