The rise of the sentient enterprise

By Godfrey Parkin   27 Feb 2012

How efficiently does your organisation think? Whether you are a 40 000 employee corporate or a five-person start-up, if you cannot sense what is going on in your competitive environment, cannot analyse and interpret that input, and cannot make the right decisions or act appropriately in real-time, your enterprise is poorly equipped to thrive in socially networked markets.

Most companies still plan in increments of a whole year, even though competitive environments change exponentially faster. They still organise in hierarchically defined linear silos, even though communication now takes place intuitively in cross-discipline spheres of interest. They still insist on having face-to-face meetings, even though most personal communication is virtual.

Outside the window of the corporate ivory tower, today's world works in a very different way. Twenty-first-century people are quite comfortable with ambiguity, collaborate generously at a distance, and multitask efficiently. Customers today are vastly more informed and discerning than customers of last century - and all of them are now connected, sharing experiences and forming collective opinions in real time.

Sentient market

The individual members of your market are now so intimately connected they are, effectively, a single very intelligent, very powerful thinking entity - a sentient market. What hope do you have when faced with a market which is all-seeing and all-knowing, which can out-think and out-voice you, in real-time?

If your business strategy and operating processes made sense in the 1990s, and have not evolved much since, chances are they no longer fit your commercial reality. You are particularly at risk if your business mission is still defined in terms of a specific-enabling technology, because the life expectancy of every technology is becoming shorter.

Technologies are not necessarily things that come with ones and zeroes and electricity coursing through them. The retail store is a technology, as is the mall. The book and the newspaper and the advertisement are technologies. So are hotels, office buildings, supply chains, accounting principles, planning processes and organisational structures.

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Every technology-based business is endangered. Even Facebook, after making 1000 young millionaires in its IPO, may implode, if it fails to adapt its revenue-creation processes to the stunning growth of mobile devices.

We all know that mobile will be huge this year, that bandwidth will get faster, access will get cheaper, devices will get smaller, virtual currencies will bloom, the cloud will get bigger, the crowd will get rowdier, and every market-dominant business will have to deal with its permutation of the [Arab Spring](). Reacting to these digital developments piecemeal without a strategy for context is simply inadequate.

The digital imperative is no longer restricted to marketing. If you're a corporate, you're staring the socialisation of your enterprise in the face.

Dictating the tools vs bringing own tools to work

Ten years ago, you dictated the tools, technologies and processes inside your organisation, so you controlled how your people communicated, learned and shared. Today, people bring their own tools to work and use the processes that they know are most efficient, whether IT supports them or not. The tablets, phones and communication networks that each individual brings to work are typically generations ahead of what the company provides.

So, while marketing is losing control of the brand message, the enterprise is losing control of its nervous system.

If the enterprise is to respond with innovation, at the pace required today, it needs a major improvement in internal communication efficiencies, as well as new policies and procedures that allow more spontaneous, more organisationally intuitive, more decentralised decision-making.

Networked collectives

To thrive in sentient markets, you have to become a sentient enterprise, in which all of your employees, stakeholders and business partners can collaborate as networked collectives, with the speed and confidence of a harmonious entity.

That means letting go of some of the inefficient rigorous controls, the archaic 9-5 work regimes and the linear authorisation processes which made big companies so comfortable a couple of decades ago, but which impede their ability to adapt today. It also means starting to train and trust employees at all levels to think and act in the best interests of the company.

Usually, in South Africa, that suggestion is met with snorts of derision from business leaders, the same people who don't want their brands to use social media in case people say bad things about them. (If you really believe your customers generally dislike your products and services, and you believe your employees lack the skills and motivation to do the right thing, surely you must also believe that you have failed as a business leader.)

Reframing internal processes

Digital socially networked communication should be reframing internal processes in management, IT, legal, OD, HR and training. To turbo-charge internal communication, take a serious look at tools such as Yammer and Jive. They bring Facebook- and Twitter-style social networking to all those working in your company. Check out also the opportunities for innovation that emerge through crowdsourcing.

External processes such as stakeholder relations, customer service, PR, recruitment and business development all need social drivers, too. You'll have to rethink your organisational structure, and plan to up-skill and increase headcount in those social customer-contact and community-management points. You may find that cuts in traditional advertising spend can offset some of this expansion, but don't expect the socialisation of marketing to dramatically reduce your costs.

Invest proportionally to the scale of the opportunity, and go after step shifts in brand strength, loyalty and sales. If you try to live by shoestring social media implementation, you'll die by it.

Start earlier in the inspiration process

Normally, you will face what appears to be insurmountable resistance to change, the kind we hear every day ("senior management doesn't get digital", "risk aversion is part of our culture", "if it ain't broke, don't fix it). So you have to start a little earlier in the inspiration process.

Instead of presenting your digital strategy to management and trying to persuade them to accept it on its merits, ask them to help you craft the strategy. Help them to look ahead, without the rose-tinted spectacles. When they start to discover the gaps between where the current strategy is taking them and where they should be headed, you'll have their attention. By the time they have identified appropriate strategies and feel an urgent need for change, it will be their idea, not yours.

The options for SMEs are a little different from those for major corporations.

If you are an SME, you have fewer obstacles to overcome. The nervous system of an SME is often very sensitive - SMEs are closer to their customers and suppliers, and internal communication is usually far simpler. There are no legacy systems to upgrade or entrenched organisational culture to change.

Ability, willingness to take risks and experiment

And an SME's ability and willingness to take risks and experiment is usually far greater than in larger companies, because decision-making processes are more streamlined, and the cost of failure is small.

Being close to customers is what has allowed some small companies to become giant industry leaders almost overnight. Any big organisation that wants to thrive in the coming decade needs to socially network its external and internal communications, and invest in growing the kind of values, processes and skills that can turn it into an inherently sentient enterprise.

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