

Strategic Business Innovation
Sociotechnical Framework





We see three fields that require business development to be adapted in the digital age.

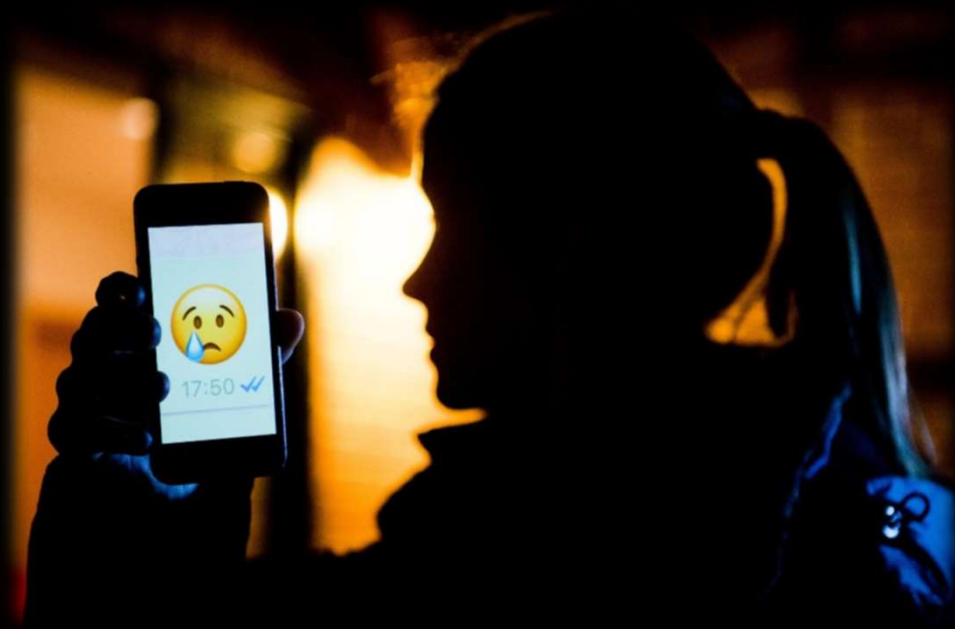
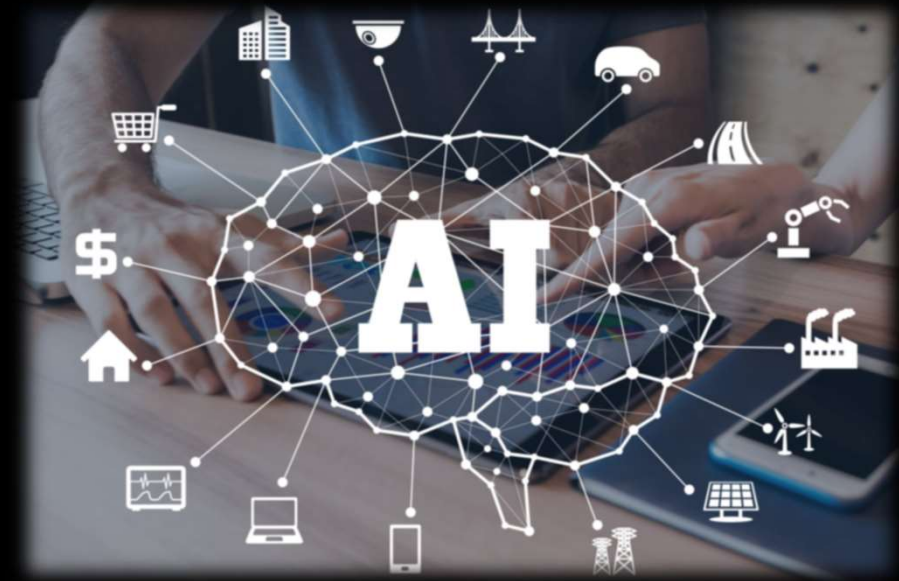
What is impacting the Assignment of Business Development ?

In the previous slides, we discussed the transformation towards new structures deepening the understanding of Digital Eco-Systems.

Let's now deepen a little bit more the question, who will be in charge of Business Development in the Digital Age.



"Humanity will change more in the next 20 years than the previous 300 years."



"Digital disruption will wipe out 40% of Fortune 500 firms in next 10 years."





	TYU
GHT	254
RDW	650
TRG	241
RTG	254
WEF	784
HRT	453

"47% of Jobs Will Disappear in the Next 25 Years."

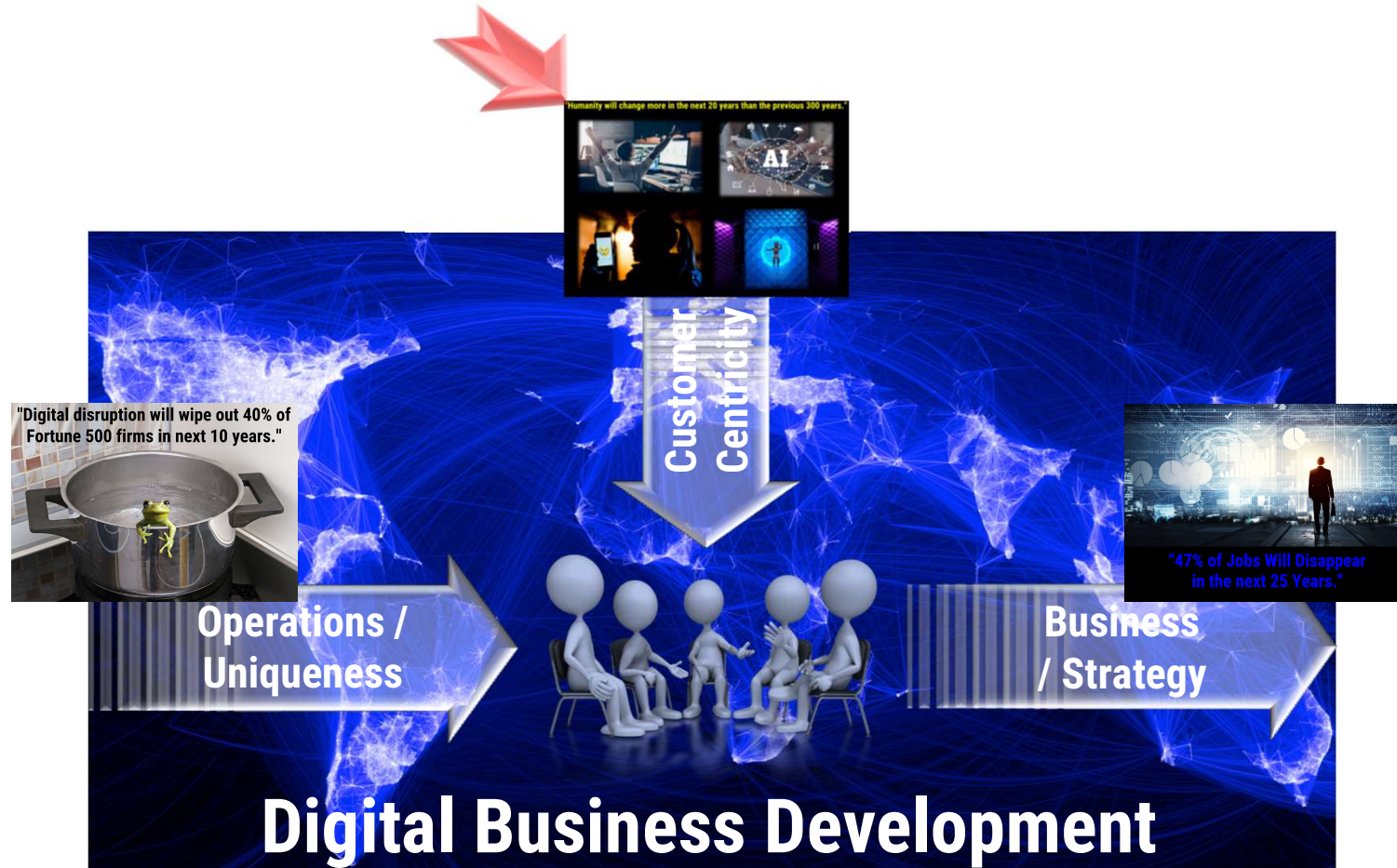


Changing customer expectation requires business development to be adapted in the digital age.

What is impacting the Assignment of Business Development ?

1st : Customer Centricity

Basically, it is nothing new. But ...

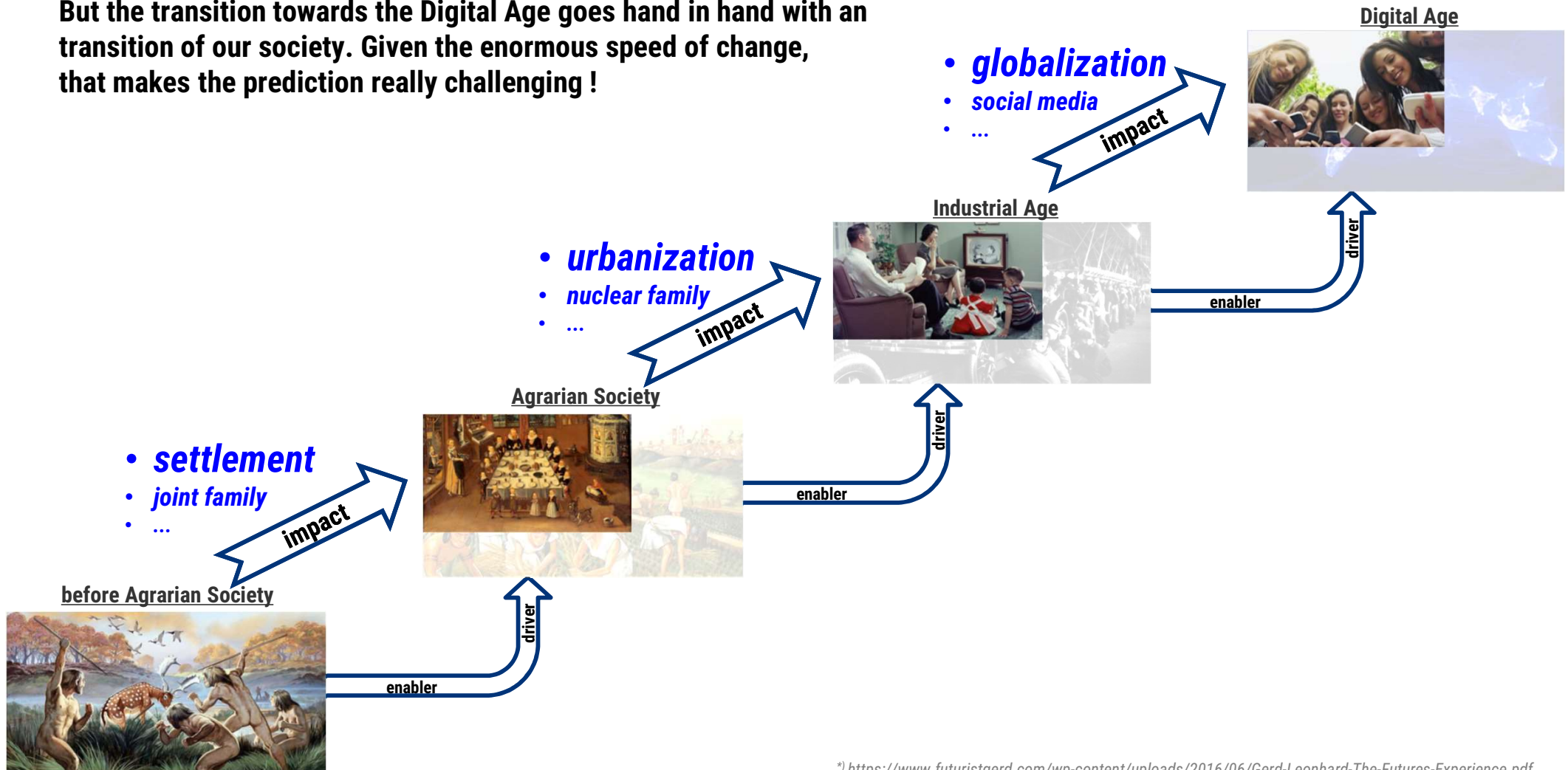


What is impacting the Assignment of Business Development ?

1st : Customer Centricity

Basically, it is nothing new.

But the transition towards the Digital Age goes hand in hand with an transition of our society. Given the enormous speed of change, that makes the prediction really challenging !



*) <https://www.futuristgerd.com/wp-content/uploads/2016/06/Gerd-Leonhard-The-Futures-Experience.pdf>

What is impacting the Assignment of Business Development ?

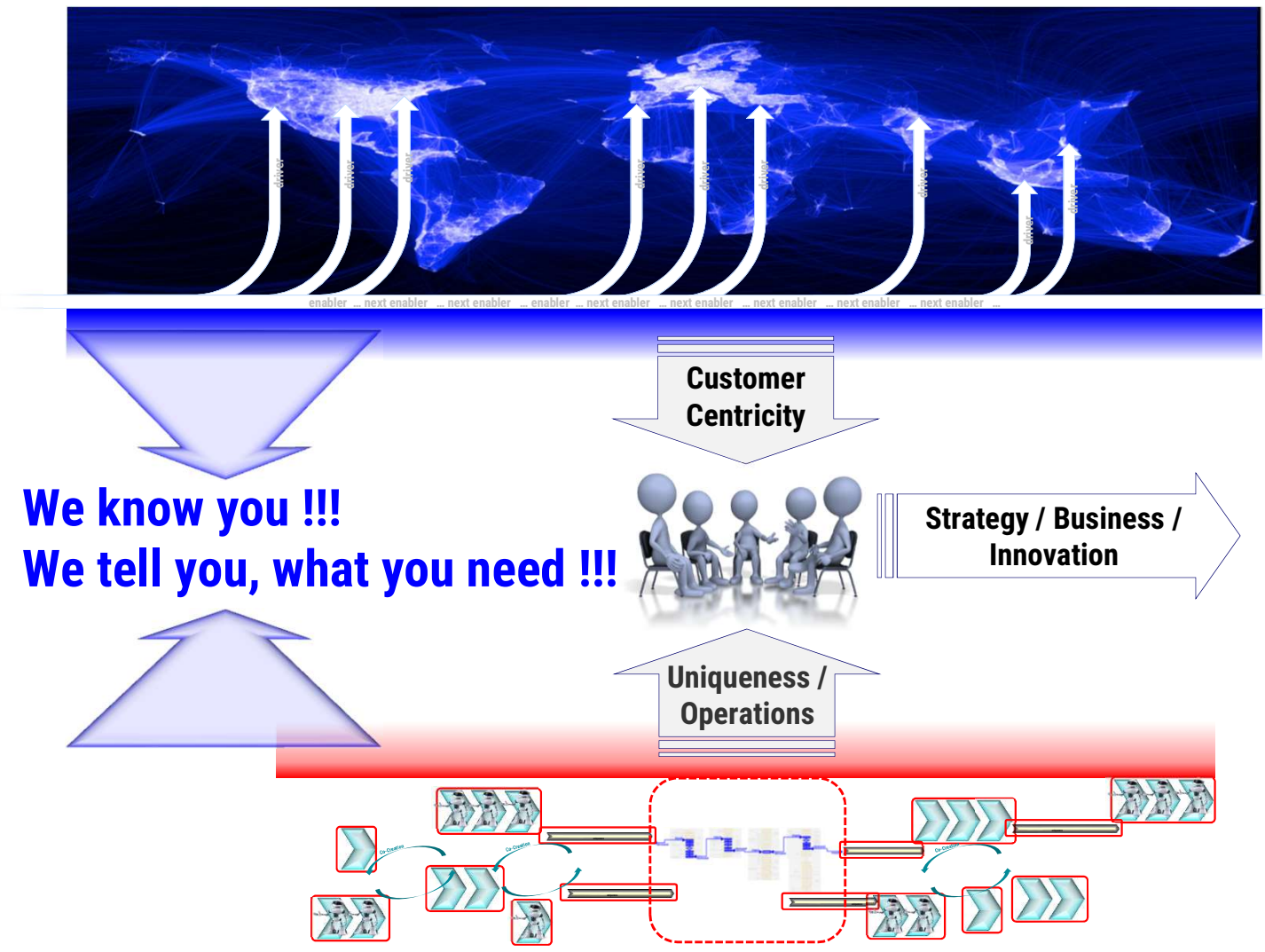
Please remember our approach to Frame the Digital Business Development.

The digital society (and the digital economy) is something, that we have to understand and to accept.

Changing humanity is part of the digital society and impacts the customer centricity.

We already mentioned the shift from the industrial approach
"We produce the best bikes !!!"
 towards the data-driven approach
"We know you !!!"
We tell you, what you need !!!".

Let's have a further look, how to use that :



digital impact / business agility

What is impacting the Assignment of Business Development ?

1st : Customer Centricity

Please remember the possibility to influence, or to own (Max Fashion - example), or to obsess the customer (Amazon - example)



What is impacting the Assignment of Business Development ?

In the Industrial Age, we could say :

"We just have to convince our customers !"

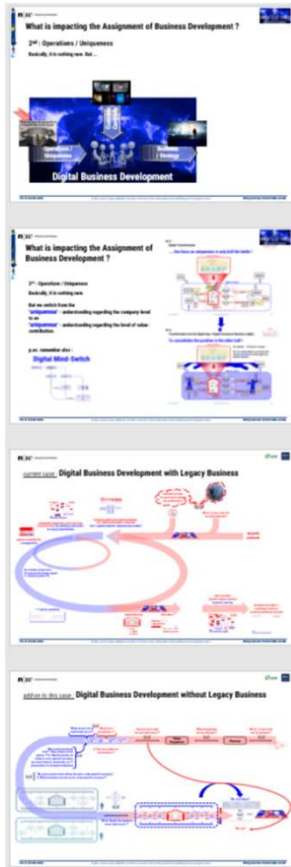


*) Henry Ford

What is impacting the Assignment of Business Development ?

In the Digital Age, we probably wont have the time to convince customers.





The possibility to focus in a networked co-creation on the own uniqueness requires business development to be adapted in the digital age.

Example from a current case.

What is impacting the Assignment of Business Development ?

2nd : Operations / Uniqueness

Basically, it is nothing new. But ...



Humanity will change more in the next 20 years than the previous 300 years.

"Digital disruption will wipe out 40% of Fortune 500 firms in next 10 years."



Customer
Centricity



"47% of Jobs Will Disappear in the next 25 Years."

Operations /
Uniqueness

Business
/ Strategy

Digital Business Development

What is impacting the Assignment of Business Development ?

2nd : Operations / Uniqueness

Basically, it is nothing new.

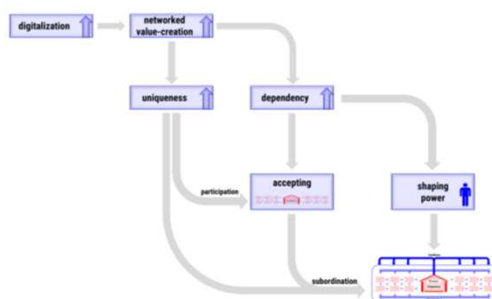
But we switch from the

"uniqueness" - understanding regarding the company-level to an

"uniqueness" - understanding regarding the level of value-contribution.

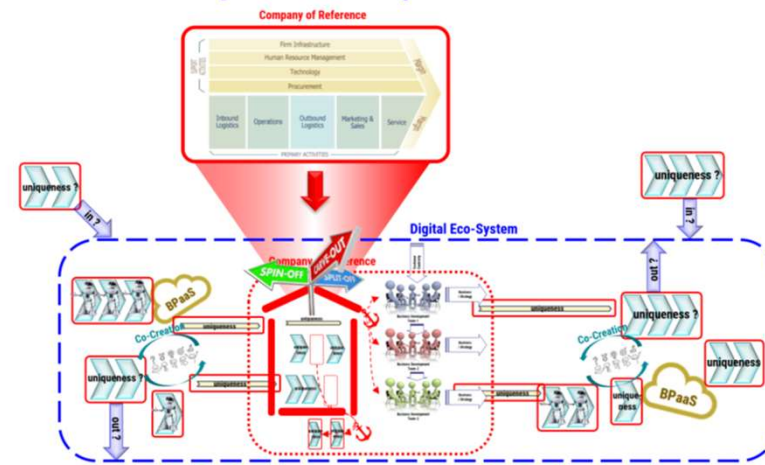
p.es. remember also :

Digital Mind-Switch



n|w Digital Transformation

..., the focus on uniqueness is only half the battle !

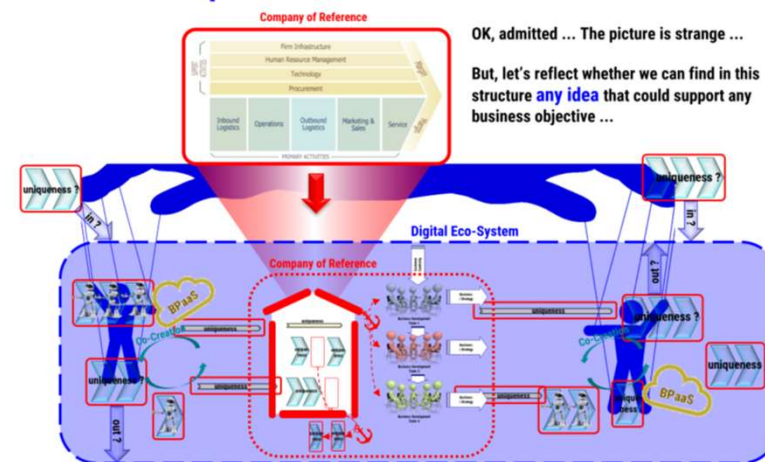


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n|w Transformation into the Digital Age / Digital Economy & Business Agility

To consolidate the position is the other half !



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OK, admitted ... The picture is strange ...
But, let's reflect whether we can find in this structure any idea that could support any business objective ...

The image shows a vertical stack of six presentation slides. Each slide has a title 'What is impacting the Assignment of Business Development?' and a sub-heading '2nd Business / Strategy'. The slides contain various text, diagrams, and images related to business development and the digital age. The top slide features a globe and the text 'Digital Business Development'. The second slide includes a quote from Dr. Peter F. Drucker: 'Culture eats strategy for breakfast.' The third slide discusses the transition to an industrial economy. The fourth slide mentions 'management methods often focus on human beings'. The fifth slide discusses 'management methods often focus on human beings' and 'technical control'. The bottom slide states 'part of the previously standardization- and HR-focused management methods will be replaced by technical control'.

The emergence of a new understanding of management in the digital age requires business development to be adapted in the digital age.

What is impacting the Assignment of Business Development ?

3rd : Business / Strategy

Basically, it is nothing new. But ...



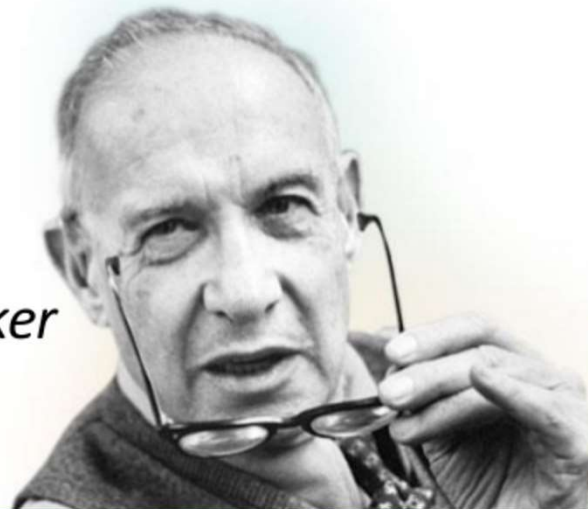
What is impacting the Assignment of Business Development ?

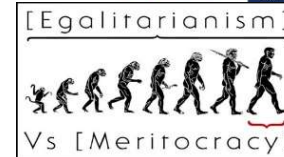
3rd : Business / Strategy

Basically, it is nothing new.

But how can we handle the accelerating change in customer expectation and operational possibilities ?

“Culture eats strategy for breakfast.”
– Dr. Peter F. Drucker





What is impacting the Assignment of Business Development ?

Problems, that management currently still try to solve, are tied to the **transition to an industrial economy**

Industrial Age



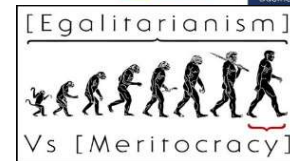
- ⇒ p.es. Henry Ford knew the customer needs : a reliable and affordable car, the average American worker could afford
- ⇒ Henry Ford could rely on his perception ...

transforming society



... and align his business accordingly

What is impacting the Assignment of Business Development ?



... and in consequences, scientists described methods, aligned to the existing understanding of business

transforming society

business

p.es. Henry Fayol [widely acknowledged as a founder of modern (!) management methods] :

"To manage is to forecast and to plan, to organize, to command, to coordinate and to control."

Henry Fayol died 1925. He was referring to the industrial age.

His objective was to explain / support the new challenges, tied to the industrialization (p.es. mass production).

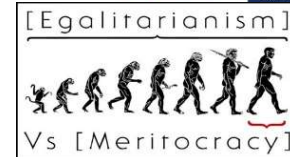


enabler

driver

enabler

driver



What is impacting the Assignment of Business Development ?

... and in consequences, scientists described methods, aligned to the existing understanding of business

transforming society

business

Industrial Age



driver

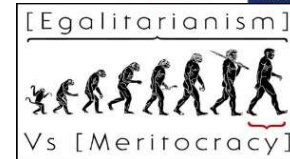
enabler

- ⇒ automatization / standardization / mass production
- ⇒ division of work / authority / discipline / unity of command / subordination of individual interest / remuneration / degree of centralization / scalar chain / order ...
(compare 14 Principles of Management, Fayol *)
- ⇒ example of currently accepted management methods :
 - production / process / operations management / job description
 - human resource management
 - management by objective
 - organizational behavior
 - change management
 - strategic management

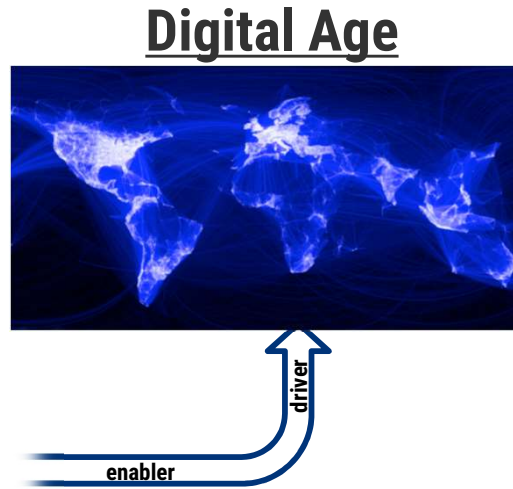
management methods often focus on human beings

p.es. in the industrial environment :
turning employee's into productive and repetitive ants

What is impacting the Assignment of Business Development ?

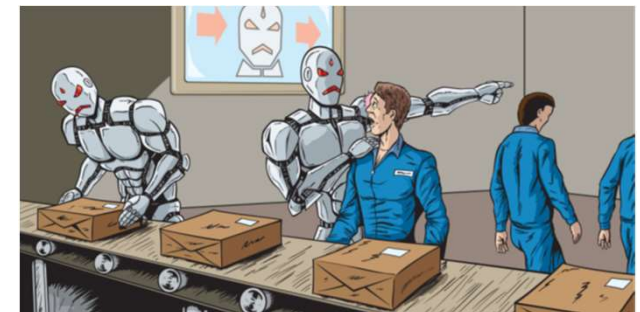


But, we have to check whether the problems are changing in the upcoming **transition to a digital age**



- ⇒ automatization / standardization / mass production
- ⇒ division of work / authority / discipline / unity of command / subordination of individual interest / remuneration / degree of centralization / scalar chain / order ...
(compare 14 Principles of Management, Fayol *)
- ⇒ example of currently accepted management methods :
 - production / process / operations management / job description
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- ⇒ industry 4.0 / lot size 1
- ⇒ "everything that can be digitized, will be digitized"
"everything that can be automated will be automated"



part of the previously standardization- and HR-focused management methods will be replaced by technical control

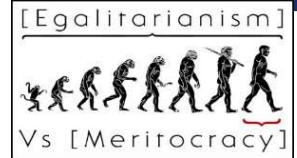


This new understanding of management (that requires business development to be adapted in the digital age) is also affected by changes in the expectation of employees.

New challenges for the management in a digital economy will be :

- **manage collective intelligence and innovative, creative work**
- **manage meritocracy and shared team values**
- **manage high flexibility**

What is impacting the Assignment of Business Development ?

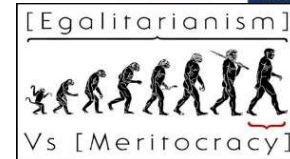


Changing life style and expectations of employees towards entrepreneurial strategic thinking ?

Let's make a short brake to see that video : "Why I moved to SILICON VALLEY"



What is impacting the Assignment of Business Development ?



Transition to a digital age

⇒ part of the previously standardization- and HR-focused management methods will be replaced by technical control

⇒ for the remaining parts, companies are exposed to changing conditions

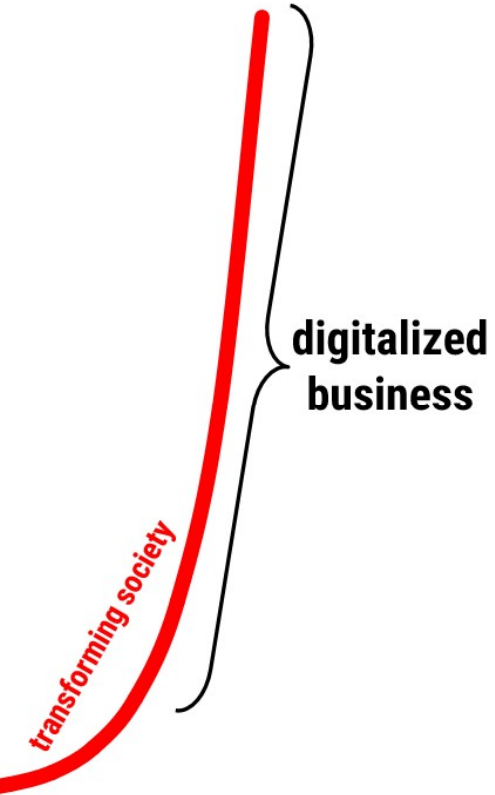
⇒ p.es. : management has to change / accelerate the perception of needs and expectations of **customers**

need for employees / collaboration with : innovative strength, willingness for change, flexibility, mobility, adapted pace, creativity, team-orientation, flexible and interdisciplinary project structure, entrepreneurship-thinking, willingness to take risks, visioning, courage, disruptive competences, decision-making competence, participating strategic thinking, ...

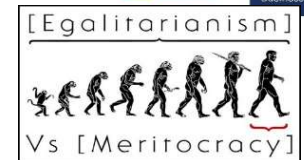
⇒ p.es. : changing life style and expectations of **employees**

expecting : empowering, mobility, trust, support, freedom and open space, fun, acknowledgment, development perspective, experiences, renunciation of hierarchy, ...

Digital Age



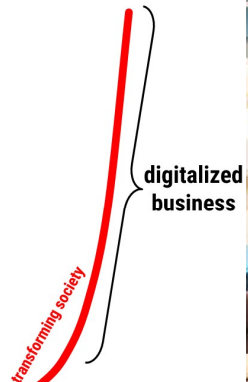
What is impacting the Assignment of Business Development ?



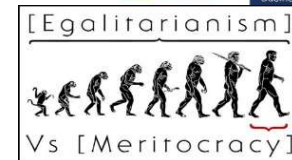
Changing life style and expectations of employees ?

compared to the current creative work on the internet
 (p.es. open source community, google inside, silicon valley start-ups, ...),
 we see values / expectations / principles, like :

- ⇒ meritocracy
- ⇒ openness
- ⇒ flexibility / resilience
- ⇒ collaboration
- ⇒ constant learning culture



What is impacting the Assignment of Business Development ?



Management has to change / accelerate the perception of customer needs.

Management has to follow the changing life style and expectations of employees.

This might be expected to result in management requirements like :

- ⇒ moderation of teams, networks, and collective intelligence
- ⇒ support and esteem of innovation, creativity, visioning, and entrepreneurial thinking
- ⇒ support and esteem of risk-taking, courage, self-responsibility and disruptive thinking
- ⇒ not disturbing the emergence of collaboration and interdisciplinary networks
- ⇒ providing freedom, open space, and development perspective
- ⇒ trust and support of flexibility and mobility
- ⇒ renunciation of plan-fulfillment-control and hierarchical structures



What is impacting the Assignment of Business Development ?

moderation of teams, networks, and collective intelligence

3 ingredients for human cognitive performance :*)

- ⇒ stimulation
- ⇒ (synapses) networking
- ⇒ valuation

p.es. humans learn the values (mainly in their childhood) and store it in synapse formation and networking in the brain enabling cognition processes.



Management has to change / accelerate the perception of customer needs ?

Changing life style and expectations of employees ?

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*) compare Peter Kruse, Interview during the "Scope08-Conference"

What is impacting the Assignment of Business Development ?

Collective Intelligence

moderation of teams, networks, and collective intelligence

Management has to change / accelerate the perception of customer needs ?

Changing life style and expectations of employees ?

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Digital Economy & Innovation

131

Collective intelligence can be seen in the nature and can be transferred to teams.



⇨ stimulation

Digital Leadership has to stimulate unexpected, unusual, "disturbing" comments / ideas.

⇨ team networking

networking is a human instinct
-> Just don't prevent it !

⇨ shared values

The creation of shared values will become a core competence of Digital Leadership !



What is impacting the Assignment of Business Development ?

Meritocracy and Shared Team Values

support and esteem of innovation, creativity, visioning, and entrepreneurial thinking

support and esteem of risk-taking, courage, self-responsibility and disruptive thinking

renunciation of plan-fulfillment-control and hierarchical structures

Management has to change / accelerate the perception of customer needs ?

Changing life style and expectations of employees ?

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Digital Leadership requires a deep shift in the understanding of management.



creative environment, google-innovation space in Zürich

What is impacting the Assignment of Business Development ?

Digital Bohemians and High Flexibility

providing freedom, open space, and development perspective

trust and support of flexibility and mobility



Management has to change / accelerate the perception of customer needs ?

Changing life style and expectations of employees ?

This might be expected to result in management requirements like :

- ⇨ moderation of teams, networks, and collective intelligence
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The previously mentioned need for employees / collaboration with

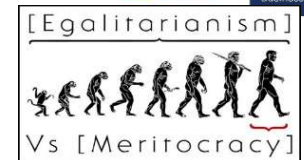
innovative strength, willingness for change, flexibility, mobility, adapted pace, creativity, team-orientation, flexible and interdisciplinary project structure, entrepreneurship-thinking, willingness to take risks, visioning, courage, disruptive competences, decision-making competence, participating strategic thinking, ...

requires freedom and trust.

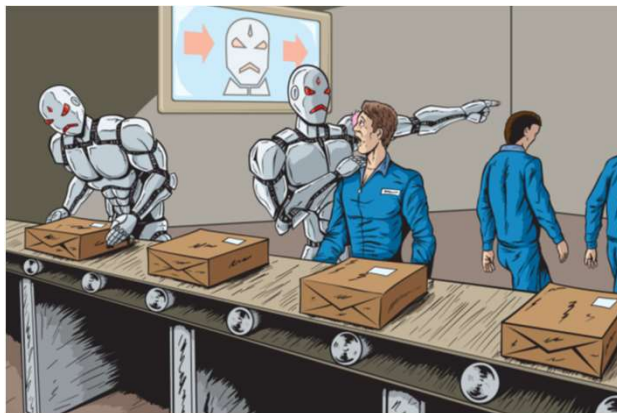
Maybe, we will go into the direction of ...
... Digital Bohemians ?



What is impacting the Assignment of Business Development ?



changing management challenges for the upcoming **digital economy**



⇒ part of the previously employee-focused management methods will be replaced by technical control

new challenges for the management in a digital economy will be :

- ⇒ manage collective intelligence and innovative, creative work
- ⇒ manage meritocracy and shared team values
- ⇒ manage high flexibility

Every employee can have a potential for innovation and Business Development.

What is impacting the Assignment of Business Development ?

new management challenges will lead in the near future to additional management concepts

Today, the currently existing understanding of management is not more suitable to face the changes

People's new understanding of management trends...

Digital leadership means especially:

- multidisciplinary teams, networks, and collective intelligence
- support and success of risk-taking, change, self-responsibility and sharing the blame
- not drawing the assignment of collaboration and interdisciplinary networks
- embedding business, open cases, and development perspectives
- use of support of flexibility and mobility
- renewal of your fulfillment content and hierarchical structures

What is impacting the Assignment of Business Development ?

new challenges for the management in a digital economy will be

- manage collective intelligence and innovative, creative work
 - How to manage and activate the power of a collective?
 - Will digital thinking change the role for human work?
 - Will knowledge and experience be replaced by the work of new jobs?
- manage meritocracy and shared team values
 - How to manage meritocracy in a digital economy?
 - How to manage shared team values in a digital economy?
- manage high flexibility
 - How to manage high flexibility in a digital economy?
 - How to manage high flexibility in a digital economy?

What is impacting the Assignment of Business Development ?

Will innovation and strategic management be the work of everybody ?

selected example :

- google
 - manage collective intelligence and innovative, creative work
 - manage meritocracy and shared team values
 - manage high flexibility

Will innovation and strategic management be the work of everybody ?

What is impacting the Assignment of Business Development ?

Will innovation and strategic management be the work of everybody ?

Please remember enable, like :

- artificial intelligence
- robotics
- higher structural systems (including 4.0)
- ...

enable and activate roles and business models

creativity, innovation, business, risk taking... as a driver of success

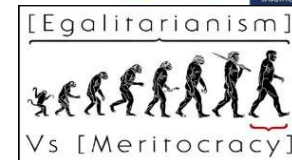
A reduction of repetitive work profiles is likely to go hand-in-hand with an expansion of other work profiles :

- home office
- working spaces
- virtual collaboration
- ...

building on :

- collective intelligence and innovative, creative work
- meritocracy and shared team values
- high flexibility

What is impacting the Assignment of Business Development ?

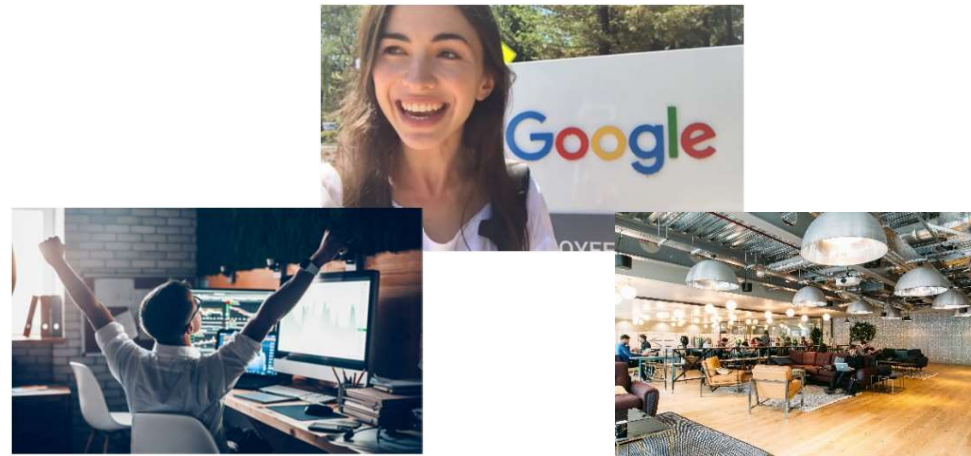


new management challenges will lead in the near future to additional management concepts



maybe, the currently existing understanding of management is not more suitable to face the changes

- ⇒ production / process / operations management
- ⇒ human resource management
- ⇒ management by objective
- ⇒ organizational behavior
- ⇒ change management
- ⇒ strategic management
- ⇒ ...

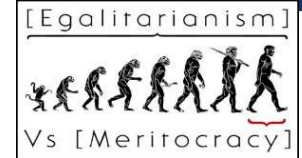


maybe a new understanding of management needs ...

Digital Leadership concepts regarding :

- ⇒ **moderation of teams, networks, and collective intelligence**
- ⇒ **support and esteem of innovation, creativity, visioning, and entrepreneurial thinking**
- ⇒ **support and esteem of risk-taking, courage, self-responsibility and disruptive thinking**
- ⇒ **not disturbing the emergence of collaboration and interdisciplinary networks**
- ⇒ **embedding freedom, open space, and development perspective**
- ⇒ **trust and support of flexibility and mobility**
- ⇒ **renunciation of plan-fulfillment-control and hierarchical structures**

What is impacting the Assignment of Business Development ?



new challenges for the management in a digital economy will be

⇒ **manage collective intelligence and innovative, creative work**

- Will the management assume the role of a moderation ?
- Knowledge will be short-living and hard to protect !
- Will design thinking shape the daily business work ?
- Will innovation and strategic management be the work of everybody ?
- ... ?

⇒ **manage meritocracy and shared team values**

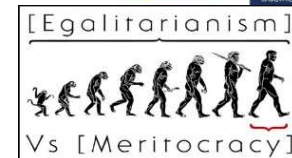
- Can it created actively ?
- Or is management limited to not disturbing its development ?

⇒ **manage high flexibility**

- How to motivate people, although there is no more job security ?
- How to protect a company (investors) in case of a failing business stream ?
- ...



What is impacting the Assignment of Business Development ?



Will innovation and strategic management be the work of everybody ?

selected example :

⇒ google

- ⇒ **manage collective intelligence and innovative, creative work**
 - Will the management assume the role of a moderation ?
 - Knowledge will be short-living and hard to protect !
 - Will design thinking shape the daily business work ?

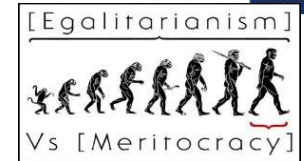
- Will innovation and strategic management be the work of everybody ?

- ?
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- ⇒ **manage high flexibility**
 - How to motivate people, although there is no more job security ?
 - How to protect a company (investors) in case of a failing business stream ?

-



What is impacting the Assignment of Business Development ?



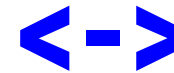
Will innovation and strategic management be the work of everybody ?

Please remember enabler, like :

- artificial intelligence
- robotics
- cyber-physical systems (industry 4.0)
- ...



repetitive and automatable tasks
are domains of machines



creativity, innovation, feelings, risk
taking, ... are domains of humans

A reduction of repetitive work profiles is likely to go hand-in-hand with an expansion of other work profiles :

- home office
- co-working-spaces
- cloud collaboration
- ...

building on :

- collective intelligence and innovative, creative work
- meritocracy and shared team values
- high flexibility



The image shows a vertical stack of five presentation slides. Each slide has a header 'Sociotechnical Framework' and a sub-header. The content includes:

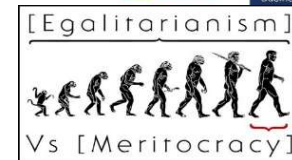
- Slide 1:** 'Please remember the already mentioned factors that work towards an organizational change:' followed by a list of factors: 'Flexibility/Agility', 'Digitalization of processes', 'Interdisciplinary collaboration', 'Innovation', and 'Digital Skills'. A diagram shows a house-like structure with arrows pointing to various components.
- Slide 2:** 'Please remember the already mentioned factors that work towards an organizational change:' followed by a list of factors: 'Flexibility/Agility', 'Digitalization of processes', 'Interdisciplinary collaboration', 'Innovation', and 'Digital Skills'. A diagram shows a house-like structure with arrows pointing to various components.
- Slide 3:** 'Please remember: "Hierarchy, Flexibility, Digital Substitution"'. A list of factors: 'Increasing power at the personal level also increases the risk of those leaving the company.' and 'Having partner in a Business Development Team forces a company to:'. A diagram shows a house-like structure with arrows pointing to various components.
- Slide 4:** 'Please remember: Sociotechnical Frameworks can be part of an Eco-System or Arena'. A diagram shows a central house-like structure surrounded by various icons and arrows.
- Slide 5:** 'Digital Society and Digital Transformation'. A diagram shows a flow from 'settlement' to 'urbanization' to 'globalization' to 'digitalization'.

With the term "Sociotechnical Framework" we define an intermediate stage in the transition to a Digital Eco-System.

In this intermediate stage, tight structures are defined in which employees and / or organizational units can act independently, but have a close relationship with the parent company.

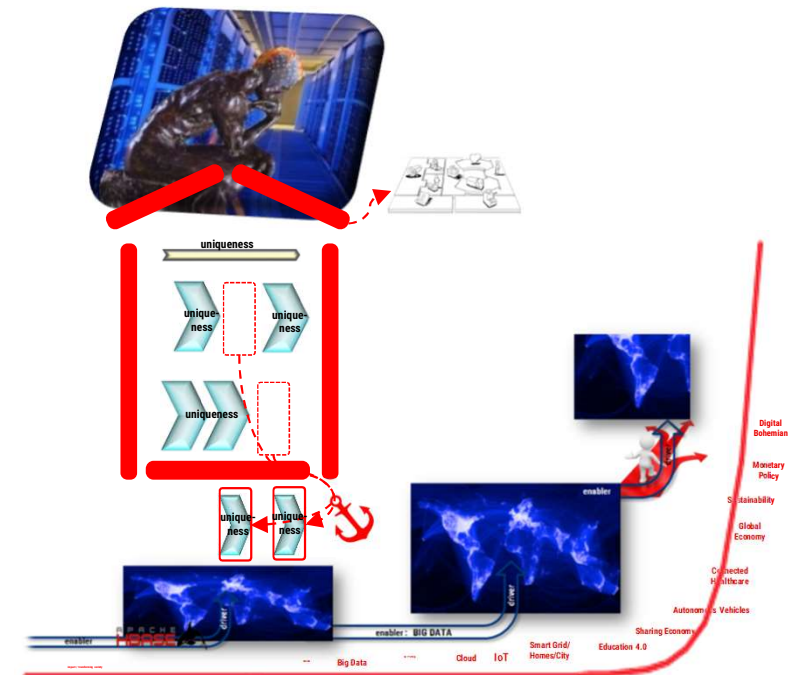
This organizational units are scalable and interchangeable.

Sociotechnical Framework

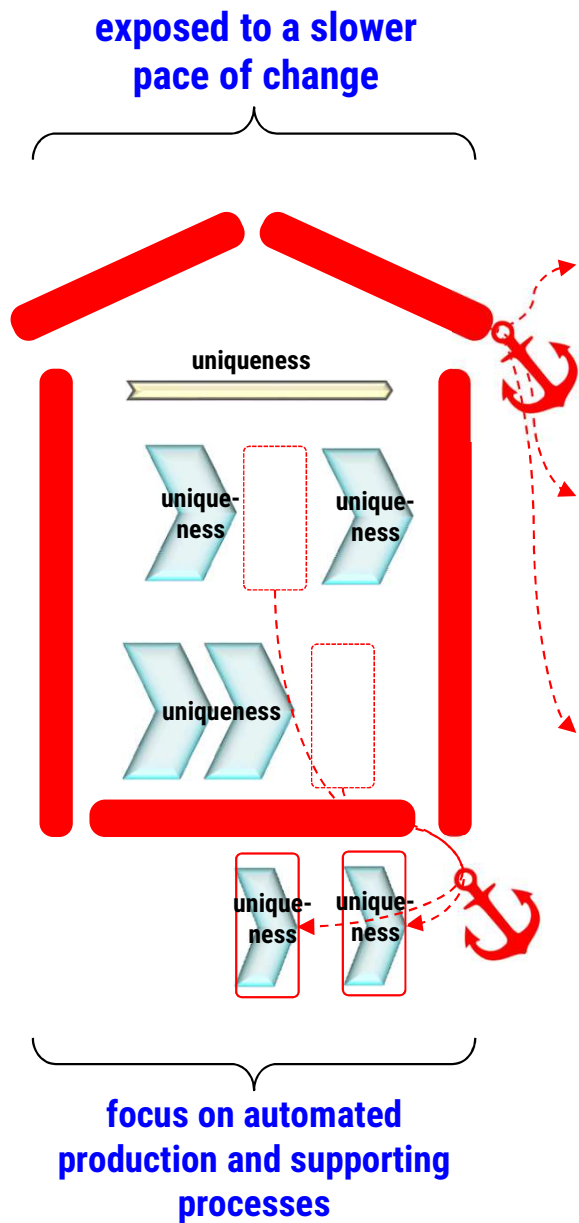


Please remember the already mentioned factors that work towards an organizational change :

- Flexibility/Agility**
 Smaller structures can react more flexibly and be more agile.
 Short-term specific knowledge can be integrated faster through partnering than through a recruiting process.
- Digitalization of Communication/Coordination**
 At the beginning of the Industrial Age Coase (1937) described a balance that provides an explanation for the size of the company. Accordingly, the transaction costs influence the company size. If the transaction costs can be reduced by using digital technologies, the company can realize these cost savings by reducing its core size.
- Standardization**
 We can observe standardization efforts at almost all levels. Not only at the technical level, but also in business processes, for cloud services, etc. These standardization efforts support cross-company collaboration and thus smaller business units.
- Risk Reduction**
 Higher risk components of overall corporate management can be outsourced to legally independent elements. This is also very easily transferable to digital business development.
- System Structures**
 Digitalization offers options for building system entry barriers as structures for system loyalty.



Sociotechnical Framework



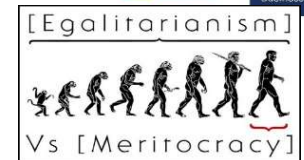
exposed to a higher pace of change

team "Business Stream 1"

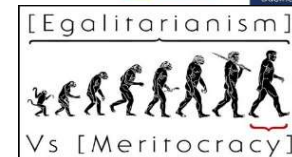
team "Business Stream 2"

collaborating partner "Business Stream 3"

focus on innovative (human) skills



Sociotechnical Framework



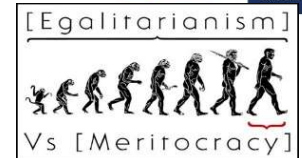
Please remember "Meritocracy, Flexibility, Digital Bohemians" :

- The leadership approach is shifting from top-down leadership to building an entrepreneurial mindset.
- Increasing power at the personal level also increases the risk of those leaving the company.
- Having partner in a Business Development Team forces a company to :
 - create conditions of loyalty (to benefit in case of success)
 - create dependencies (to benefit in case of success)
 - assign the risk of failing to the partner



Sociotechnical Framework

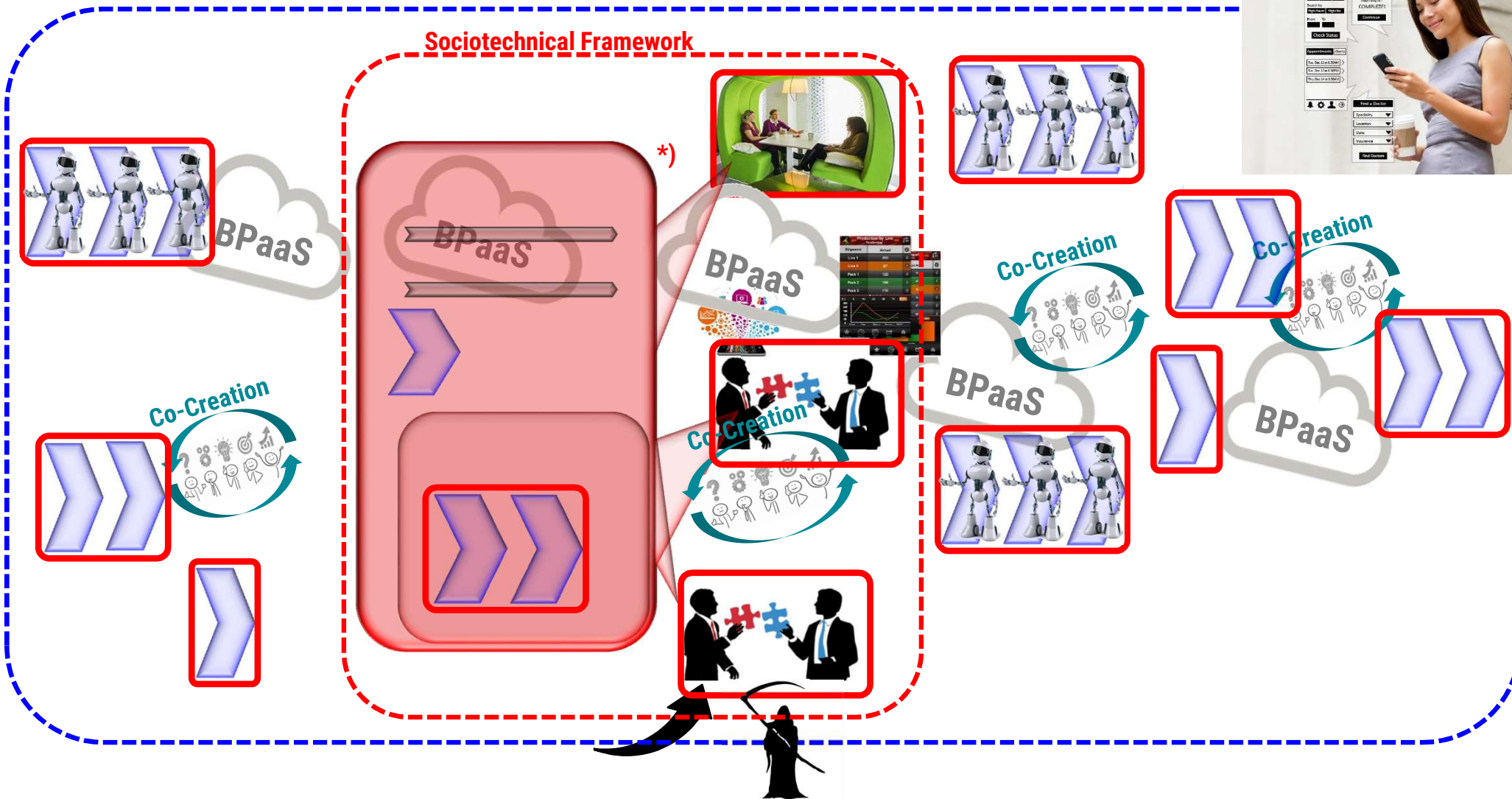
Sociotechnical Framework



Please remember : Sociotechnical Frameworks can be part of an Eco-System

Digital Eco-System

Sociotechnical Framework

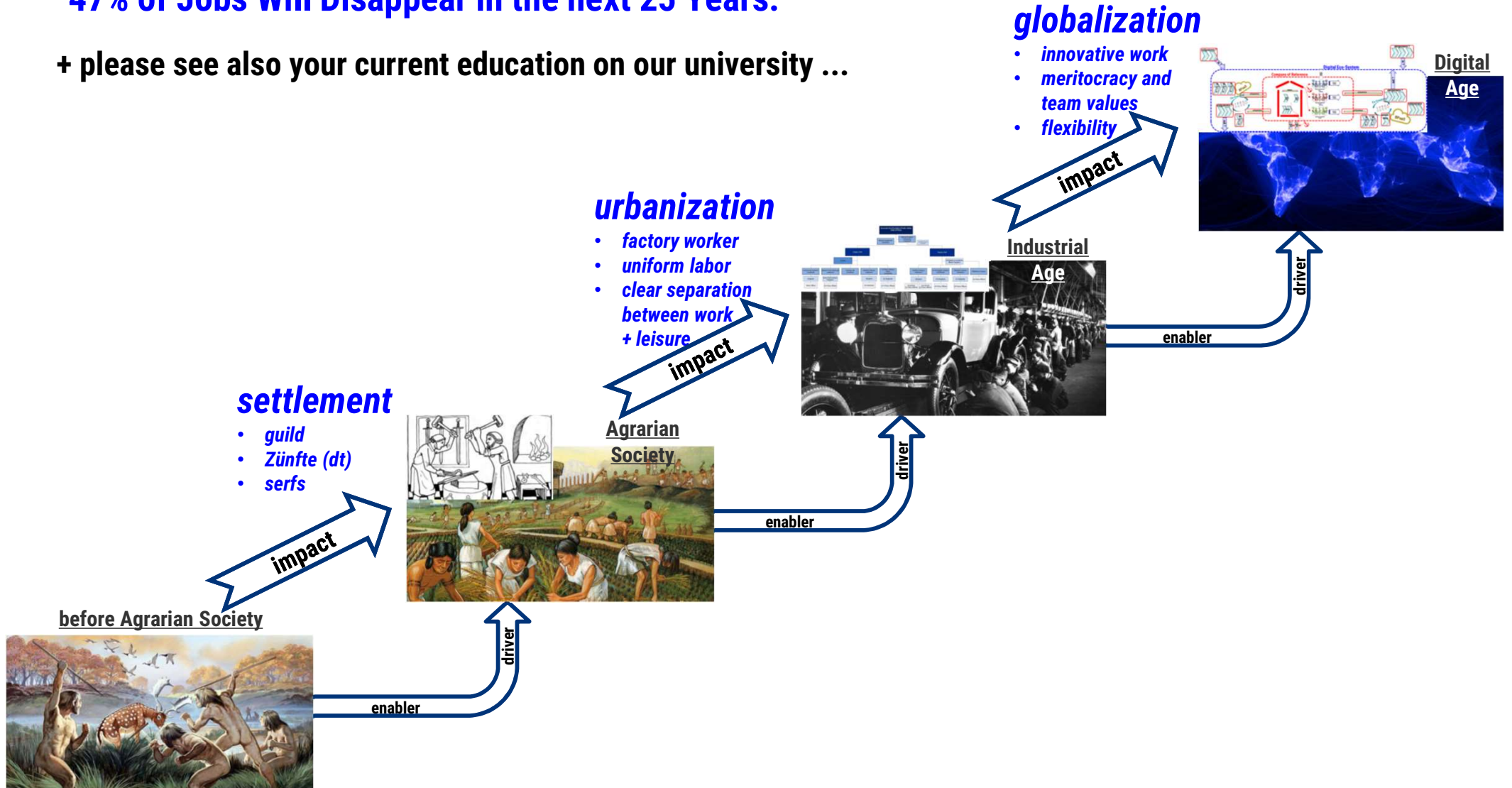


Digital Society and Digital Transformation

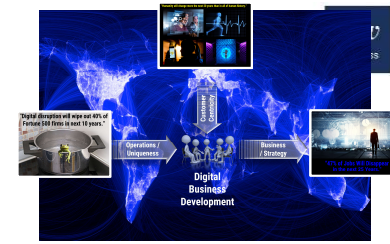
In this transition, we observe also a significant impact on management and employees !

"47% of Jobs Will Disappear in the next 25 Years."*)

+ please see also your current education on our university ...



*) <https://bigthink.com/philip-perry/47-of-jobs-in-the-next-25-years-will-disappear-according-to-oxford-university>



Let's summarize again :

1. Digital Economy supports the focus on Customer Centricity
2. Digitalization supports Co-Creation and the focus on Uniqueness, re-sizing the companies
3. Adjusted management supports risk-handling and the transition into the Digital Age

