Seeing the Wood for the Trees Again!
SMART - A Holistic Way of Corporate Governance Offering a Solution Ready to Use

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Abstract. SMART is a technology-supported solution for holistic corporate governance in a complex environment. It quickly delivers practical operational processes and information objects ready to use. This makes it possible to solve complex tasks immediately and effectively. By means of integrated information and process management, processes can be evaluated quickly and integrated easily into everyday business on the grounds of actual needs. For using SMART no special skills are needed. The principle of SMART is the stakeholder based systemic designing, analysing and seizing of topics or tasks. This is assured by considering all relevant factors of influence and the possibility of the quick, direct and easy implementation of results. They can be executed immediately and practically within assessable processes ready for use within the organisation. The goal of SMART is to obtain a holistic understanding of complex tasks in order to gain a better and more sustainable result.

Keywords: Corporate Governance, Corporate Performance, Stakeholders, Lateral Thinking, Systemic Thinking, Complexity.

1 The Challenge

It is a long accepted fact that circumstances in society and economy have become more and more complex and interconnected today (Vester 2007). For many of our traditional ways of thinking and acting are based on linear and hierarchical approaches they are not suitable for solving complex and multidimensional tasks successfully anymore (Heftberger/Stary 2004).

The knowledge society is creating new opportunities but also calls for a new thinking and acting (Halek/Nyiri 2002). While the transparency of social and economic processes can be increased through modelling, it is difficult to understand coherences and to predict or shape trends (Senge 2006). Context is getting lost while focussing on details. Decision makers see the trees, but not the wood anymore. But how can organisations remain competitive sustainably in such an environment at all (Kiessling/Bable 2007)? Companies have to take into account many more factors than they had to yesterday. They have to balance a turbulent environment, moving markets, different stakeholders, new social rules and patterns of thinking and behaviour

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(Haas/Oetinger/Ritter/Thul 2007). Only shifting data does not create value when striving for entrepreneurship (Nyiri 2007). It requires creative processes resulting in innovative and competitive positions. But what are the methods and tools to respond to these challenges fairly?

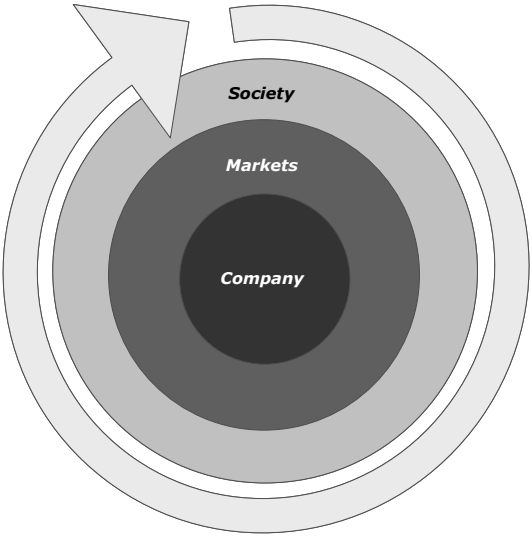

Fig.1. Interdependence of company, markets and society

One-dimensional approaches result in methods and tools that cannot meet the multi-dimensional requirements (Ossimitz 1995). Newer approaches, such as Lateral Thinking and Systemic Thinking can develop high quality solutions in a very pragmatic way. But humans have limited capabilities in dealing with abstract thinking (Glasersfeld 1995, 1997). Therefore, organisational development requires a tool that can be used pragmatically to deal with these approaches effectively.

Decision makers have to master capturing, analysing and designing of complex tasks in order to promote a focused and productive development. Organisational development means improving the efficiency in a defined direction with clearly defined tasks (Grimberger 2009). It requires clarity, agility, transparency and compliance to actually lead to more effectiveness and efficiency in business operation. Consequently, the goals of organisational development are:

- improving the quality of decisions
- improving the efficiency of communication
- saving the setup of actions
- accelerating task implementation
- flexible adaptation to changing circumstances

In the following we present a solution actually created for being used in business development without distracting running processes.

2 SMART

2.1 Towards a Practically Relevant Solution

The crucial step in organisational development is to use a tool allowing to display and evaluate complexity and building links as far as possible, since complexity can never be fully represented (cf. Luhmann 2006, 2008). Therefore a solution needs to recognise the context of processes and activities. The latter is also required to evaluate details properly. In SMART priorities can be set in a flexible, fast and easy way, depending on the business context. SMART is the technology-based implementation of a holistic organisational governance approach that links the levels of the organisation and its relevant stakeholders, and allows representing all related factors.

This creates an important basis for decisions. SMART is a lateral way to learn, sense and act succsessfully in a complex environment. Therefore, the most important requirement is practical relevance.

The abbreviation *SMART* has been created using the respective first letter of the following factors:

- SYSTEMIC: holistic, in order to allow the basic understanding of a situation and recognising of principles, patterns and dependencies.
- MODEL-DRIVEN: a structured description and interpretation of relevant realities.
- ACHIEVABLE: feasible, thus to be implemented effectively.
- RELATED: not only linear hirarchies but relations and their impacts are part of improvement. Not only the formal, certified processes are considered, but also the informal and human motives of relevant stakeholders determining success or failure.
- TIMELY: up to date and meeting today's requirements. Networking in companies, even across company boundaries, is facilitated through planning, implementation, and communication support.

Therefore, SMART is based on the grounds of the following considerations:

- Persons have not become less capable, the environment has become more complex.
- There is often a lack of differentiation of the terms complicated and complex.
- Mostly the overall view, i.e. the "Big Picture" is missing.
- Complex situations mostly have several solutions (solution scenarios) – the quality of solutions is the key to further potentials or deficits that arise from it.
- The basic requirement of organisational development is clearly defined objectives.
- Working on different levels of abstraction creates a cognitively familiar image (i.e. 3D model) of the requirements. This "image" can then be viewed and analysed from different perspectives - an isolated view of individual levels does not allow the intellectual reproduction of the actual structure.
- The implementation is supported by the practically relevant integration of an IT-tool which has been tested in every day business.

1.2 "smart4sense2act"

SMART follows a very specific way of thinking and acting: we call it "*smart4sense2act*" (read: *smart-for-sense-to-act*). This approach is inextricably linked to the principles of SMART. The focus is on the terms "sense" and "act", as they refer to all states from capturing the situation and defining all relevant stakeholders to executing the solution in an integrated way.

SENSE
SENSING means the capturing, perceiving and recognising of important events, factors and stakeholders – it means to feel and to interpret. In the corporate meaning it is like putting out the feelers in order to understand the environment, their own company and its stakeholders and to properly interpret their actions (Halek 2009).

ACT
ACTING means acting as a result of being in need for action that arises from different perceptions (sensing) and calls for clearly defined activities. The quality of the action depends on the stakeholder abilities and the functionality of the chosen tools.

1.3 The SMART-Principle

Based on this approach, the SMART-principle can be described as follows. Depending on each specific task, step 1 defines the topic space (which defines what has to be focussed on) und all areas of knowledge and stakeholders to be involved (we call it domain, i.e. the knowledge of a special field). Hence, step 1 results in the *levels of domains*.

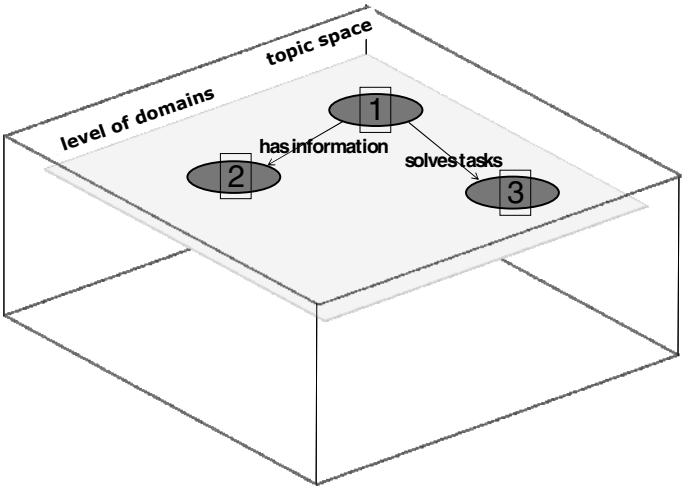

Fig. 2. The SMART-Principle, level of domains (step 1)

Step 2 defines all entities which are related to the domains (entities of all involved domains). Based on these definitions, now all involved sections can be identified (we call them elements). It is crucial to define only those tasks that are involved and relevant for the structures. This way the amount of information is manageable.

After having described the relevant topic space, now the tasks and their linked actions and activities can be linked to the elements (step 3). During this step different perspectives must be considered to obtain a valid structure. This creates new knowledge that will require to adapt the structures of domains again. This iterative procedure makes it possible to gather all relevant factors and link them.

Now the respective computer model can be evaluated according to various aspects. It provides the linked parts of the overall model for the task. In this way all necessary

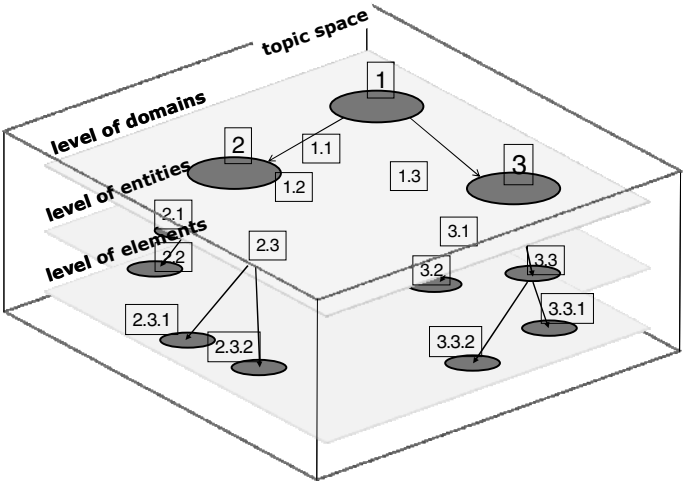

Fig. 3. The SMART-Principle, levels of domains, entities and elements (step 2)

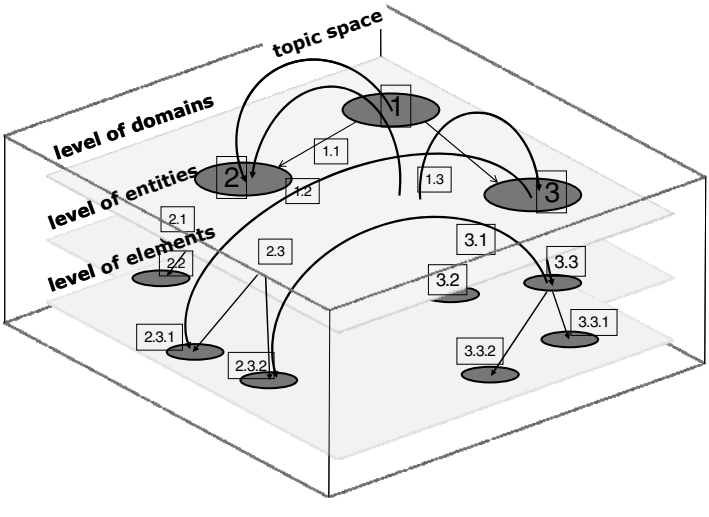

Fig. 4. The SMART-Principle, linking all levels (step 3)

steps, the roles involved and the actions and activities as well as the detailed descriptions of structures become available. These detailed descriptions are given concrete form through the creation of documents. The resulting filtering allows to show complex structures at different levels of granularity (including the meta-level) and to display it in an intelligible way. Now the created network represented by various stakeholders can be analysed for weaknesses and cross-linked with the help of the *Value-Network-Analysis (Allee 2003)*.

At critical points which could not be identified in the overall model so far, a more detailed and filtered analysis can be performed. Adaptions based on computer visualisation and integrated documentation can be done in far better quality and much safer than with the support of conventional methods. As a result of this analysis necessary adaptions can be represented immediately.

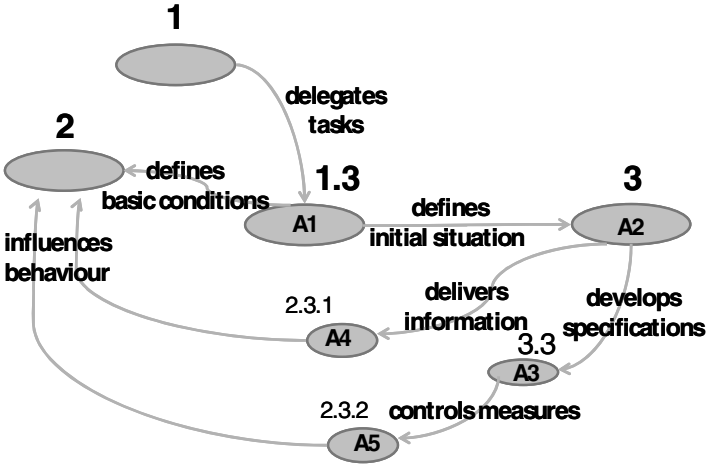

Fig. 5. The SMART-Principle, cross-linking

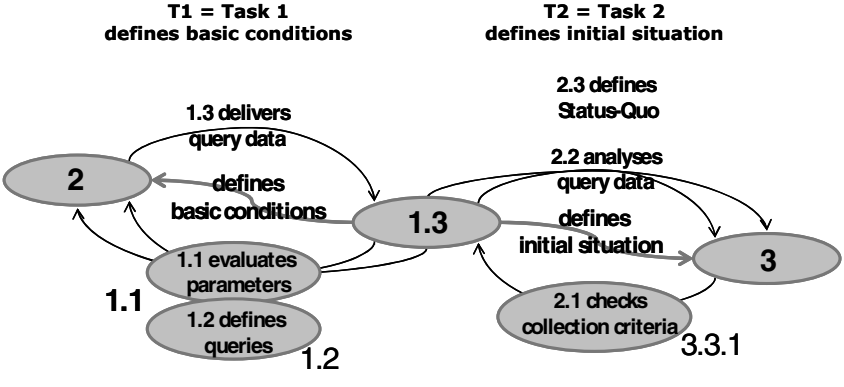

Fig. 6. The SMART-Principle, filtering

3 Summary

SMART was created based on findings that the knowledge society cannot be implemented with previously lived patterns of thinking and acting (Yeo 2009). Multidimensional tasks which are subject to the principles of networking and complexity cannot be solved with the tools of a hierarchically structured and linear world (Pullen/Beech/Sims 2007). SMART is a novel method development. It provided specific tools for networks and complex environments, not only to meet complexity and enable knowledge-orientation, but especially to facilitate organizational changes in every-day-business. SMART ensures seeing the wood for the trees again, as it works in a context-sensitive (systemic) while focussed way. It takes into account only elements that can be implemented in every-day-business, as they lay ground to competitive advantages (Varela/Thompson/Rosch 1995). SMART allows not only responding to new challenges, but also creating networks, and recognising complex environments as knowledge pool quickly and without barriers.

Therefore, the key to define processes is to focus on the stakeholders and their stakes involved (Nel 2008). Organisations are not only driven by formal structures and processes, but also strongly by informal processes, values and the implicit knowledge of the people who are in touch with these organisations (Henriksen 2010). The latter allow discovering and developing organisational potential. SMART offers specific IT-supported tools to implement the method step by step. The focus of the development is on barrier-free accessibility and integration into everyday business because the needs of today demand a straightforward procedure. Processes can be designed as a part of daily business and adapted flexibly and quickly to meet new requirements – without the need of discussing the complete set of business processes.

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