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The wicked game of business. Going for the reward at the bottom of Pandora's Box.

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“Some problems are so complex that you have to be highly intelligent and well informed just to be undecided about them”.

Have you ever heard about *wicked* and *tame* problems? Wicked problems was a term originally used to describe problems in social policy and planning that were difficult or impossible to solve. Wicked problems are hard to grasp, define and explain, and there is no “right” solution and clear-cut definition of success and boundaries. The full magnitude of the problem is only realised when the solution has been developed and implemented – sometimes years later. There are always many

interdependencies, perspectives and stakeholders, and as the solutions are developed, new and unforeseen issues surface. Furthermore, wicked problems cannot be compartmentalised and solved in isolation. Think of, for example, global warming and climate changes, which are wicked problems fitting these criteria.

A tame problem, on the other hand, has a well-defined and stable problem statement, a definite stopping point, it can be addressed in isolation, etc. Tame problems are not necessarily simple, but they are solvable with traditional problem-solving methods. Building a bridge is a tame problem, and so is playing chess.

Companies are some of the most complex systems on Earth, and wicked problems exist on all levels in the organisations – strategic and tactical – and many organisational layers struggle with them every day. Most large-scale initiatives are wicked problems – such as large IT ERP projects, M&As, restructuring, design and deployment of strategies, etc. – as each challenge is tricky, complex and unique. However, this is not always realised by the stakeholders, and the consequence is that the problems are tamed. **Taming** is when the complexity and scope of a wicked problem is being artificially restricted and reduced, and the true underlying root causes are not properly addressed.

The consequence of taming is project failure (delays, added costs, overruns, etc.) and a significant part of strategy failures relate to taming the challenges facing the company. Only 9% of organisations rate themselves as excellent at successfully executing strategic initiatives. Try thinking of IT scandals in public administration, or failed strategies, M&As, etc. – what do you think the underlying causes are?

Business challenges are often compared to chess, which is a very unfortunate framing that is taming the complexity. The chess rules and logics are known and fixed, the goals are clear, all the required information is available, the causality and interdependencies are simple, the logic is linear, etc. The “game” of business is wicked, iterative, messy and multidimensional. If we take the example of a large-scale IT ERP development and roll-out program, it can naturally be tamed to contain only the IT and technology aspects. However, the reality is that such a program is multidimensional as it also involves people, interests, behaviours and relationships, culture and values, processes, roles and responsibilities, organisational structures, interfaces and alignment, master data, KPIs and PPIs, etc. – and all these aspects are interdependent. By addressing only the technology aspects, the program will fail.

In all the wicked problem challenges that I have participated in, “inherited” and led, observed, or heard of, the common denominator of the failures was taming. There was poor leadership and no commitment, an inadequate mandate, time

and money boxing of the problem statement and therefore no room for learning, lacking investment in skills and methodologies, little courage to face the brutal facts, and the leadership was disconnected and hands-off. The leadership mistakenly did not want to open the Pandora's box of wicked problems – and the complexities were tamed.

Taming or turning a blind eye to wicked problems is not a solution, and will only lead to failure. Successfully addressing wicked problems require systems thinking, understanding of root causes and interdependencies, iterative learning, continuous improvements, hands-on involvement and transparent and open collaboration. This requires courageous leadership, commitment, skills and expertise – which again requires openness to learning. It also requires that you have a framework to understand and simulate the company business model, and capture the learning. Companies will need a model and mind-set of excellence for that.

We can dive further into the wicked problems facing your company within the execution and operations part of the business model. Try scoring your company execution on a scale from 1-4 on the 12 questions below (1="Completely Disagree", 2="Disagree more than Agree", 3="Agree more than Disagree" and 4="Completely Agree"):

- **Our company "engine room" (operational system) can flawlessly execute the company strategy.**
- **The company culture is a competitive advantage.**
- **We develop new products and services faster and better than competition.**
- **The organisational structure is lean and efficient.**
- **Our decision-making processes are fast and effective.**
- **We can easily adapt our systems and processes to changing business requirements.**
- **We have complete visibility of our process performance.**
- **There are comprehensive functional strategies for each function.**
- **Our core functional domains are industry leading in terms of competences.**
- **We have the leadership model and competences required to deliver excellent results.**
- **We have the required execution skills and mind-set within the organisation.**
- **We are excellent at successfully executing strategic initiatives.**

Bringing any of these 12 aspects to a score of 4 is a wicked problem without a simple and clear-cut solution – and it is a moving target, as performance is relative and the competition is improving too. How does your company performance compare to the industry leaders? What facts are available, what information is missing, what is your gut feel about the performance, what are the positive/negative aspects of the current performance, and how could the current performance be improved?

Excelling in one of these areas will lift your company performance, but as illustrated with the IT ERP example, each of these challenges will require a broad range of solutions and new skills, and all of them are interdependent. Out-performing the competition on all aspects is therefore a *super-wicked problem* that involves the entire company business model, and just getting everyone to agree on a problem statement is a huge challenge.

Nevertheless, Pandora's box of wicked problems should be opened. Taming wicked problems by mistakenly keeping the lid on the issues is not the solution, but embracing the many "evils" is. In the Greek mythology all the evils escaped when Pandora's box was opened, except for one thing that lay at the bottom – the Spirit of Hope. In business, the reward at the bottom of the wicked problems box is excellence.

The 12 questions will provide you with an initial assessment and state of the nation. Out-performing the competition requires that your company has a systematic and integrated approach to enhancing all aspects of the company business model. Do you recognize all of the building blocks, and how they are interdependent? Try adding your own assessment questions within areas that you know are important to the company performance and operations. Which wicked problems are your company facing and what is your approach? Are you taming wicked problems, or do you have a company philosophy and methodology that you follow? How fast, agile and efficient is your company execution, and what would the value be if you significantly improved?

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Søren Laugaard is the author of **Business Model Excellence**, which is a book about outperforming competition through faster and more dynamic business model innovation.

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Wikipedia, Wicked problem, Pandora's box