

# the Observer



## Understanding Complexity – And Taming It

- Gary Klaben

Complexity is the bane of our daily life.

So many decisions, so much confusing input, so little time.

And our world – already complex before the micro-chip's invention – now runs on computer steroids.

Moreover, processing power doubles every 18 months (Moore's Law). New computer technology is drastically altering our lives. Social networking sites, video games, e-mail, cell phones and the like have utterly changed our social structures.

When I watch 20-somethings in a restaurant – two on their cell phones, one texting, and one Twittering – I won-

der if they are even sharing a meal together.

Change seems easier for the younger generation. They have never known what it is like not to be totally connected 24-7.

This makes me harken back to an era when we actually poked fun at the ridiculousness of complexity.

Rube Goldberg was a popular American cartoonist, engineer, inventor and author who received a 1948 Pulitzer Prize for his political cartooning. Mr. Goldberg is best known for his cartoons depicting complex devices, which ultimately perform very simple tasks. One example of Rube Goldberg's machines was the "Self-Operating Napkin" used by Professor Butts (pictured in the cartoon). The "Self-Operating Napkin" activates when a soup spoon is lifted, connected to a string that is pulled, connected to a ladle that sends a biscuit flying,

etc.... that finally is connected to another string, which when cut, allows a pendulum with the attached napkin to swing back and forth, wiping Professor Butts' chin.

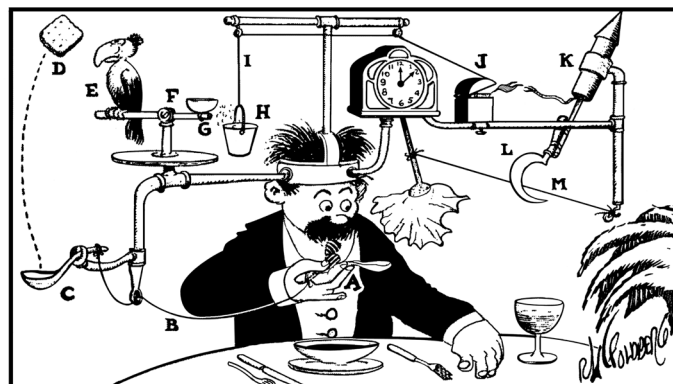
Fast forward to 2008 when we discovered how sub-prime loans were issued by banks, bought by Wall Street, repackaged into tranches that were then leveraged and sold as collateralized debt obligations and then "hedged" using further leverage and credit default swaps, with all of the above ultimately blowing up because no one really understood the financial contraption. And that is just one financial instrument!

Let's acknowledge it: Those who can meaningfully simplify our complex lives deserve laurels and applause.

Simplicity is about caring about each other enough to deliver a product or service we need or desire but that does not complicate our lives.

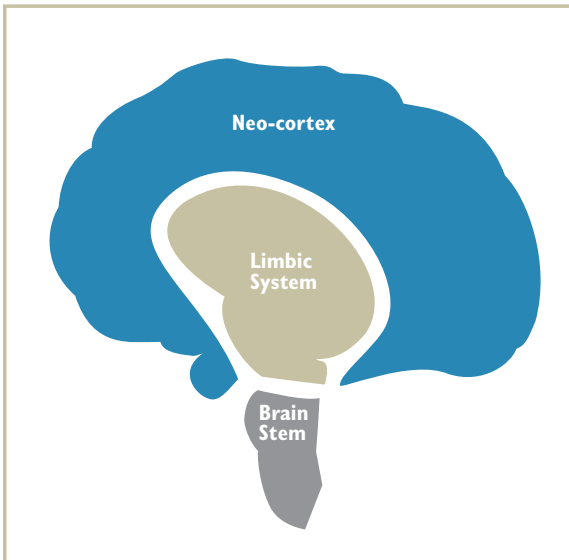
That is much easier said than done.

A way to simplify the lives of others may be accomplished by following the Golden Rule, "Do to others what you would like to be



done to you." To understand how this actually works – this interaction and empathy for others – let us step back for a moment and look at how we are wired. As the diagram below illustrates, there are three parts to our brain, the Neo-Cortex, the Brain Stem and the Limbic System. The Neo-Cortex is our analytical "thinking" brain, the Brain Stem our automatic "doing" brain, and the Limbic System our "emotional" brain.

So you may be asking yourself,



"What does this have to do with making my life simple?" In answer to this, let us take a look at the U.S. transportation industry.

On the one hand, there are the Big Three in southeast Michigan, and on the other there's Harley-Davidson, the motorcycle manufacturer in southeast Wisconsin. Over the past three decades the Big Three have been declin-

ing steadily while at the same time Harley-Davidson continues to grow steadily. Four Midwest manufacturing companies: All providing transportation and producing vehicles in the United States – yet three are struggling while the other is growing. Why is this happening?

As many of you may know, one perk of working for a U.S. automobile manufacturer is discount prices available to extended family members for the purchase of an automobile. Due to the large automobile workforce in southeastern Michigan, there are proportionally many more American-made models on the roads in the Detroit area than in other U.S. cities. So much so that it is hard to spot a Toyota Camry, the No. 1 selling car in America, in southeastern Michigan. The Big Three have discouraged their work force from experiencing the visceral enjoyment and thrill of a foreign car. Now, I'm not

saying foreign cars are better – only that the bubble Detroit has built around its populace disconnects consumers from other offerings and their obtainable features.

On the other side of Lake Michigan, Harley-Davidson has become deeply involved with the Harley Owner's Group "HOG," listening to its suggestions about how to improve their product, pro-

viding a better offering than other leading motorcycle manufacturers. It encourages its employees to belong to local groups, and hires motorcycle enthusiasts for key positions on its staff. It understands what the motorcycle enthusiast wants, and stays in close touch with new offerings and improvements.

The difference between Detroit and Milwaukee is listening – connecting the thinking and doing brain with the emotional brain – creating an organization closely attuned to its customers by offering empathetic products and services.

Achieving simplicity is not as simple as it sounds. Just ask a frightened young couple with a sick child, dealing with tentative diagnoses, crowded hospital waiting rooms and months of complex insurance claims.

Just ask the team of doctors, seeking the optimal medical solution within the human body's complex structures of organs, tissues, cells, organelles, polymers, monomers and atoms.

Complexity – from the Latin word "complexus" meaning entwined, twisted together – always exists between order and disorder, frequently on the brink of chaos. It has to be understood and tamed.

Just think what the CT scanner's clarity has done for medical science, and the Hubble

telescope's clarity for deciphering deep space.

Just think what identifying the complex ratio value of a circle's circumference to its diameter ( $\pi$ , or approximately 3.14159) did for mathematics, science and engineering, by providing a simple numerical and physical constant.

Just think what even 3M Company's simple Post-It® Notes back in 1980 did for helping businesses and individuals easily organize and "bookmark" their daily activities.

Bain & Company, a complexity management consultant, has found in its research of 110 companies in 17 industries ranging from cosmetics to aerospace and medical equipment to mutual funds that companies with the lowest complexity grew 30-50 percent faster than their average competitors. The reason why? Too much variety (high complexity) often suggests a bigger problem: "Poor understanding of customers. By providing the right level of product variety, companies can increase sales and market share, while cutting costs."

Our complex lives, due primarily to the explosion of technological advances (I'm still resisting registering on Facebook), can be simplified if organizations continue to care about their customers. We are social beings meant to care, to think and to do. Much of the complexity we experience is

due to the "take it or leave it" mentality of big business. Organizations that focus only on the bottom line do not last.

Dev Patnaik, in his recent book *Wired to Care* had this to say on our current state of corporate affairs:

*"...most companies are corporate iguanas. It's as if they've skipped right over the limbic system to grow a neo-cortex. Corporations are ethically neutral beasts, focused on self-preservation. They are not immoral – they're amoral. They lack any sense for the impact that their actions have on others. And that goes back to how they are structured. They have a reptilian brain to act. They have a neo-cortex to think. They just don't have any way to feel. Without a limbic system, companies lack any sense of empathy or courage. They are either all neo-cortex, analyzing thoughtfully without the motivation to act, or reptilian, caught in a cycle of fight-or-flight responses. That's deeply unfortunate, because companies are made up of people, not iguanas. And people, not iguanas, buy products and services."*

Enough said.

Green Bay Packers coach Vince Lombardi understood simplicity. Once he was invited to attend an NFL Coaches Conference. The event featured the coaches sharing their various strategies and



techniques that made their teams successful. Eventually it was Coach Lombardi's turn. Like every other coach, he was asked, "Coach Lombardi, what strategies do you use to successfully move the football down the field when on offense?" Vince Lombardi's response: Knocking the opponent down to advance the football down the field. When asked about defense, he said his team knocks the opponent down so the football cannot be advanced down the field. Coach Lombardi was expert at simplifying the game of football. Concentrate on the basics of blocking and tackling.

Steve Jobs and Apple single-handedly dropped the music recording industry to its knees. Jobs reasoned that we don't want to listen to all the songs recorded on the CD, just the one or two we like.... And iTunes was born. Hear a song you like. Immediately download it for a small fee and enjoy!

The French wine industry is

renowned for its centuries-long tradition of offering more than 700 different varieties of wines by geographic location, type of grape and vintage. Only the very well-educated wine con-

sumers embrace organizations that simplify our complex lives and make it easy for us to understand, make a decision and enjoy the outcome.

On October 29, 1941, he agreed to speak at Britain's elite Harrow School. It was after the London Blitz. The core message of his brief speech:

## *A little simplification would be the first step toward rational living, I think*

— ELEANOR ROOSEVELT

noisseur is able to select and enjoy the right wine. A little company in Australia, Yellow Tail, reasoned that most of us just want a good riesling, chardonnay or merlot. Over the past five years, Yellow Tail has captured a large part of the French wine industry sales by simplifying the offerings for anyone to understand and enjoy. Simplicity – not complexity.

Any company or industry that still clings to timeworn complex models of doing business has their days numbered.

A viable mandate for all of us going forward.

Focus on the simple. Delegate the complex. Relax and enjoy. Then repeat.

One fond and final recollection – recalling Winston Churchill. Of course, during wartime, complexity can spell defeat. Churchill told his aides he had no time to read their ponderous reports. He demanded war plans on single sheets of paper.

*“Never give in. Never give in. Never, never, never, never – in nothing, great or small, large or petty – never give in, except to convictions of honour and good sense. Never yield to force. Never yield to the apparently overwhelming might of the enemy.”*

He soon sat down.

Silence.

Suddenly, thunderous applause erupted for his remarks.

Churchill knew what really mattered.

As British Prime Minister in the midst of a world war's complex strife and anxiety-ridden confusion, his solution was defiant.

And simple.



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