

UNRAVELLING A GORDIAN KNOT

The challenge

The client, a large management consultancy, wanted to understand the factors that drive complexity in large corporations so that it could provide advice about how to reduce complication and increase shareholder returns. While a number of academics had tried to tackle this problem before, none had been able to provide a useable definition of complexity, nor had they been able to link the impact of this problem to the profitability of corporations.

The insight

Starting with desk research to identify current theories around drivers of complexity, we then carried out a series of workshops. These developed hypotheses about what the drivers of complexity might be and how they might vary from company to company. We then conducted interviews with CEOs and managers no more than two or three levels from the CEO. Respondents were recruited through research panels, the client's alumni network and by targeting participants at conferences.

The drivers of complexity varied enormously across organisations but, more interestingly, it was possible to group them into four broad types, each determined without the need for extensive (unobtainable) internal data. The impact of complexity on profitability varied by the four groups. We developed a checklist of factors to indicate the impact of complexity on the bottom line. Companies can now understand the potential benefit of addressing each of the factors and decide if it is worth tackling each problem.

Client benefits

Our client increased its reputation in the areas of organisational complexity and organisational behaviour substantially. This has led to a number of new engagements. It also enabled the client to take a number of steps to reduce the complexity of its own business.

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