

Foreword

What single characteristic distinguishes humans from other known life forms? Some say it is our serious lack of instincts. Lacking instincts, we exhibit a shortage of behaviors that are universal among us. And yet, from this characteristic emerges our intelligence, creativity, character, and perhaps wisdom.

In place of instincts, however, we rely on other guidance systems to direct and monitor our behavior, including the mental abilities to absorb complex information, apply reasoning, comprehend abstract ideas, and learn from experience.

And yet, a human's innate intelligence cannot be changed. Sadly, each of us is destined to remain at the intelligence level from which we begin. However, unlike human intelligence, organizational intelligence can be altered, alluding to the idea that we can improve it.

Therefore, it was alarming when David Taylor proposed in 1996 that, as an organization grows larger, it becomes less intelligent. In fact, Taylor's Law of Corporate IQ was computed as Corporate IQ = 100 divided by n , where 100 is the average individual IQ and n is the number of employees in the corporation. This deterioration of organizational intelligence does not bode well for large or growing organizations, let alone for the rapid globalization of business partnerships today.

Yet Taylor offered hope by noting exceptions. One is that a small team of humans, in fact, can outthink its brightest member. Another is that, although a single person can't design a highly engineered product, an entire corporation can. So what is at play in teams? It seems that organizational or group learning is at play. A corporation can become smarter by learning, and learning is the opposite of instinct. Instinct is hard-wired, resistant to change, but learning is soft-wired, amenable to change and to rapid change.

So in 1996, the smart organization was one that learned. Therefore, learning organizations delivered accessibility to quality information, defined processes, partnerships, and proper organizational placement of decision power. And now, James and Neil focus on a new immediate future, where the smart organization is one that's high-performance in execution, customer centered, data driven, real time, loosely coupled, focused on learning, and agile. The last two, focused on learning and agile, imply rapid learning coupled with corresponding dynamic improvements in decision making.

For this new immediate future, James and Neil have produced a book that goes beyond information sharing and organizational decision power. Raising the bar for the decision process is the introduction of enterprise decision management (EDM) as a new formalization for the company of the immediate future.

EDM is not about narrow learning, but about learning from experience in a broad and deep manner and learning quickly. With this in mind, the book focuses on selecting

appropriate decisions for EDM, managing the business rules behind those decisions, and instituting model-driven, analytical feedback loops based on past decision performance. James and Neil drive home the value of EDM when they state, “Making information more readily available can be important but making better decisions based on it is what pays the bills.”

Equally important, EDM is emerging as a critical necessity in a world where business processes are globally outsourced, regulatory compliance is critical, and systems development occurs offshore. EDM can be the unifying discipline behind all these situations, as James and Neil outline how EDM will affect all of us:

- “BPO vendors can deliver innovation and optimize processes only if they make the key decision points in their processes available so that customers can control them.”
- “Business rules are ideally suited to showing that a decision has been made in a compliant way.”
- “Outsourcing development and maintenance of nondifferentiating code can be cost effective, but outsourcing code representing your IP is a big risk. The code that business rules replace is core IP.”
- “The most important change to your software development lifecycle is the separation of rules and requirements.”
- “Business rules and their interrelationships can be visualized and managed more easily than code, so more of the application can be managed more visually.”

This book makes you stop and think. It starts a new conversation between business leaders and IT specialists. The conversation begins with the core of the business by bringing important business decisions back into the boardroom with a new purpose. It continues by delivering them in innovative configurable technology.

After all, if humans were rich in instincts, we would run all businesses in a predictable, universal, and admittedly boring fashion. Fortunately, instead, we possess other talents that lead to organizational intelligence and distinction. Your enterprise’s decision management is the backbone of its future. Delivered as configurable business rules, your EDM framework reveals a whole enterprise that’s smarter than its parts.

Use this book as your guide to your company of the future. It’s time to abandon outdated hard-wired instincts that no longer lead to organizational survival and success. It’s time to deliver important decisions as agile soft-wired services for the enterprise.

—*Barbara von Halle*