

Governing Energy

Left Behind

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With less than eleven months to go before the election of the next US President as well as all Members of the House of Representatives, a number of Senators and a host of other elected positions, the so called political silly season is on steroids! Much is made of ‘outlier’ candidates on both sides of the political aisle.ⁱ

While, as of this writing not a single vote has been cast there appears to be significant interest in “non-establishment” candidates. Whether this translates to votes or not, only time will tell.

Most agree that the American electorate is frustrated to say the least. However, the so called establishment often sells the same political packages that were successful in the past—Conventional Wisdom.

This column has posited a number of times that the *times are changing*. Schumpeter’s Creative Destruction hypothesizes that economic systems restructure themselves from within.ⁱⁱ Endogenous variables are often difficult to recognize. The preverbal *forest for the trees*; observers cannot distinguish these forces until they manifest themselves in a dramatic manner—Housing Crisis of 2007/9.ⁱⁱⁱ

One suspects that the sheer intensity of Creative Destruction alive in the American political process this year will have some or possibly a major effect even if conventional candidates are nominated by both political parties. At a minimum, discussions are focusing on uncomfortable political topics.

However, politics is not the *driver* but it is a *mirror of society*. Therefore, business executives are well advised to candidly assess what this hyper-visible process is suggesting to the broader economy.

Structural Dynamics suggests that economic actors are NOT the best judge of the impacts of endogenous components of an economic sector.^{iv} These drivers are almost impossible to recognize using conventional econometric and/or financial modeling. This is the reason so many forecasts are frequently missed and often by a lot.

The *Custodians of the Status Quo* run the risk of being left behind. Holding on to the past, whether a political campaign process or the implementation of new technology jeopardizes the very health of the economic entity (organization or society).

Throughout most of this year Americans will see the Ying and Yang of the political winds. Regardless of the outcome in November, this society will have spoken its peace on a number of issues.

One suspects that several, even many of these discussion points will impact on the global business community. Regardless of the political winner, the days following the election will bear witness to many pundits evaluating voter's rationale. In most cases these experts will be wrong!

The latent variables at work are underlying and not easily visible; however, their effect can be very demonstrable.^v Results can be cataclysmic such as a stock market crash and only in hindsight are these forces measurable.

Those not recognizing these fundamental societal forces will be left behind. Their careers and organizations they lead may be left behind as well. This is a very high price for Custodians of the Status Quo stakeholders to pay.

What are You doing to Assure that You and Your Organization Are Not Left Behind?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of five books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years--his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

End Notes

ⁱ <http://dictionary.reference.com/browse/outlier>

ⁱⁱ https://en.wikipedia.org/wiki/Creative_destruction

ⁱⁱⁱ https://en.wikipedia.org/wiki/Subprime_mortgage_crisis

^{iv} Shemwell, Scott M. (2015). Structural Dynamics: Foundation of Next Generation Management Science. Houston: RRI Publications. <http://www.amazon.com/Structural-Dynamics-Foundation-Generation-Management-ebook/dp/B00U0JKMT0>

^v <https://johngarger.com/articles/methodology/latent-constructs-in-social-science-research>