

Strategic and Systems Thinking

“The Natural Way the World Works”

By Stephen Haines, Founder and CEO of the Haines Centre for Strategic Management®

OVERVIEW

Our Centre utilizes General Systems Theory and its Systems Thinking Approach® as our foundation and “new orientation to life” and to all our work, learning, and effectiveness with clients. Why?

Systems Thinking is a heavily researched methodology and rigorous macro-scientific and trans-disciplinary framework with its roots in the universal laws of living systems and human nature on earth, from ecology, biology, psychology, and physics. An Austrian, Ludwig Von Bertalanffy, is one of a few intellectual titans of the 20th Century and the father of General Systems Theory and Systems Thinking, begun over 50 years ago. Systems Thinking has been a recent focus of Dr. Russell Ackoff (Renaissance Professor Emeritus at University of Pennsylvania) and Dr. Jay Forrester (Professor at MIT), among others. In fact, we have identified over 25 other scientific disciplines, such as electronics, architecture, complexity and chaos theory, project management, etc., whose leading thinkers and writers are moving in this Systems Thinking direction. This is not surprising as there were 23 countries with chapters of the resultant Society for General Systems Research in the 1970s.

Systems Thinking is an old yet newly rediscovered and higher orientation to life. It is a better, more natural, and holistic view of living systems (such as individuals, teams, and organizations) as they try to survive and thrive in today’s dynamic environment.

In short, it is an advanced method of critical thinking. It brings a higher intellect along with an interdependence and connectedness stage of human growth and maturity to bear on life’s issues. This holistic, integrated, and more purposeful outcome-oriented approach distinguishes us from other consultants whose focus is on the components or separate issues and functions of an organization—a more narrow, piecemeal, and fragmented analytic approach.

CONCEPTS AND RESEARCH

This 50-plus years of rigorous scientific, biological research on Systems Thinking has been translated, interpreted, and updated by us. Systems Thinking, as applied by the Centre, uses five interrelated main concepts to clarify and simplify how you analyze and improve individuals, teams, and whole organizations. These concepts give you a broader framework, or mental map, to critically think, see, understand, diagnose, and act more effectively.

Thus, the following five interrelated concepts create a more elegant simplicity (beyond today’s complexity) for ease of use:

1. **The Seven Levels of Living Systems** that are in natural hierarchical relationships with each other (systems within systems).
2. **Standard and Predictable System/Organizational Dynamics** based on the 12 characteristics of open/living systems.
3. **A circular “input–throughput–output–feedback loop”** within our dynamic and ever-changing environment. We have copyrighted this as The Five Phases (A-B-C-D-E) of the Systems Thinking Framework.

The Systems Thinking Approach®

The Systems Thinking Approach® is an absolute necessity to make sense of and succeed in today’s complex world.

If life on earth is governed by the natural laws of living systems, then a successful participant should learn the rules.

— Stephen Haines

4. **In addition to the first three concepts, we use the natural and historical “cycles of change”** to assist senior management in being proactive, innovative, and more successful with their strategic and systematic change processes. We copyrighted this fourth systems concept as The Rollercoaster of Change™. It has many applications as we will see.
5. **Lastly, Concept #5 is the Law of Unintended Consequences**
Concept #5 - The Law of Unintended Consequences, otherwise known as the six-sided Rubik’s Cube Effect or archetypes by Peter Senge. We have so far identified 38 of these common analytic situations that occur time after time.
This concept is fully covered in a separate white paper (The Law of Unintended Consequences code: ARCE, available from www.systemsthinkingpress.com).

CONCEPTS EXPLAINED

The five main concepts of Systems Thinking need to be explored further in order to help resolve the “High Touch” organizational and societal problems mentioned on page 2. We need to really understand how they clarify and simplify organizational assessment, and design learning dynamics, focus, and collaboration across all aspects of any organization or team.

Concept #1: The Seven Levels of Living Systems

- | | |
|---------------|----------------------|
| 1. Cell | 5. Organization |
| 2. Organ | 6. Society/community |
| 3. Individual | 7. Earth/world |
| 4. Group/team | |

Looking at these interrelated hierarchies of systems, we begin to see that hierarchies are natural and normal. It is just that we need to focus on how to have the minimum hierarchy (not bureaucracy) and have it working with you to achieve your goals or outcomes.

Further, it is the “collision of systems” within and among these levels (especially levels 3, 4, 5, and 6) that creates the complexity and chaos we often feel in today’s world.

APPLICATIONS: THE SEVEN LEVELS OF LIVING SYSTEMS

The Seven Levels of Living Systems are key to holistic and long-lasting learning and change that covers all the levels of an organization (see concentric circles we call the Seven Natural Rings of Reality).

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A “SYSTEM” DEFINED

A system is defined as “a set of elements or components that work together in relationships for the overall good and objective (or vision) of the whole.” Thus, the focus of all systems elements (i.e., departments and people) in an organization should be the relationships with each other that assist attainment of an organization-wide shared vision and values of customer satisfaction (within today’s complex and changing environment).

THE FACTS

The kind of thinking and strategies/actions we generally use today in our social and organizational systems has led to both:

1. Spectacular successes (especially in technology), and
2. Spectacular social failures (huge, intractable, and chronic problems we can’t seem to solve).

Why? Our hypothesis is:

1. The way we think has something to do with these results,
2. Technology is often already using this new way of thinking, and
3. Adding an understanding of Systems Thinking to our own abilities will dramatically improve our critical thinking, problem-solving, and solution seeking on social/people issues.

In the words of John Naisbitt’s “High Tech–High Touch Future,” as a society we are far ahead in Systems Thinking as applied to “High Tech” vs. the lack of critical Systems Thinking in the “High Touch” world of social/people failures.

General purposes of working at each ring:

Systems Level/Ring #3—Individuals (“Self Mastery”)

- Improve personal competency and effectiveness.
- Trustworthiness issues within oneself.

Ring #3A—One-to-One Relationships (“Interpersonal Skills”)

- Improve the interpersonal and working relationships and effectiveness of each individual.
- Trust issues between individuals.

Systems Level/Ring #4—Work Teams/Groups (“Team Effectiveness”)

- Improve the effectiveness of the work team, as well as its members.
- Empowerment and role/relationship issues.

Ring #4A—Inter-Group (“Conflict/Horizontal Cooperation”)

- Improve the working relationships and business processes between departments horizontally to serve the customer better.
- Horizontal collaboration/integration issues.

Systems Level/Ring #5—Total Organization (“Fit”)

- Improve the organization’s structures and processes to better achieve business results; develop its adaptive response system capacity in a changing environment.
- Alignment and attunement issues.

Ring #5A—Organization-Environment (“Strategic Plans”)

- Improve the organization’s sense of direction, response to its customers, and proactive management of its environment.
- Adaptation to environmental issues.

The Tree Ring model is also the key to both The Learning Organization (which must get feedback from and learn about or improve all six of these tree rings—an incredible task) and installing a Leadership Development System to prepare leaders for the 21st Century (and the skills to lead effectively at all six rings)

.Based on the characteristics of General Systems Theory, standard

Concept #2: Standard System Dynamics

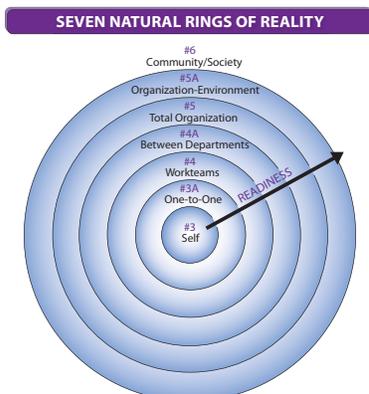
system dynamics include the following elements.

The whole system:

- Is a unique totality—the parts do not describe the characteristics of the entire system in its environment.
- Has an openness and boundaries with the environment that are continually interacting—some systems are more open than others.
- Is an input–throughput–output–feedback transformation framework.
- Is a multiple goal seeking and outcomes/consequences oriented entity (the “what”).

All living systems have standard internal relationships and dynamics, such as:

Equifinality—or many ways to the same end (the “how”).



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- Entropy—living systems naturally run down and eventually die; closed ones die faster than open ones. This is why systems need continual reinforcement, energy, attention, and booster shots.
- Interrelated components—parts are not separate entities; everything everywhere affects everything else in actual systems, despite turf and silo mentalities.
- Hierarchical relationships and elaboration—all sub-systems have natural and normal hierarchies. However, continual internal elaboration can lead to either rigidity, bureaucracy, and death, or to spectacular growth.
- Dynamic equilibrium—systems have a natural steady-state rhythm and try to maintain that despite all external changes and forces.

APPLICATIONS: SYSTEMS DYNAMICS AND LEARNING

There are a wide variety of dynamics we all see daily as a result of organizations being systems without realizing why and how these dynamics occur. Learning about these dynamics and understanding them is critical for maximum effectiveness. Our book, *The Complete Guide to Systems Thinking and Learning*, has many tools for use in diagnosing, learning, and improving system dynamics. Some applications in the book include:

- The fundamentals
- Key systems questions
- Outcome orientations
- Environment
- Feedback loop and learning
- Problem-solving/decision-making
- Cause and effect
- Systems matrix uses
- Structure and teams
- Individual change
- HR Management
- A-B-C change strategies

All systems are actually subsystems of larger systems within their environment. There is an actual hierarchy of these living systems:

Concept #3: The Five Phase A-B-C-D-E Systems Model...a New "Orientation to Life"

This circular (vs. linear) way of viewing individuals, teams, and organizations as systems is a great way to "never lose your place" within the context of understanding and improving organizations, teams, and individuals. These five phases broaden your strategic thinking, clarify your outcomes, improve your assessments, sharpen your designs, focus on your need for feedback, and keep you open to environmental dynamics—both on the job and as a new orientation to life overall.

APPLICATIONS:

A-B-C-D-E STRATEGIC THINKING FRAMEWORK

There are many uses of the Five Phases of Systems Thinking:

- 1 Coordinating a Comprehensive Strategic Plan—A comprehensive Strategic Planning Process for an organization, personally tailored to them.
- 2 Creating a Micro Plan or a Quick Strategic Plan—Two shortened versions of Strategic Planning for small to midsize organizations.
- 3 Developing a Business/Functional Strategic Plan—A shortened 3-year Business Planning Process for a line business unit or major support function/section/program (i.e., element of the larger organization), depending if #1 above is in place.

- 4 Developing Goals for Strategic Change—Creation of an overall change plan for a major project (i.e., TQM, service, reengineering, partnerships and teamwork, technology, etc.).
- 5 Creating a Strategic Life Plan—Development of a personal (person, family, couple) life plan.
- 6 Creating Customer Value—Creation of a plan to improve the value provided to your customers.
- 7 Implementation of Strategic Human Resource Management—Gain your attunement with people to create "The People Edge".
- 8 Improving your Leadership Development System—Enhancing your leadership roles and competencies as a competitive edge.
- 9 Employing an Organizational Systems Model—Systematically assessing, redesigning, and implementing change efforts to dramatically increase your success (i.e., a Strategic Business Design).
- 10 Creating The Learning Organization—Implementing The Systems Thinking Approach® and these learning/feedback concepts (especially A–B and E).
- 11 Project Management - The ABCs is the a great tool for scoping out any project to guide better results.

Five Phases of Strategic Thinking (Including "E"—Environment):

- A. "Creating Your Ideal Future" (Output)
- B. "Measurements of Success" (Feedback Loop)
- C. "Converting Strategies to Operations" (Input to Action)
- D. "Successful Implementation" (Throughput/Actions)
- E. "The External Environment" (or context within which the A-B-C-D phases operate)

Concept #4: The Rollercoaster of Change™

This Rollercoaster is a simple way of understanding the dynamics of how to effect positive changes of all types. Cycles of "stability–change–instability–new stability–and change all over again" are normal and natural. Don't fight them; use them to your advantage!

Basically, you must manage and lead yourself and others through the following 6 stages of The Rollercoaster simultaneously, though everyone goes through these stages at different rates, depths, and times (see model at right).

Stage #1: Smart Start—Plan–to–Plan Day to get educated, assess the situation, and organize and tailor the change process **before** you begin.

Stage #2: Shock and denial—You must be better prepared, give advance notice and clear expectations regarding standards and norms of behavior.

Stage #3: Depression and anger—You must (a) listen, (b) empathize and, only then, (c) explain why the new vision and the change is necessary (this a, b, c order is key).

Stage #4: Hang In—The need for persevering during the change.

Stage #5: Hope and adjustment—You must clarify each person's new role and new norms of behavior. Find ways to gain maximum involvement and understanding of WIIFM (What's In It For Me) by everyone on how to achieve the new vision and values.

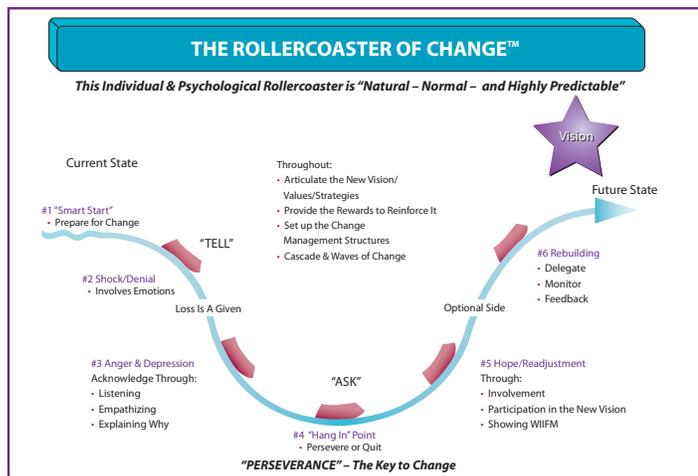
Stage #6: Rebuilding—Here you empower the fully committed individuals and teams toward your vision and values. Then stand back, monitor, and follow-up.

APPLICATIONS: THE ROLLERCOASTER OF CHANGE™

This Rollercoaster helps as a frame of reference to guide you through any kind of change and is particularly useful when dealing with:

- Coaching and counseling others.
- Learning new knowledge, ideas, and skills.
- Facilitating team-building.
- Guiding yourself and others through redesign and restructuring.
- Managing technological changes.
- Defining and implementing new corporation strategies.
- Learning how to dialogue to truly discover new solutions.
- Leading organization-wide and cultural changes.
- Developing a foundation to create “The Learning Organization.”

The Rollercoaster’s application is universal in today’s constantly changing environment. Keep in mind that any kind of major change causes this curve/cycle to begin. Also, keep in mind that stages #2 and #3 are automatic—stages #4, #5 and #6 occur effectively only with proper leadership and management (of self and others).



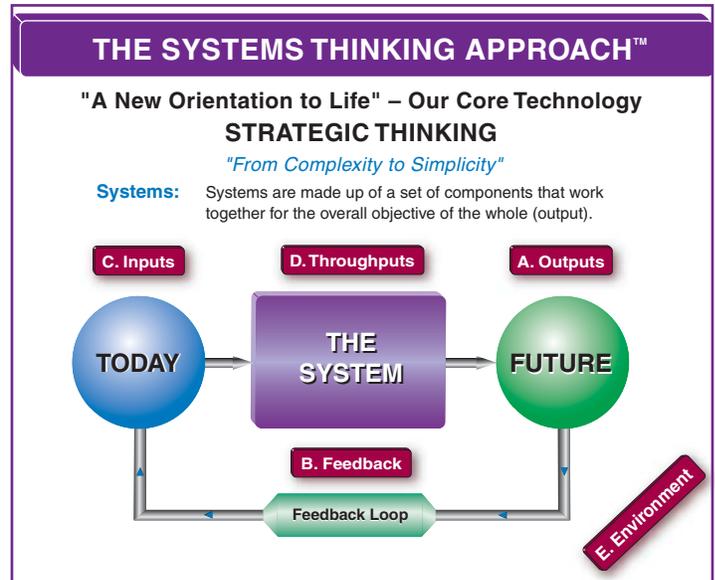
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BENEFITS

If you adopt The Systems Thinking Approach® and orientation to life as we at the Centre do, you’ll find many benefits including:

- A framework to think strategically and a way to make sense out of life’s complexities, since all living things are systems.
- A way to learn new things more easily, as the basic rules stay the same from system to system.
- A better way to learn and a higher order of strategic integration of new ideas within the systems context and dynamics.



- A clearer way to see, understand, and assess what is going on in an organization or in any system. Complex problems become easier to understand as do the interrelationships and the multiple causes and effects.
- A new and better way to design solutions, create strategies, solve problems, and keep the outcome or goal in mind.
- The unveiling of new and higher points of leverage for strategic change that might otherwise be ignored.
- Teams and people who engage in deeper analysis and identify root problems that, when addressed, provide longer-lasting results (and less negative by-products).
- The identification and strategic resolution of those issues requiring a deeper structure and obscure relationship improvement that are not obvious by the “quick fix” mentality.
- The development of a common set of terminology/language to improve communications, teamwork, learning, and results across the organization (a higher order of intellect and critical thinking).

IN SUMMARY

Remember that these five sets of concepts and applications of Strategic and Systems Thinking must interrelate and work together for the overall good of the whole system. Use these concepts and applications in collaboration with each other to maximize success. Otherwise, you are using a piecemeal, more linear, analytic approach instead of a higher order of strategic intellect and critical thinking—The Systems Thinking (and strategic/synergistic) Approach® Good luck on your strategic journey — call us to help you begin!

Another in the Strategic and Systems Thinking Series
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