

Cynefin: Complexity, Sense Making and Portfolio Management

Exploiting Complexity in Portfolio
Management

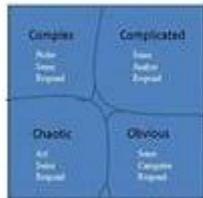
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Articles about Cynefin



Cynefin 101 – Shared Context and Sense Making

by [Greg Brougham](#) Posted on Apr 04, 2015



Cynefin 101 – Portfolio Management

by [Greg Brougham](#) Posted on Dec 26, 2014 4



Cynefin 101 – An Introduction

by [Greg Brougham](#) Posted on Jul 09, 2014 2

What Killed Michael Porter's Monitor Group? The One Force That Really Matters

What killed the Monitor Group, the consulting firm co-founded by the legendary business guru, Michael Porter? In November 2012, Monitor was unable to pay its bills and was forced to file for bankruptcy protection. Why didn't the highly paid consultants of Monitor use Porter's famous five-force analysis to save themselves?

Predictability?

“It's tough to make predictions, especially about the future.”

Yogi Berra

“To the extent that we can control the future, we do not need to predict it.”

Saras Sarasvathy, “What Makes Entrepreneurs Entrepreneurial?”

Cynefin

- Pronounced Cyn-e-fin – although this translates as 'habitat' or 'place' it really means all the places that you have been

“It is the piece of earth where a community has lived – a community with whom we identify the places that we have lived”.

In Come I, Mike Pearson

Un-ordered

Ordered



Un-ordered

Ordered

Complicated

Cause effect
requires analysis

Obvious

Cause effect
obvious from
experience

Obvious was previously called simple

Un-ordered

Complex

Cause effect
only apparent in
hind sight

Ordered

Complicated

Cause effect
requires analysis

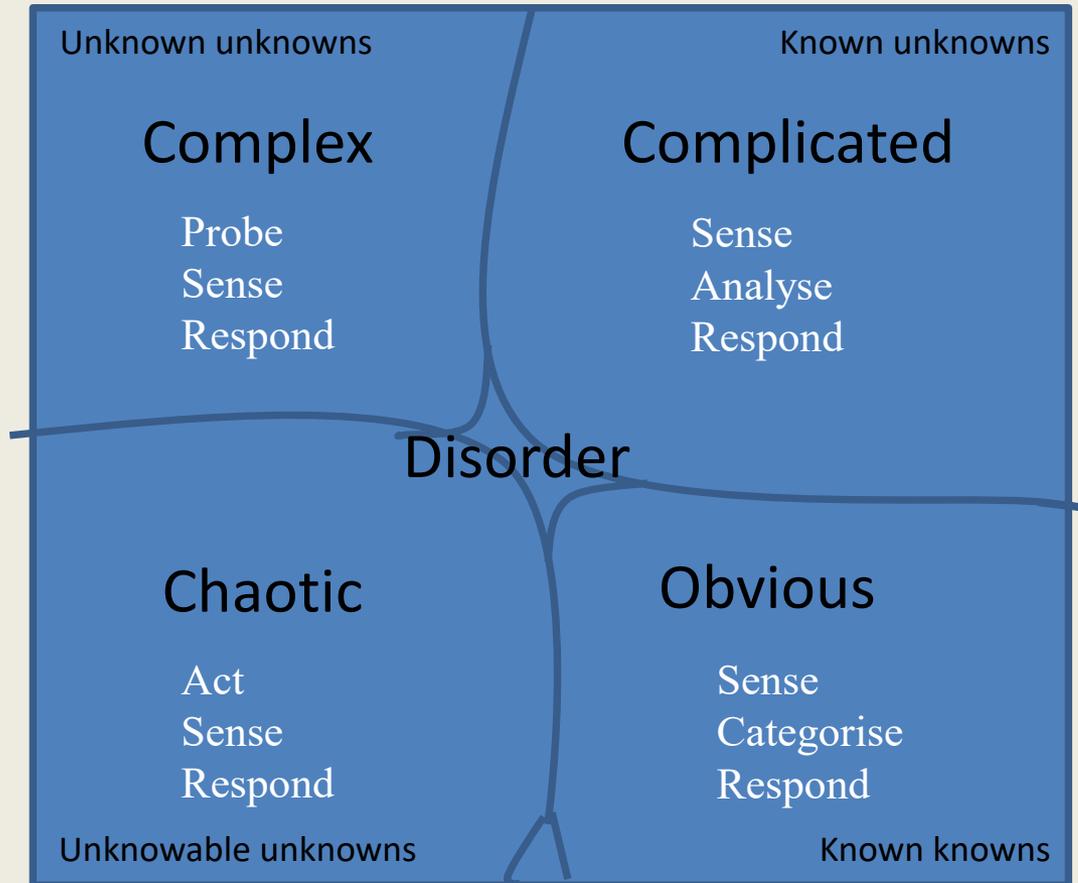
Chaotic

Cause and effect
can not be related

Obvious

Cause effect
obvious from
experience

Cynefin Framework



Principles of Complexity Based Management

- Work with fine grained objects
- Distributed cognition
- Disintermediation

Lotus turns its back
on the big league

John Collingridge, The Sunday Times, 7 February 2015

Guiding Principles for Practices

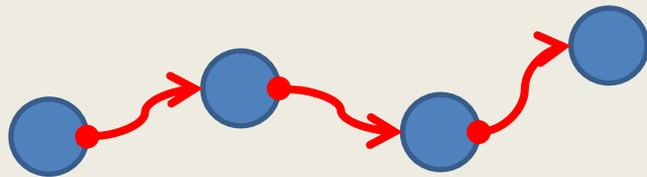
- Group think and naivety
- Multi-hypothesis
- Obliquity

Group Think and Naivety

Gentlemen, I take it that we are all in complete agreement on the decision here. Then, I propose that we postpone further discussion ... to give ourselves time to develop disagreement and perhaps gain some understanding of what the decision is all about.

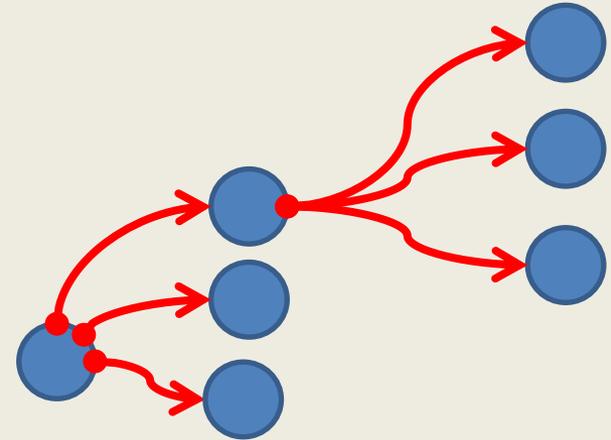
Alfred Sloan

Multi-Hypothesis



Now Next Not Yet

Versus



Now Next Not Yet

“Failure is instructive. The person who really thinks learns quite as much from his failures as from his successes.”

John Dewey

Obliquity

Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes.

Goodhart's Law, Monetary Theory and Practice, page 96

When a measure becomes a target, it ceases to be a good measure

Strathern's re-statement

Complexity Practices

- Participative narrative extraction – establishing the issues
- Sense-making – contextualisation/categorisation of the issues
- Taking action – portfolio forms and ritual dissent

Anecdote Circles

- Anthropologists now refer to Homo Sapiens as Homo Narrans
- This is Cynefin's participative narrative inquiry practice
- Based on story fragments or anecdotes and oblique in nature

Give him a mask, and he will tell you the truth

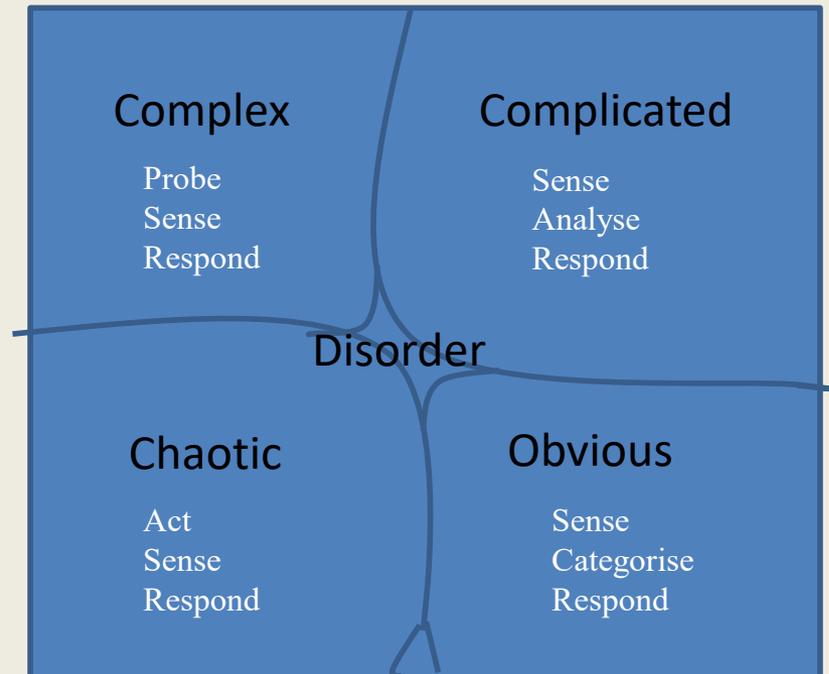
Oscar Wilde

Sense-Making

- Individual level
- Group level
- Community

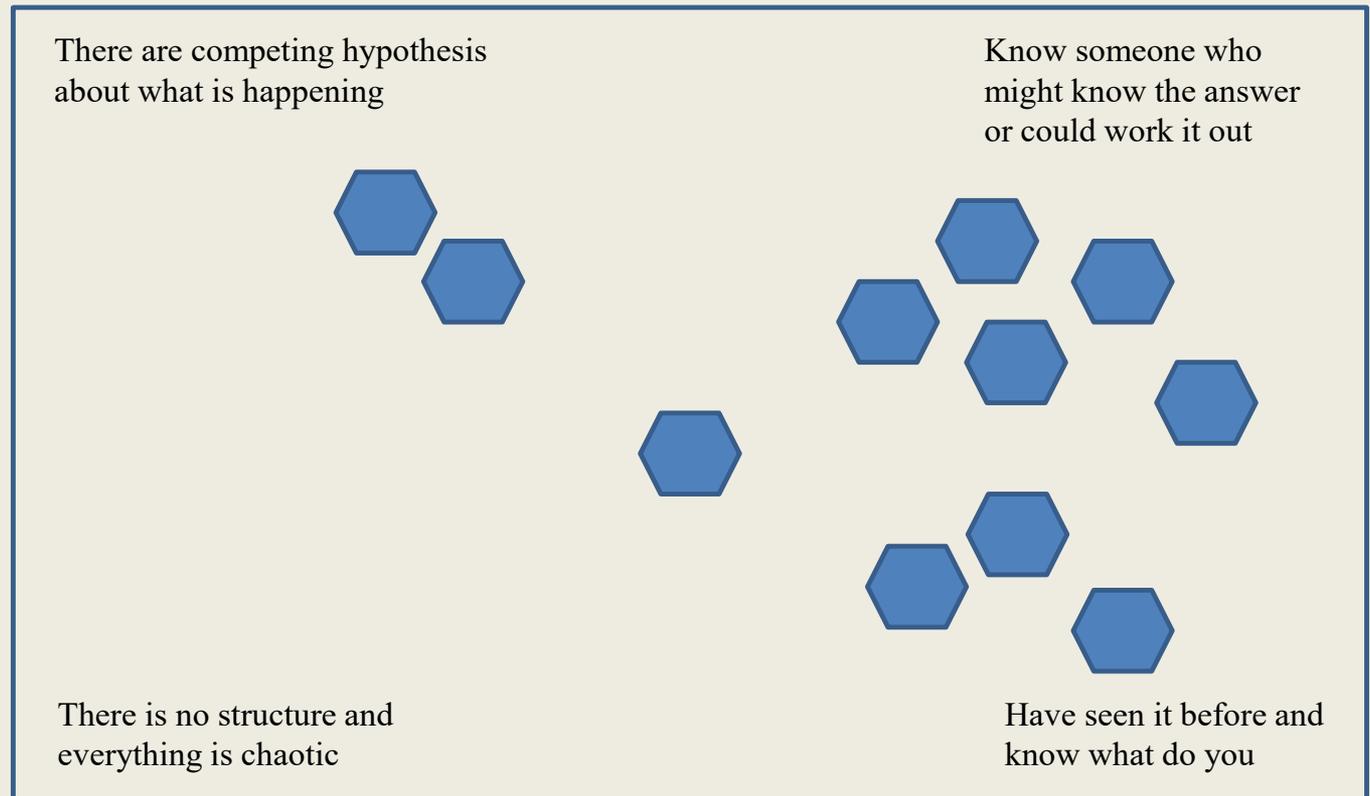
Individual Level

- Categorisation - in which domain is the problem?



Group Level

- Contextualisation – we have a number of issues. Also the data precedes the framework



There are three approaches – this is an example of four corners

Community Level

- Exploiting tooling, e.g SenseMaker to scale and starting to look for weak signals – distributed ethnography

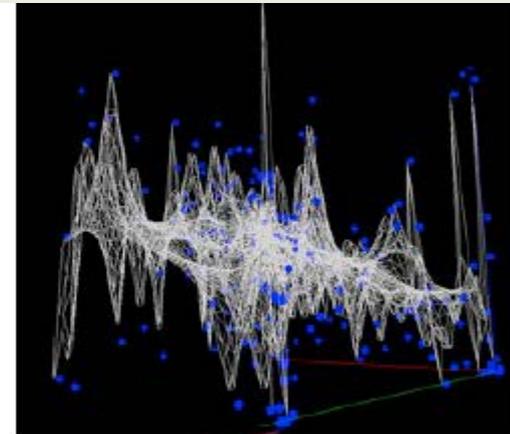
Narrative fragments

Q. Your online friend messages you to tell you he wished he could join your school because his school is boring. What experience would you share with him to convince him that your school is EITHER just as boring OR in fact very cool?

"My teachers always encourages my classmates and I to organise a class activity like barbequeing and having chalet or picnic. They said that this helps us for our future to prepare us when we grow up and our boss asks us to organise and event."

What title would you like to give your story?

We organise fun BBQs

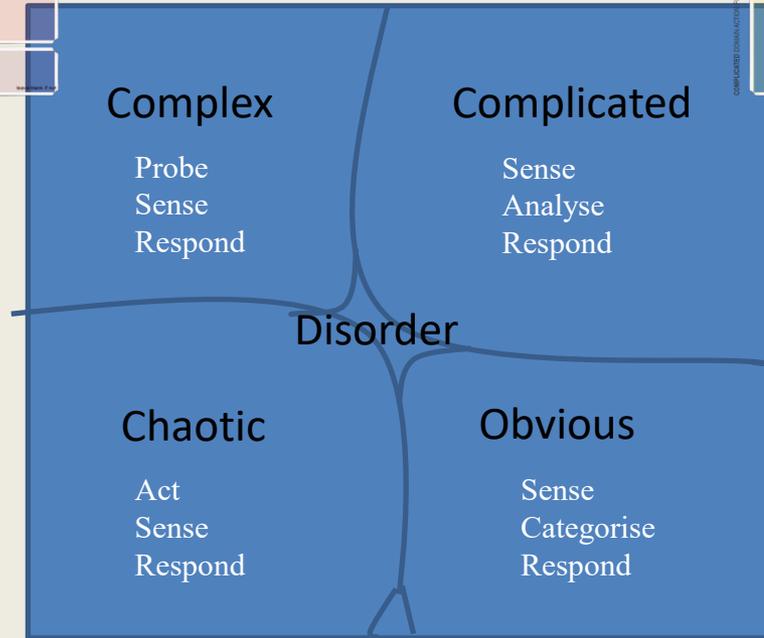


Portfolio Management

<small>Name</small> <small>optional</small>	Expected signs of success	Amplification actions
Action description		
Why is it coherent?	Possible signs of failure	Dampening actions
	Oblique?	Naive?

Complex Probes

Practices are novel
so just need to act

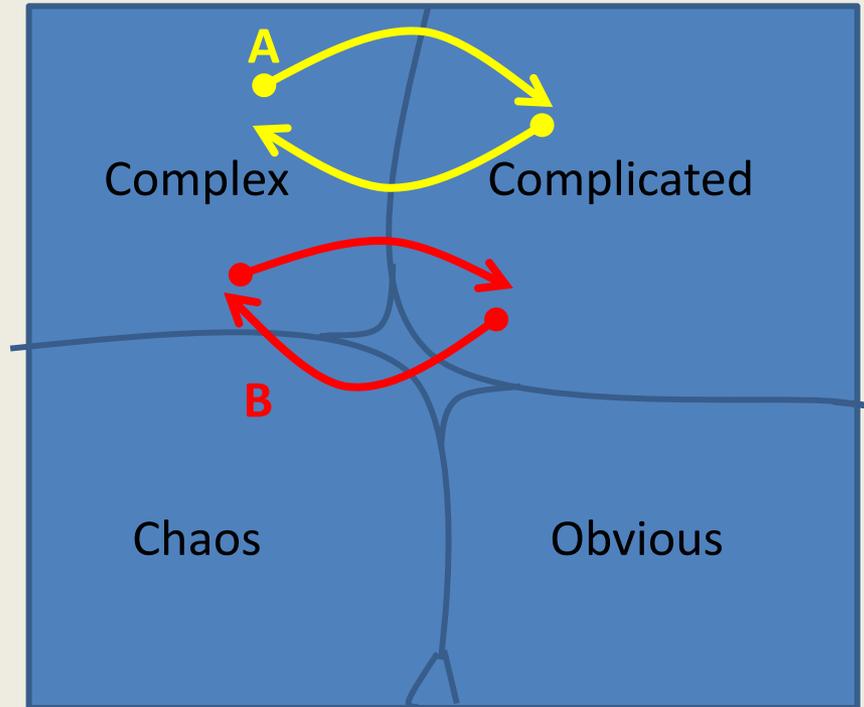


<small>Name</small> <small>optional</small>	Research/analysis methods to be used	Justification of methods
Summary of issue/opportunity		
Evidence for research or experts being able to handle this question	Experts to be consulted/deployed	Justification of choice
	Anticipated date for results	Who will review?

Complicated Probes

Seen it before so
required action
should be obvious

But ... It's Not That Simple



Complex

Name

something memorable

Action description

Why is it coherent?

Expected signs of success

Amplification actions

Possible signs of failure

Dampening actions

Oblique?

leave blank if not

Naive?

leave blank if not

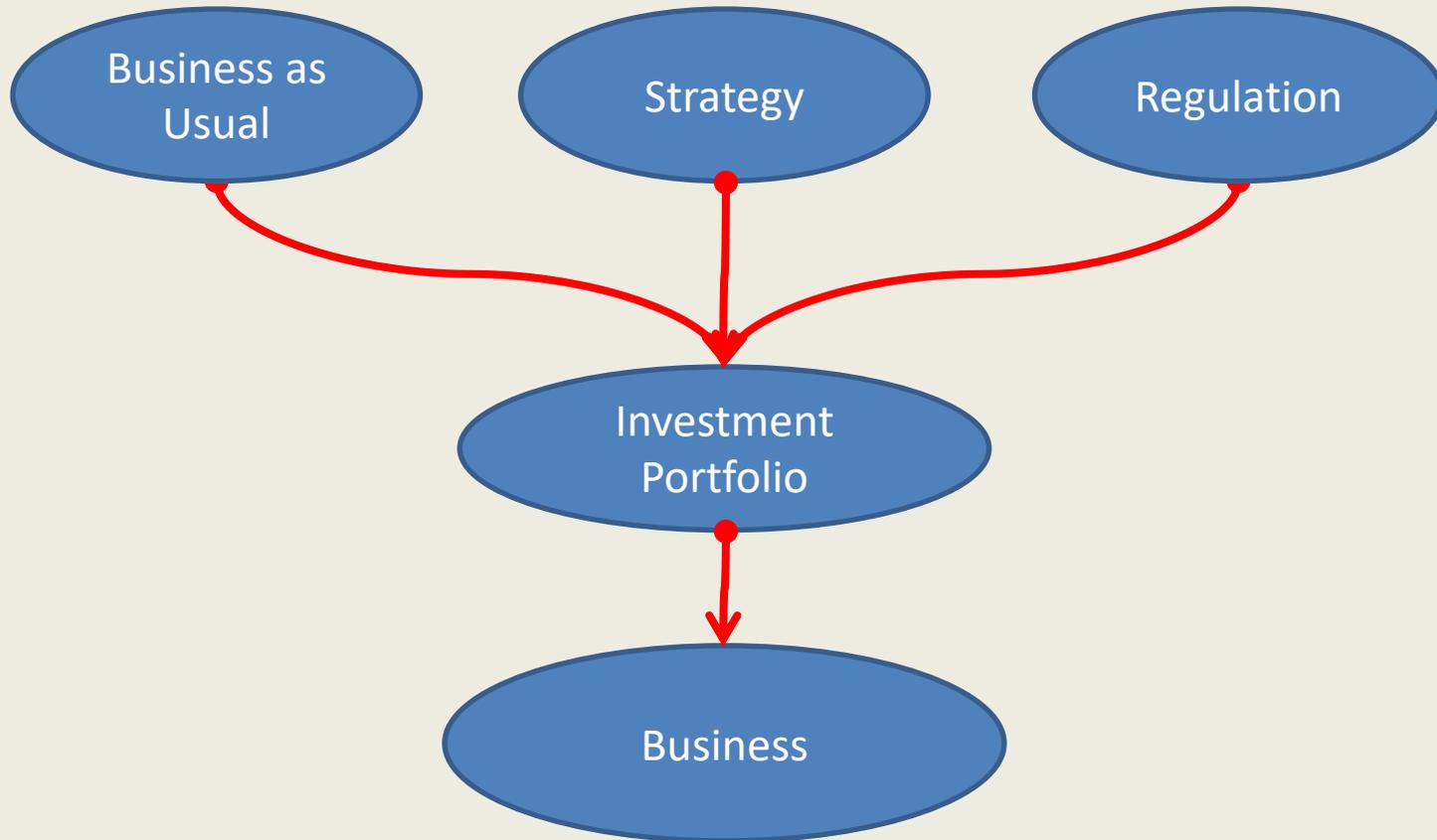
It was an idea, and ideas stood (or fell) because they were strong enough (or too weak) to withstand criticism, not because they were shielded from it. Strong ideas welcomed dissent.

Salman Rushdie, *Joseph Anton: A Memoir*

Ritual Dissent

- Draws from anthropology to help review proposals in a non-personal objective manner
- Similar in concept to Vincent Walsh idea of trashing

Business Investment



A Complexity Informed Portfolio

- Acknowledges the desired direction and the constraints that apply
- Explores the possibilities to establish the options, acknowledging the value of messy coherency
- Should be a mixture of ideas to help establish what will work and therefore allow us to control the future

A photograph of a boat's cockpit, likely a motorboat, with two steering wheels and a motor. The boat is on the water, and the background shows a hazy sky and distant land. The text is overlaid on the image.

Thank You

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