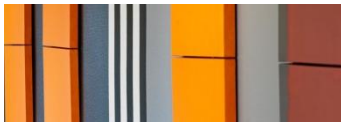
Knowhow – Methods - Tools

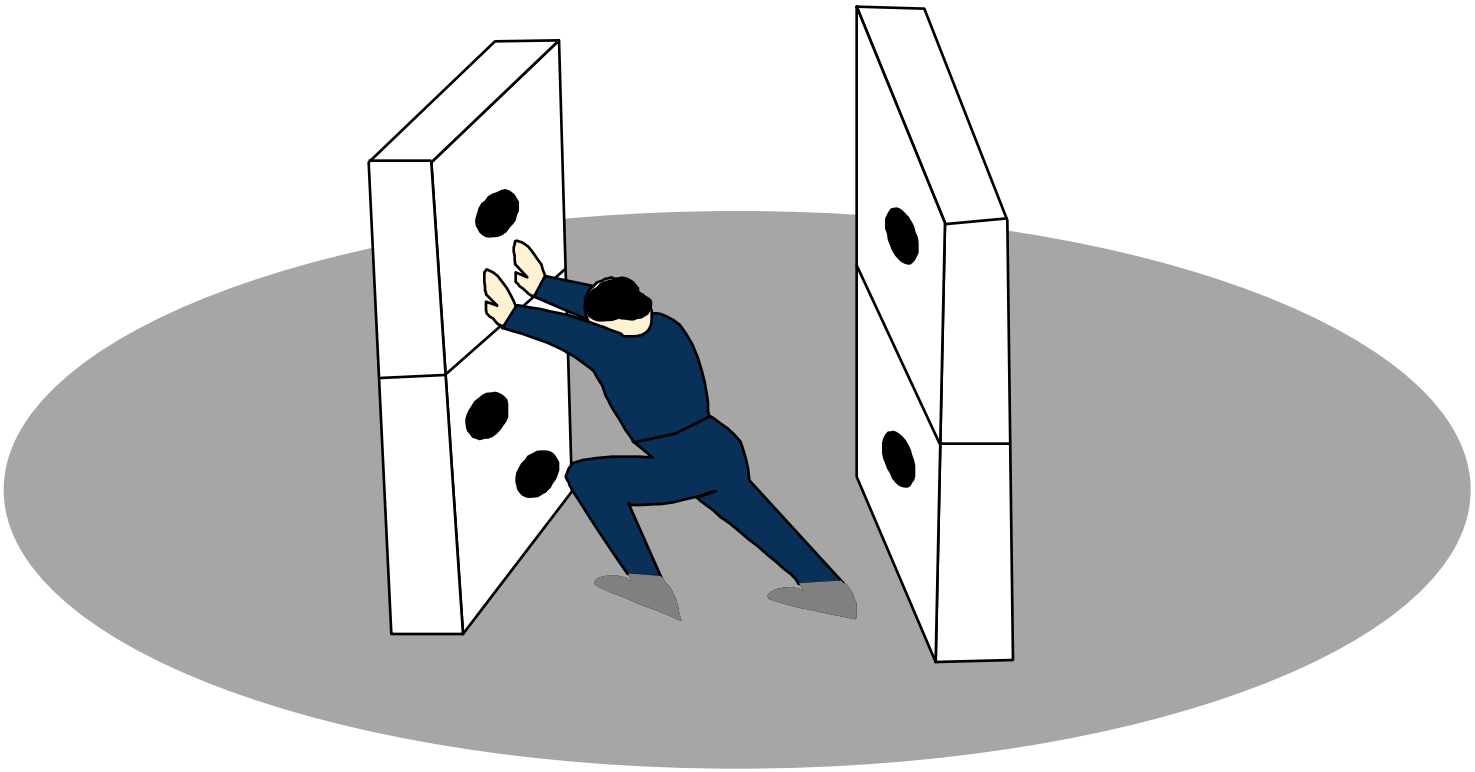


Management Consulting for dynamic-complex Challenges

From „systems thinking“ to „complexity thinking“ to „seeking solutions based on human actions“

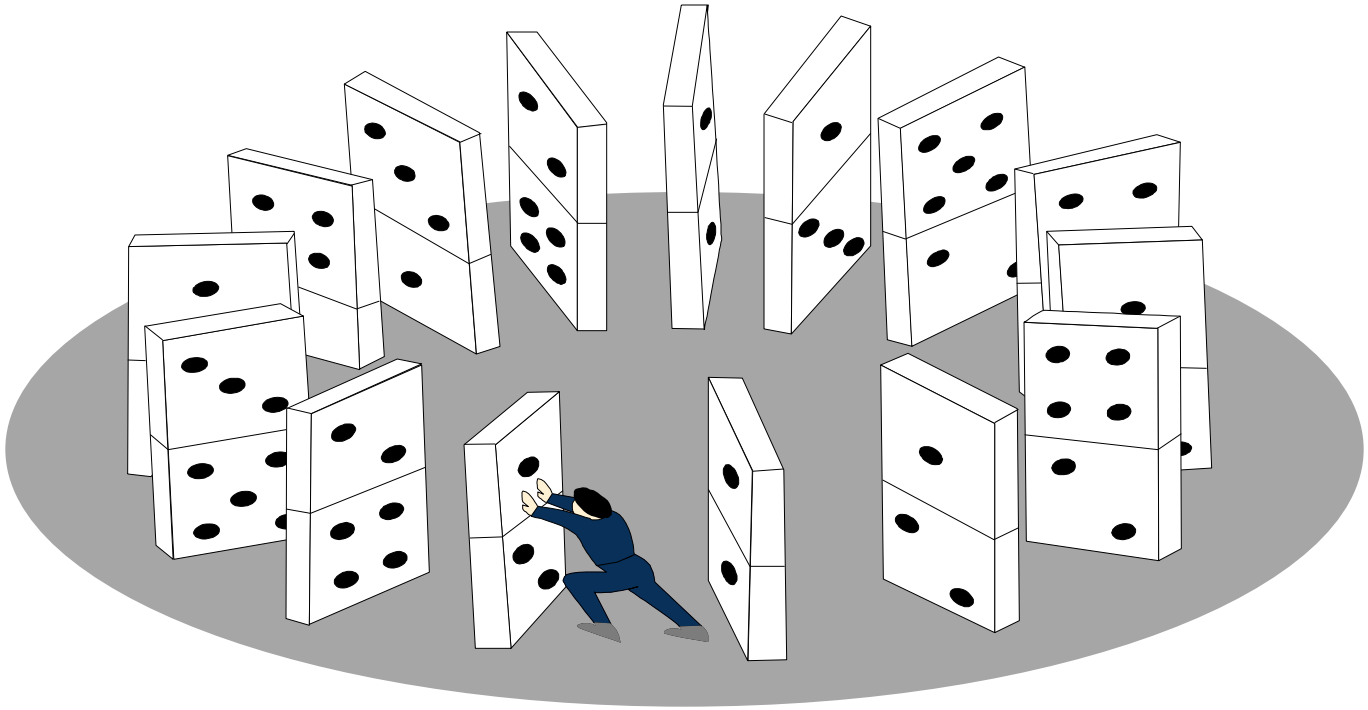
EPC

Who‘s i.EPC Solutions AG?

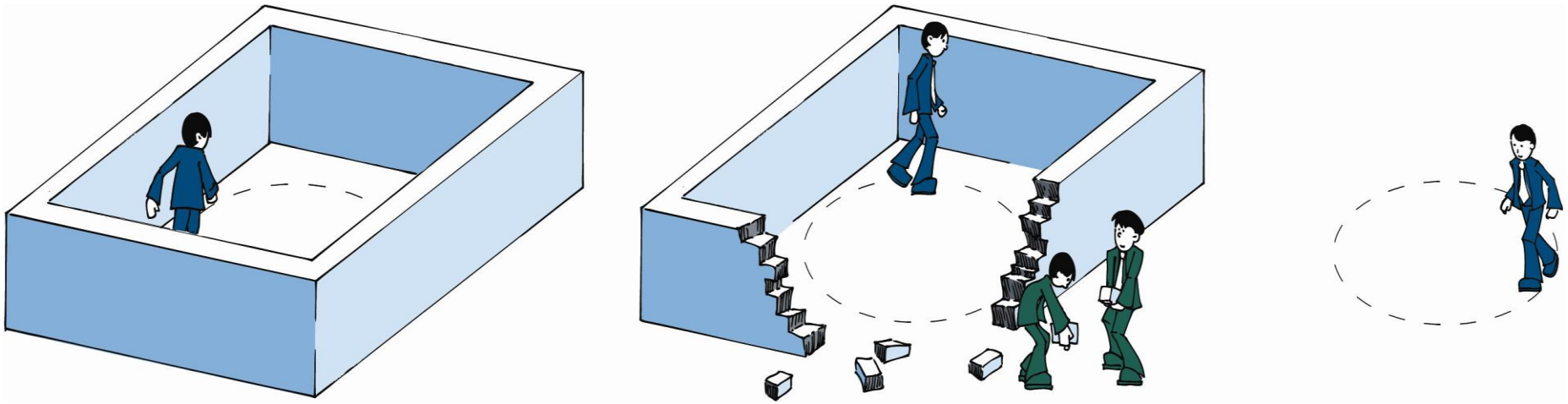


We try to widen the perspectives

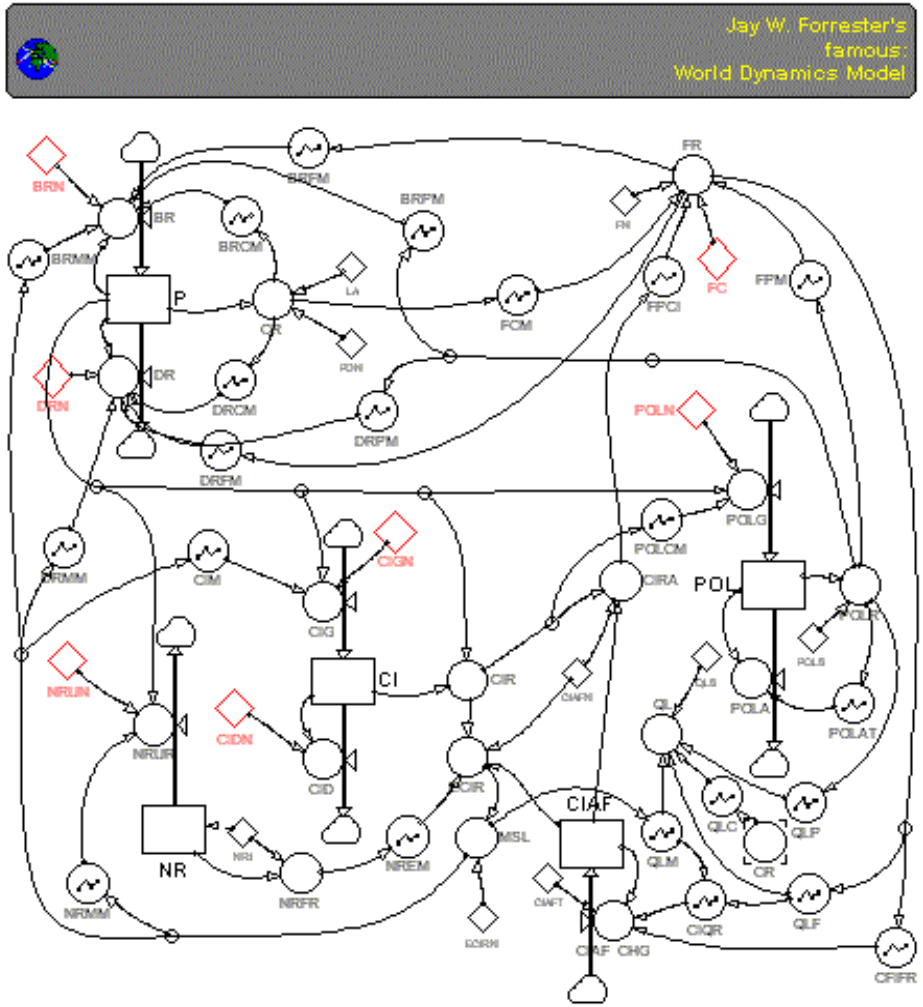
…not only that of our customers

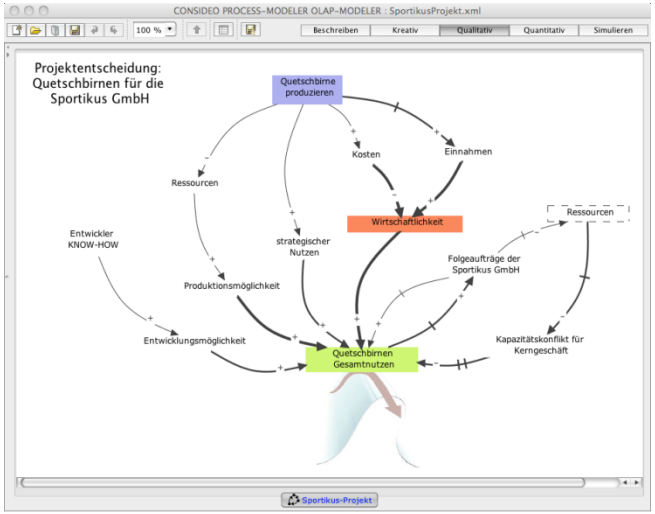


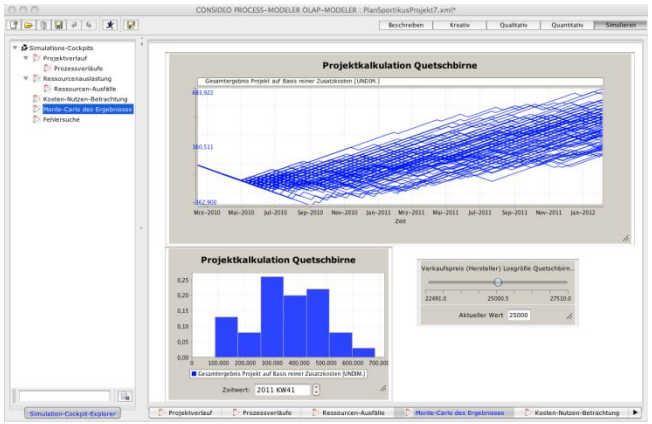
…and not only that way



…or just by „systems thinking“







…but also by „Complexity Thinking“

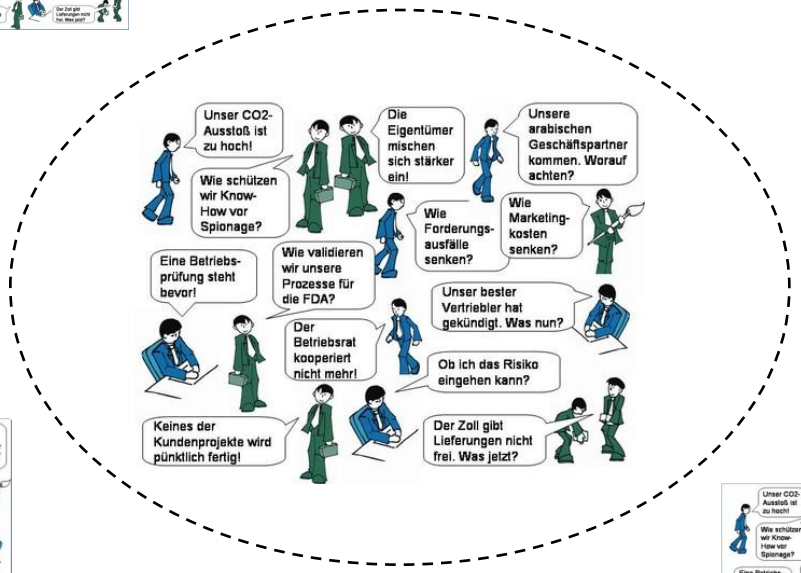
Make sense of the world to act in it as a „knowing subject“!

- Develop and interpret your stories properly, don‘t create a model just for simulation
- Search for behavioural patterns, not only causality; there are political games allover the world
- Make human beings subjects not „objects on knowledge“, transfering the idea of life cycle management on all kinds of material elements, - non-materials like ideas may live for ever
- Don‘t make or use just another survey to be proved correct in respect to your targets
- Try to understand abstraction in signifier design, take care about imitating your neighbour or your successful behavior in the past
- Use knowhow, methods or tools, but beware of instrumentalising and avoid generalising

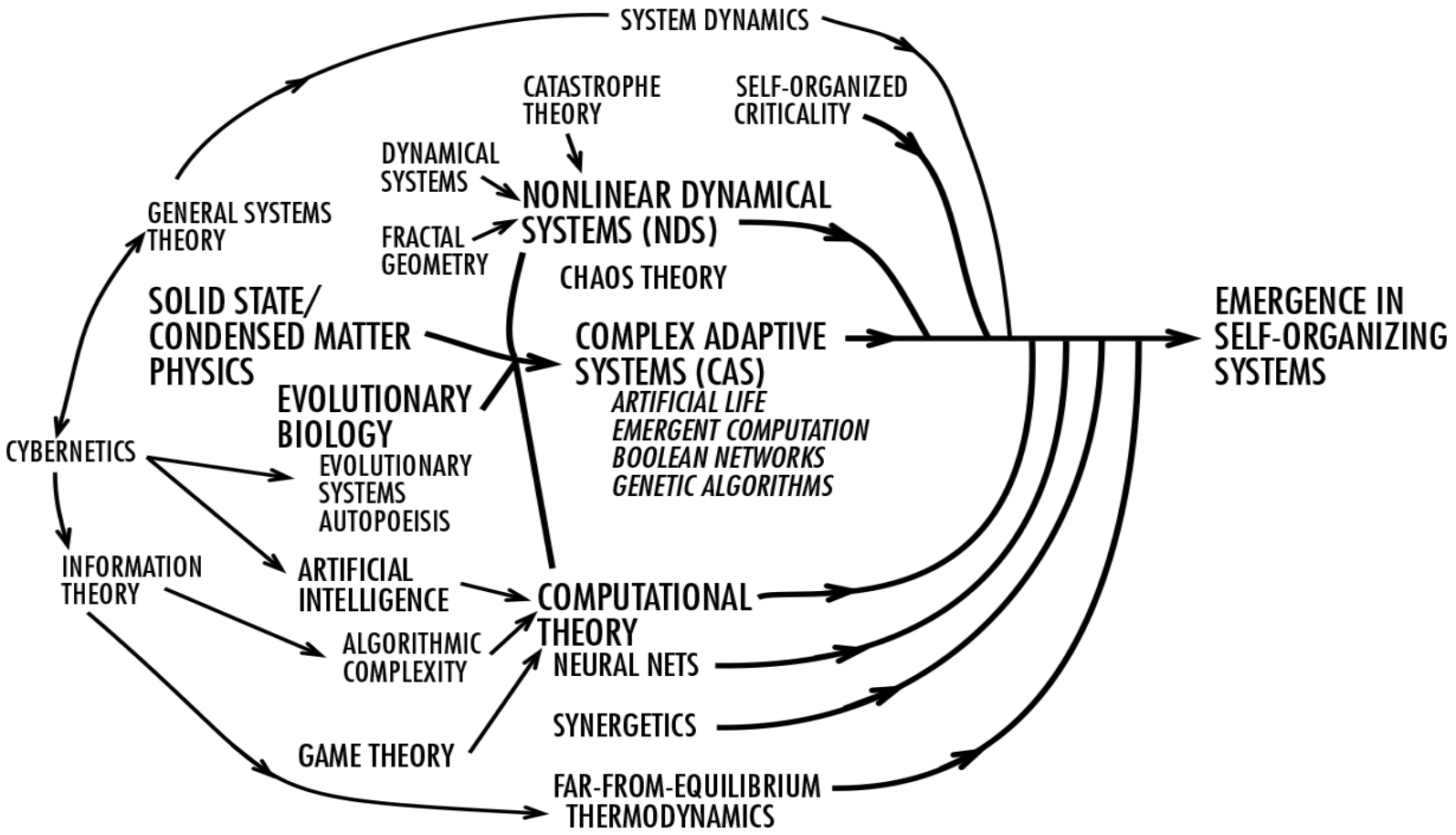
…and so on

Please, note so far: „Each measure becomming a target, ceases to be a good measure!“

A team is a Complex Adaptive System



And it may evolve that way…



According to Jeffrey Goldstein – Complexity and the Nexus of Leadership

Complexity Theory…

…explains why complex problems need multiple perspectives!

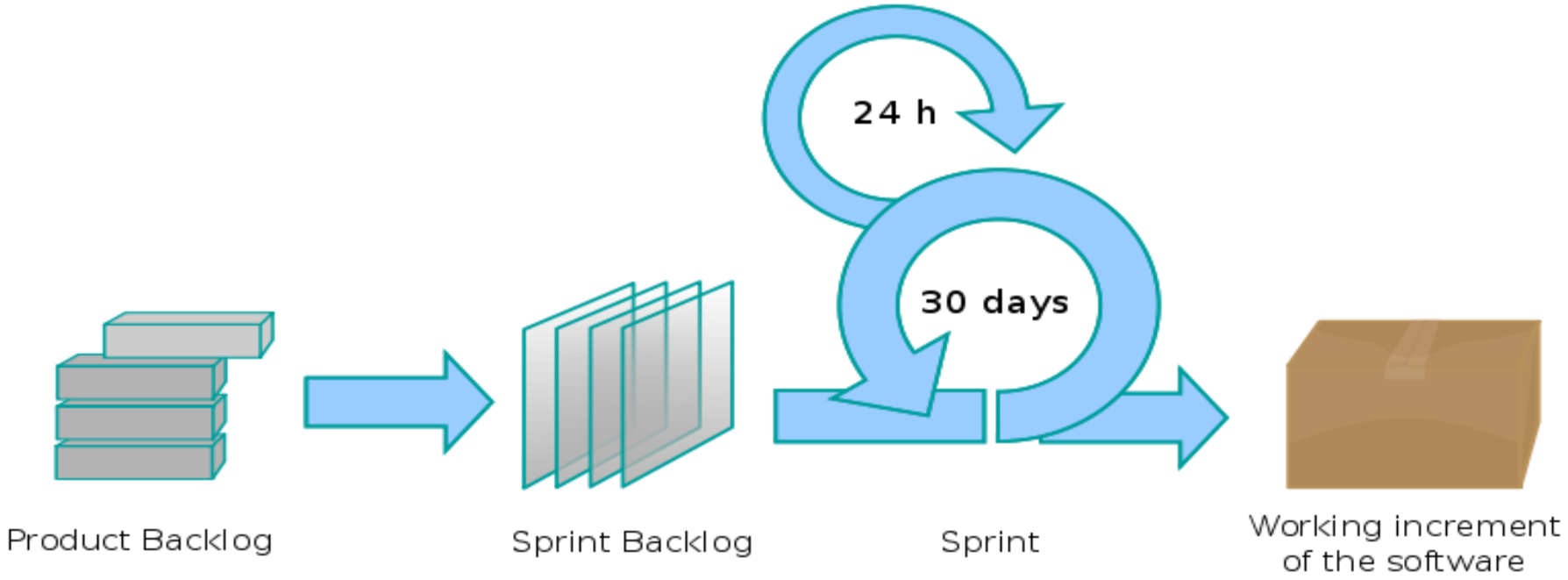
- First of all: It predicts that we cannot rely on predictions
- Confirmatory models (prediction & control) are not adequate; exploratory models (insight & understanding) can aid in “sense-making”
- A single perspective is not enough, you need other people‘s views developing models
- Adress complexity with complexity, use a diversity of models, methods, tools etc.
- Assume dependence on context, subjectivity and coevolution; feedback changes the system
- Anticipate, adapt and explore

…and so on, - take away so far:

„Complexity Theory is successful in explaining its own failure at being one theory!“

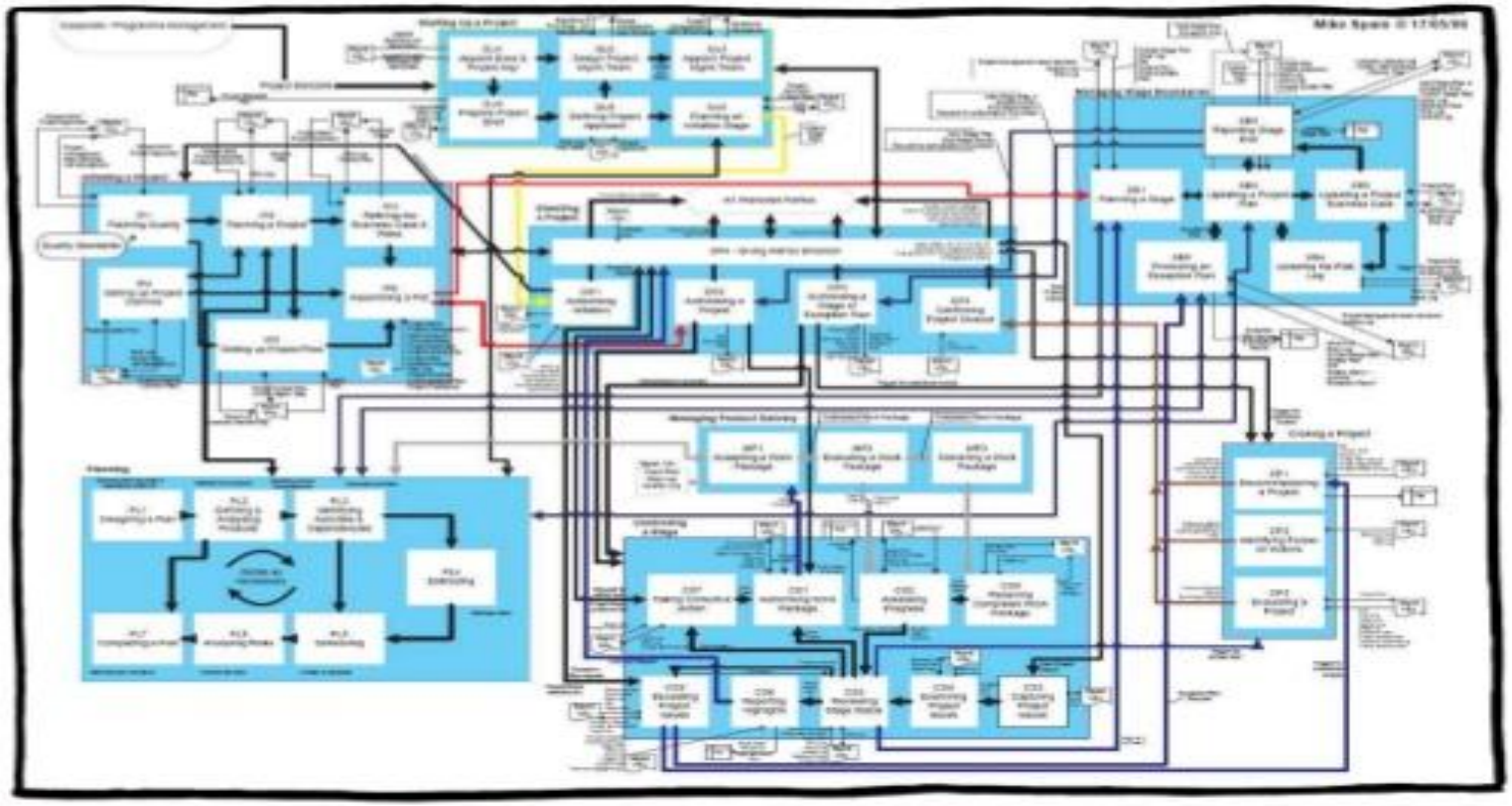
A simple model for projects!

…Do you agree? – If not, you already may think complex.



http://effectiveagiledev.com/AgileTraining/CertifiedScrumMasterWorkshop/tabid/74/Default.aspx

A more complicated model for anyone?



http://wyzsadvies.blogspot.com/2010/08/project-beheer-en-de-papierwinkel.html

Stephen Hawking:

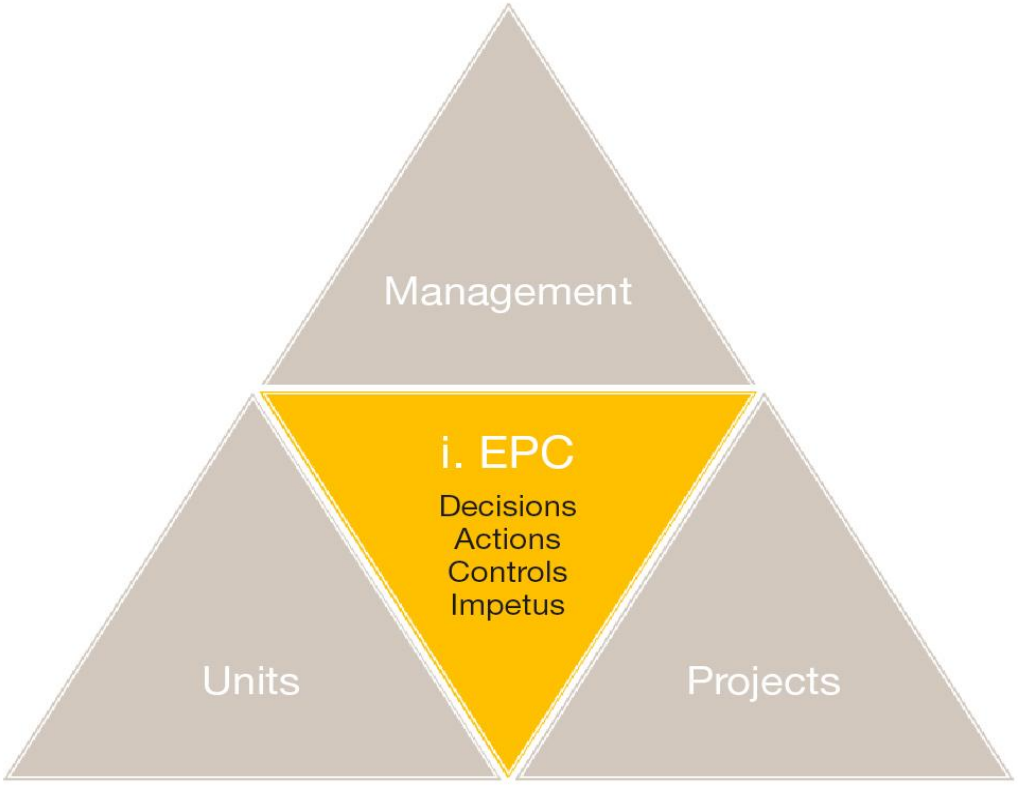
„I think the next century will be the century of complexity“

- There is no consensus as to how to define, measure, describe or interpret „complexity“
- Copy and adapt the explanation of the world e.g. by physics:
- Use elements, flows, fields (waves), to look at subjects or objects, processes and portfolios
- Combine flows and fields by following Planck‘s „quantum of action“ (constant „h“)
- Understand complexity in a consistent manner, e.g. explain the relations of efficiency and effectiveness by their inverse relation of risk and return (risk/return ≠ return/risk)
- Use your knowhow and the experience of other people to „make sense of the world to act in it as a knowing subject“

…and go on

Take away so far: „Make everything as simple as possible, but no simpler!“ (Einstein)

…implement flexibility rather than modeling it



i.EPC provides support everywhere and at all times for an agile organization which is both efficient and effective

Example of use: PKR/ABC versus i.EPC

“Prozesskostenrechung” (PKR):

- overheads are allocated by disintegrating activities/processes
- through drivers of cost “Kostentreiber”
- which imply quantification via operation units

Activity Based Costing (ABC):

- identifies activities in the organisation and assigns costs of all activities to all products/services according to actual consumption
- more indirect costs (overheads) are assigned than by conventional models
- CIMA (Chartered Institute of Management Accountants) defines ABC as “an approach to the costing and monitoring of activities which involves tracing resource consumption and costing final outputs. Resources are assigned to activities, and activities to cost objects based on consumption estimates. The latter utilize cost drivers to attach activity costs to outputs.”

PKR/ABC versus i.EPC method and tool

Integrated Enterprise Portfolio Controlling (i.EPC):

- i.EPC as a tool produces a steady flow of information directly usable in ABC by corporate or business management
- Identifying and designing of **operational activities only based on human behaviour** become the focus of observation, investigation and analysis
- More attention to and awareness of **operational activities** improve controlling of portfolios and processes, efficiency and effectiveness in a highly integrated fashion
- Yet, individual activities can be monitored in the context of the whole supply chain
- Controlling, book keeping and internal as well as external reporting thus reach a new dimension
- …and so on

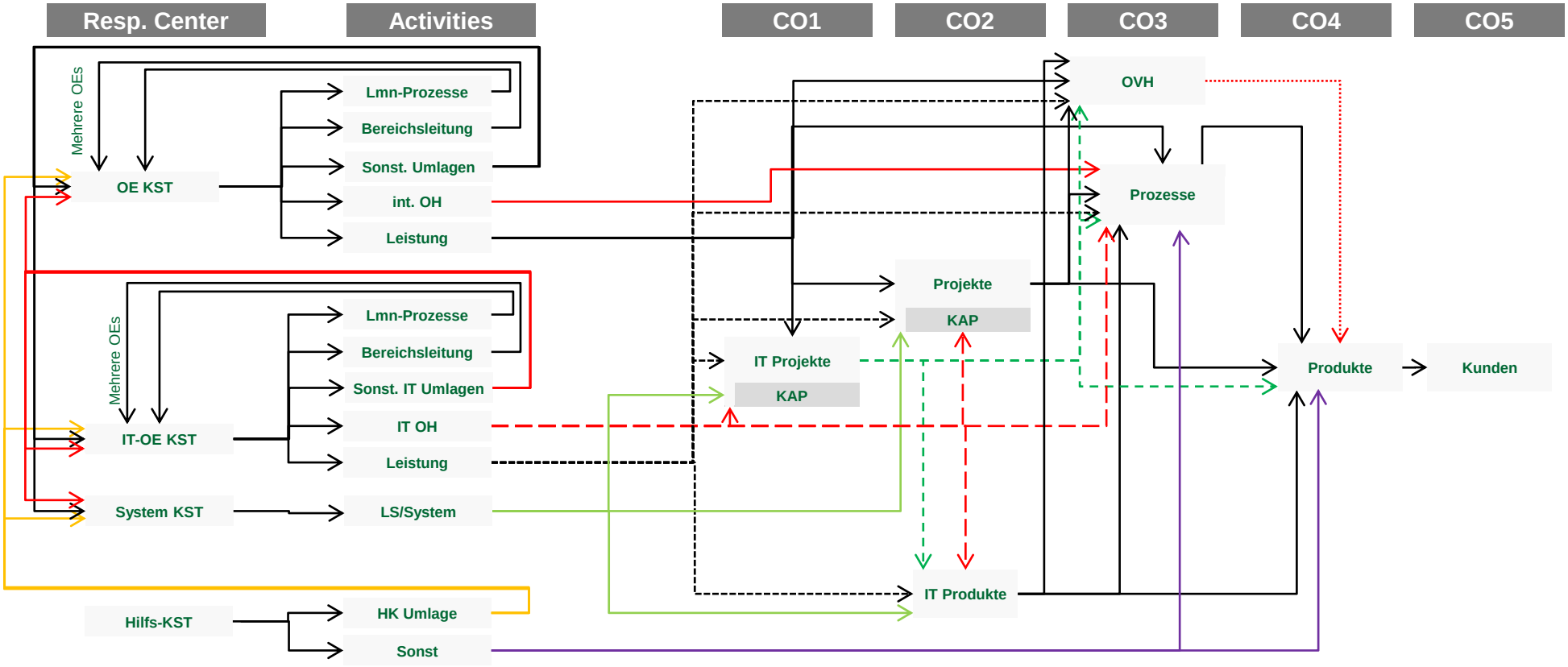
PKR / ABC versus i.EPC

- **„Prozesskostenrechnung“ (PKR):** means a system, in which overheads are allocated by disintegrating activities or processes behind through so called „Kostentreiber“, which implify terms of measurement for operation quantities in turn.

- **Activity Based Costing (ABC):** is a costing methodology that identifies activities in an organization and assigns the cost of each activity with resources to all products and services according to the actual consumption by each. This model assigns more indirect costs (overhead) into direct costs compared to conventional costing. CIMA (Chartered Institute of Management Accountants) defines ABC as “an approach to the costing and monitoring of activities which involves tracing resource consumption and costing final outputs. Resources are assigned to activities, and activities to cost objects based on consumption estimates. The latter utilize cost drivers to attach activity costs to outputs.”

- **Integrated Enterprise Portfolio Controlling (i.EPC):** i.EPC as a tool steadily produces informations for an ABC which can be directly used for corporate or business management. Thereby the identification and design of the operational activities become the main focus of inquisitive observation, attract more attention and awareness and thus improve controlling of portfolios and processes, efficiency and effectiveness highly integrated. Yet, the individual activities can be monitored in the context of the whole supply chain.

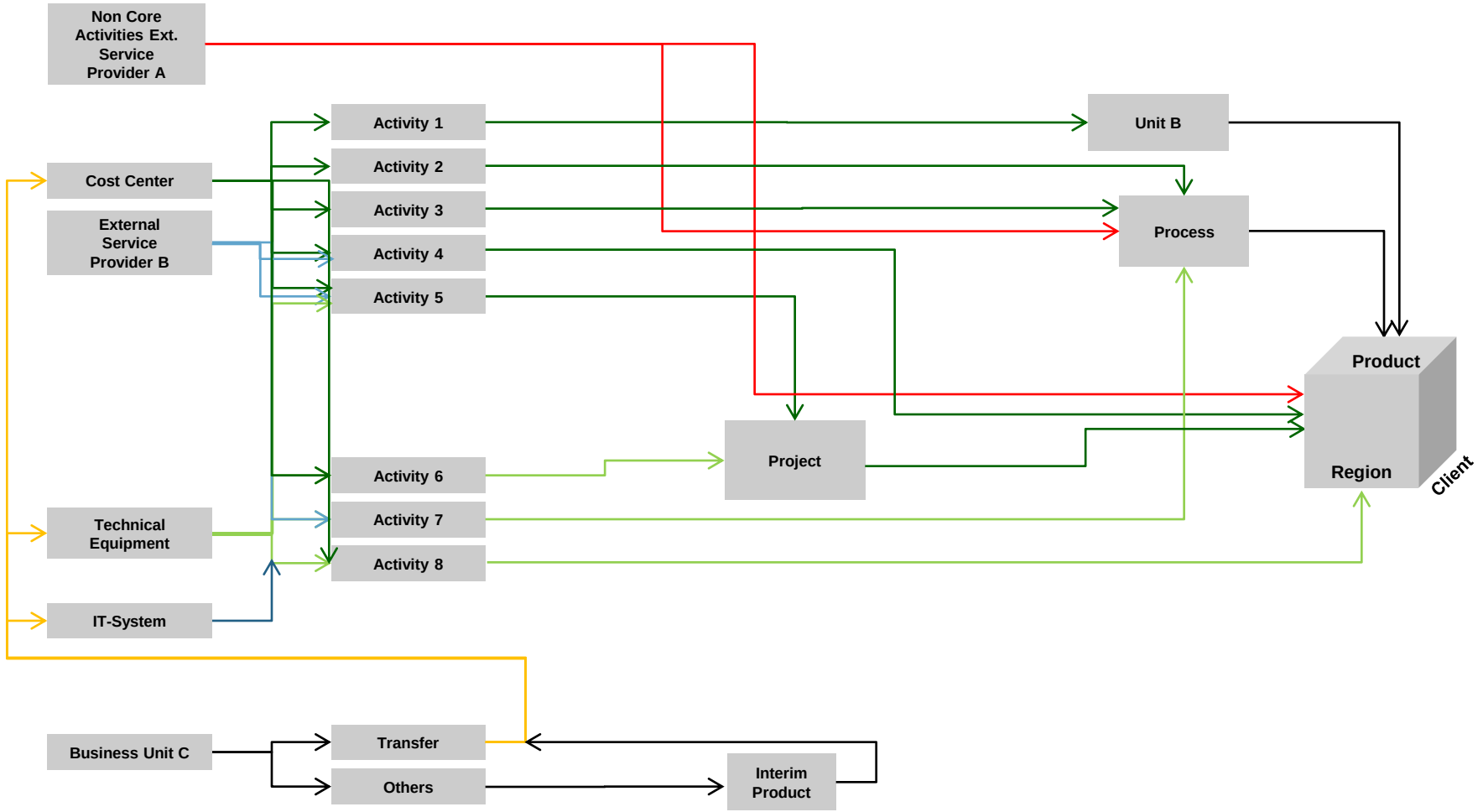
PKR / ABC – Beispiel eines Modells



- Trennung der Kosten in fixe und variable Bestandteile
- Differenzierung der IT-Kosten u.a. nach
  - Eigen- und Fremdleistung
  - Betrieb und Wartung

- Ableitung von make-or-buy-Entscheidungen bzw. über den Betrieb möglich (Service-Level, Cloud, etc.)

Controlling and Accounting by i.EPC



Activity Based Controlling and Accounting by i.EPC leads b.o. to an integrated Complexity Management!

Many thanks for your attention!

Tailor-made management solutions

Since the 80s, our partners have been advising and supporting several hundreds of small, medium-sized and large companies internationally. Their advice is simultaneously innovative and sustainable, with new solutions for the constantly changing challenges in an increasingly complex global market economy. Our partners not only bring intellectual assets to the younger EPOTECH, but also experience of more than 300 years' combined experience of business and management consultancy. This works solely for the good of our customers:
for companies, entrepreneurs, managers and boards of directors.

EPOTECH not only has a wide range of independent solutions at its disposal and excellent abilities to analyse its customers' needs, but also ensures that its own structures and processes are extremely slim, provably increasing their value within consultancy projects for its customers.

For more information please do not hesitate to contact directly:
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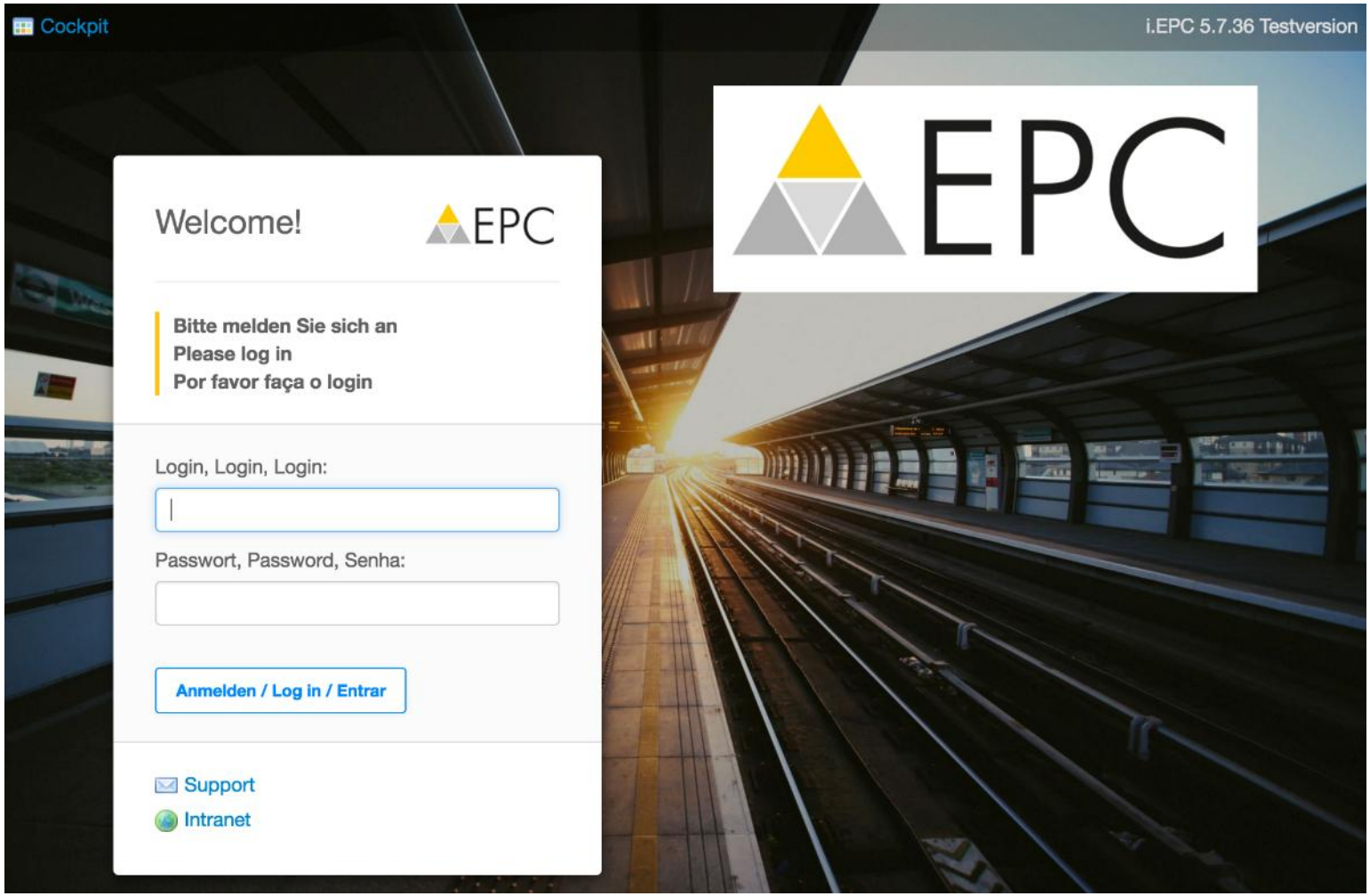
IT supported solutions by i.EPC