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Articles

Managing complexity – Success through process competence

By Dr Klemens Joos, visiting lecturer at the Faculty of Business Administration at Ludwig-Maximilians-University Munich & founder and Managing Director of EUTOP



Successful interest representation vis-à-vis the institutions of the European Union (EU) has to meet the requirements of business. However, over and above a company's* existing content competence, process competence has become the deciding factor for success. And an independent intermediary is the key.

Situation – Interest representation as an economic asset for companies

Political interest representation serves to achieve crucial corporate goals from a business perspective: protecting against corporate competitive disadvantages, avoiding errors, achieving and protecting competitive advantages. These corporate goals are universal, i.e. they are not specific to particular industries.

The question of how to achieve these goals as efficiently as possible is the subject of business administration organisation theory, and, as part of the so-called "organisation problem", is determined by three variables: "goals", "means" and (restrictive and fixed) "conditions". Political interest representation, in this sense, is a corporate "means" to achieve relevant corporate goals. However, representation does not always mean passively accepting the existing conditions ("framework conditions"), but often requires engaging in actively shaping them. The prime goal of all interest representation is to play a role in the decision-making processes of the executive and legislative bodies in such a way that the latter take on board the company's* arguments and standpoints as if their own.

In this context the framework conditions of corporate action are the political and legal requirements and accompanying circumstances of the product and geographic markets in which the company* is operating.

Problem – without process competence, putting forward content is impossible

In the EU/Europe, the relevant framework conditions have undergone fundamental changes, the latest with the Treaty of Lisbon. Triggered by a leap in the complexity of the European decision-making processes in an increasingly heterogeneous environment, we are experiencing a paradigm shift – in comparison with "content based reasoning" the importance of the "process related aspects" has grown very significantly. Content and arguments are always necessary in complex political

processes. However, for them to be taken up and carried through, you first need to make sure that the right person communicates them to the right addressee, at the right time, in the right place, and in the right manner, while at the same time having full knowledge of the goals, interests and mindsets of the decision-makers, and of the informal and formal decision-making rules. An argument that is not introduced at a particular step in the decision-making process runs the risk of no longer being considered. For political interest representation in the EU, this means that there is a negative correlation (statistical relationship) between the complexity of a decision-making process and the relevance of individual content considerations in terms of the end result. The result is that process competence reaches the same degree of importance as content competence and, with the increasing complexity of decision-making processes, can even exceed it.

Against the background of this fundamental transformation, the tools of a company's* political interest representation must be reorganised. In business organisation theory, a distinction is made between structural organisation and process organisation.

- Structural organisation (structure): augmenting the previously predominantly content related instruments, and extending them with process related instruments of representation of interests.
- Process organisation (process related methodology): use of a process related methodology of interest representation ("process" is at least as important as "content").

The distinction between structural organisation and process related organisation expresses an analytical separation between structures and processes. As a rule both are generally looking at the same subject but from different perspectives.

Thus, both are concerned with the optimized management of (work) procedures and processes. In terms of professional interest representation, this means taking into account the paradigm shift due to the growing importance of process related questions, and placing more focus on process related work. Adaptation to these new framework conditions means that companies* need to review and further develop their own structural and process related workflows – otherwise there is a risk of a substantial loss, often going unnoticed, of possible tools to exercise influence.

Solution – Interlink content competence with process competence

The aim of any company's management is to represent the interests of the company as effectively as possible. Under the altered framework conditions of the Treaty of Lisbon, the key to reducing complexity is a neutral, objective – and therefore necessarily external – intermediary (the structural organisation). This intermediary stands for strong process competence and intelligent, EU-wide process management.

An intermediary can concentrate on the role of a neutral and objective (trusted) mediator between business and politics. He is independent of both the "concerned party" and the "decision-maker". Being external, he stands outside the company's* internal hierarchies, thus allowing him to give recommendations for action, rapidly and unfiltered, at the responsible corporate level, up to corporate management. He thus acts independently of internal company structures, whether junior or senior management or individual specialist departments, etc., and – using established networks across institutions, political groups and member states – he can make contact with the decision-makers in the executive and legislative bodies at all necessary levels.

This is generally out of the question for an individual company* or for interest representation performed by a company* itself. Building up and maintaining the necessary structures and networks are hardly conceivable, even for large companies.

Successful interest representation in the EU/Europe requires an "intermediary", with a detailed requirements profile:

- The core competence of the intermediary is process management (process competence), while leadership on content competence remains with the company*.
- The intermediary maintains the infrastructure, human resources and organisational capacities necessary for successful EU-wide interest representation and corresponding robust networks across institutions, political groups and member states.
- The intermediary is external to the company and independent. As such he is accepted as an interlocutor with decision-makers, both within the company* and by executive and legislative bodies.
- The intermediary adheres to the highest compliance standards.
- The intermediary guarantees exclusivity ("only one interest") and thus, ensures his credibility with executive and legislative bodies.

* Also applies to EU member states, counties/regions, associations and organisations.

About the author

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