



**CODEX OF THE
FUTURE
SERIES**

LEADERSHIP LESSONS FROM ORGANISED CRIME

UNLIMITED THINKING . EXPONENTIAL POTENTIAL

BY MATTHEW GRIFFIN

ABOUT THE AUTHOR

Matthew Griffin, an award winning futurist and author of the Codex of the Future series, is described as "The Adviser behind the Advisers" and a "Young Kurzweil." Matthew is the Founder of the 311 Institute, a global Futures and Deep Futures advisory, as well as the World Futures Forum and XPotential University, two philanthropic organisations whose mission it is to solve global inequality and the world's greatest challenges.

Regularly featured in the global media, including AP, BBC, CNBC, Discovery, Forbes, Netflix, RT, ViacomCBS, and WIRED, Matthew's ability to identify, track, and explain the impacts of hundreds of exponential emerging technologies and trends on global business, culture, and society, is unparalleled.

Recognised for the past six years as one of the world's foremost futurists, innovation, and strategy experts Matthew is an international advisor and speaker who helps many of the world's most respected brands, governments, investors, and institutions, explore, envision, build, and shape the future of global business, culture, and society.

BE BOLD. MAKE FIRST CONTACT.

mgriffin@311institute.com
www.311Institute.com



PROUDLY BUILDING THE FUTURE WITH ... & MANY OTHERS



HM Government



AON

ARM

BCG



centrica



DECATHLON

Deloitte.



HUAWEI

interdigital.

KPMG

LinkedIn

McKinsey
& Company



Qualcomm

T-Mobile



**Willis
Towers
Watson**



OUR

A LETTER FROM **FOUNDER**

MATTHEW GRIFFIN

WE LIVE in extraordinary times, in a world where individuals, organisations, and technology can impact the lives of billions of people and change the world at a speed and scale that would have been unimaginable just twenty years ago.

We also live in a world full of challenges, and a world where all too often negative news gets amplified at the expense of good news, and where tales of hope, inspiration, and positivity get drowned out and lost in the noise. It's no wonder therefore that today more people are more anxious about the future than ever before. And, arguably, a society which believes it's marching towards the darkness, rather than the light, has a poorer future than one that doesn't. Hope, however, is all around us and it's our purpose to light the way so all of us, people and planet, can prosper.

TESTIMONIALS

THANK YOU EVERYONE!

#FUTURENOW

EXTRAORDINARY!
Peter K., EMEA Managing Director
Accenture

ASTOUNDING!
Peter B., COO
Aon

AMAZING!
Abdessamad K., Head of Derivatives
Bloomberg

INSPIRING!
Jay C., CHRO
Dentons

SIMPLY GREAT!
Isaac H., Country Manager
Google

ESSENTIAL!
Christina L., Director
Her Majesty's Government, UK

BLOWN AWAY!
Nicola P., Global Procurement Director
Lego

WORLD CLASS!
Ana C., CMO
LinkedIn

EXCEPTIONAL!
Robert D., Global Strategy Director
Qualcomm

VISIONARY!
Catherine C., Managing Director
WIRED

BLOWN AWAY!
Mark R., Director
Willis Towers Watson

OUR

MISSION.

FOR PEOPLE & PLANET: BUILDING A BETTER FUTURE

OUR MISSION is to be a driving force to help solve the world's greatest challenges, help organisations build sustainable and lasting legacies, and democratise access to the future so everyone everywhere, irrespective of their ability or background, can benefit from it.

We do this by surfacing essential future-focused insights and open sourcing our content, by amplifying inspiring stories and voices, and by bringing people together.

OUR BRANDS.

UNLIMITED THINKING . EXPONENTIAL POTENTIAL

OUR BRANDS compliment one another and align with our core mission, they include:

311 INSTITUTE

Our **globally renown** Futures and Deep Futures advisory working with the world's most respected brands, governments, and investors to explore, co-create, and shape the future of global business, culture, and society.

WORLD FUTURES FORUM

Our **philanthropic organisation** working with the United Nations and other world leading institutions to find solutions to the world's greatest challenges including all 17 UN SDG.

XPOTENTIAL UNIVERSITY

Our **philanthropic university** working with academia, governments, and regulators to create and deliver accessible future focused curricula and educational content for business executives and students from around the world.

**“TECHNOLOGY MAGNIFIES THE
POWER OF THE INDIVIDUAL. AND
TODAY INDIVIDUALS CAN TAKE
DOWN COUNTRIES.”**

- Matthew Griffin, Founder

311 Institute
World Futures Forum
XPotential University

EXPLORE MORE

WANT EVEN MORE
INSIGHTS INTO THE
FUTURE AND DEEP FUTURE?



Explore More

BLOGS • BOOKS • EDUCATION • EVENTS • KEYNOTES
NEWS • PODCASTS • SHOP • VIDEOS & More ...

www.311Institute.com
www.WorldFuturesForum.com



CODEX OF THE FUTURE SERIES _FUTURE PROOF YOUR BUSINESS CODEXES:

FUTURE PROOFING your business has never been harder. So we've made it easy for you.



HOW TO BUILD EXPONENTIAL ENTERPRISES.

Exponential technologies have accelerated the global rate of disruption, now it's your turn to disrupt the quo.

CODEX OF THE FUTURE SERIES EXPLORE MORE



LEADERSHIP LESSONS FROM ORGANISED CRIME.

Explore the techniques Organised Crime groups use to grow despite being subjected to huge “competitive” pressures from governments.



THE FUTURE OF EDUCATION AND TRAINING.

Explore how we prepare our children and society for a future where Science Fiction becomes Science Fact.



THE FUTURE OF EXPONENTIAL DISRUPTION.

Explore the forces accelerating global disruption and how close we are to disrupting industries in just a day.

CODEX OF THE FUTURE SERIES

EXPLORE MORE



THE FUTURE OF INNOVATION AND CREATIVITY.

Explore what happens when creative machines and not humans are the dominant creative force in the world.

XPOTENTIAL UNIVERSITY

UNLEASH YOUR
EXPONENTIAL
POTENTIAL



Explore More

FUTURES EDUCATION FOR STUDENTS AND LEADERS

www.311Institute.com



CODEX OF THE FUTURE SERIES _FUTURE TECH & TRENDS CODEXES:

WITH HUNDREDS, thousands, of emerging technologies and trends it can be hard to identify them all and understand their implications. So we put them all right at your fingertips.



311 TRENDS CODEX.

Explore the hundreds of megatrends and microtrends impacting and shaping your world and everything you care about.

CODEX OF THE FUTURE SERIES EXPLORE MORE



EXPONENTIAL TECHNOLOGY CODEX.

Explore the hundreds of exponential technologies that are emerging in detail and learn about their implications for global culture, industry, and society.



THE EMERGING TECHNOLOGY STARBURST COLLECTION.

Use our Griffin Emerging Technology Starbursts to explore the future and find new ways to disrupt the status quo.

CODEX OF THE FUTURE SERIES _FUTURE DEEP DIVE CODEXES:

OUR DEEP Dive Codexes explore the future of individual topics in depth. So now you're the expert.



THE FUTURE OF THE CONNECTED WORLD.

Explore the future of the technologies and trends that will connect everything and everyone and shape our connected future.

CODEX OF THE FUTURE SERIES
EXPLORE MORE



THE FUTURE OF GAMING.

Explore the future of gaming and what happens when the simulations become people's new reality.



THE FUTURE OF INSURANCE.

Explore the future of insurance, and the dangers of a future where global risk becomes systemic.



THE FUTURE OF SMARTPHONES.

Explore the future of smartphones and smartphone formats, and discover what's around the corner.

CODEX OF THE FUTURE SERIES EXPLORE MORE



THE FUTURE OF SPORT.

Explore the technologies and trends shaping the future of sport and sports performance.



THE FUTURE OF SYNTHETIC CONTENT.

Explore the technologies and trends revolutionising how content is made and consumed.

CONTENTS

Second Edition published Jan 2022. To request this Codex in an alternative language please contact the author.

22	...	INTRODUCTION	98	...	TRUST FAITH AND OPENESS
24	...	THE NUMBERS IN THE DARK	104	...	CONCLUSION
26	...	AMBITION			
32	...	BRIBERY AND CORRUPTION			
36	...	CONSISTENCY			
40	...	CUSTOMER SATISFACTION			
44	...	DEVOLVED DECISION MAKING			
48	...	DISRUPTIVE INNOVATORS			
52	...	EMIGRE CLUSTERS			
56	...	ESPIONAGE			
60	...	EXTERNAL PROBLEM RESOLUTION			
64	...	FAVOURABLE JURISDICTIONS			
68	...	INTERNAL PROBLEM RESOLUTION			
72	...	LEAN TEAMS			
76	...	LOCAL TOUCH			
80	...	LOYALTY			
84	...	PERKS			
88	...	PROCESS AS THE ENEMY			
92	...	REAL TIME REACTIONS			





INTRODUCTION

THE CRIMINAL communities and organised crime syndicates, which collectively make up the so called Shadow Industry, are ruthless and relentless in their pursuit of profit and opportunity. In spite of law enforcements best efforts over the decades, and the trillions of dollars spent in hunting them down, today the vast majority of criminal enterprises are stronger, more determined, and growing at a faster rate than ever before.

With estimated revenues in excess of \$6 Trillion a year the Shadow Industry is one of the world's largest industries, and while the law enforcement agencies continue to make strides to disrupt and kill them - both literally and figuratively - the industry is phenomenally resilient.

In this first of a kind Codex I explore how an industry subject to such intense competitive pressure can continue to grow at a faster rate than most other legalised industries and the lessons that leaders can learn from and implement within their own organisations to accelerate their own growth and create competitive advantage.

Explore More,

MATTHEW GRIFFIN
Founder



ORGANISATION	EMPLOYEES	REVENUES	NET INCOME	CASH
AMAZON	876,000	\$363 Bn	\$21 Bn	\$68 Bn
APPLE	137,000	\$274 Bn	\$57 Bn	\$191 Bn
THE MAFIA	300,000	\$248 Bn	\$133 Bn	\$83 Bn
THE TRIADS	420,000	\$200 Bn	-	-
GOOGLE	135,000	\$176 Bn	\$18 Bn	\$132 Bn
FACEBOOK	60,000	\$86 Bn	\$29 Bn	\$56 Bn
YAMAGUCHI-GUMI	55,000	\$79 Bn	\$19 Bn	-
HYDRA	-	\$45 Bn	\$1.5 Bn	-
YAKUZA	26,000	\$13 Bn	-	-

DARK MONEY

Governments all around the world do their best to try and calculate and trace the assets and members of criminal organisations and markets, but needless to say getting accurate figures is hard if not impossible, and it's a tangled web.

Sources: Confresercenti, Dirty Dealing, FBI, Fortune, Japanese National Police Federation, and Various. 2021 Figures.

THE NUMBERS IN THE DARK

IN THE adjacent table I compare some of the larger organised crime syndicates using publicly available data with some of the world's largest Fortune organisations to show you the scale that some of these Syndicates are operating at, and while there are no official profit figures the fact that these Syndicates exist and continue to grow and recruit suggests that they are highly profitable. These are also just a handful of Syndicates out of thousands.

Running organisations of this size and complexity requires vision, strategic thinking, and resources underpinned by a strong corporate identity and rigid execution.

All in all our research identified eighteen domains that, when combined, will help you create one intensely powerful and resilient organisation.

AMBITION





AMBITION WITHIN the Shadow Industry is legendary. To normal bystanders many of the news stories read like a script from the next Hollywood blockbuster. The battles for power, territory, resources, respect and control both between competing organisations and between individuals and member groups of the same organisation still all too often manifest themselves in meticulously planned assassinations and outright warfare that leave thousands dead but behind all of these battles there are individuals who are fed up with the Status Quo who have the ambition, desire and resources to push for changes.

These battles - or wars if you want to call them that are costly. Not only do they drain capital but they devour huge amounts of resource and while it's arguable that there are no winners in these situations there are serious downstream implications for the organisation, employees and customers alike. The destruction of assets and the loss of expertise and revenues are the three most notable implications but other implications include organisational stagnation and the destruction of consistency; and with it predictability, brand value, trust, faith and supply chain integrity.

Crime bosses have always realized at some level that these wars do more damage than good, even when you win you don't actually win and it takes years, sometimes decades for the organisation to regain its focus and momentum. Each syndicates sovereignty can be attacked from three directions - externally, internally and across time and tackling each requires a different approach.

Externally syndicates are, as we can see, subject to both conventional and extraordinary competitive pressures that manifest themselves in a myriad of ways. While it's impossible to remove all of the pressures syndicates have routinely begun nominating Peacekeepers who have the responsibility of opening up and maintaining trustful dialogues with their counterparts within the other syndicates to prevent problems and flare ups from occurring in the first place and in the less likely event that trouble does erupt then they can leverage these valuable communication channels to resolve their differences faster and quieter with less impact on their organisations.

This approach however has also brought with it new unexpected benefits and have been responsible for helping foster new inter syndicate partnerships that have then gone on to make the two organisations even stronger and more

Notes:

relevant.

Internally many of the larger syndicates suffer because of the institutionalized ambition that arises when Soldatos and Lieutenants alike become collectively or individually disgruntled with the status quo. Today many of Syndicates are using strategically positioned representatives to identifying the first signs of unrest and are finding new ways to re-energize and motivate their Soldatos and lieutenants without them having to resort to violence.

Those who show promise are encouraged to strike out and head up new ventures and initiatives and not only does this help the organisation remain peaceful but it also helps broaden the organisations scope of operations and drag more opportunities into the net. However, for those who don't show promise there are only two options – renege and buck up or leave and when we say leave of course we don't necessarily mean leave your car keys and laptop at the front desk on your way out...

Temporally every crime boss needs to step down eventually and every change increases the risk of a disorderly, sometimes bloody succession – it's therefore no surprise that succession planning has been woven into the core organisational fabric of many Syndicates

for centuries. Not only does succession planning ensure the smooth transition of power but syndicates use the process to give their Soldatos a democratic voice which helps unify the organisation and give them confidence in a shared, prosperous future.

APPLYING THE LESSON

Every individual has ambitions that are as distinctive as they are and while some people's ambition in life is to sit on the sofa and watch day time TV for the rest of us we have a myriad of alternative options open to us. People's ambitions can be divided into two categories – Professional and Social but when looked at together it's more than likely that each individual's ambitions have been crafted to help them achieve the lifestyle of his or her choice. Interestingly though there is often a polarized relationship between people's professional and social ambitions. Professionally they aspire to attain goals that help them increase their salary and stature within their organisation but socially they want less stress and more free time to spend with their families and friends.

When all is said and done everyone has the same ambition – to create the optimal work life balance and while many of today's organisations will claim

Notes:

that they try to help their employees achieve the right balance the stark reality is that far too many organisations still expect their employees to prioritise work to the detriment of their home life. Ironically our research has shown that it's more likely to be the older more established organisations - the ones who you would have thought would have had the time to finely tune their employees work life balance practices, rather than their newer twenty first century counterparts, who are more likely to make unreasonable demands on their employees time so perhaps it's no wonder that many of today's best workplaces aren't any older than twenty years young.

When people's ambitions aren't recognised, or supported by the organisation that they work for the downstream consequences can manifest themselves in a myriad of ways. The first, and most common is that their dissatisfaction with the organisation grows and they leave to work for a competitor, taking all of their valuable insights and expertise with them. Ironically this is probably the best outcome for both the organisation and the individual because if they don't leave then what follows can be much more damaging - they can become Kingdom Builders or antagonistic towards their colleagues and the organisation

and of course, in extreme cases, they can become saboteurs. Saboteur is a strong word but sabotage can happen in degrees and can remain undetected for years - employees can purposefully withhold important information that client teams need to win an important bid, they can spread rumors and drag down morale, they can work at a snail's pace to reduce the agility of the organisation or, as we've seen in some cases, they can leak damaging confidential information to the competition. Ambitious, disgruntled employees have an arsenal of weapons that they can use to get their own back and the higher up in the organisation they are the more serious some of these issues can become, affecting M&A outcomes, impacting shareholder value and costing people their jobs, meanwhile, externally, ambitious activist shareholders can campaign to have the entire board replaced.

KEY TAKEAWAYS

Ambition is a highly sought after trait but organisations need to be able to differentiate between, then appropriately manage, ambition that would result in positive outcomes and ambition that would result in negative ones.

Managed correctly ambition can be the differentiator that separates your

Notes:

organisation from the pack but ignored it can tear your organisation apart.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Assign Ambassadors to identify and mentor ambitious employees.
2. Assign Peacekeepers to manage external flare ups.
3. Create flexible, personalised employee development programs.
4. Invest in succession planning.
5. Use a central Employee Record to record and manage your employees ambitions.

Notes:

BRIBERY AND CORRUPTION





IT'S A well established fact that the Shadow Industry uses its large cash reserves and "persuasive leverage techniques" to force or cajole people into helping them stay hidden, give up information and grease the wheels of business so where there is mass crime there is almost always bribery and corruption. In Italy alone in 2012 the International Monetary Fund calculated that the Government lost \$78.8Bn due to corruption. Putting this into perspective if Italy's corruption was a separate country it would be the 76th largest economy in the world, larger than Serbia and the same size as Croatia.

Everyone knows the allure of money and everyone understands the doors that can suddenly get unlocked if someone finds the right leverage.

APPLYING THE LESSON

Bribery and corruption isn't unique to the criminal underworld but fortunately, and although it's not as rare as it should be it's not widespread in legitimate businesses. Bribery and Corruption though has one aim - to create leverage that can be used for business advantage. Normalized organisations, as is often the case, have their own name for a practice that looks to create similarly

advantageous outcomes. That activity, of course, lobbying and it's widespread and lucrative - so much so that in 2013 alone Western organisations spent over \$3.2 Billion and employed over 12,000 full time lobbyists to promote their agendas.

Lobbying, although sometimes frowned on, is a legal practice and it's known that companies often seek a ten times return on any spending, consequently we can perform a rudimentary calculation which would suggest that lobbying overall boosts organisations top lines by over \$32 Billion. It's also highly likely though that this figure is low balled because as we know lobbying can be used to illicit many different outcomes which include everything from preventing a blanket ban on the sales of specific weapon systems to specific countries all the way through to trying to trying to ban companies like BP drilling in the Gulf of Mexico or derail laws that ban the use of wearable technologies, such as Google Glass, in cars.

KEY TAKEAWAYS

In an ideal world it's likely that your organisation would like the politicians and policy makers to bring in a law that rules everyone has to buy your product or service but back in the real world,

Notes:

and back to the democracies that we live in, it's unlikely that that's ever going to happen. Used wisely lobbying can be a powerful tool that tilts the market in your favor but the benefits have to be carefully weighed against the potential publicity pitfalls that you can fall into if you're not vigilant.

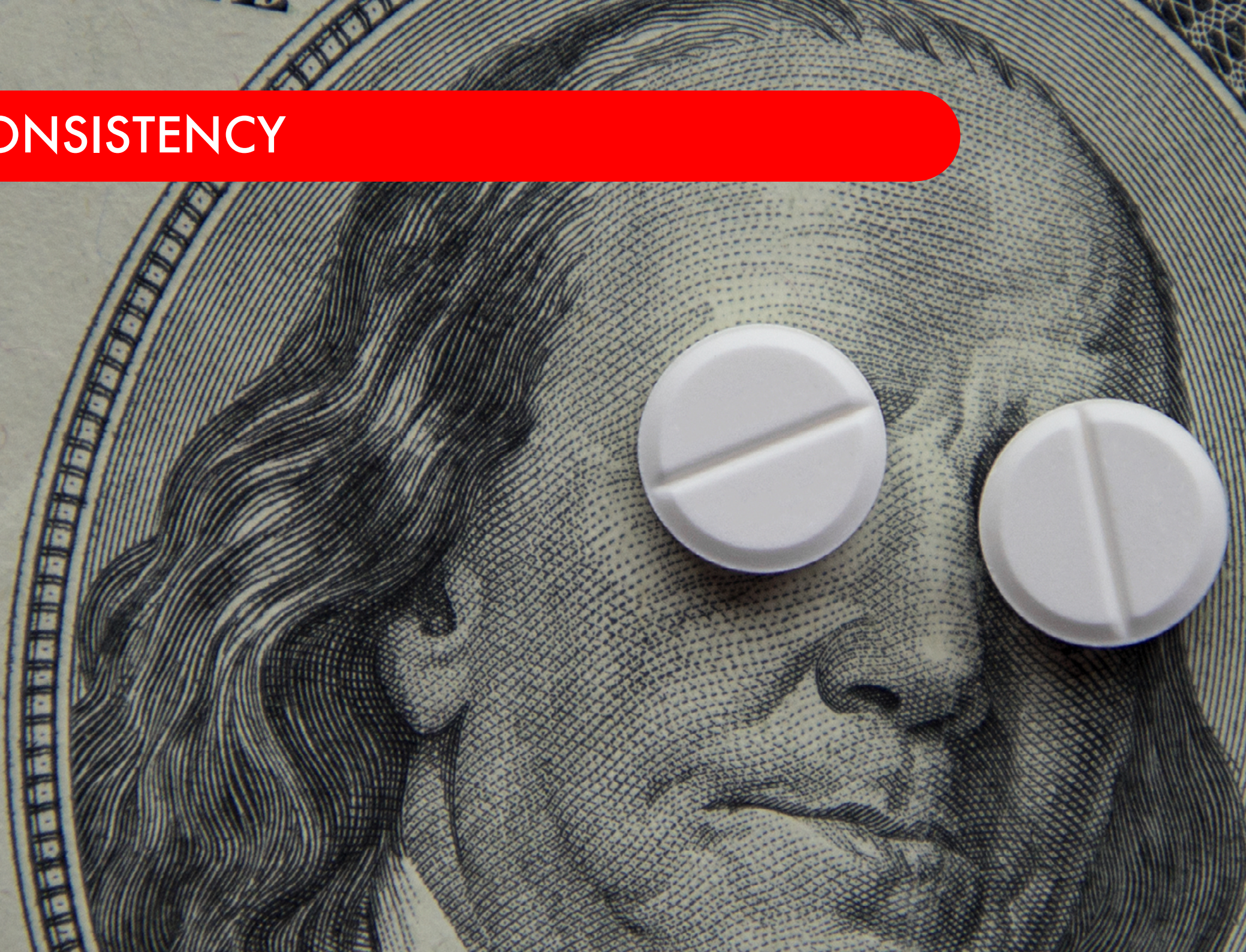
SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Always have your customers interests at heart.
2. Lobby ethically and avoid any and all compromising situations.
3. Lobby only on important issues that matter to your business and your customers.

Notes:

CONSISTENCY





THE PHRASE career criminal isn't happenstance and this is particularly apparent within syndicates where crime has become synonymous with the "Family Business" so while it's often not a coincidence to find the current crop of recruits following in their forebears footsteps we can argue that organized crime is one of the world's most consistent industries. These profound customer to Soldato and Caporegime and Consigliere to supplier bonds, forged across generations significantly enhance the syndicates agility and ability to identify and move into new markets in ways that many normalized industries could only dream of.

The relationships and socio-political insights that these familial relationships provide are pivotal in helping syndicates identify and capitalize on the latent intellectual potential and knowledge within their organisations which would otherwise lie unused; furthermore when new market opportunities present themselves it's these same relationships that help the syndicates rally resources, share risks and maximise the chances of success while simultaneously minimising the impact of failure.

Each successive generation of new Soldatos, irrespective of their families history or lineage learn their trade from

the ground up in the streets before making their way into tight knit crews where the Caporegimes make every one of their colleagues responsible for mentoring them in every area of the crews operation before they finally change crews or advance through the ranks into their chosen specialisms. This unique culture of three hundred and sixty degree team mentorship gives each recruit first hand experience of every part of the operation and provides them with a better understanding of the crews limits and operational constraints all of which are subsequently fed back to the Caporegime who can make necessary adjustments or push recommendations up the chain to his Consigliere.

APPLYING THE LESSON

As many of you will know the corporate world has become synonymous with inconsistency. Let me ask you a question – where does the majority of your organisations interaction with customers and the market take place? If you're like every other organisation then it's likely you'll have said Sales.

While your organisations visions and goals may not change external pressures such as shareholder expectation and the uncertainty created by dealing with

Notes:

increasingly dynamic marketplaces mean that organisations who are driven top down rather than bottom up where the rubber hits the road are always struggling to gain the right insights to help them create growth strategies that gel with the needs of the market. The knowledge they need is there but it's traditionally captured by employees at the coal face and the less time the leadership teams take to listen to their employees and the more they move them around the fewer insights they get, the more misguided their strategy becomes and the more frequently they'll reorganize and change their go to market strategy.

Many organisations reactively change their go to market strategy every year because they don't have the necessary insights to predict or lead the market but whatever changes take place you can often guarantee that they will be Enterprise wide - affecting not only sales but every other corner of the organisation as well. Management teams change, sales teams change, market focus changes, remuneration changes, relationships get broken, confusion reigns, confidence falls and revenues tank. Change is a constant but continually ripping up and refashioning your go to market strategy is one of the fastest ways to destroy value.

KEY TAKEAWAYS

Organisations that don't take time to listen to the experiences of the people at the coal face often have to react to market conditions but with the right framework in place organisations can use their employees, customers and partners insights to predict and lead market changes.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Create a framework that helps you predict and lead market changes.
2. Foster a job for life culture.
3. Prioritise and preserve your organisations valuable relationships.
4. Structural Reform must always be underpinned by the right Mechanical Reform.

Notes:

CUSTOMER SATISFACTION



THE SHADOW Industry operates with relative impunity around the world and like many organisations is heavily reliant on repeat business, relationship management and the quality and efficiency of their supply chain. Being able to manage and control these tangibles effectively means that they have to interact and collaborate with both business partners and end users alike up and down the chain.

Here unhappy customers sometimes not only 'vote with their feet' but they can turn murderously violent. Imagine the reaction of the Mexican Narco syndicate and their customers when they found that their Cocaine had been cut at source in South America with Levamisole, a veterinary deworming drug which in 2011 was responsible for rotting people's flesh... Not only was this extraordinarily bad for their business but it also caused significant damage to the syndicates reputation and initiated a turf war when rival syndicates sensed an opportunity to grab customers and territory. As we see in the real world a happy customer is a repeat customer and an unhappy customer, well... sometimes they can really hate you.

Today syndicates, particularly those dealing with consumers go out of their way to ensure customer satisfaction and

as the capabilities of the regional security agencies to intercept and decrypt digital communications increases over time we continue to see syndicates increasingly relying on face to face interactions. There are no call centers packed with customer service clerks here, this is real person to person contact and while this might seem unnecessarily resource intensive it brings with it a variety of tangible benefits. Satisfaction rates remain high, problems are discovered, escalated instantly and resolved swiftly but more than that the local Street Crews are able to use these interactions to form intimate, empathetic relationships with their customers and neighborhoods and witness the conditions on the ground for themselves, all of which can then be fed back into the syndicate to improve their services, discover new market opportunities and uncover competitive threats. The upside of course to all of this is that now customers remain more loyal and violence is commonly a last, not first resort.

APPLYING THE LESSON

Customer Satisfaction - or to give it its true friendly organisational acronym 'CSAT' is a KPI that organisations use to measure customer loyalty and is an important indicator in helping

Notes:

organisations provide accurate future projections to the Street. All too often though it's degraded to nothing more than a simple ranking questionnaire that organisations and departments pay little attention to and which eventually gets filed and perhaps this goes some way to explain why many of today's customers feel neglected and why so many companies miss their financial projections.

Customers are the foundation of your business, with them on board you have a chance of being successful and without them you're history and it's often said that it's ten times harder to win a new customer than it is to service an existing one so with figures like this it's a mystery why many senior executives within companies don't listen more intently to their customers frustrations. That said however there is one group of individuals who listen to their customers frustrations on a daily basis and those are the people at the front line - the account managers, the customer service clerks, the technical architects and project managers to name but a few and this laudable situation is often made worse by the fact that not only are these same executives not listening to their customers feedback but they're also not listening to their own employees feedback. The net result of this is not only dissatisfied customers but also dissatisfied employees

and whichever way you try to spin it there's no way that you can say that that's a Win Win.

There are many reasons why the individual officers of an organisation can't resolve the issues and overall it has to be said that despite outward appearances many of them want to help but the fact is that they just simply don't have either the power or the remit to instigate the necessary changes because the larger the organisation the more vertically integrated and process bound it typically becomes. This said though there are some problems, such as a customer's frustration about recurring changes of account management that can be resolved simply by regional managers so why is it then that even these simpler problems go unresolved?

Any researcher or analyst looking at this set of circumstances logically would have to say that neither the board, nor the middle management teams genuinely care about these complaints because if they did they would work to resolve them, no matter what barriers they faced.

KEY TAKEAWAYS

Keeping customers satisfied is one of the easiest ways to not only guarantee repeat business but grow net new

Notes:

business as well but your organisation needs to engage customers in meaningful, empathetic dialogue and resolve their problems quickly and efficiently.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Ask satisfied customers to sponsor you into new accounts.
2. Customer Satisfaction everyone's responsibility and remunerate accordingly.
3. Put systems in place that help managers resolve issues quickly at a local level.
4. Schedule regular meetings with your customers to understand their issues.

DEVOLVED DECISION MAKING





IN THE past syndicates were ruthlessly managed and orchestrated from a single location and geography. Executive orders were followed without question and if there was a question then that became a problem and problems had a way of disappearing...

Syndicates however were among some of the first organisations to embrace the opportunities that globalization presented and since the early 2000's we have witnessed a transformation in the way that the transnational syndicates make decisions. They have modernized and flattened their organisational structures and devolved every day decision making to in country and empowered individual groups and cells by giving them complete autonomy while still expecting them to operate beneath the syndicates Codes of Conduct and Vision Statements – not that either of these specifically exist on paper of course... Not only has this strategy removed some of the command and control links, making it harder for security organisations to dismantle the syndicates, which in itself removes some of the competitive pressure and frees up resources within the organisation but the downstream effects include dramatically improved productivity, organisational agility, service localization and an improved ability to execute and experiment with new directions. Together

these factors have combined to propel the Shadow Industry to new revenue highs.

APPLYING THE LESSON

While the Street might like organisations that are predictable and stable it's often these two traits that are responsible for those same organisations eventual stagnation and death. Your competitor's ability to predict your next move makes it easier for them to defeat and out manoeuvre you in your core markets and the longer your organisation resists changing the deeper and more lasting the damage is going to be.

In a world where increasing Shareholder Returns and Earnings Per Share continue to dominate the board agenda and influence policy making ironically it's often the market leaders who are most at risk of losing their competitive edge. Not only do these organisations not see the need to - or have the desire to transform but they are more often than not the happiest with the Status Quo, meanwhile their staid corporate culture is often reinforced by the organisations need to produce stable, consistent returns for their shareholders which all too often translates into adopting low risk, low cost strategies. Over the past five

Notes:

years countless Blue Chip organisations have fallen into this trap and while there are too many to mention the notable examples include Blackberry, Dell, HP, Kodak, Microsoft and Nokia.

Traditional organisations that implement devolved decision making successfully do much more than just regionalize their key decision making capabilities and increase their agility they transform their business model - from a Centralized one to a Regional one but even as these organisations transform they face new threats from the next generation of billion dollar startups such as Uber, Hailo and Airbnb who are leveraging the power of the internet to create the next generation of disruptive Peer to Peer business models.

While there are challenges associated with each type of business model the final two are more autonomous and have two profound benefits - implemented, resourced and focused correctly they can dramatically reduce the likelihood of your organisation being disrupted by your competition and similarly they can be the launch pad that you use to disrupt your own competition.

KEY TAKEAWAYS

The world is changing faster now than

at any point in its history but the type, mechanism and velocity of change varies region by region, as a result leadership teams in one country should avoid forcing wrong fit strategies onto leadership teams in other countries.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Evolve your business model for competitive advantage.
2. Implement a universal Governance and Code of Conduct Framework.
3. Give your regional territories a high degree of autonomy.
4. Work to understand how regional variations can benefit your overall business.

Notes:

DISRUPTIVE INNOVATORS





WE HAVE already established that the shadow industry rakes in a staggering amount of money, that it is growing at an increasing rate and that they maintain their advantage because they are continually and opportunistically evolving, transforming and innovating their business models, products and services. In all cases we have found that primary and secondary innovation reaches into every corner of their business – innovation is truly embedded in their culture. Whether it is reverse engineering the ECU systems of their drug running speed boats to increase their performance and range or creating and manufacturing stealth submarines in the forests of the Amazon, building state of the art encrypted national communications networks in Mexico and perpetrating increasingly sophisticated cyber attacks against the world's top financial systems, using additive manufacturing to dramatically increase their counterfeiting quality and production capability or just simply building better long range surveillance drones you'll be hard pressed to find a field they aren't involved in.

Syndicates are the epitome of opportunistic innovators and many of them have become masters of understanding how emerging technology

can be used for criminal advantage. Vast cash reserves, simpler, faster and more efficient access to increasingly sophisticated resources, technologies and manufacturing techniques have made it easier than ever before to find invent new ways to grow their market share and identify and create new opportunities and unbeknown to many the Shadow Industry are the Original Disruptors.

If you ask anyone in the street which company was the precursor to iTunes, for example, then you'll more than likely get the answer Napster. Created in 1999 by Sean Parker and Shawn Fanning Napster was the original peer to peer music download service and at its peak it had over 26 million subscribers but it was dogged by lawsuits and copyright infringement claims and eventually the company entered into Chapter 11 in 2001 when it was hit with a \$36 Million fine. Napster was bankrupted because it operated in the public eye under the auspices of a legalized business but what few people know is that Napster was nothing new. In the mid 1990's the Shadow Industry created a platform called DarkNet which exploded in popularity, empowered by new file compression and peer to peer data transmission technologies the Shadow Industry built Topsites, private centralized data hubs that stored copyrighted

Notes:

materials which could only be accessed by people who knew the passwords. Unlike Napster though the DarkNet still operates today and intelligence agencies including the CIA, GCHQ and NSA estimate that it is 500 times larger than the 'Surface' web, contains over a trillion documents and accounts for over 60% of conventional web traffic. A far cry from Chapter 11 and there are a myriad of other, world changing examples.

The Shadow Industry has to evolve and innovate to stay alive and thrive and it does so aggressively – much more aggressively than any other industry on the planet because its survival and the freedom and prosperity of its Soldatos depend on it. Innovation reaches into every part of every Syndicate, from the way they lay out their operations and design their business models all the way through to how they make use of innovative new emerging technologies. If normalized industries are doing something today that is disruptive and ground breaking, such as Uber and Airbnb, then you can be guaranteed that the Shadow Industry discovered it ten years ago and have already moved on to the next iteration.

APPLYING THE LESSON

The severity, longevity and intensity of

the recession in 2008 took many people by surprise and showed us all just how many businesses were unprepared and unable to move fast enough to save themselves. During the good times many organisations had been happy just to maintain the status quo and cycle orders but when consumer and Enterprise spending dried up they suddenly found themselves in a desperate race for survival, slashing prices to boost sales and bring in money and slashing jobs to cut overheads.

The good times had been kind – too kind, organisations hadn't felt the pinch so hadn't felt the pressure to evolve and while the good times rolled there was enough business to go round, enough crumbs falling off the table to keep even the smallest, weakest organisations alive and the recession changed all that. Without a differentiated value proposition the only way that many organisations could react was by dropping prices – revenues fell, profits collapsed and organisations including Chrysler, General Motors, MGM, Newsweek and RBS had to be bailed out.

As time progressed the green shoots of recovery began to emerge and millions breathed a sigh of relief but leaders around the world had an epiphany. They realized for the first time in a decade

Notes:

that the status quo was their enemy and that in order for them to be truly future fit they needed to be continually reinventing themselves, challenging their preconceptions and questioning what value they really gave to their customers.

Innovation became center stage and suddenly it was the new buzz word – if an Annual Report didn't reference it at least twenty times then shareholders and analysts got nervous about an organisations future prospects and started ditching the stock and in fact the word Innovation is now so overused that many innovators argue it has begun to lose its meaning.

Everything about your organisation can be innovated – from your products and business model all the way through to the way you discover and engage new markets and innovate you must because we've seen time and time again how organisations that failed to evolve or embrace change have fallen by the wayside.

KEY TAKEAWAYS

Innovation should be in your organisations DNA but you shouldn't be satisfied with just making improvements to your existing products or services. Organisations that change the world

continually reinvent themselves and work diligently to create new mass market categories. While many organisations think that disruptive innovation is beyond them we know, from our own work that everything, given time, can be disrupted.


SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Challenge and disrupt everything
2. Create an Innovation Ecosystem with your upstream and downstream partners.
3. Innovation and R&D teams should report directly into the board and or the CxO community.
4. Innovation is a business priority.
5. Innovation should be embedded into your organisations culture and DNA.
6. Use Open Innovation initiatives to get everybody contributing.
7. Reward success and learn from failure.

EMIGRE CLUSTERS





AS LOCAL markets begin to become saturated, or perhaps as individual syndicates feel the competitive squeeze inevitably the time comes when the lure of building new overseas empires becomes too much to ignore but the syndicates who try to build these empires predictably face a multitude of cultural, lingual and market barriers and overcoming any one of these can involve significant investments in time, effort and resource.

Traditionally there have been two common approaches to breaking into new markets. The first is the “Air Drop” where syndicates parachute in their A-Teams to broker new partnerships, analyse the market from the inside and execute concrete go to market strategies. The second is the Takeover – in its rawest form, many of which are legendary for their brutality, intensity and propensity to create long lasting, irreconcilable blood feuds. The past decade has been witness to innumerable wars - from the Mafia conflicts that ravaged Southern Italy through to the relentless battles in Mexico between the Sinaloa, Carillo Fuentes, Juarez and Tijuana Drug Trafficking Organisations over the control of key North American drug corridors that still rage today and have destroyed 140,000 businesses and left over 23,000 people missing, a further 60,000 dead and are

responsible for the homicides of over 3,000 Police officers.

If you thought that the shadow industry restricted takeovers of this ilk to its own industry you’d be wrong as FirstPlus Financial Group (FPFG), a publically traded Texas based financial services organisation found to its peril. In September 2013 thirteen members of La Cosa Nostra organized crime family used economic extortion and threats of violence to remove its entire Board of Directors and management and seize and maintain control of the company. Once in control they looted FPFG through a series of fraudulent consulting agreements and acquisitions involving companies they controlled and used their criminal enterprise to extract millions of dollars.

Today though the shadow industry has found another way, a third way to lower the barriers to entry and break into new territories. As border controls continue to be relaxed people are increasingly emigrating en masse and creating new community clusters in their adopted home countries. As these influxes continue these centers, built by likeminded individuals who share the same linguistic heritage, cultural roots and beliefs continue to expand while their local leaders and Entrepreneurs help new arrivals leverage

Notes:

the clusters support networks to expedite their understanding of, and integration into the local economy and culture and the shadow industry has found a way to leverage these clusters to their advantage.

Entrepreneurs, in most cases, are particularly adept at exploiting new market opportunities and identifying weaknesses in the local industries existing portfolios. Every culture and every country have individuals who prefer to carve their niches out in the shadows and these individuals are now the syndicates key bridgeheads into their new territories and markets.

APPLYING THE LESSON

Every organisation wants to break into new markets but and there are a number of common ways they achieve it, all of which, of course, are near mirror images of the methodologies employed by the shadow industry - with the exception that the execution is legal and subject to greater public scrutiny.

Organisations are always looking for the lowest cost, lowest risk, highest return model to break into new territories but finding the right balance is often difficult. Opening, resourcing and manning your own regional office, particularly when

managed from the parent country is expensive and burdened with risk and then of course there's the matter of hiring the right caliber employees to staff it. This particular model carries its own paradigm - on the one hand you have complete control but on the other hand your lack of insights into the dynamics of this new territory, and lack of direct contact will likely mean you have a slow start and that at worst it will fail.

Alternatively, and depending which industry you're in, you can acquire a local, complimentary organisation in your territory of choice - you could of course merge with an organisation but the return on investment will be longer and you have to concede full control. Acquiring a reputable local organisation means you have complete control but you now have the added advantage that this organisation has a reputation, profound customer relationships and a deep rooted understanding of the dynamics of the local marketplace. The downside of this model though is that it's expensive to buy another organisation so unless they're in trouble it's common for organisations to pay between two and five times the P/E ratio and it's still a complex, resource intensive and risky undertaking. One of the other downsides of course is that when you buy an organisation you can inherit a litany of problems that include out of date systems, politics, discordant

Notes:

procedures and an errant culture all of which introduce risk and delay your return on investment.

Often the lowest cost, lowest risk way to enter a new market is to selectively outsource your sales, support and distribution operations for a defined period of time to a local consultancy who can use their insights and relationships to identify the best route to market, bring on the right mix of partners and grow your sales. Traditionally many of these consulting organisations are willing to work on a performance basis, uplifting the cost of the goods and services slightly and then taking a percentage of the sales revenue to cover their overheads.

KEY TAKEAWAYS

Organisations need to reduce the risk and costs associated with opening up a new territory and your return on investment will ultimately decide which path you take but in the short to medium term the use of local consultancies often proves advantageous provided both organisations are realistic and enter into the agreement in the true spirit of partnership.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Be prepared to regionalise your products and services.
2. Use regional consulting organisations to break into new markets.
3. Work in partnership with your downstream partners and do not burn your bridges.
4. Work to understand the intricacies of the markets you're breaking into.

ESPIONAGE



THERE IS no better way to beat your competition that knowing exactly what they're developing, how they're going to distribute it and who their customers are going to be so it's no surprise that inside men have formed an integral part of helping criminal organisations stay steps ahead of their competition but over time the shadow industry's reliance on inside men has waned and been replaced by a new weapon - Cyber Espionage.

This paradigm shift in behaviour, which first emerged in the 1990's, long before the dot com boom, has proved to be an incredibly lucrative strategy - not only has it allowed them to reduce expenses by half and consolidate employees and resources it's also given them a much larger net and increased their market opportunities by a multiple.

Since the early 2000's it is calculated that this change of tactic has netted the Shadow Industry over \$12 Trillion dollars and that's a conservative estimate. In 2013 the FBI estimated that Cyber Espionage and Intellectual Property theft is costing US businesses alone over \$250 Billion per annum and every year we're seeing Cyber Crime and Cyber Espionage numbers increase by at least 9% CAGR and last year Symantec estimated that 14 people per second

were victims of it. Bringing all of this into perspective that means that over 431 million people and almost every large organisations on Earth lost money, time and IP so bearing in mind that only one third of the planets population have a reliable internet connection there is staggering room for growth and opportunity.

APPLYING THE LESSON

How useful would it be to know exactly what you're competition is developing, how they're going to sell it and into which markets?

Industrial Espionage and Cyber Crime are rightly illegal but while they're now one of the shadow industries favorite, and arguably most profitable tools there are still a myriad of ways for your organisation to gather useful insights and intelligence on your competitors without having to resort to hiring the Black Hat hackers but to get accurate and useful intelligence you need to be prepared to cast your net far and wide.

In today's hyper connected world finding people who know a lot more about your competition than you do is far easier than you might think and the fact that all these methods are legal, and more

Notes:

importantly, ethical just makes it sweeter. Your ecosystem of partners, consultants, analysts, press contacts, customers, marketers, bloggers, employees, new hires and even friends and relatives come into contact with your competition on a daily basis and engaged with wisely they can give up a goldmine of valuable information that you can use to help you build a comprehensive picture of your competition – past, present and future.

Far too few organisations realise the volume of quality insights they can mine from their ecosystem but with the right focus, sensible management and with the right systems in place it's possible to quickly and easily build a comprehensive database of information that can help you gain a valuable competitive advantage.

It's more than likely that the most valuable insights into your competition will come from the experiences that cross vendor, cross industry consultants and new hires have gathered during their tenures at different organisations and while confidentiality agreements will prevent some of them sharing warts and all the vast majority of them are open access, consequently their insights into the political, commercial and technical areas of your competition can be unparalleled.

The next most valuable sources of information then include feedback and insights from your competitors customers and partner community and often the experiences and opinions they share help paint a more intimate portrait of your competitor based on their own specific inter personal relationships with the organisation. Meanwhile while analysts, press contacts and bloggers are useful a lot of the information they have access to, and can share, is already publically available and any interesting tidbits are often beyond your reach, bound by strict confidentiality contracts.

In the future though you'll have access to even greater insights courtesy of the internet and we aren't talking about the era of the online review, we're talking about the advent of Big Data analytics and the arrival of the Semantic Web – software driven capabilities that are so powerful they can trawl all of the web looking for clues about your competitors weaknesses and next moves by examining hiring practices, spotting investment patterns and extracting meaning and insights from back and forth communications across social media. Think about it – your competitors Head of Research makes a number of new connections with a few Material Sciences professors on LinkedIn who specialize in cutting edge chip fabrication and then he starts using a number of public forums to

Notes:

start reading and asking questions about the latest fabrication methodologies... if his employer is a server hardware manufacturer then he could be trying to develop a faster CPU to knock your high performance servers off their perch but now you know his intent you can proactively react, up your game and try to beat them to the punch.

KEY TAKEAWAYS

Being able to predict your competitions next moves gives your organisation a critical business advantage and there are many partnerships and tools at your disposal that can help you gain sound, accurate insights to create business advantage.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Always act with morals and integrity.
2. Check the accuracy of your information and use it to create business advantage.
3. Collate information in a single silo

and get one team to advise strategy.

4. Create a standardised process for gathering and ingesting information.
5. Deploy enterprise wide Big Data and Analytics solutions to spot patterns and trends.
6. Use your ecosystem of contacts and partners to build a comprehensive picture.

EXTERNAL PROBLEM RESOLUTION





AS WE saw in one of our first topics in this paper “Ambition” every industry has its fair share of external problems and so it is with the Shadow Industry, and just like other industry they have their own Codes of Conduct and their own ways to resolve them. While many among you may think that violence is one of the Shadow Industry’s primary methods to control, contain or resolve issues our studies show that time and time again this isn’t the case. Surprisingly violence is commonly the exception, not the rule.

Violence is costly and impacts both the delivery capability of the organisation and it’s short and medium term commercial prospects and overall that’s bad for revenues and bad for business. Today many Syndicates have appointed Peacekeepers to act as bridgeheads between competing syndicates and functional groups and units.

Peacekeepers all have one thing in common, they are there to pro-actively initiate civil dialogue between rival groups and solve problems that either are, or could begin destabilizing the syndicate. Often though these dialogues not only end up resolving the original problem but also help foster new partnerships that have then gone on to make the two organisations even stronger

and more relevant.

APPLYING THE LESSON

Your organisation will face a multitude of external pressures from within your own industry as well as other alternative industries and while you might only be able to take on two or three big battles at a time you’ll come across a myriad of distractions, from micro issues that include having to manage disruptive analysts and journalists all the way through to macro issues such as the 2008 recession.

Many of your day to day battles however will inevitably involve your competition and while marketing channels may have evolved immeasurably over the past decade, moving from multi-channel to omni channel in many respects the tactics used, such as FUD or ‘Fear uncertainty and Doubt’ have gone largely unchanged since the early 1920’s and still only serve to fuel the fire of rivalry, pitting organisations into a fierce Feature to Feature slugfest that in the long run only serves to devalue each organisations proposition.

Some rivalry is healthy but organisations today, particularly the larger enterprises, often get drawn into heated social exchanges that all too commonly boil

Notes:

over into their meetings with customers and do little or nothing to help them boost their credibility or credentials. When a rivalry becomes personal, whether it's with a competitor, a customer or the media everybody loses – your organisation will become increasingly tactical and begin focusing more and more on beating that single actor and eventually you'll lose sight of the bigger picture - or worse fail to see and react to the new competitors that are eating away at your customer base.

It's very easy to see how organisations get drawn into one on one battles but your customers don't care about your fights, they simply want you to focus on them and help them solve their problems in a swift and professional manner.

Strong leaders will always tell their teams to rise above the rivalries and focus on their customers' needs but it is equally important that those same leaders are constantly scanning the horizon for new disruptive threats and opportunities so they can continue to stay one step ahead of their competition and win the war.

KEY TAKEAWAYS

External problems can distract your organisation from its key priorities and anything that you can do to remove

or minimise these disruptions and help your employees get on with growing the business must be prioritised.

SUMMARY OF ACTIONS


While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Assign Peacekeepers to manage external flare ups.
2. Give your managers the power to resolve disputes.
3. Implement a framework that lets employees delegate generic, non critical issues.
4. Step back from the tactical knife fights and focus on the big picture.

Notes:

FAVOURABLE JURISDICTIONS





MANY OF us are familiar with Benjamin Franklins quote "The only thing that is certain in life are death and taxes" but if you work for a syndicate then only death is certain.

If the shadow industry operated within the law then we would call it normalized business but it doesn't so it isn't. While the shadow industry's purposeful disregard for the law enables it to go after any opportunity it sees fit to pursue it also creates their largest barrier to growth because it creates a competitor like no other, ones that are supported by trillions of dollars of long tail investment and ones that have been created with the sole purpose of disrupting their operations and putting them out of business. We are of course referring to none other than the law enforcement agencies.

The shadow industry has always been adept at evading law enforcement but today, and leveraging the distributed power of the internet they have gone one step further. Today internet scams bring in more than \$1 Trillion in revenues for the shadow industry and while the actors involved work hard to protect their identities more and more of them are operating out of Third World, Communist or Eastern Block countries like Somalia, China or Kazakhstan - not because

they're nationals of those countries but because those countries have weaker computer crime laws that they can exploit and no extradition treaties with the likes of the US or UK. Over the years the shadow industry has become increasingly adept at moving their base of operations from country to country to take advantage of more favorable legislation so in many cases even if law enforcement agencies could identify them they couldn't arrest them.

APPLYING THE LESSON

In the US alone according to the Regulatory Affairs Committee there are over 730 regulations, with another 3,503 in the pipeline that directly affect an organisations capability to operate and while the cost and organisational impact of complying with all of these regulations is always in debate the fact remains that ensuring regulatory compliance dramatically decreases an organisations profitability, attractiveness, flexibility and agility. Consequently it's unsurprising that upstream supplier organisations are continually engaged in a game of Jiu Jitsu with the authorities trying to find loop holes to exploit, meanwhile their downstream customers, such as those in the Aerospace and Defence industry are motivated to actively seek out and work

Notes:

with less stringently regulated supply chain partners such as those in Europe.

While there are many wide ranging regulations, affecting every industry Sarbanes Oxley, introduced in 2002 is one of the most noticeable and arguably one of the most restricting. In 2012 the Securities and Exchange Commission estimated that publically traded firms spend over \$2 Million annually in direct costs complying with SOX but also concluded that those costs pale in comparison to the soft costs that organisations have to absorb to implement, monitor and manage it. Meanwhile erstwhile research by institutes such as the University of Rochester and Protiviti reveal that since its inception SOX has not only had a direct role in reducing the effectiveness of America's capital markets and reduced shareholder wealth by around \$1.4 Trillion but that 64% of organisations with a market cap of over \$1 Billion believe that the cost to 'Corporate America' have outweighed the benefits so we can see that legislation can have a tangible impact on your organisations bottom line.

Every organisation wants to maximise profits so just as we have seen with the shadow industry normalized businesses are also adept at navigating local laws to their advantage. In 2012 it was estimated that corporate tax avoidance

cost the UK Treasury over £5 Billion and organisations including Amazon, Apple, Google, Starbucks and Vodafone have been routinely summoned to appear in front of MP's to explain their "immoral use of secretive jurisdictions, royalties and complex organisational structures to avoid paying taxes" on British profits. These accounting arrangements might be described as immoral but they are common practice, lucrative and highly profitable and in 2013 the US Government estimated that US organisations alone are holding over \$2 trillion worth of untaxed profits booked as offshore income in holding accounts outside of their jurisdiction.

KEY TAKEAWAYS

Laws and Compliance regulations exist for a reason and should always be obeyed but organisations can navigate the differences between jurisdictions to their advantage.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:


1. Act morally and ethically.

Notes:

2. Create an organisational structure that leverages laws for business advantage.
3. Optimise your legal framework and governance programs.

INTERNAL PROBLEM RESOLUTION





LIKE ANY organisation the shadow industry has its fair share of disgruntled employees, rebels and worriers all of whom could turn to the competition - or worse the security agencies to air their grievances and swap allegiances. The shadow industry is renowned for its propensity for violence and conflict so there is always the constant, pervasive threat that people will collapse under the intense pressure of operating within a no holds barred industry that has no boundaries and few ethics any one of which could undermine, derail and devalue the organisations initiatives, brand and reputation.

Our studies found that many of the syndicates underpin their mature human resource procedures with an invested, alert, family centered and caring employee culture which helps them identify, understand and resolve issues that affect morale and work performance quickly and efficiently.

This is a world everyone is acutely aware of the dire personal downstream consequences that a demoralized colleague can have on their families, their life styles and their freedoms so everyone makes it their personal responsibility to watch out and care for each other. Collectively these initiatives unify the organisation creating tighter

bonds and greater degrees of trust which make the organisations stronger and more impregnable.

APPLYING THE LESSON

One of the most important, but most overlooked benefits of a harmonious organisation is the fact that the absence of conflict allows everyone to focus on their work and progress the objectives of the organisation but unfortunately problems are often inevitable.

Internal problems come in many shapes and sizes - from people who complain that the canteen has run out of their favorite sandwich all the way through to competing directors who can end up tearing the organisation apart. Today, however, far too many executives are externally focused and we can understand the reasons why - it's your organisations battle ground where your customers and your competition live but a failure to listen to and look after the wellbeing of your own employees can have a dramatic ripple effect across the organisation which if left unchecked can land you in Chapter 11.

There are many ways to spot and identify problems and every organisation should make it every employee's responsibility

Notes:

to look out for them and help resolve them where they can. Many executives like to try to keep their finger on the pulse and sporadically take the temperature of the organisation by rolling out annual employee surveys but while these surveys can act as an accurate barometer of the feeling within an organisation the negative results are all too often neglected and glossed over which is the worst thing that your organisation can do. Not only do your employees now know that you know how irked off they are but they now also know that you don't care enough to address the issues they raised so disenchantment rises and morale falls even further and once these two get hold of your organisation you'll find revenues start collapsing and have little option but to watch as your employees beat a speedy path to the exit.

It's no coincidence that the organisations who constructively listen to their employees and take tangible steps to address their problems them are not only the most admired but they are also often the fastest growing.

KEY TAKEAWAYS

Every organisation needs its employees to be focused and firing on all cylinders but internal problems can distract and

demoralize your employees and derail your strategy.

SUMMARY OF ACTIONS


While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Assign Ambassadors to identify and resolve internal issues.
2. Listen to employee feedback and ensure you resolve negative issues.
3. Make it everyone's job to look out for and resolve conflicts.
4. Put systems in place that let employees confidentially air their grievances.

Notes:

LEAN TEAMS





THE SHADOW Industry's sole purpose is to maximise profits and to do this you need to maximise your revenues and keep your costs low and this is something that the Shadow industry excels at. Their methodology is split into three parts which we will call Remuneration, Perfect Planning and Perfect Talent.

Firstly let's discuss Remuneration. Many of the individuals who are involved in carrying out criminal acts such as theft, smuggling, counterfeiting, scams and hacking which account for about a half of all illegal activity by revenue are paid a percentage of the final haul and while they may be paid a retainer plus expenses up front, whether it is a gesture of good will or to cover necessary set up costs it's often the case that these sums are subtracted from their final cut. There are no ongoing monthly operating costs here, everything is strictly payment by results.

Secondly Perfect Planning. As we saw in our case study at the start of this paper Perfect Planning is the cornerstone that underpins the organisations ability to maximise returns and maximise profits. Perfect plans, such as "Inside Jobs" where there are no unknowns, where all the risks are quantified and accounted for and where the skills of

each Soldato are perfectly matched to the tasks they've been assigned allow syndicates to create lean teams that use minimal resources, execute with speed and eliminate resistance. Creating the Perfect Plan requires information and insight which can be sourced through a variety of means that range from insider information, gleaned by either bribing or "persuading" the right individuals, through to the outright theft of confidential material.

Thirdly Perfect Talent. If you have a Perfect Plan then you'll know precisely what roles you need people to execute and this allows you to hire the right experts. Not only does this approach allow you to only hire a lean team but fewer team members also minimizes the risk of being detected or being sold out to the security agencies, it also means that the haul is split between fewer individuals allowing both the organisation and the individuals to each maximise their profits.

APPLYING THE LESSON

Organisations are renowned for running as lean as possible to keep expenses low and maximise profits but every day organisations make irrational decisions that affect their ability to execute and

Notes:

fail time and time again to optimize the deployment of their best assets – their people.

Every organisation on Earth is trying to reach Execution Utopia – that place where actions are completed on time and against plan but ninety nine times out of a hundred they all too commonly find that things go off plan very quickly. So is perfect execution a myth? Certainly not but the more moving parts your organisation has to deal with the harder they are to control and this is where creep comes in.

Perfect execution relies on your ability to predict and control the chain of events that play a part in helping you achieve your goals but just one alteration in the status quo can have a dramatic knock on effect and throw a spanner in your plan. Inevitably your ability to predict and control all of these events will be directly linked to your ability to influence and understand them and while some of this comes with time and experience you'll often find that it's your relationships with the people involved with each event that will be the key that helps you stay on target so the better your relationships with them the more influence you can exert, the more insights you have and the greater your likelihood of reaching Execution Utopia.

Relationships are borne out of consistency, respect and from a program of constant engagement but leadership teams, being the prolific meddlers that they are, are continually moving people around the organisation - breaking the vital relationships they've formed with each other and their day to day network of contacts and resetting many of your organisations relationships with your ecosystem of partners, customers and suppliers back to square one and then the cycle of rebuilding those key relationships has to start all over again so against this backdrop is it any wonder that so many organisations struggle with execution?

KEY TAKEAWAYS

Perfect execution isn't a myth but even the most experienced and mature organisations can fall at the first hurdle. Perfect execution is dependent on your organisations ability to see, control and predict every step that contributes to a successful outcome.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

Notes:

1. Prioritise and preserve your organisations valuable relationships.
2. Remove organisational barriers so you can quickly build the Perfect Team.
3. Use senior sponsors and partnerships to influence the people and actions you can't.
4. Use your relationships, partnerships and insights to create the Perfect Plan.

LOCAL TOUCH





AS THE world continues its relentless march towards technology utopia the Shadow industry remains stubbornly resistive to technological change in its core business. When we discuss technology within the boundaries of the Shadow Industry two things are true – firstly they are experts at finding new and innovative ways to exploit all manner of bleeding edge technologies, such as Additive Manufacturing to their advantage, and secondly they are experts in counter intelligence and hiding their activities in the Dark Web and the myriad of encrypted communications platforms - continually one upping the security agencies in their war to avoid detection.

As a consequence there is a third truth - they know that technology and the digital traces it leaves behind increasingly have the capacity to expose them and their operations to the regional and national security agencies whose capabilities to find, intercept and decrypt digital communications and information are increasing over time - especially as we start to enter the Quantum Era where even the toughest encryption can be brute forced in a matter of hours.

The result is an uncomfortable relationship with technology but just as many organisations would see the

removal of their organisations technology layer as a disaster the Shadow Industry embraces it. Subsequently a lot of the interactions that take place are face to face and this means that people know - really know, each other, can observe and hear what's going on and be more intimately involved in their neighborhoods and market places.

Overall the removal of this digital layer actually serves to increase the quality of communication, boost social interaction and helps syndicates develop better quality insights into their territory's buying patterns and future trends.

APPLYING THE LESSON

To many organisations the words 'Local Touch' are either taken to mean Community Outreach programs or better contextualized regional marketing initiatives. Over the years we've seen countless numbers of organisations, for example banks, close their regional branches and replace them with more cost effective digital, web enabled on demand systems and while this strategy has helped those organisations reduce costs it's been at the expense of one of your organisations most valuable assets - the customer experience.

Notes:

As customers ourselves we all know how fast unhappy customers vote with their feet so it's with some irony that in today's digital world organisations spend billions of dollars creating personalized digital experiences for their customers but forget the last meter – the personal touch.

Is it any wonder therefore that the industries with the lowest customer satisfaction scores are banks, social media and utility companies and that the industries with the highest scores include estate agents, restaurants and premium retailers?

The customer experience should be central to your organisations strategy but it very rarely appears on any organisations Annual Report and it's a shame that as the world gets ever more connected we seem to be getting more and more disconnected from the organisations we deal with and in the future this will likely only get worse as organisations like IBM begin rolling out technologies like 'Watson' which will completely automate our customer service experience, replacing a live person with nothing more than a Cognitive Computer system.

Imagine the customer experience you'll have talking to a logic based machine...

KEY TAKEAWAYS

A comprehensive digital strategy is no substitute for the personal touch and organisations should examine how they can blend the two to improve their customer experience.

SUMMARY OF ACTIONS


While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Ensure you maintain a bold physical presence in all of your territories.
2. Maximise customer face time by optimising your employee coverage.
3. Use technology to compliment your employees real world customer relationships.

Notes:

LOYALTY





LOYALTY STANDS shoulder to shoulder with Trust as one of the most highly regarded traits within the shadow industry and we can easily see how the two are intertwined but in the interests of fairness loyalty must be two way otherwise an imbalance forms that can undermine the syndicates very fabric.

Syndicates expect and demand loyalty to the organisation - everyone united under one banner to fulfil a common purpose and in return they offer a lifetime of wealth, protection, promotion and resources.

The shadow industry learnt a long time ago that loyalty is important, not only are loyal Soldatos less likely to shop their colleagues to the law enforcement agencies but more importantly it enhances the consistency and trust within the organisation, speeding up decision making, increasing organisational agility and flexibility and most importantly allowing the organisation to maximise new opportunities for growth.

APPLYING THE LESSON

We have all witnessed how loyal the Executive Board are to their shareholders but a recent survey of over 15,000 Americans found that 67% of employees

don't feel their organisation values or returns their loyalty so academically at least we can be comfortable saying that many employees feel let down.

Loyalty can be one way but as we'll all attest to that can often lead to disappointment in the end. Loyalty is far more rewarding for everyone involved when it is two way but this is where the problems begin to emerge - especially in larger public organisations. In today's results driven world you'll find that many leadership teams' remuneration packages are tied to the organisations share price performance and this creates a dichotomy. The leadership teams focus on increasing the organisations share price and Earnings per Share are at odds with protecting and looking after the interests of their employees and the reason for this is simple.

EPS is calculated by taking the Net Income of the organisation minus the dividends on the preferred stock divided by the organisations total number of shares so, as we can see, when net income falls, perhaps because of the effect of a recession or competition, or changes in the market then the board have three options to return it back to growth - acquire or create a new profitable source of revenue, restructure to improve productivity or lastly make

Notes:

people redundant. Unfortunately for many employees the third option, when coupled with a share buyback program, is the fastest quick fix because while the first two can take up to three years to return results letting go of employees only takes three months and done en masse it can quickly cut overheads and boost net income in turn increasing EPS and putting the leadership team back on the front foot with their shareholders.

It is hard for an organisation to be truly loyal to their employees when their remuneration packages are wholly dependent on boosting net income because as we've seen creating new value is much harder to do than making people redundant and if employees were once loyal to their organisation then when they see their colleagues being made redundant en masse – wondering if they're next, then that loyalty fades and so does morale and when your organisation begins losing those two values revenues normally continue to slide, profitability continues to erode and employees begin to abandon ship.

Over the past decade we have all become increasingly used to the fact that very few jobs are for life and that change is the only constant but there are organisations out there, like Google that manage to find the right cultural balance between being loyal to their shareholders

and being loyal to their staff and while we could argue that it's hard to accomplish it inevitably comes down to just three factors – communication, integrity and respect.

KEY TAKEAWAYS

Loyalty is one of your organisations most valuable assets and nurtured properly your organisation will reap the benefits but without it your employees will behave tactically and leave at the first opportunity - increasing your hiring expenses, breaking valuable relationships and impacting your revenues and growth.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Loyalty must be two way and your commitment to it must be consistent.
2. You must be open and honest in your dealings with all your employees and stakeholders.
3. You must navigate the right path to manage and resolve conflicting

Notes:

priorities.

4. Treat your employees as individuals and respect their individuality at all times.

PERKS





PERKS WITHIN the Shadow industry are legendary and everyone is familiar with the concept of criminal crews splitting their ill gotten gains among themselves. The reasons for this are obvious, people are rewarded for their involvement in a successful enterprise, compensated for the risks involved and paid appropriately for their skills. Very few criminals today, if any would get involved if they weren't going to get adequately rewarded and the syndicates focus on lean teams ensures that everyone gets the maximum returns and there have been numerous examples of criminals living the celebrity lifestyle.

APPLYING THE LESSON

Of course in the normalized world many organisations compensate their staff for their time by providing a basic wage which covers the employees business as usual activities that form part of their daily work routine. Members of the criminal fraternity however enjoy no such luxury and while they may have a monthly income it certainly doesn't come from what we would recognise as a common a garden 'wage'.

Perks, or as we call them in the normalized world of business bonuses, compensation packages, bonuses and

awards fulfil a critical role in building, boosting and sustaining the morale of your workforce but in today's austere times how many organisations can say that they haven't cut back on perks and expense schemes? Many of you in larger organisations will be all too familiar with those messages that drop into your inbox telling you that reward schemes, bonus plans, commission payments, off site events, company meetings, team meetings or seasonal celebrations have been cancelled or watered down because of budget constraints and meanwhile over achievement is rewarded with a sharp hike in target to help the organisation stay within wage and expense targets.

KEY TAKEAWAYS

While organisations would argue that they remunerate their employees properly and in line with market expectations you need to nurture your relationships with your employees and show them that you value them. In today's world standard remuneration packages lack imagination and eliminating reward schemes or getting employees to pay for their own Christmas parties does little more than show them how little you value their sacrifice and contributions. Not every perk has to be

Notes:

expensive or monetary and it's important that your organisation recognizes that there are many ways to incentivise employees.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Avoid creating one rule for the executives and one for the rest of us.
2. Create reward packages that incentivise particular achievements or behaviours.
3. Not all perks have to be monetary.
4. Pay for the office party.

Notes:

PROCESS AS THE ENEMY





THE SHADOW Industry recognised a long time ago that processes and procedures, while important create audit trails and digital fingerprints that the law enforcement agencies can use to track and identify their operations and employees, meanwhile they also realized that masses of processes reduced their organisational agility and ability to rapidly break new opportunities - neither of which is acceptable in their dangerous, rapidly evolving world.

Over time their organisations have evolved to be process light and this phenomenon has allowed them to build, destroy and reshape their organisations and their business models time and time again creating, in essence, polymorphic organisations which can quickly adapt to new market conditions and maximise new opportunities while having the additional benefit of making it increasingly difficult for law enforcement agencies to predict and track their activities.

APPLYING THE LESSON

Processes are the bane of many a good organisation and put quite simply the smaller the organisation the fewer processes they have and the more nimble, or 'Entrepreneurial' they can be. Both these traits are so sought after by

larger Enterprises that organisations as renowned as GE and Coca Cola invest vast sums of money trying to acquire or reclaim this lost 'Entrepreneurial Spirit' so they can grow revenues and break into new markets. It's somehow ironic to think that over time these enterprise organisations have become so process bound that they believe that any smaller, nimbler competitors who can outflank them are automatically embodied by a mystical 'Entrepreneurial Spirit' when in many circumstances the reality is just that these organisations are nimble because low process loads allow them to be more polymorphic.

Unfortunately processes are a necessary evil - born out of the desire for standardization and control, but left unchecked they can proliferate uncontrollably as your organisation grows and today many traditional organisations, particularly vertical organisations like IBM, are now so process bound that it's increasingly difficult for them to transform their business model and, as Gartner put it, execute efficiently. Inevitably this state of affairs often dents earnings, reduces their ability to go after new market opportunities and helps smaller nimbler organisations disrupt them and take market share.

Notes:

While many organisations routinely try to streamline their processes using methodologies like Six Sigma the fact remains that the teams tasked with the job are out manned and out gunned thousands to one and it's not uncommon to find that just a single process can be interwoven across many different departments and that very few people, if anyone know what it looks like from end to end so over time it's inevitable that the number of processes in your organisation will increase and process confusion is often made worse by the fact that new processes are often ineptly laid over old processes contributing to the muddle.

In the world where process is king it is the horizontally integrated organisations - not the vertically integrated ones, that turn out to be the most agile because they chose to layer the common, day to day processes over the top of their lines of business and task a single administrative unit to manage them. One process and one team to rule them all.

KEY TAKEAWAYS

Processes play a vital role in helping organisation create repeatable, standardised outcomes but implemented unwisely and left to proliferate they can damage your long term business prospects by reducing your agility,

hurting your execution capabilities and impacting your ability to seize new market opportunities.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Create an adaptive Polymorphic organisation.
2. Create escalation procedures that allow you to fast track priority issues.
3. Design future fit business processes that enhance business agility.
4. Rationalise and consolidate as many processes as possible.

Notes:

REAL TIME REACTIONS





IN TODAY'S connected world the Shadow industry continues to show us that not only is it able to monitor global developments in real time but that it is also able to use them to its advantage, sometimes with devastating effects.

In 2008, in an attack that the western security agencies called a terrorist template for the future and became a prelude to the Westland bombings in Africa, members of the Lashkar-e-Taiba, one of the largest and most active terrorist groups in southern Asia committed an atrocity in Mumbai killing 168 people and seriously injuring another 308. The coordinated attacks started on Wednesday 26th November and lasted until Saturday 29th. The planning was complex. SIM cards were sourced from America and Pakistan, weapons were sourced from China, intelligence was gathered using ground based intel as well as Google and Google Earth and the attackers destroyed the Cobala police Command and Control Center before simultaneously launching the attacks from land and sea and taking a mix of Cocaine, LSD and steroids to stay awake for the 50 hour rampage. Despite this though the most deadly part of their armory was a Pakistan based Command and Control Center equipped with a satellite phone, hand held mobiles, laptops,

broadband and a TV where the Lashkar chiefs used live video feeds from the terrorists headsets, from-the-scene news broadcasts and live public from-the-scene social media commentaries to direct the slaughter by phone and help their teams evade capture.

While this is, of course, an extreme example of a terrorist group using live feeds to gain an advantage it's unnervingly common for organized crime groups to use omni channel marketing campaigns to exploit newsworthy events. Disasters are on the rise and whether they're man made or natural it makes no difference to the criminal underworld. Every year the world's civilized society gift trillions of dollars a year to erstwhile charities who have the unenviable job of supporting the victims of terrorist attacks, floods, famines and earthquakes in their time of greatest need but criminals, as we've witnessed so often before are able to plunge to even greater depths of depravity and swiftly use news to their advantage.

One week after Hurricane Katrina struck New Orleans the FBI issued a press release stating that the 'great majority' of over 4,600 websites soliciting money on behalf of the victims were fraudulent and there are many other nefarious examples such as the Yakuza in Japan who used

Notes:

live information after the Fukushima earthquake to run labor broking and construction scams, both notorious for their deceptions and swindles.

The World Health Organisations Center for Research on the Epidemiology of Disasters, CRED, defines a disaster as “a situation or event, which overwhelms local capacity, necessitating a request to national or international level for external assistance; an unforeseen and often sudden event that causes great damage, destruction and human suffering” and according to the World Disaster Report, compiled by the International Red Cross and Red Crescent disaster relief agencies there have been over 600 multi-billion dollar Disasters since 2002 which have killed over 1.1 Million people, affected a further 2.1 Billion and caused over \$1.43 Trillion in damage. Over the years 40% of the rebuilding, humanitarian aid and support costs of righting the damage from these catastrophes have all been funded by the generosity of the public and the World Giving Index, a worldwide survey into the year by year charitable giving habits of the world’s population have found that during the aftermath of a disaster the number of people donating money each month rises by an average of 2.4%, or 312 million.

As the culture of giving becomes increasingly omni channel authorities

continue to report a 9% CAGR rise in technology led scams with estimates from agencies including the FBI, UK Government and UN suggesting that between 3% and 14% of all donations are siphoned off so putting this into perspective in 2012 alone between \$5 Billion and \$22 Billion could have been siphoned off. Shockingly however these estimates fail to include downstream, long tail scams such that include corruption and fraudulent construction contracts which commonly run into many tens of billions of dollars per year.

Ultimately, as unfortunate as it may be, we cannot say that these tactics haven’t been successful for them.

APPLYING THE LESSON

There is no denying that over the past decade we have all become more interconnected and as new technologies emerge such as the Internet of Things, the Semantic Web and Embedded Technology this trend is accelerating.

We live in a time where access to real time information, both at a micro and a macro level is becoming increasingly ubiquitous – from being able to read tweets from a Malaysian farmer who’s watching storm clouds track across the horizon all the way through to watching

Notes:

every aspect of the search and rescue operation for a lost aircraft but having access to this information doesn't necessarily mean you know how to capture it or use it to your advantage.

Being able to see information in real time is one thing but if you are going to use it for competitive advantage then your organisation is going to have to be able to react quickly enough to maximise it.

Over the past number of years there have been a multitude of events that organisations could have used to their advantage had they seen the opportunity and been able to react quickly enough such as the ruinous monsoon floods in October 2011 that crippled the factories responsible for producing over a quarter of the world's hard disks.

To the average outsider this information was just news but to Dell, EMC, IBM, Lenovo, Netapp and HP who relied on these components for their Enterprise and consumer technology products this news had disastrous downstream consequences. They felt the first ripple effect when they couldn't fulfil customer orders, revenues declined, leadership teams missed their earnings calls and over \$20 Billion was wiped off of their share prices then soon afterwards, when they had all sold through their reserve stocks, the second ripple hit – drives

were in constraint, demand exceeded supply and component prices increased by over 30%. Again, to an outsider this might sound unfortunate but it meant that customers tried to manage with what they had and delayed purchase orders so for the second time in nine months organisations found them facing revenue shortfalls and their stocks lost an extra \$12 Billion.

If any of these organisations had been quick enough off the mark and understood the implications of the floods they could have increased their forward orders and cornered the remaining supplies at the expense of all the other manufacturers. Not only would this have given them an epic price and supply advantage but it would have allowed them to aggressively target their competitor's customers, take orders, exceed revenue targets and take market share.

In other industries organisations have managed to leverage the real time power of social media to dramatically reduce their advertising bills. One of the most famous examples recently was Procter and Gamble's Tide business unit who saved over \$4 million by deciding not to buy a prime advertising slot during the recent Super Bowl, instead their marketing team used Twitter to Tweet about other people's Super Bowl ads

Notes:

creating Tweets such as “Puppies and horses @Budweiser? Adorable, or just a giant mess for @Tide to clean up. #GetsItOut” and “@JaguarUSA May we recommend one of these as well? @Tide #GetsItOut”. When all was said and done it was hailed as a grand success and their tweets and viral videos were retweeted tens of millions of times.

feeds and create new experiences.

KEY TAKEAWAYS

Every day there are millions of opportunities for organisations to use real time data to generate new insights, reduce costs and create business advantage.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Create an agile organisation that allows everyone to react and respond with speed.
2. Deploy enterprise wide Big Data and Analytics solutions to spot events and trends.
3. Look for new ways to interact with live

Notes:

TRUST FAITH AND OPENESS



DISILLUSIONMENT AND dissatisfaction create disconnected employees and disconnected employees work with less vigour and less passion culminating in poor quality, disaffected customers and reducing revenues - all of which put organisations at risk.

Employees mentally and emotionally connect with their organisations in many ways. While many people believe that Trust, Faith and Openness are inseparable bed fellows and that one can't exist without the other they are all distinctly separate values. While it's true that when they're intertwined together the resulting feelings and commitments are stronger than they otherwise would be when the sun sinks below the horizon at the end of the working day each of these values is indelibly personal and meaningful to the individual and unfortunately this is where many of the dichotomies appear.

Individuals Trust their employers with their families lifestyles and livelihoods, they want to have Faith that they won't unexpectedly be thrown to the wolves when business takes a downturn and they want to believe that their employers respect them enough to be Open with them in both the good times and the bad times. Similarly many individuals believe,

or want to believe that their leaders are working with their best interests at heart but in reality some of these leaders are handsomely enumerated to focus exclusively on the interests of the organisation which isn't the same as putting the individual interests of their employees first.

Under normal circumstances a disconnected individual will eventually decide to leave and work for another organisation taking valuable knowledge with them but the shadow industry isn't a normal industry. In this industry they may not simply leave, or defect if you prefer to use that term, they may turn and that is a much more dangerous prospect. In an industry where there are few rules and even fewer ethics disconnected employees have the individual freedom to create their next roles. Informant, Infiltrator, Double Agent and Assassin, there are no limit to the roles they can choose, no limit to the amount of destruction, damage or death they can rain down on the syndicate and their crews and this has given the shadow industry a powerful motivation to do their utmost to keep their employees suitably committed.

Perfidy is one of the shadow industries most insidious enemies and syndicates have developed three strategies that

Notes:

help safeguard them against disloyal behaviour, reduce the possibility of betrayal, increase the cost of betrayal and build trust. Used in depth these measures have proven devastatingly effective, helping to intensify the Soldatos and Caporegimes Faith in both each other and the organisation and helping syndicates grow at a furious pace. In the meantime Openness, which has different degrees of opacity depending on where you sit within an organisation is an interesting oxymoron, particularly when applied to the shadow industry.

Often seen as an integral component of establishing Trust it's long been a source of pain for many of the syndicates who try to balance the benign benefits that Openness brings with the need to obfuscate the details of their operations but they commonly manage to manoeuvre around the issues by carefully setting out the right expectations and by operating policies of transparency vertically along each line of business so that one line of business doesn't know the details of the next.

APPLYING THE LESSON

Today it's a well established fact, because 78% of CEO's say it is, that employees are an organisations most valuable assets – more important than

their facilities, more important than their ICT systems and more important than their shareholders... sorry, scrub the last one that's not true. Anyway, employees are certainly on the list of the CEO's priorities.

Over the decades results have shown that organisations who truly value their employees, and demonstrate it every day are, on average 20 to 30% more successful than those who don't so given this evidence why is it that so many organisations, sometimes unintentionally, treat their employees with so much disrespect?

We've chosen the word carefully and for those CEO's among you reading this paper no doubt many of you will feel some ire towards that statement so let's look at it closer and, as they say, work through some examples.

First we have to remember that our employees are not "employees", they are husbands and wives, brothers and sisters, fathers and mothers, relatives and friends and as such they all have their own set of individual circumstances and lifestyles. It's probably fair to say that the great majority of people go to work because they need to earn a wage rather than because they want to work but admittedly there are a few among us who love what we do and being paid

Notes:

for the privilege of doing it just sweetens the experience. Bearing this in mind it's no wonder then that people's lifestyles, and often their emotional happiness, are closely tied to their ability to earn so if an organisation puts those earnings at risk then the ripple effects can be quick, dramatic and long lasting so imagine the feelings that someone would encounter working for an organisation that put shareholder value first – your job, your career and your lifestyle is at the whim of the share price. If the share price does well then you're safe, relatively speaking, but if it falls as many of them have been recently then it's time for you to begin looking over your shoulder.

When an organisations revenues and profits begin to stall or decline the share price inevitably dips and unless the CEO, whose remuneration will be tied to hitting particular EPS targets, can reverse the decline in three quarters or less then what happens next will be a mix of text book Structural Reorganisation and, or Divestments and both of these mean redundancies.

People are realists. They know that when times get hard jobs are on the line and this creates nervousness around the organisation but they expect their leaders to act with tact, compassion and honesty so when leadership teams behave insensitively, evade direct

questions and fabricate falsehoods employees rapidly loose trust in them then rumors abound, performance suffers and the decline accelerates. Everybody loses. Unfortunately there are far too many examples of organisations whose leadership teams have acted either insensitively, disrespectfully, or both, treating their employees like numbers on a balance sheet without thinking about the implications their actions or ill conceived communiques will have on the wider culture of their organisation.

Take, for example, the Fortune 100 company who told 50,000 employees that their jobs were all at risk two weeks before Christmas but forgot to wish them all a Happy Christmas, or the Fortune 50 company that swore that they weren't in negotiations to sell off one of their prime business units even though they'd told people in their operations center that they were all going to be transferred to another company.

Given the fact that many organisations are serial abusers how much trust would you put in your leadership team if you knew they were acting in their own self serving interests? In both these examples only 48% and 51% of employees respectively would recommend their company to a friend - in other words 52% and 49% wouldn't and given the total employee account for both these

Notes:

companies that means that over 375,000 people wouldn't recommend them. That's a lot of people . . .

There are many ways that employees can lose faith in their organisation, their colleagues or their leadership team and organisations that excel at employee relations do so because they are focused, committed and caring but sometimes even the best organisations have problems that are out of their control and no organisation is ever problem free. Sometimes all it takes is for one person to become disaffected and their attitude can ripple across an organisation like ripples across a pond.

Some of those people who set out to sabotage and damage your organisation, such as Edward Snowden, may do so because they find something morally reprehensible while others, who may have been passed over for promotion may spread gossip and rumor which begin eating away at your cultural foundations.

KEY TAKEAWAYS

Honesty, Integrity and Respect should be the cornerstone of your employee strategy but leadership teams often get too focused on the organisations mission and forget that they have a duty of care

to the people who walk through the doors every morning. Treated well your employees can be your organisations greatest asset and turn a mediocre organisation into a great one but treated dismissively as assets on a balance sheet you'll soon find that your rotting your organisations own foundations.

SUMMARY OF ACTIONS

While there are many ways you can embrace this trend here are a few of our tacit recommendations:

1. Always act with integrity and treat employees with care and respect.
2. Go the extra mile.
3. Show employees how you balance your commitments with their welfare.
4. Treat every employee as an individual.

Notes:

CONCLUSION



PEOPLE SAY change is a constant, but in today's technology fuelled world this simple phrase is a deceiving, and often comforting, misnomer because change isn't constant, it's exponential, and the only boundaries to what we can achieve as individuals and as a global society are the ones that we invent for ourselves.

As researchers and scientists increasingly prove that nothing is impossible, that yesterdays science fiction is simply the future generations status quo, and as we all continue to bear witness to an increasingly rapid rate of change that's affecting and transforming every corner of global culture, industry, and society the future belongs to all of us equally, and we should never lose sight of that.

As you race into your own future I wish you well, and never forget you have all the friends and support you need around you as we all voyage through time and space together on this fragile living spacecraft we call Earth.

Explore More,

MATTHEW GRIFFIN
Founder

Notes:

THIS IS NOT THE END. EXPLORE MORE.



Copyright © Matthew Griffin, 311i Ltd. All Rights Reserved.

Produced in the United Kingdom.

This document is current as of the initial date of publication and may be changed at any time. Not all offerings are available in every country in which 311i operates.

The information in this document is provided "As Is" without any warranty, express or implied, including without any warranties of merchantability, fitness for a particular purpose and without any warranty or condition of non-infringement. 311i products are warranted according to the terms and conditions of the agreements under which they are provided.

This report is intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. 311i shall not be responsible for any loss whatsoever sustained by any organisation or person who relies on this publication.

The data used in this report may be derived from third-party sources and the 311i does not independently verify, validate or audit such data. The results from the use of such data are provided on an "as is" basis and the 311i makes no representations or warranties, express or implied.

UK311-210411-DOC01