

SYSTEMS THINKING GENERATES PROGRESS: “The Past, Present, Future”

The Systems Thinking Approach®

BY STEVE HAINES

Founded in 1990 • Offices in over 20 Countries

The Future-the Present and the Past

*"Most organizations usually have:
tomorrow's strategy,
today's structure
and yesterday's people and rewards."
- Jay Galbraith*

“THE NAIL THAT STICKS UP MUST BE HAMMERED DOWN!”

SYSTEMS THINKING = STRATEGIC THINKING

is also:

- Critical Thinking
- Solutions Thinking
- Future and Forward Thinking
- Longer-Term Thinking
- High-Level Thinking

...Rather than analytic thinking, which is tactical, mechanistic, reductionistic, and either/or thinking (parts oriented; one best way)

Why?

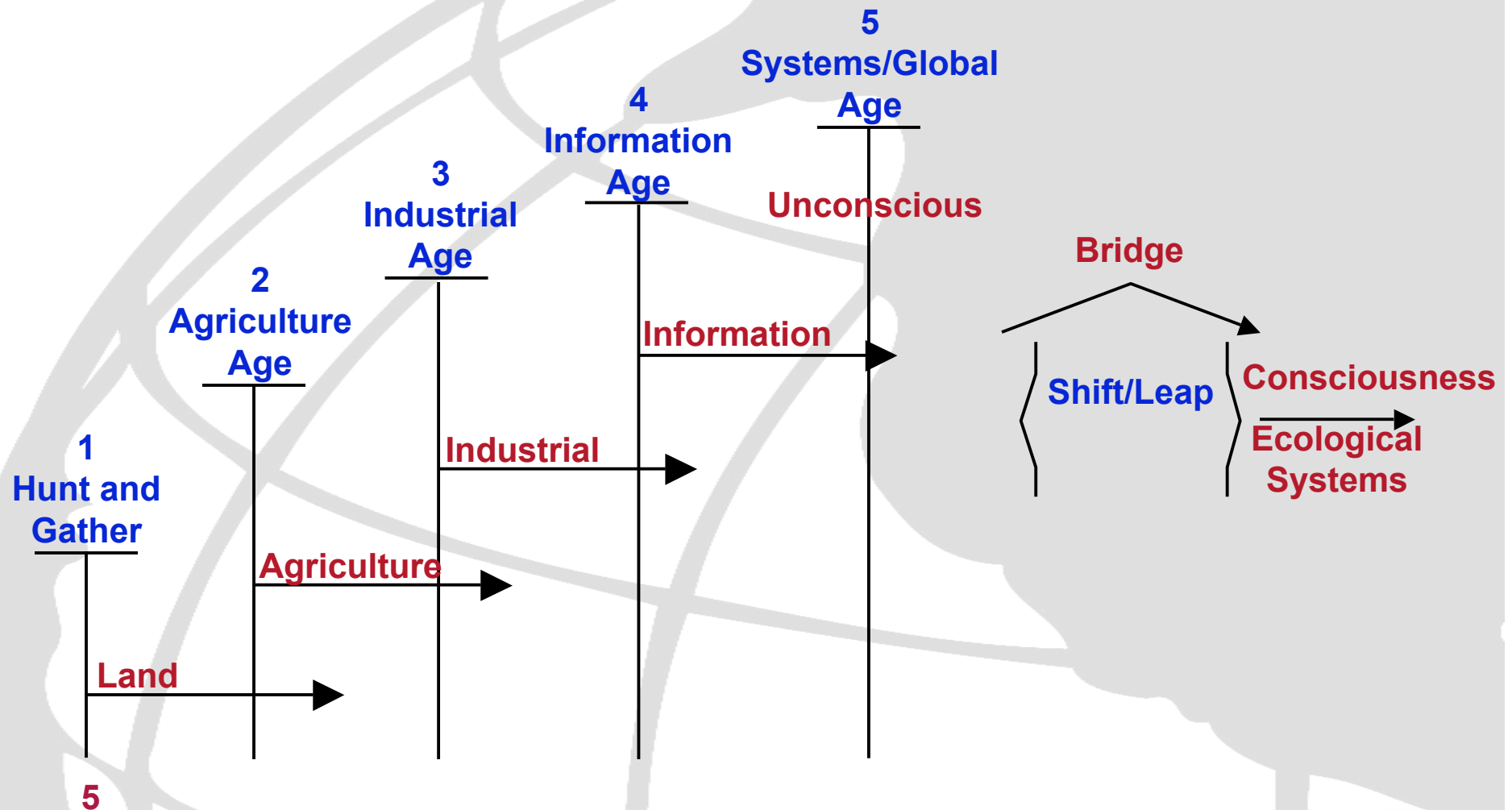
Because Systems Thinking focuses on:

- Relationships
- Multiple Outcomes
- Holism and Boundaries
- The Environment
- The Larger System
- Feedback

SHIFTING VIEW OF THE WORLD

WORLD HISTORY THROUGH THE AGES

HUNTING – AGRICULTURAL – INDUSTRIAL – INFORMATION - SYSTEMS



100 YEARS AGO

THE USA IS GENERALLY ACKNOWLEDGED AS THE WORLD'S SUPER POWER TODAY
BUT
HAS IT ALWAYS BEEN THAT WAY? WILL IT CONTINUE TO BE THAT WAY?

PRIOR TO WORLD WAR I—100 YEARS AGO,
WHERE WERE THE CENTER'S OF THE WORLD?

- VIENNA, AUSTRIA (HAPSBURG EMPIRE)
- ISTANBUL, TURKEY (OTTOMAN EMPIRE)
- UNITED KINGDOM (BRITISH EMPIRE)
- WHERE ELSE?

SYSTEMS THINKING: 50 YEARS OF SCIENTIFIC RESEARCH

FATHER OF SYSTEMS THINKING—LUDWIG von BERTALANFFY

1954-Society of General Systems Research—Three Nobel Prize Winners
+Ludwig von Bertalanffy

Ken Boulding (Economics)—Anatole Rapoport (Math)—Ralph Gerard
(Physiology)

THE ROOTS AND FLOWERING OF SYSTEMS THINKING

SUMMARY: MOST THOUGHT LEADERS OF 20TH CENTURY WERE SYSTEMS THINKERS:

OVER 40 Fields

LVB (Biology)—Ken Boulding (Economics)—Anatole Rapaport (Math)—Ralph Gerard (Physiology)

Margaret Mead (Anthropology)—Buckminster Fuller (Geodesic Dome-Design/Architecture)

James G. Miller (Behavioral Science)—Jean Piaget (Education)—Thomas Kuhn (Scientific Revolution)

Abraham Maslow (Hierarchy of Needs/Psychology)—Erik Erikson (Wisdom and Maturity/Developmental)

Edward Deming (Total Quality Management)—Russell Ackoff (Planning-Ops Research)

Peter Drucker (#1 Management Thinker/Consultant: 20th Century)

Jay Forrester (Systems Dynamics)—Dick Beckhard (Organizational Development)

Steven Covey (7 habits)—Peter Senge (Organization Learning)—Steve Haines (Str. Mgmt)

“There is no likelihood that man can ever tap the power of the atom.”

—Robert Millikan, Nobel Prize winner-Physics, 1923

“Who the hell wants to hear actors talk?”

—Harry Warner, Warner Brothers Pictures, 1927

“I think there is a world market for about five computers.”

—Thomas Watson, Chief Executive Office of IBM, 1943

“Who has time for this Vision thing?.”

—Louis Gerstner, Chief Executive Officer of IBM, 1992

“The Internet is just a passing fancy.”

—Bill Gates, CEO of Microsoft, 1995

THINK DIFFERENTLY-EINSTEIN

"We don't need to think more, we need to think differently!"

Albert Einstein

The Science of Living Systems

“The natural way the world works”

Backed by 50+ Years of Scientific Research

The Only Science-Based Research in the Management Field!

...is not a theory but the natural laws of life on earth just like:

- mathematical laws
- laws of physics
- laws of thermodynamics

BFO
(Blinding Flash of the Obvious)

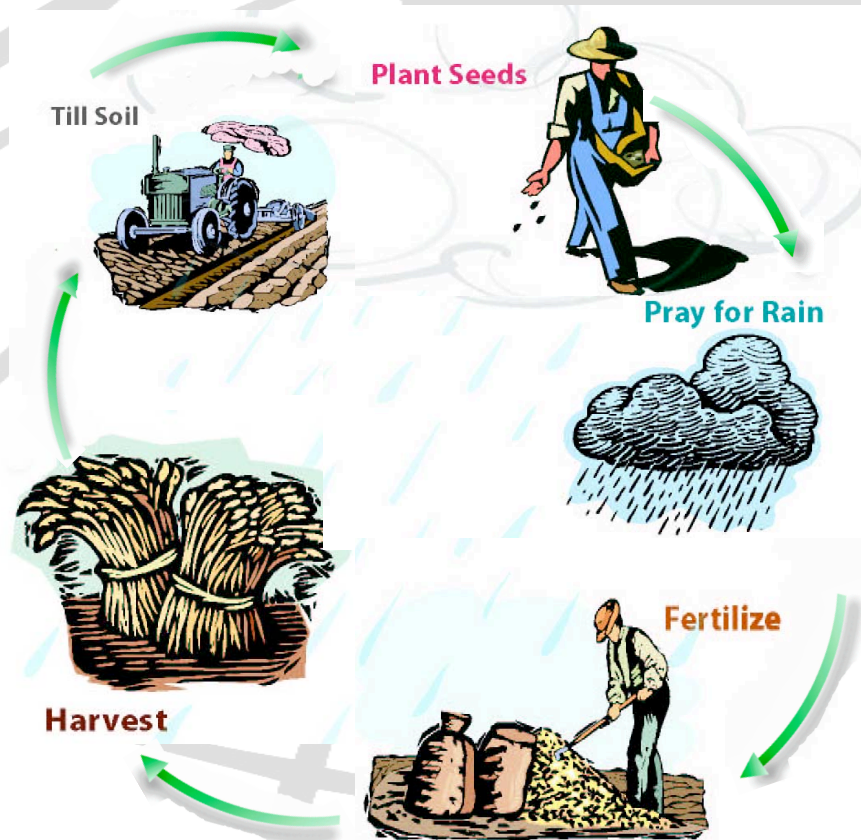
It 's the system, stupid!

But
We are blind to the system —it 's too obvious

THE LAWS OF NATURE

Cycle of Productive Life

What Shall We Plant This Year?



What Shall We Plant Next Year?

OUR LEVEL OF THINKING

*Problems that are created
by our current level of thinking
can't be solved by that same level of thinking.*

—Albert Einstein

*So ...if we generally use analytical thinking,
we now need real “Systems Thinking ”
to resolve our issues.*

—Stephen G. Haines

WHY THINKING MATTERS

The way you think creates the results you get.

The most powerful way
to
impact the quality of your results
Is

To improve the ways you think

THINK—PLAN—ACT—RESULTS

How you think

Is how you plan

Is how you act

And that

Determines the results you get in work and life

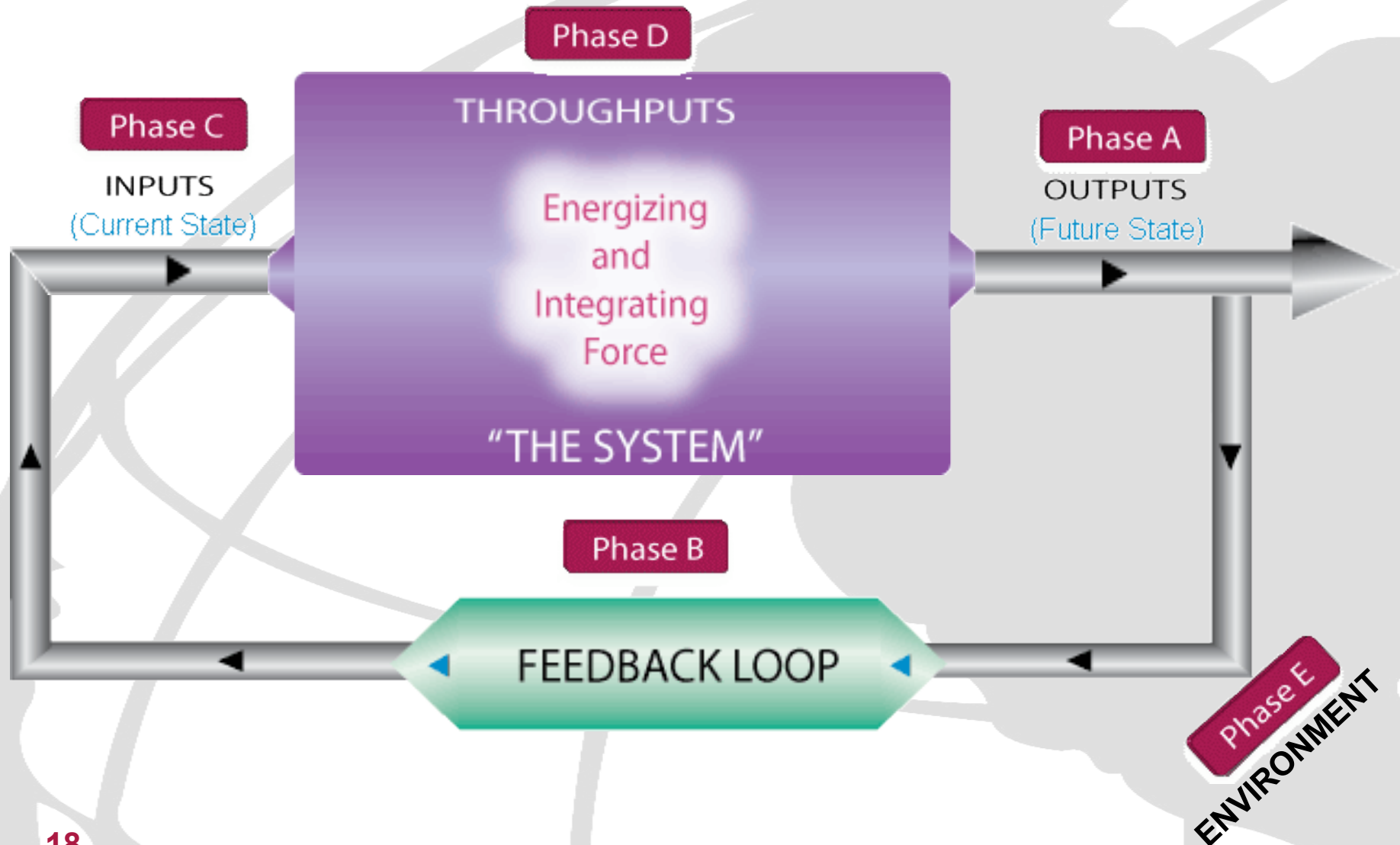
WHY ANALYTIC THINKING NO LONGER WORKS

“From an early age, we’re taught to break apart problems in order to make complex tasks and subjects easier to deal with. But this creates a bigger problem...we lose the ability to see the consequences of our actions, and we lose a sense of connection to a larger whole.”

- Peter Senge,
The Fifth Discipline

SIMPLICITY OF SYSTEMS THINKING

A Holistic, Integrated, Organizing Framework



Five Strategic Thinking Questions – In Sequence:

PHASE A: Where do we want to be?

PHASE B: How will we know when we get there?

PHASE C: Where are we now?

PHASE D: How do we get there?

PHASE E: Ongoing: What will/may change in your environment in the future?

vs. Analytic Thinking *Which:*

 Starts with today and the current state, issues, and problems.

 Breaks the issues and/or problems into their smallest components.

 Solves each component separately (i.e., maximizes the solution).

 Has no far-reaching vision or goal (just the absence of the problem).

STRATEGIC THINKING – ABCs TEMPLATE

“Clarify and Simplify Your Thinking” – About your Project

(Name of the Organization – Issue – Problem – Project – Change Effort, etc)

E

C

Today's Date

Current State Assessment:
Where are you now?

D

Future Environmental Scan:
What will be changing in your future environment that will affect us?

System Throughput/Processes:
How do we get there (close the gap from C → A)

C

A

Future Date

A

Inputs (SWOT):

CORE STRATEGIES:

TOP PRIORITY ACTIONS:

OUTPUTS/OUTCOMES:

Strengths

-
-
-
-
-

Opportunities

- 2
- 3
- 4
- 5
- 4

Weaknesses

-
-
-
-
-

Threats

-
-
-
-
-

Feedback Loop/ Key Success Measurements:

How will we know when we get there?

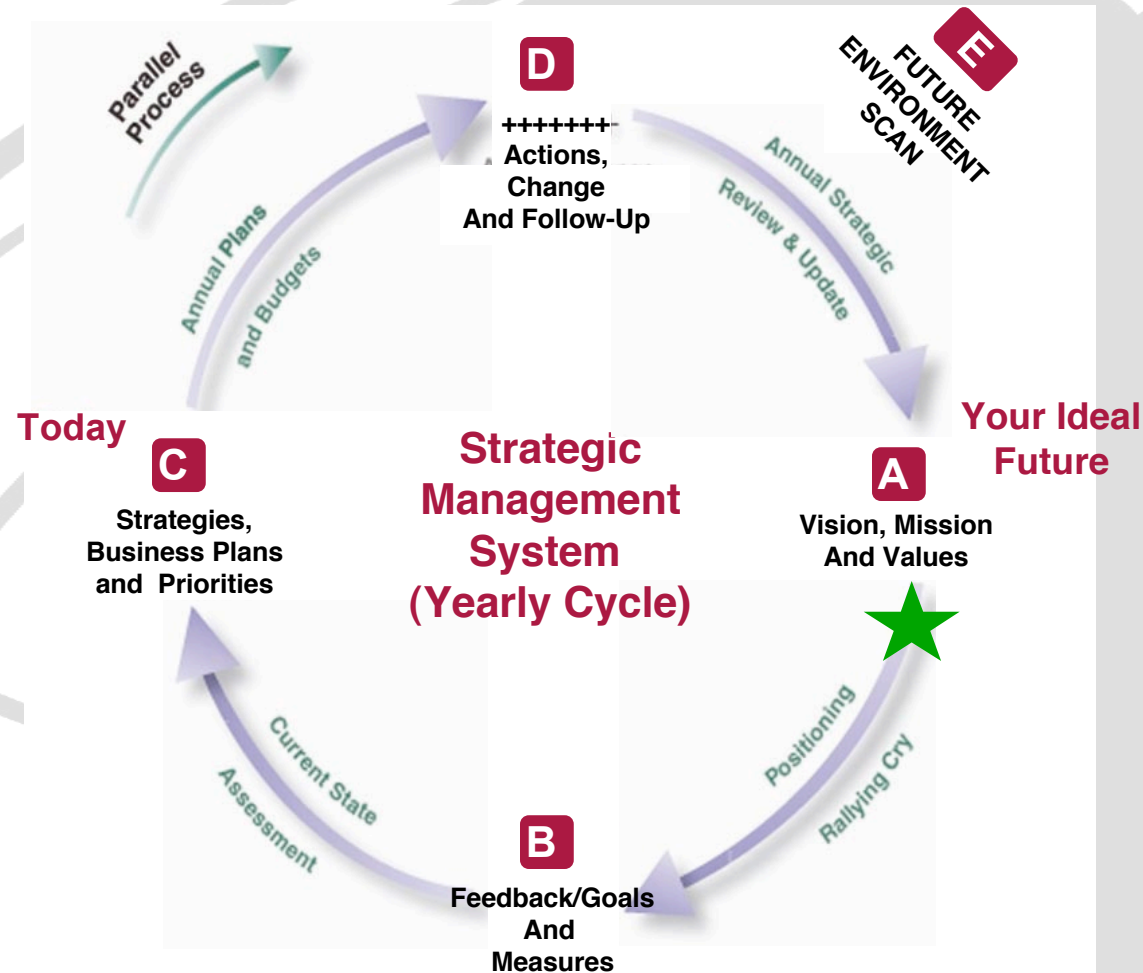
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**Desired Outcomes-
#1 System Question:**
Where do we want to be?

-
-
-
-
-

YEARLY STRATEGIC MANAGEMENT CYCLE THE SYSTEMS THINKING APPROACH®

"Thinking Backwards
to the Future"

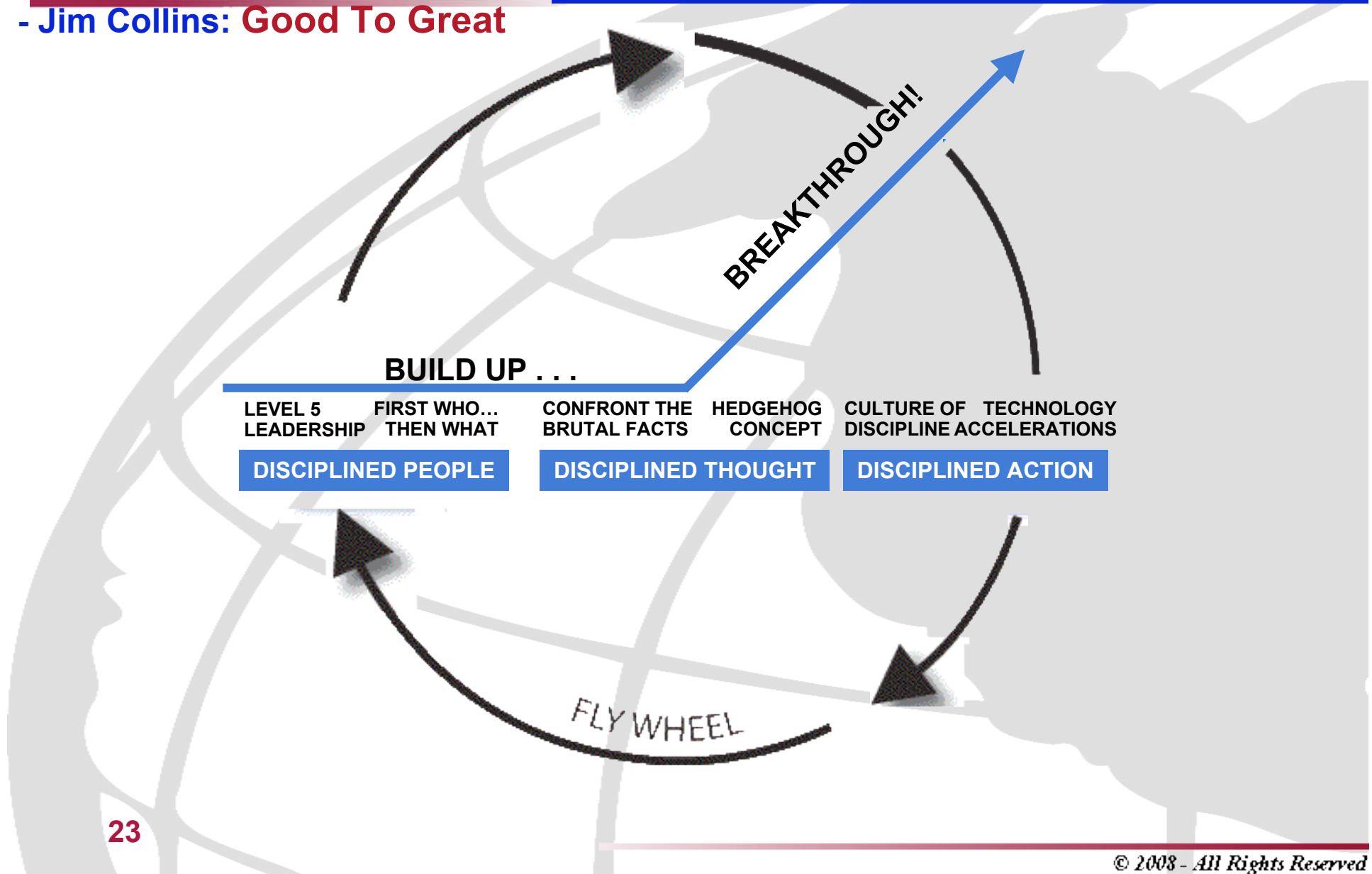


Peter Drucker on Strategic Management



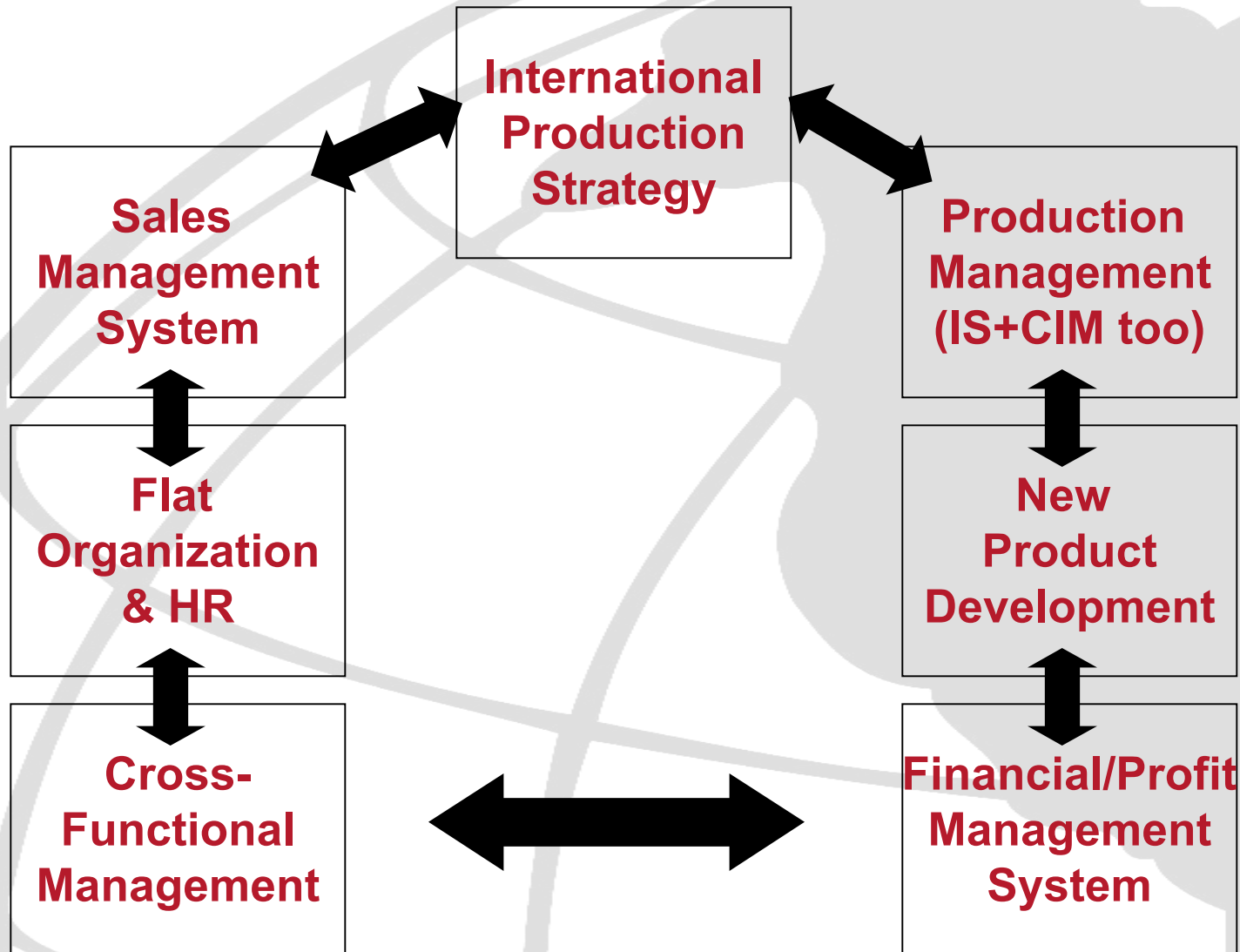
GOOD TO GREAT: THE BREAKTHROUGH DISCIPLINE

- Jim Collins: **Good To Great**



TOYOTA MANAGEMENT SYSTEM

Linking the Seven Key Functional Areas



THE “SECRET” OF NUMMI

THE TOYOTA MANAGEMENT SYSTEM:

The “**secret**” is not in the individual pieces.

The “**secret**” is in the integration of
practices into a management system.

Corporate GM Study; Detroit, Michigan; 0919X/4/7/86/page 6
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THE “SECRET” OF NUMMI

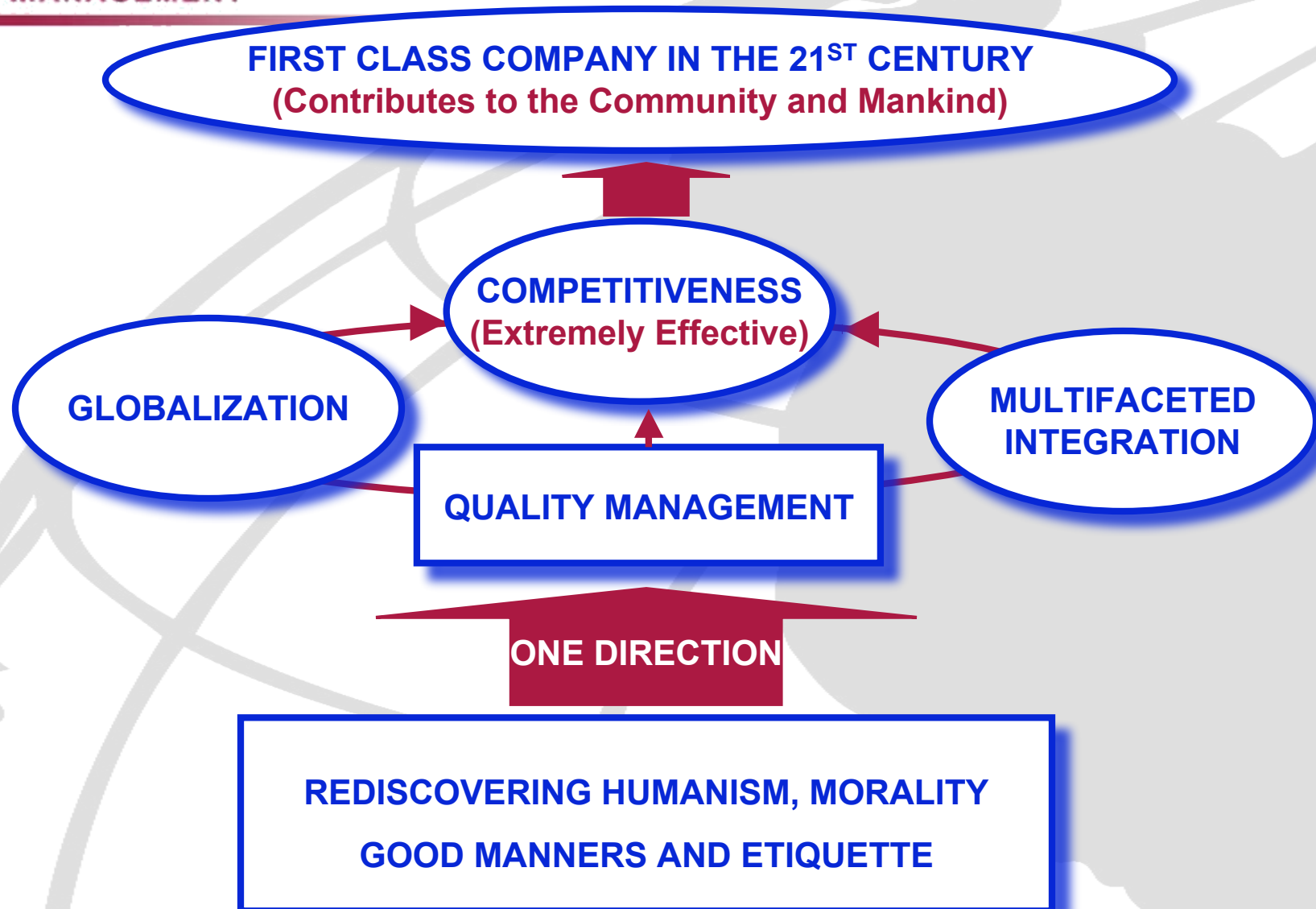


Corporate GM Study; Detroit, Michigan; 0919X4/7/86/page 4

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SAMSUNG'S NEW MANAGEMENT



CHINESE MINISTRY OF SCIENCE AND TECHNOLOGY (MOST)

MISSION: Enhancing Technology Innovation and Industrialization

- Cultivating Technology-Based SMEs
- Developing Innovation Clusters
- Building an Innovative Environment

(TORCH High Technology Industry Development
Center: October 1989 Solution)

I. Seedling Cultivation →

Engineering

**Cultivate Technology-
Based SMEs**

II. Forestation →

Engineering

**Developing
Innovation Clusters**

III. Fertile Soil

**Building an
Innovative
Environment
—TORCH Center
Responsibility**

THE SINGAPORE CITY-STATE STRATEGIC MANAGEMENT SYSTEM

URBAN REDEVELOPMENT AUTHORITY (URA)

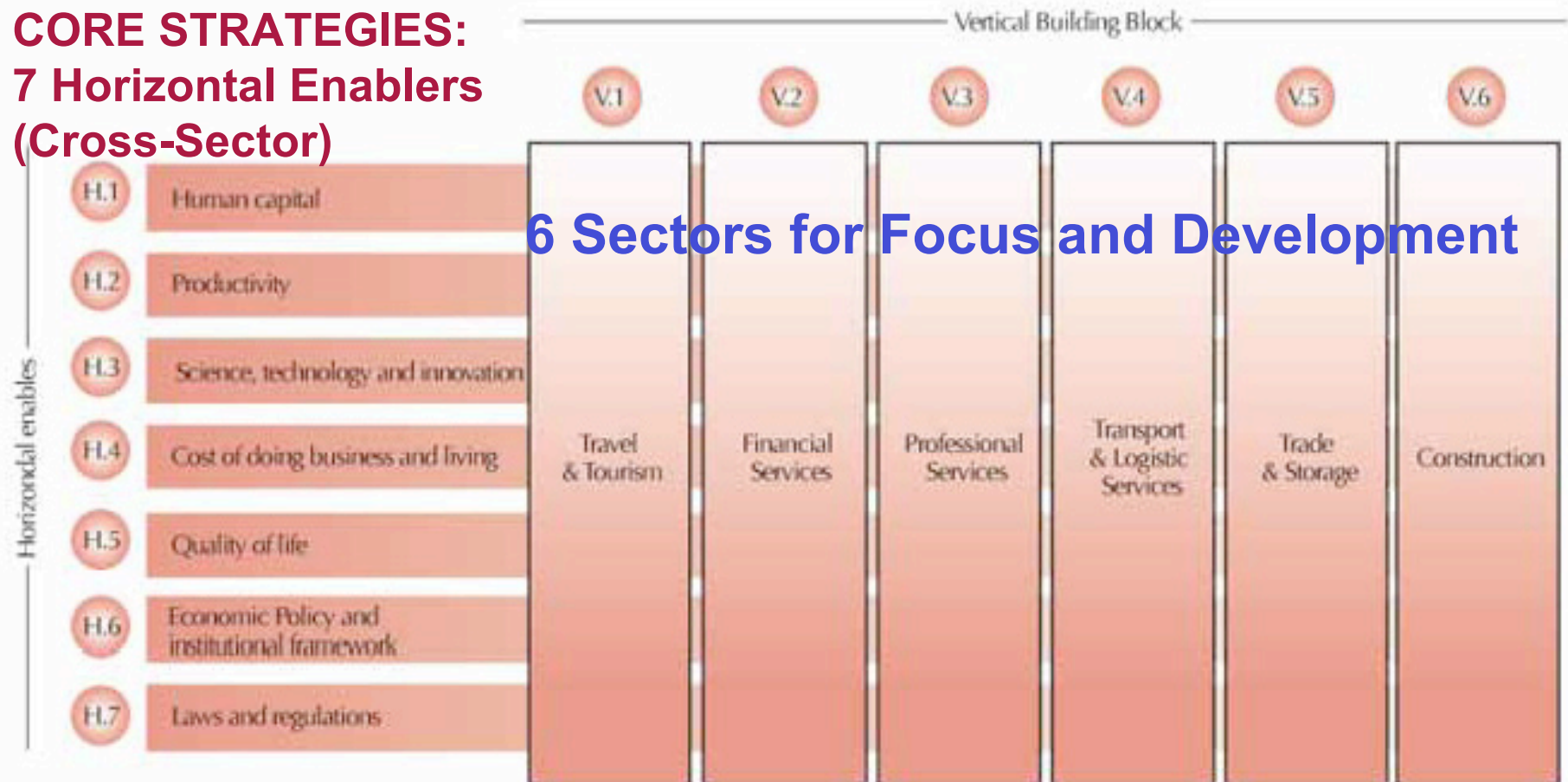


Supported by numerous Citizen involvement and Feedback

SEVEN CORE STRATEGIES & SIX DEVELOPMENT SECTORS

FIGURE 6: VERTICAL BUILDING BLOCKS AND HORIZONTAL ENABLERS

CORE STRATEGIES: 7 Horizontal Enablers (Cross-Sector)



SINGULAR CHANGE EFFORTS FAIL

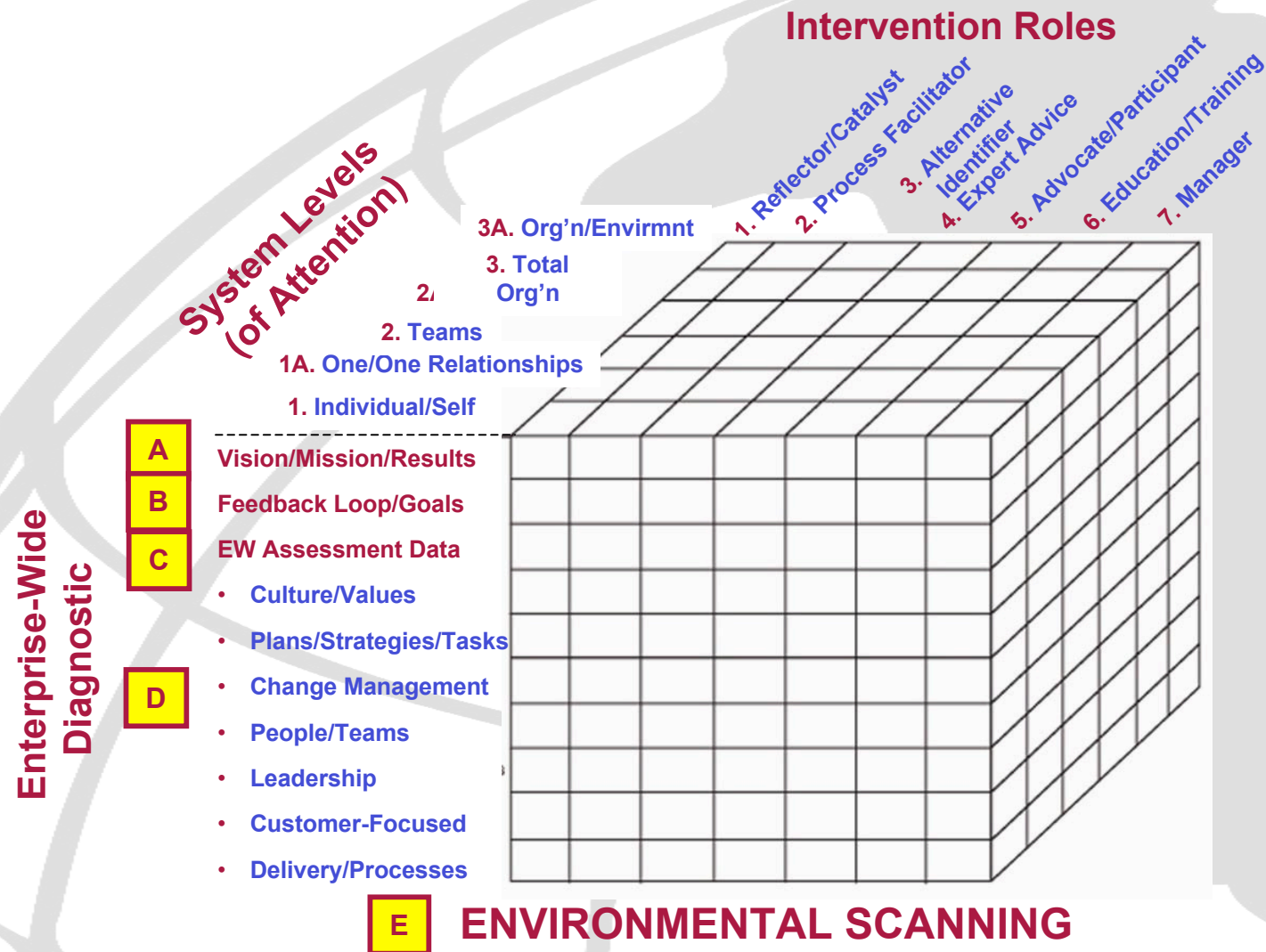
A SINGLE AND ONE TIME INTERVENTION
WILL NOT CHANGE MUCH OF ANYTHING
EXCEPT FOR
ANOTHER SHORT TERM FIX

REAL CHANGE REQUIRES
MULTIPLE STRATEGIES
FOCUSED
ON CLEAR OUTCOMES

OD Practitioner, May 2007

ORGANIZATION DEVELOPMENT CUBE

CLASSIFYING AND CLARIFYING CHANGE PROJECTS



ORGANIZATIONAL DEVELOPMENT DEFINITION—DICK BECKHARD

IT IS:

PLANNED CHANGE

ORGANIZATION-WIDE

TO INCREASE ORGANIZATION EFFECTIVENESS AND

HEALTH

USING BEHAVIORAL SCIENCE KNOWLEDGE

SUMMARY:

I. A Scientific Foundation: The way to think is Systems Thinking

II. Applications:

1. Reinventing Strategic Planning – overall direction
2. Strategic Thinking – daily, based on overall direction
3. Enterprise-Wide Change – implementation and execution
4. Strategic Management – yearly cycle

(Strategic Planning + Strategic Thinking + Leadership + Change)

III. Outcomes:

=Business Excellence
=Superior Results

MANY USES OF SYSTEMS THINKING

SINCE THIS IS THE NATURAL WAY THE WORLD WORKS:

ITS USE IS VIRTUALLY UNLIMITED—

See Next Slides for Our Growing Uses:

THIS IS THE WAY TO ENSURE

**All Consultants, Trainers AND Executives Use the Same
Mental Map.**

STRATEGIC THINKING FRAMEWORK: SIMPLICITY

Uses:

- Comprehensive Strategic Plan
- Strategic Planning Quick
- Business/Functional Strategic Planning
- Micro Strategic Planning
- Strategic (or Enterprise-Wide) Change
- Strategic Life Plan
- Creating Customer Value
- Strategic Human Resource Management
- Leadership Development System
- A Model of an “Organizational As A System
- Team Effectiveness
- Creating the Learning Organization

STRATEGIC THINKING FRAMEWORK: SIMPLICITY

Uses:

- Go Innovate!: A system for swift and continuous innovation
- ERP Installations: Enterprise-wide Resource Planning systems
- Reorganizations and re-designs of organizations
- Mergers and Acquisitions
- Cultural change based on organizational values
- Innovation as a specific Cultural Change: 21st Century need
- Major IT/Telecommunications changes
- Headquarters or Regional Relocations
- Becoming more Customer or Market focused
- Major new product development and rollout
- Large Scale changes such as TQM, Six Sigma, Reengineering
- Empowerment Culture

RAISE YOUR STRATEGIC I.Q. 50 POINTS

- A new “Orientation to Life ”
- A way to see & create simplicity out of the world’s complexity
- A different, better way to think
- A higher order of thinking
- An advanced way of thinking
- A higher intellect —more integrative of parts/more relational
- More systematic/strategic in your thinking;
- A better diagnostic set of tools
- Is key to critical thinking and strategic thinking
- A common language
- Is a “Unity of Thinking in an organization ”
- Is how to: out-think ...out-flank ...and out-maneuver the competition
- Is the top two stages of maturity—Mastery and Inter-dependence

SYSTEMS THINKING PARADIGM SHIFTS

Obsolescence

...as a result of the current paradigm shift, the standard way of doing business is rapidly becoming obsolete and irrelevant.

Old-Fashioned Industrial Age Concepts	New Systems Age Concepts
<ul style="list-style-type: none"> Bureaucracy/Functions Focus on Institution Control Structure Stability Self-Sufficiency Directive Management Affordable Quality Personal Security Title, Rank, Compensation To Compete Domestic Vertical Integration Economy of Scale Single Loop Learning 	<ul style="list-style-type: none"> Network and Integration Focus on Individuals/Teams Empowerment Flexibility/Minimum Hierarchy Change Interdependencies Inspirational Leadership/Vision Shared Value-Added Personal Growth Making a Difference To Build and Sustain Global/World Village Alliances/Collaborations Economy of Speed Double-Loop Learning

RAISE YOUR STRATEGIC I.Q. BY 50 POINTS

DON'T LIVE IN AN ANALYTIC PRISON

– Dr..W. Edwards Deming

“We live and work in an analytic prison:

Working hard within this prison produces nothing.

We cannot remodel the prison, we must get out of it.

To do this, a transformation is required.

Cooperation between people, companies, government,
countries.

There will be joy in working. Everyone will win.”

THE SYSTEM THINKING APPROACH—WOW!

The ABCs Framework is “A New Orientation to Life:

The ABCs are universal in their application

The ABC Template and five Strategic Thinking Question’s:

- **Are comprehensive in nature.**
- **Capture the complexity of the situation.**
- **Yet simplify the essence of the complexity.**
- **Creating a fuller analysis and understanding.**
- **With manageable tasks/actions and better results.**
- **And less “unintended consequences”.**

WHY SYSTEMS THINKING IS BETTER

It is better than traditional Analytic Thinking--or normal thought:

	Analytic Thinking	Systems Thinking
How you think	Piecemeal/separate	Holistic/Relational
Is how you act	Narrow Choices Parts Focused	Broader Different Answers Root Causes
Are the results you get	Miss Alternatives Deal with Symptoms Partial Solutions	Better Solutions Longer Lasting Less side-effects

What we Need:

Some Simple principles from a Science--with a solid theory and research!

INTELLIGENCE AND THINKING

**“Intelligence is something we are born with.
Thinking is a skill that must be learned.”**

- Edward De Bono

THOUGHTS RULE THE WORLD

Thoughts Rule the World

- Ralph Waldo Emerson

In Summary:

- We are governed by the natural laws of life and living as open/living systems on earth
—so —
- A successful participant must learn the rules
- Analytical thinking is old Industrial Revolution thinking.

Become A Strategic & Systems Thinker!

THANK YOU
FOR YOUR PARTICIPATION

Stephen Haines

Haines Centre for Strategic Management