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When Complexity Outruns Capability

Why the organisations built to manage complexity may need to relearn how to understand connection.

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EXECUTIVE SUMMARY

Organisations have not just become complex — they always were. What has changed is the speed at which the world around them now moves, and issues no longer respect the functional boundaries organisations use to manage them. An operational problem can become a reputational, cyber, legal and workforce issue before lunch, and no single department is equipped to see all of the pieces at the same time. This isn't a governance failure so much as a structural mismatch between how organisations are built and how uncertainty actually behaves. The organisations that thrive over the next decade may be defined less by resources or scale than by how well they understand the connections running between their own parts.

1. Introduction

Every now and then I catch myself wondering whether organisations have become more complicated than we realise. Not more complex — that happened years ago. More complicated. There's a difference.

Complexity has always existed. Large organisations have never been simple; they have always balanced competing priorities, finite resources, changing markets, and the tension between short-term delivery and long-term strategy. None of that is new. What feels different today is the speed. Not the speed at which organisations move, but the speed at which the world around them moves.

It's not that organisations move slower. It's that the world around them no longer waits for them to catch up.

The conversations I have with executives has changed over past decade. We still talk about performance, governance, projects and risk. But increasingly those conversations are interrupted by subjects that barely existed a few years earlier — artificial intelligence, cyber resilience, supply chain disruption, climate adaptation, geopolitical instability, workforce expectations, digital trust. None of these belong entirely to one department. They arrive simultaneously, they overlap, and they rarely wait for organisations to catch up.

2. Organisations as Living Systems

I sometimes think we still picture organisations as machines. A component fails, it gets replaced, the machine resumes operating. Organisations have never really behaved that way. They're much closer to living systems — everything influences everything else. A decision made in procurement affects operations. A technology upgrade changes customer expectations. A staffing decision shapes culture. One regulatory change reshapes strategic priorities. Nothing exists in isolation, and the larger an organisation becomes, the more of these connections it creates.

Most of those connections stay invisible until something changes. Then, suddenly, they become impossible to ignore.

2.1 Capability Versus Environment

One question stands out more than most, is organisational capability evolving as quickly as the environment it is trying to manage. Technology certainly is. Data is. Artificial intelligence unquestionably is. Customer expectations are, and although a little more sedate, regulation continues to evolve. I'm not always convinced organisations move at the same rhythm — and that's not a criticism, it's an observation.

Evolution inside organisations is, and should, be deliberately cautious. Good governance values thoughtful change over impulsive reaction. But the environment carries no such obligation. It simply keeps moving, whether or not the organisation is ready to move with it.

Key Point: Uncertainty itself isn't the problem — it has always existed. What's changed is that uncertainty has become interconnected. An issue that once stayed operational can become reputational, cyber, legal and workforce-related in less than a single day.

It's worth naming some of issues on our doorsteps — simultaneously, and across more than one area of the organisation:

- Artificial intelligence and its downstream effects on process, risk and people.
- Cyber resilience, supply chain disruption and climate adaptation.
- Geopolitical instability, workforce expectations and digital trust.

3. Uncertainty Ignores Organisational Boundaries

Years ago, an operational issue was often exactly that — an operational issue. The boundaries organisations built to manage themselves don't always reflect the way uncertainty actually behaves. Uncertainty, put simply, ignores organisational charts, looking for the path of least resistance.

That raises an honest question: if uncertainty no longer respects organisational boundaries, should our thinking continue respecting them quite so rigidly? I have never been entirely comfortable with the idea that every problem belongs to a single function. Some certainly do. Many don't. Increasingly, the challenges that define organisations seem to emerge somewhere between functions rather than inside them — not because departments have failed, but because reality does not arrange itself the way organisations do.

One of the more interesting conversations I've had this week involved artificial intelligence — not the technology itself, but the organisational response to it. Different department heads were asking entirely different questions, and every one of them was valid, yet on their own, none was complete:

1. Technology was asking what AI could do.
2. Legal was asking what AI should do.
3. Risk was asking what AI might do, while
4. HR asked how AI capabilities would shape resource planning.

The organisation didn't need one department to be right. It needed every department to understand one another. I suspect that may become one of the defining leadership challenges of the coming decade.

4. From Controlling Complexity to Understanding Connection

Sometimes I am asked whether organisations are becoming more difficult to manage. I don't think that's quite the right question. I think organisations are becoming more connected — and connection creates complexity, complexity creates interdependence, and interdependence means decisions travel further than they once did. A decision made in one part of an organisation rarely stays there for long, likely disrupting another organisation.

Perhaps leadership today is less about controlling complexity and more about understanding connection. Control assumes a system can be held still long enough to manage. Living systems, by contrast, ask to be understood in motion — which is a genuinely different discipline, and one most governance frameworks were not originally built for.

When I look ahead ten or fifteen years, I don't imagine organisations becoming simpler. If anything, I suspect the opposite. Artificial intelligence will accelerate. Technology will continue connecting industries that once operated independently. Customers will expect greater transparency, and communities will expect greater accountability. The pace of change is unlikely to slow simply because organisations would prefer they did.

Conclusion

Perhaps the organisations that thrive won't necessarily be those with the most resources, the largest budgets, or even the smartest people. Perhaps they'll simply be the organisations that become better at understanding the increasing complexity of the world around them — not because complexity can ever be eliminated, but because understanding it may be becoming the defining capability of modern leadership.

That's a different ambition to the one most governance structures were built for. Most were designed to control, contain and reduce uncertainty to a manageable size. Fewer were designed to help an organisation understand how its own parts now move together. Both are still necessary. But I suspect the second is where the real advantage will sit over the next decade, precisely because so few organisations have built the habit of looking for it.

None of this argues for abandoning structure or discipline—an organisation without them doesn't become more adaptive; it becomes chaotic. The argument is more modest: hold those structures a little more lightly, and ask whether the boundaries we rely on still reflect the way uncertainty actually moves.

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