



# SIMPLICITY IN DESIGN™

## A Few Distinctions on Applying C-P-P

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**Special points of interest:**

- Gartner study finds billions in IT dollars wasted, while other information needs go unmet.
- Security is an organizational aspect that focuses on assets, while Protection is a dimension focusing on protecting the organization's ability to compete and perform.
- In the absence of a functioning three dimensional framework, conflicts of interests will arise and undermine the goals and objectives set by the executive leadership.

In this issue we focus on the application of the three dimensional framework (Compete-Protect-Perform) by discussing three related topics. The first are the implications of an industry survey and analysis conducted by the Gartner Group, which concluded that corporations will waste over 100 billion dollars in poorly targeted network infrastructure *upgrades*. Our second article discusses a topic that comes up repeatedly in these times of stress over terrorism and security: differentiating the business *dimension* of Protection from the business *aspect* of Security. For the third topic we consider a common organizational phenomena we refer to as Three Dimensional Dissonance.

These three short pieces are intended to assist the reader in understanding C-P-P conceptually and practically. For example, by considering the implications of the Gartner Study, we hope that our readers will consider similar initiatives within their own organizations, which may not have been fully aligned with specific objectives



**Operate Globally in Three Dimensions**

within one or more of the three dimensions. In our experience, opportunities are often available to improve three dimensional (3D) alignment within initiatives or shift investments to where they will provide maximum returns. Alternatively, it may be found that the metrics required to assess 3D alignment are unavailable or incomplete. In such cases, it may be necessary to pause, identify objec-

tives within each dimension and establish the metrics necessary to measure and assess three dimensional performance.

As you read these short pieces, we hope that you will consider new and different applications of the underlying principles, which anchor the C-P-P framework. Ultimately, each organization must determine how to leverage C-P-P to gain maximum returns. The framework is designed to contextually deliver the agility demanded by today's operating realities within a validated, dependable and familiar structure.

*Please contact us with questions, suggestions and contributions.*

## Aligning Budgets with 3D Objectives

Gartner Inc. has earned a well deserved reputation for its analysis and insights of the IT industry. In one of its latest studies, a senior group of analysts concluded that corporations will be spending close to 100 billion dollars on upgrades that are not aligned with their winning objectives.

As reported in SearchNet-working.com by senior writer Andrew R. Hickey, the Gartner study concluded that "*corporations are putting their money into the wrong technologies, leaving other technologies and services to suffer.*"

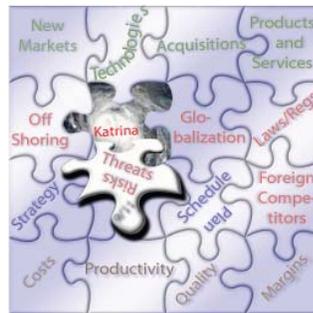
Mr. Hickey quoted Mark Fabbi, vice president and

## (Mis)Understanding Protection

Competition and Performance have traditionally been the core dimensions of business and remain the primary focus of attention at the nation's business schools. Protection, on the other hand, is often confused with security, risk mitigation and other activities commonly relegated to technical management levels. This misunderstanding serves to undermine Protection's primary contribution to winning and achievement, the protection of those aspects of the organization, which are necessary for it to effectively Compete and Perform.

Protection's focus is NOT exclusively connected with security, asset protection, business continuity and disaster recovery, although these are aspects of this dimension. Instead, Protection should be thought of as the dimension that focuses on gracefully avoiding disruptions to the organization's ability to compete and perform, and, where disruptions do occur, ensuring a graceful recovery of all nec-

connected with security, asset protection, business continuity and disaster recovery, although these are aspects of this dimension. Instead, Protection should be thought of as the dimension that focuses on gracefully avoiding disruptions to the organization's ability to compete and perform, and,



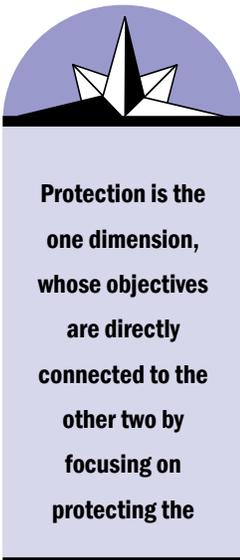
where disruptions do occur, ensuring a graceful recovery of all necessary competition and performance related capabilities, assets, services and functions.

Protection, like the other two dimensions, is conceptually stable and highly contextual in application. This means that the general approach for as-

sessing the relative need for protecting specific capabilities, assets and functions is relatively stable, but the drivers, factors and other key components of the analysis must be contextually aligned.

As an example, consider the *Threat Picture* illustrated in the puzzle image above. It was created by SDS in collaboration with AC Macris Consultants in 2005 and reflects the various components that risk managers were focusing on. Before Katrina and in the aftermath of 9/11, terrorism and security were the hot topics. Similarly, before ENRON became the poster child for corporate malfeasance, financial reporting had become an exercise in investor expectation management. Sarbanes-Oxley changed that perception and the associated threat picture. These events suddenly altered the set and relative importance of corporate risks. Unfortunately, this reactive approach can miss important mid and long term threats.

The Protection dimension



## Aligning Budgets with 3D Objectives (continued from page 1)

distinguished analyst for enterprise communications, at Gartner: *“Enterprises are continuing to follow existing best practices and outdated rules of thumb ... They have to start thinking differently.”*

Mr. Fabbi pointed out *“that by ignoring applications and business processes, companies are missing out on opportunities to build a network that would give them a competitive*

risk improvements, while areas critical to three dimensional performance were being left vulnerable to the effects of terrorism. Our research, experiences and analysis concluded that security by itself was not enough. Protection required prioritizing initiatives to mitigate specific risks and maximize competitive resilience.

targeted areas that provided marginal risk improvements, while areas critical to three dimensional performance were being left vulnerable to the effects of terrorism. Our research, experiences and analysis concluded that security by itself was not enough. Protection required prioritizing initiatives to mitigate specific risks and maximize competitive resilience.

# Three Dimensional Dissonance

Three Dimensional Dissonance (3DD) refers to an organizational phenomena whereby employees at different levels undermine each other across functional and dimensional boundaries. In business, 3DD can undermine strategic initiatives by mis-aligning priorities and focus. In some cases, we have observed performance workers, supervisors and various levels of management make decisions based on criteria directly at odds with their executive leadership team's objectives, priorities and expectations.

In structuring our analysis, we divided organizations into three general hierarchical levels: Executive, Management and Performance. We then evaluated their priorities across the three dimensions of Competition, Protection and Performance.

Finally, we considered the relative importance of the three dimensions (C-P-P) to the three hierarchical levels. The results of our observations are illustrated in the graphic above and discussed below.

### Executive Level

Executives are generally focused on competition, or more precisely their organization's competitive position in the marketplace. Issues such as entering new markets, merging with competitors to gain market share and benefit from economies of scale, and defining competitive visions and

related strategies are the focus of this level.

Second in priority is performance in general and financial performance/shareholder value in particular. Executives often focus on cost cutting initiatives, improving margins and shifting operations to leverage opportunities such as lower labor costs. Performance outside of these parameters generally receive increased attention only when driven by changing contexts. For example, in the 1970s & 80s, many American manufacturers discounted quality. Then the Japanese began to eat market share and executives were forced to deal with the quality

posed them to legal liability, negatively impact share value and undermine the organization's competitive position and market strategies. Before the financial scandals of the last eight years, however, financial reporting had been losing its accounting based, conservative, high-trust *cache*. It took a major crisis and direct threat to the executive boardroom to raise this Protection related issue from the management to the executive ranks.

### Management Level

The management level is usually focused on performance issues. It is generally concerned with meeting specific, measurable goals and demon-

Organizational Hierarchy	Three Dimensional Priority-Focus-Awareness		
Executive	Compete	Perform	Protect
Management	Perform	Compete	Protect
Performance	Perform	Protect	Compete

gap that was responsible for foreign companies gaining market share. Other examples include the impact of the IT revolution (1980s), financial reporting (late 1990s through the present) in the aftermath of Enron and security after 9/11 (2001—2002).

Protection is generally not something that we found the executive level focusing on, unless a major internal or external event/development raised it from the management ranks. For example, Sarbanes-Oxley became a major protection issue for executives because failure to comply ex-

strating that executive strategies and performance objectives are being met. Competition matters, but it is generally viewed from more prag-

matic, operational level perspectives. Protection is comparatively more important than at the executive level, as reflected by the long list of protection related management programs, including Risk Management, Environmental Health and Safety (EH&S) Management and Quality Management. In fact, management programs have proliferated to the point where software developers, database providers, consulting companies and service providers are now offering a myriad of Management Systems. Many if not most corporate initiatives and func-



**Executives, managers and performance employees view Competition, Protection and Performance through different**



THE MOST  
COMPLEX

Simplicity Data Systems is an applied research, business consulting and strategic analysis organization. Its focus is on evolving business models and the protection of the US homeland/economy from terrorism and other disrupting events. Over the past six years, SDS has focused on global threats from pandemics, conflicts and terrorism, while concurrently developing new business, threat assessment, risk mitigation and resilience models.

Our work is reflected in our writing, which is accessible from the Published page of our web site: [www.simplicitydata.com](http://www.simplicitydata.com).

## Three Dimensional Dissonance (Continued)

tions that are not directly related to competition are found in the management level and will get associated with some management program and/or management system.

### **Performance Level**

The performance level is, like management, focused primarily on performance. The primary difference is that at the performance level, performance is defined in terms of tasks, operations and relatively narrower objectives.

The performance level is also the one that is most aware and concerned about protection. At this level, protection is generally defined in terms of safety and the protection of jobs in the face of competition, offshoring, wage pressures and globalization. Competition

unchecked, it can cause conflicts of visions, objectives and focus across organizational domains. For example, executives, reacting to market forces, have been eager to standardize products and services, even when these are not marketed and sold as commodities. Many workers consider the drive to commoditizing what they produce as demeaning and threatening to long term employment/wages. Managers, who can also be marginalized by commoditization are caught in the middle, left to balance their own interests with executive demands/expectations and performance level concerns.

### **Summary**

There will always some measure of three dimensional dissonance in all organizations. Differences in jobs, functions, education, culture, maturity and other factors affect workers, man-

tion are caught in the middle, left to balance their own interests with executive demands/expectations and performance level concerns.

### **Summary**

There will always some measure of three dimensional dissonance in all organizations. Differences in jobs, functions, education, culture, maturity and other factors affect workers, managers and executives alike. While 3DD cannot be eliminated, it needs to be contained in order to avoid conflicts of visions and interests from undermining strategic objectives. In upcoming newsletters we will look at the implications of 3DD, provide some examples and explore strategies for managing and mitigating its detrimental effects.

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Executive decisions need to be organizationally aligned, contextually and in light of potentially conflicting interests, across vertical and horizontal domains.