"Packed with powerful management insights and strategies that all business leaders today must become familiar with."
—DEBORAH GIBBINS, CFO, Mary Kay Inc.

GROWTH IN THE AGE OF COMPLEXITY

Steering Your Company to Innovation, Productivity, and Profits in the New Era of Competition

EXCERPT

ANDREI PERUMAL & STEPHEN A. WILSON
AUTHORS OF WAGING WAR ON COMPLEXITY COSTS

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—**BRUCE ROBERSON,** SENIOR MANAGING DIRECTOR, SUN CAPITAL PARTNERS, INC.

"*Growth in the Age of Complexity* describes an insidious dynamic—companies pursue growth, but instead generate complexity that undermines profits. Perumal and Wilson offer a nuanced and evidence-based analysis of the paradox of complex growth, but they move beyond description to offer practical and field-tested advice on how to avoid the traps they identify. A great read for any executive seeking profitable growth in a complex world."

—**DON SULL,** SENIOR LECTURER, MIT SLOAN SCHOOL, AND AUTHOR OF *WHY GOOD COMPANIES GO BAD* AND *THE UPSIDE OF TURBULENCE*

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INTRODUCTION
The Killer of Scale

"Does a ship sail to its destination no better than a log drifts nowhither? . . . And there you have our difference: to be in hell is to drift: to be in heaven is to steer."

—GEORGE BERNARD SHAW, *MAN AND SUPERMAN*, ACT III

"This is what killed our scale!" said the head of strategy, pointing to one of our charts.

We were sitting in a conference room, located on the ground floor of the company's headquarters. One entire wall was glass, providing a cheery view of the bright skies and corporate campus grounds. Outside there were still traces of a recent snowfall, streaks of white on the landscaped lawn.

It was a familiar scene, the two of us gathered in a boardroom with the head of strategy, the leader of product development, and a gathering of other senior executives. We'd had meetings like this on a regular basis since the publication of our first book, *Waging War on Complexity Costs*, in 2009.

In that book, we had presented our world view, one that had grown out of our experiences working with clients. Companies, it seemed to us, were struggling with the sheer complexity of their market and their business. In fact, these organizations, and the markets in which they competed, were best described as *complex* *systems*, scientific jargon that encapsulated the sheer interconnectedness that was inflating costs, slowing growth, and at the very least suggested very different rules of engagement for companies today. This wasn't a theoretical construct; we had seen it in dozens of companies, and the book had seemed to touch a nerve.

The head of strategy was pointing to one of our charts, the one that showed the geometric growth of complexity costs (see Figure I.1). "Ten years ago, no one was thinking costs would rise like this. But this is exactly what happened to us. We never got the scale economies we expected. *Complexity killed our scale.*"

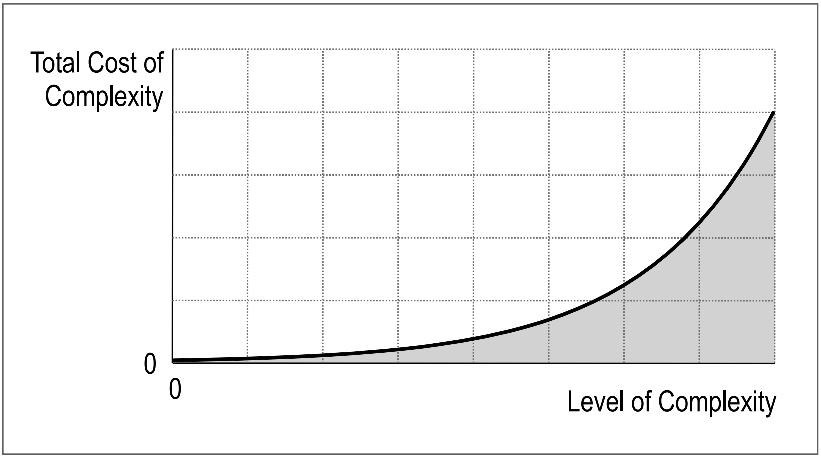

FIGURE 1.1: The Geometric Growth of Complexity Costs

His company, a multibillion-dollar technology venture, had seen tremendous growth over the past decade in line with the original business plan and strategy that had attracted plenty of investors in the first place. The strategy had been simple and compelling: the company would build upon its business and technology platforms and in the process attain ever-increasing economies of scale. And that would translate, according to the plan, to annual profits at this point in its journey of $1 billion.

That was the plan. But while the revenues came, the company never realized the scale economies for which it had planned. Its costs continued to rise, and moreover, rise at an increasing pace: *the geometric growth of complexity costs*. The board had been growing impatient and was now seeking a quick fix to the situation.

For the head of strategy, the penny had dropped, but it didn't seem to have brightened his mood. He knew a path to profitability meant wrestling with the complexity in his organization.

"I wish I had this chart 10 years ago," he said.

We thought, *and your investors are probably wishing the same.* But the meeting got us thinking. *How could this happen? Why do companies' growth strategies so frequently lead them to crash on the rocks? How should companies think about growth in a complex world?* Since the publication of *Waging War on Complexity Costs*, we have focused on answering and expanding upon these questions. But the original spark was that day.

At the end of the meeting, we left the head of strategy with some words of encouragement, and the two of us made our exit out into the chilly mountain air. We were still consumed by what we had heard. The implication had hit us both like a thunderbolt: a group of very smart people had invested more than $10 billion in a business plan that was based on an *out-of-date understanding of the world*. No one had accounted for the impact of complexity on profitable growth. No one had accounted for how, in today's complex world, companies needed new rules for attaining and sustaining profitable growth. And it made us wonder: *How many other companies are in a similar situation today, about to embark on a growth journey built on shaky foundations?*

We were both thinking the same thing. We had another book to write.

A New Framework for Global Growth

For brevity in this book we'll make two assumptions. The first is a reasonable starting point: that your business has a good set of customers, a portfolio of products and services, dedicated management, and the usual mix of positives and negatives that touch global companies. The second is that your primary interest is in the new and the different. So we'll be concise with our treatment of traditional elements of growth strategy. We'll train our eye for the most part on the new knowledge and insights that have emerged around growth and complexity through our research and client work.

At this point in time, the stakes couldn't be higher. Many companies—including, most likely, your own—are fully engaged in new growth initiatives, and setting sail on a voyage to find scale and profitability. *Now is the time to assess your growth strategy!* One degree of difference in direction at the outset, a slight shift of emphasis on different disciplines within your business, may be all that determines whether you reach safe harbor or end in a shipwreck.

This book provides a new framework for profitable growth. And while you'll find plenty of books on growth, this is the first book to address what it means to achieve *breakaway growth and profitability* in this new age.

In this book, we will prepare you for charting a new course through these dangerous waters. In the chapters that follow we will introduce you to the new landscape, the traps that can lure you onto the rocks, and the tools and perspective you will need to find profitable growth in the *Age of Complexity*.* Anchors aweigh!

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* Age of Complexity℠ is a service mark of Wilson Perumal & Company, Inc.

PART I

The New Growth Challenge

CHAPTER 1

The Paradox of Growth

"I am prepared to go anywhere, provided it be forward"

—**DR. DAVID LIVINGSTONE**[1]

Growth is rarely in a straight line. It is tempting to think otherwise, particularly when looking in the rearview mirror, but anyone faced with plotting the coordinates for a company's growth knows the fallacy of this notion. As much as we like to think of corporate leaders executing surefire growth strategies, the truth is far messier: growth is more often the outcome of an informed set of hunches (called strategies), a lot of tenacity and resolve, some experimentation, and yes, a little bit of luck—more an act of exploration and discovery than a step-by-step process.

Over the last several years, we have worked with dozens of companies as they seek to recover from the recession, stabilize their business, and plot a course for growth. Many had to undo, or cut through, a knot of complexity, which had slowly crept into the business over a decade or longer and strangled the company's ability to serve customers and create profits. Many others were looking at the issue from a different end: how to grow, and how to do so profitably, delighting customers while preserving critical economies of scale.

Behind this tension, we realized, there lay a fundamental paradox, one that was impacting and hurting many companies and that seemed worthy of attention. We found in fact that *many of the* *actions that companies were taking in a bid to drive growth were fundamentally impeding their ability to grow.* We named this the Growth Paradox℠,* and we found examples everywhere we looked.

Consider the technology company that had launched hundreds of R&D projects, with a commitment to accelerate growth and create a customer-focused organization. The result: a clogged R&D pipeline, with nothing coming to market yet significant product proliferation, impairing manufacturing scale and efficiencies and overall on-time delivery rates—a key customer metric.

Or consider the industrial manufacturing company struggling to survive after losing nearly half of its sales in the economic downturn. If only, it was hoped, it could get back the volume, it would recover its profitability. But the volume it captured was different in nature from the volume it had lost. The company took on whatever bits of business it could get—scraps of revenue that saddled operations with greater product variety and smaller order sizes. The result: poorer service levels, reduced product availability, unhappy customers, ultimately lower profits, and a cap on growth.

Across industries we saw the same dynamic: companies chasing growth in a way that creates complexity, which inhibits growth: the Growth Paradox.

But companies need growth, and many are operating in a particularly unforgiving environment. "If we don't cannibalize ourselves, someone else will," said Steve Jobs, who made iPods obsolete by bringing iPhones to market. And the pace of creative destruction in the market is accelerating. The average tenure of companies on the S&P 500 (a proxy for company life span) was 60 years in 1958 but shortened to 25 years in 1980 and just 18 years today.[2]

* The Growth Paradox℠ and The Paradox of Growth℠ are service marks of Wilson Perumal & Company, Inc. The first public presentation of The Growth Paradox concept was by the authors at the CEO and CFO Forums, Sydney, Australia in May 2010.

As corporate leaders, this may be unsettling. But it is great news for consumers—a dynamic marketplace where there is always a new entrant looking for innovative ways to improve the lives of people and disrupt the status quo. Still, it creates a challenging dynamic for established companies, particularly incumbents, with legacy products, processes, and organizational structures.

Consider a specific industry that barely existed 10 years ago and is now is a $400 billion market: smartphones. Figure 1.1 shows how market leadership has shifted over the last several years in response to the rapid pace of innovation and an explosion in product choice.

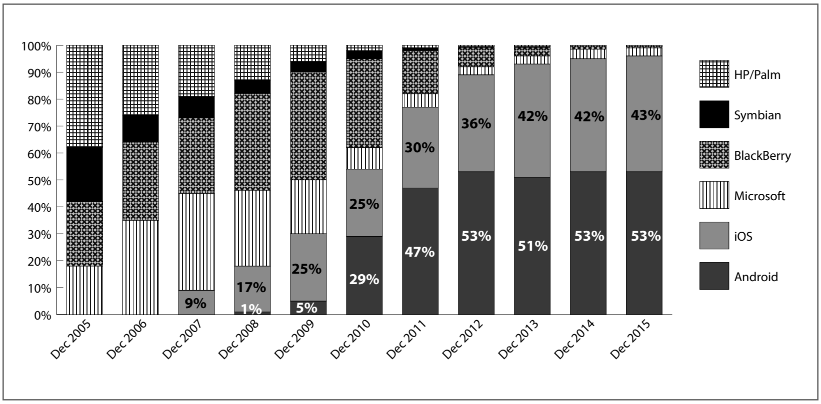

FIGURE 1.1: The Changing Face of the Smartphone Market (Platform Market Share)
Source: comScore's 2016 US Cross Platform Future In Focus

BlackBerry (on the RIM operating system) at first dismissed the iPhone due to its lack of a physical keyboard. This was an easy perception to have in 2007, when Apple (on iOS) had just 9 percent of the market. What no one foresaw was that the virtual keyboard was good enough and the apps and versatility that the iPhone brought with it would more than compensate. BlackBerry virtually disappeared from the market by 2014 and in September 2016 announced it would cease making phones altogether.

Companies as Complex Systems

The pace of change in markets and companies' efforts to stay in step have led to unprecedented increases in complexity—to the point that most organizations have truly become *complex systems*—ones with a very large number of interrelated parts.

Complex systems are difficult to understand, harder to manage, and often surprise us because of nonlinear dynamics, vicious cycles (booms and busts), and emergent properties (properties that arise, or emerge, from the interactions across smaller elements that themselves do not exhibit that property). Examples include the human body, the climate, and our economy. They exhibit a complex web of cause-and-effect instead of the linear causal chains with which we are familiar.

Our key point is that complex systems are highly prone to unintended consequences, and as companies and markets become more complex, we begin to see certain paradoxes. We see actions taken to reduce costs that inadvertently lead to more costs, and actions taken to grow that ultimately impede the company's ability to grow.

In our earlier book, *Waging War on Complexity Costs*, we examined the issue of cost reduction through the complexity lens, and came up with new insights and frameworks for attacking the complexity costs that lurk in all companies, inflating cost structures and eroding profits. We wrote that book in 2009, shortly after the economic downturn when so many companies were facing challenges around cost reduction. With so many companies now facing the challenge of growth, we now look at growth through the complexity lens, and find that complexity has changed the dynamics around growth as well.

Not Only Cost and Growth, but Risk as Well

Complexity has not just changed the nature of cost and growth, but also that of risk. Complexity was the major underlying factor behind catastrophic events from BP's Deepwater Horizon oil spill in the Gulf of Mexico in 2010 (Figure 1.2) to JPMorgan's $2 billion trading loss in 2012. Even highly regarded technical organizations have struggled to manage complexity and risk—for example, NASA and the Space Shuttle *Challenger* and *Columbia* accidents; TEPCO and the Fukushima Daiichi nuclear power plant accident; the USAF loss of accountability of nuclear missile components.

FIGURE 1.2: Deepwater Horizon Oil Rig Explosion and Fire

Operational risk grows geometrically with complexity, to levels that in many cases now exceed the capabilities of traditional risk management programs. Technology is more complex, processes are more complex, organizations are more complex, government regulations are more complex, and so on; and with more complexity, there are more ways a system can fail. The more complex, the more difficult to anticipate the potential combinations of events that can result in a disaster. Unfortunately, the typical response to complexity is to add even more complexity—more people, more management systems, more protocols, more oversight—which often compounds the problem.

The root issue is that business leaders are trying to manage a complex system using old approaches. It is not a matter of an executive's capability and intent; rather it is because the tools, approaches, frameworks, mental models, and paradigms we have acquired in our lives are no longer applicable. Complexity has changed the game.

What Is Complexity?

We all know when something is complex, but a definition is much more difficult. Our simplest definition is that *complexity is the number of different things you have in your business*. This includes the number of products and services you offer, the number of steps in a process, the number of regions you operate in, the number of different store formats you may have, the number of production facilities in your footprint, the number of suppliers you use, the number of different systems you maintain, and on and on.

In our previous book, we introduced the Complexity Cube. This simple diagram has continued to be a helpful framework for explaining the nature of complexity (see Figure 1.3), in part because it illustrates the relationship between complexity and complexity

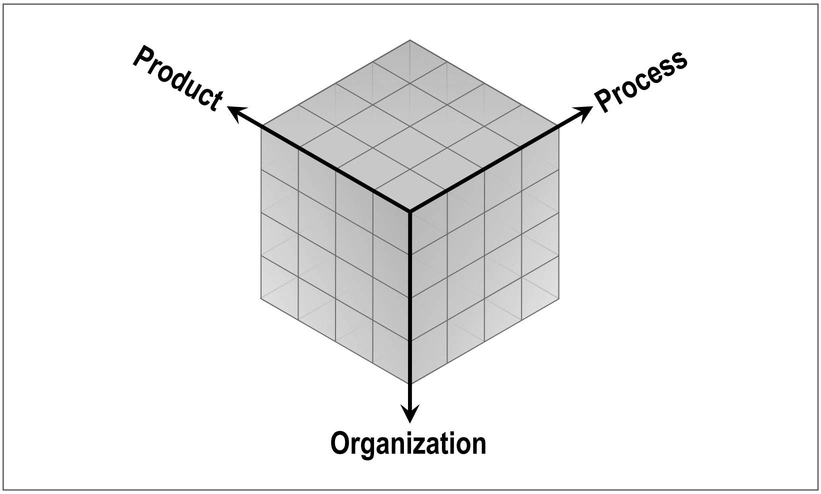

FIGURE 1.3: Complexity Cube

costs. By understanding this relationship you will be much more able to spot it at work in your company and manage its impact.

In our work we define complexity across three dimensions:

- **Product dimension.** The variety of goods and services you offer to your customers, as well as the variety of components that make up those goods and services.
- **Process dimension.** The number of processes, process steps, and handoffs in the production of your goods and services and operation of your business.
- **Organizational dimension.** The variety of resources involved in carrying out your processes. This includes your people, facilities, equipment, suppliers, systems, reports, the number of entities, and so on.

While it is possible to define *complexity* across these three dimensions, we assess the impacts or costs of complexity by considering the interactions between these dimensions. For example, recall the manufacturing company cited earlier in the chapter: the additional product complexity led to issues in its processes, with the result being poor service levels (we refer to this as "product-process complexity").

The larger point is, as you start to consider the impacts of complexity on costs and growth, it is necessary to take a broader than normal view of the business. *Complexity lives in the interactions.*

The more things you have, and the more different and interconnected they are, the more complex your organization is. In this sense complexity is akin to variety. But variety sounds good, and complexity sounds bad, and indeed, there is *good* and *bad* complexity.

Good complexity is simply defined as the variety in your business that customers value and *will pay for.* If customers aren't interested in paying for a feature or additional product variety, and all that goes into that, then at the level that matters it's truly not important to them. Bad complexity is the complexity that customers *can't see or won't pay for.* By definition, internal complexity is bad complexity; customers don't value an overly complicated internal process.

What the Complexity Cube Tells Us About Complexity

First, since complexity is really a multidimensional issue, with costs residing on the faces of the cube, looking at any one dimension alone will understate the magnitude of the issue. For example, if looking at each dimension of the cube we were to say that half our complexity was good, value-adding complexity, and the other half was bad, non-value-adding complexity, then by looking at each face we would see that three-quarters of our complexity costs were non-value-add (NVA). Further by looking across the entire cube, we would see that seven-eighths of my complexity costs are NVA.

Second, if you really want to attack the impacts of complexity (on costs, on risk, and on performance), then you must attack the issue across at least two and often all three dimensions. You need to, so to speak, put *more in play.* Contrast that with a typical approach to attacking complexity. Many times the approach is to take a broad issue and winnow it down to a "manageable" scope of work—and in so doing, putting the opportunity for truly unlocking the problem out of reach.

Finally, the cube tells us that since complexity costs grow geometrically, at some point, as you continue to add complexity, the cost of that complexity will rise at such a geometric rate that it will eventually outpace your revenue growth. At this point, complexity is clearly destroying value. Most companies are well past this point, with significant impact not just on their cost structure but also their ability and prospect for growth.

Your organization (1) uses its resources to (2) execute a set of processes to (3) deliver your portfolio of goods and services to your customers. When defined this way, it is clear that complexity isn't necessarily bad—certainly, no one would want to return to a world with little or no variety, *but at some point, too much complexity certainly is bad, meaning it does not add value (non-value-added or bad complexity).*

What does bad complexity look like?

- On the **product dimension** it can look like a bloated product portfolio that the business struggles to deliver. Inventory levels are high and product availability is low. The sales force struggles to stay abreast of the ever-expanding variety of products and services. Even worse, customers may suffer from overchoice, feeling unable to make sense of the portfolio and in the end preferring not to buy rather than trying to figure it all out.

- On the **process dimension**, too much complexity looks like duplication, rework, and workarounds. Processes are convoluted, painful, and laborious and have numerous handoffs, resulting in poor process performance (poor quality, long lead-times, poor on-time delivery) and growing internal inefficiencies. People are frustrated.
- On the **organizational dimension**, complexity is perhaps best described by the word *disarray*—disarray in the resources of your company and how those are deployed against your processes to deliver your goods and services. This may be a sprawling footprint of manufacturing and distribution facilities, the weight of multiple IT systems that are difficult to manage, or complex organizational structures that make it difficult to get things done.

Local Benefits, Distributed Costs

Why do so many companies have too much complexity? One reason is that *the benefits from complexity tend to be local, while the costs of complexity tend to be distributed*. When someone adds an item of complexity, whether a new product, an additional process step, a new report, or a new IT system, the reason—the benefit—of adding that complexity is very clear. It is why the item is being added in the first place. The benefits are very proximate and visible to those who want to add the item. They are local.

However, there is typically a much fuzzier and more incomplete view of the costs that will actually result from adding the item, such as the increased costs of sourcing, logistics, sales, and so on. The complexity costs arise due to the interactions throughout the system and are borne across the system—they are distributed. When there is a very good view of local benefits, and a much less complete view of distributed costs, and this happens again and again across the system, the company naturally progresses one step at a time toward too much complexity.

Unfortunately, as the company becomes more complex, the disparity between local benefits and distributed costs grows even more, and it becomes ever more difficult to anticipate the full costs and impact of more complexity on the rest of the system, making it likely that even more complexity will be added, creating a vicious cycle.

The natural dynamic of local benefits and distributed costs, and the vicious cycle it creates, is the most fundamental reason companies have too much complexity and why overly complex companies are the best at adding even more variety.

Most organizations of any size have moderate to high degrees of complexity in all three dimensions, and this at a time when many are facing up to a new dynamic: *the need to do more, do it more quickly, with greater integration required internally and externally, for shorter periods of competitive advantage*. In practice this means a dizzying array of demands on the organization and its leaders, within a globalized and fiercely competitive framework, in the pursuit of transient levels of competitive advantage.

While most leaders will recognize the issue of complexity as we describe it, few have yet to translate their growth strategies—and indeed their operating practices—into the disciplines they need to navigate to profitable growth in a complex world. What we observe is companies doggedly executing traditional growth strategies, with mixed results: no growth, slow growth, or worse, significant value destruction. How is it all coming undone? Because leaders are being led astray by the Sirens of Growth℠.*

The Sirens of Growth

In Greek mythology, the Sirens were the enchanting, yet dangerous creatures that seduced sailors with their beautiful songs, luring them to their deaths when their ships crashed on the rocks.

> *"The Sirens enchant him with their clear song, sitting in the meadow, and all about is a great heap of bones."*
>
> **HOMER, *THE ODYSSEY***

In Part II, we will expand on these Sirens in more detail, but here we will introduce them briefly (see Figure 1.4). Each Siren represents a growth trap—a powerful allure that motivates behaviors—and for each there is a corresponding mental model.

#	Siren	Siren Song
1	The Expanding Portfolio	"More is better than less." "Whatever the customer asks for." "Let's see what sticks."
2	The Greener Pasture	"We won at home; we will do great over there, too." "This is a natural growth adjacency for us." "Competition is less tough elsewhere."
3	The Smash Hit	"A single thing will determine our success." "Bet the farm; this has to succeed." "If we can just find a differentiated product."
4	The Castle Walls	"We like where we are, it has served us well." "Declining margins are a short-term blip." "Customers want quality, not a low-priced knockoff."

FIGURE 1.4: The Sirens of Growth

* The Sirens of Growth℠ is a service mark of Wilson Perumal & Company, Inc.

Siren #1: The Expanding Portfolio

A medical products company struggles under the weight of a sprawling portfolio with more than 100,000 SKUs, while its sales force believes there is room for further additions. A popular Midwest restaurant chain considers how its multipage menu has expanded over the years with new additions, while customer service and supply chain costs have worsened. In both these situations, the company is facing the consequences of portfolio proliferation. The reason for product proliferation is understandable: *Customers like variety, so the broader the portfolio the better.* It is a powerful Siren because incremental innovation is easier to embrace from a management perspective, and because portfolio expansion *can* drive growth—at least up to a point. But as many companies have found over the past decade, there are unintended consequences to unrestrained portfolio proliferation: the introduction of incremental costs and complexity, negative impacts on key service levels and processes, the cannibalization of existing sales, and most important, lack of focus.

Siren #2: The Greener Pasture

In the research for his book *How the Mighty Fall*, Jim Collins initially assumed that complacency would be a major determinant in a company's downfall. That is, until he looked at the data. In fact, he says, "overreaching much better explains how the once-invincible self-destruct." As an example, he cites Ames Department Stores, which in the 1970s was a competitor to Walmart but made a number of big bets with acquisitions, new ventures, and deviations from its formerly successful formula serving rural markets. The result: the company eventually plunged into bankruptcy, while Walmart went on to successfully and persistently execute its rural strategy.[3] Greener pastures are always tempting, for a couple of reasons—either things look easier elsewhere, or else we assume we can compete as well away from home as we can in our core area. But as we discuss later in the book, to successfully expand from your core business into new markets, new geographies, and new customers requires a candid assessment of your existing capabilities, basis of competition, and the likely increasing complexity of operations. The pursuit of greener pastures can erode the very core you are looking to expand from.

Siren #3: The Smash Hit

"Today, Apple is going to reinvent the phone, and here it is. . . . And boy, have we patented it."[4] Hence came the iPhone, by any measure a gigantic hit, a game-changer in the phone industry, and a disrupter for many other industries. But today Apple is judged as much on its pipeline as by its quarterly iPhone sales; in other words, even a killer product has a limited shelf life. The "Smash Hit" has a powerful allure—like winning the lottery. But the pursuit of it can suck up resources in what amounts to bet-the-farm strategies. An illusion creeps in: *If this works, all our worries will be gone!* But in our more sober states, we all recognize that any big hit will be quickly copied, and commoditized, despite filing 200 patents.[5] Therefore, it's your ability to *repeatedly innovate* on an ongoing basis that matters. The insidious reality is that a myopic focus on the Smash Hit, at the exclusion of all else, inhibits the creation of disciplines that are truly needed for repeatable innovation and differentiation.

Siren #4: The Castle Walls

As Rita Gunther McGrath points out in her book *The End of Competitive Advantage*, "The assumption of sustainable advantage creates a bias toward stability that can be deadly." In our experience, many advantages that companies describe as "sustainable" never actually met the bar in the first place. Thus, a common and very destructive Siren is the Castle Walls: deploying resources around a perceived or past competitive advantage in the hope of maintaining or regenerating growth. It is common because while a company and its products or services may represent a *transient* response to a market need, it is very easy to start believing in *permanence*. Companies become institutions, with preservation biases. The required response: reshape your business, to keep pace with or ahead of market shifts, with a cold, dispassionate eye.

Resisting the Sirens

In the *Odyssey*, Homer's eighth-century BC epic poem, Odysseus commanded that all his crew members plug their ears with beeswax to deafen them to the song, and then commanded them to tie him to the mast so he would not himself be at risk of being drawn astray. His discipline saved him.

Organizational leaders are facing a similar choice: either allow themselves to be lured by the Sirens—pursuing growth strategies that too frequently lead to disappointing results—or be like Odysseus and embrace a new set of disciplines to suit the changing conditions of today. The first choice can lead to crashing on the rocks, the latter to successfully reaching your goals.

One of the central questions that drove the development of this book was why and how companies are led astray by the Sirens. Moreover, we wanted to identify and share what these organizations—and you—can do to avoid them and fully realize the ambition of your growth agenda. At the heart of the answer is the fact that many common corporate strategies for growth, while alluring at the outset, do not account for the radically different world we face in the Age of Complexity. In our parlance, the allure of the Sirens has gotten stronger, while the shoreline has gotten rockier and the seas choppier.

By "choppy seas," we are referring to specific changes in the business environment. The world is more complex, more global, and more competitive than ever; and at the same time, today's customers enjoy and expect unprecedented levels of choice. Businesses of every shape and size are struggling with a new set of tensions:

- How to serve the twin masters of customer intimacy and global cost-competitiveness
- How to reconcile the "long tail" with requisite scale
- How to capture new sources of growth without creating a mess of complexity

In the rest of Part I, we will continue to explore the Age of Complexity, while in Part II, we will dive deeper into understanding the Sirens, and how companies can ensure their growth strategies are robust against the Siren Song. If your growth strategy is leading you into a Siren trap, it may be time to raise the red flag.

Parts III and IV discuss the *organizational capabilities* required to find and accelerate profitable growth in today's complex environment. These break down into two categories: the *mindsets* to tap into new sources of growth, combined with the *critical skill sets and disciplines* to separate good from bad complexity, create value, and navigate to profitable growth.

In our experience, the degree that a company has both what we call the Explorer's Mindset and the Navigator's Skill Set in large part determines its ability to find profitable growth in today's complex environment.

Today, companies need to be more innovative and customer-focused than ever, and simultaneously be more productive, efficient, and resilient than ever. For example, no longer can companies ponder a simple choice—*To centralize or not to centralize?*—implying a trade-off between industrial efficiency and customer proximity. The new requirement is *both*, with implications for structure, for strategy, and for operations.

Welcome to the Age of Complexity!

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