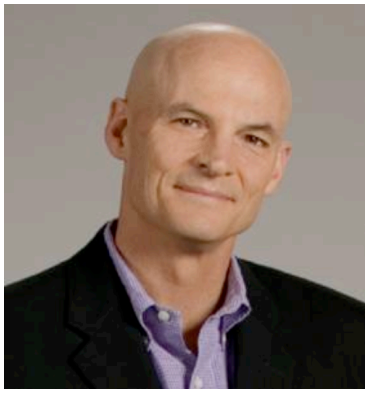
What the heck is "systems thinking" (and how can it change my life)?

This topic of systems thinking may make your eyes glaze over – but hang in there. Your attention could not be needed more at this point in our collective human history.

It is time for us to take the next leap in thinking – to systems thinking. Quite simply it is the art of seeing things as interconnected and interdependent – part of a larger, more meaningful pattern.

Without restraint we accept the notion that keeping the larger picture in mind enhances our personal responses to problems; brings needed perspective to big decisions; and helps to shape lasting solutions to our deepest problems. But our capabilities as systems thinkers are . . . well . . . hopelessly human. So, here's the plan.



Over the next ten weeks (one coaching e-letter each week) we will take a journey together to not only explore – but to build some new capabilities in systems thinking. First, we will see how systems thinking is not really "new thinking" at all – but has been the aim of many cultures that have sought the elusive wisdom that comes from seeing the whole. We will also see how systems thinking – knowing how everything affects everything else — is finally beginning to influence the big levers of economics, national policy, and global commerce. The recent global meltdown has taught us how our collective progress is more dependent on each other than we could have ever anticipated.

This will give us context for a more personal exploration where we will reveal the patterns of thought necessary to move from the "us and them" game to the new "we" reality. In shifting our own perspective to the larger systems view, we will begin to see and shape new possibilities that will move us from our "event" mindset to a much more empowering viewpoint.

The frustration, anxiety, and helplessness that accompany our change efforts will begin to give way to a more sustainable approach.

We will also seek to understand why systems thinking has not found its way into our traditional work life – at least up until now. But here's my big bet. The slack in the system is mostly gone. In other words, the level of independent action that our "work and world" systems can tolerate has disappeared in the last economic tsunami (whose aftershocks – big and small – will be felt for years to come). As leaders at any level of a community – family, church, work unit, government agency, global business, non-profit agency, whatever it may be – we must realize that the game has fundamentally changed.

We will explore how the systems perspective is fundamentally about how we will create our own reality. We will tap into new ways of knowing that will give us the capacity to live – in present terms – in the future we want to create. How cool is that?

More than anything I am excited about the potential for transformation – both personally and within our communities – as we engage in the larger, more powerful patterns of life.

I am excited to welcome you to a new look at how systems thinking may be part of our collective solution for moving forward. It's not what those weird people do. It is the new language of leadership.

Are you in?

Turn the page for session #1!

Session #1: May the force be with you!

Did you ever think you would see this headline in your lifetime?

Starbucks Closes 600 Stores

Starbucks was growing at a pace that seemed in total alignment with our caffeine-charged, www-driven world. The most common refrain being: "I need my Starbucks fix. There has to be a store around here somewhere." And there was.

So what happened? There are no simple answers but I believe **systems thinking** can provide some critical insights into the types of forces that played a role in humbling this great brand.

We start our journey with the two most powerful lenses in systems thinking – **differentiation** vs. **integration**. These two "opposing" forces reveal the two fundamental laws of organizational growth.

- **Natural Law #1**: To grow, organizations will become more differentiated (e.g., add products and services).

We get that – especially in relation to Starbucks. When they first opened you could get a cup of coffee – and maybe a muffin to go with it. Now you can get all kinds of stuff: bakery and food items, a range of specialty drinks, music, books, movies, gift items – even appliances! The legendary Starbucks experience became diluted as the lines got longer and "coffee" got lost in the shuffle. Which brings us to:

- **Natural Law #2**: Your growth will be limited by your ability to **integrate** the new levels of differentiation.

Makes perfect sense – but why is it so hard to do? How could the "best of the best" lose sight of the stuff that got them there? Why do we grow beyond our ability to integrate the new levels of complexity into our cultures?

For starters, differentiation (adding new stuff) is a lot more fun than integrating it. Plus, our customers and markets demand the new stuff at hyper speeds that make integration efforts a **lagging activity**.

Besides, I am convinced we are not fully aware of the "integration" challenge. It's much more than figuring out customer demand and shelf space. We need to know how the new products and services will support our positioning and brand experience (**external integration with the customer**) – and at the same time figure out how our processes and people needed to be aligned to support it (**internal integration within our culture**).

Here's the cool thing. As systems thinkers we can use these opposing forces of differentiation and integration as a true source of innovation. We differentiate because we need to be different. But being different creates a new level of complexity. We integrate because we want to make things "whole" again – especially for the customer. For a Starbucks customer, making things whole means preserving the customer coffee experience while enhancing it with other offerings.

Plus, there is the possibility of breakthroughs when doing both the differentiation and integration **at the same time**! It reframes the question in powerful ways. Instead of asking: What new product ideas can we consider? We might ask: What would differentiate our product and create a more "integrated" – or "whole" – experience for our customer? Systems thinkers love the challenge of not only reconciling these two opposing forces – but leveraging their tension to truly innovate.

If we remain blind or passive to the fundamental need to manage these opposing forces -- they will humble us.

> **The test of a first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function. One should, for example, be able to see that things are hopeless yet be determined to make them otherwise.**
>
> **F. Scott Fitzgerald**

Session #2: The "Ins" and "Outs" of being a systems thinker

Our journey continues with a definition of **systems thinking** as it applies to leaders in organizations: It is the art and practice of . . .

- Appreciating and fully understanding the dynamics of **people-enabled systems**
- By managing the dynamic interaction of their **inputs**, **outputs** and **feedback**
- With the overall goals of **maximizing system performance** and **growing the supporting culture.**

For starters, let's begin with our home heating system as a useful example for understanding how systems thinking works. At the core of the system are the physical elements – furnace, ductwork, and thermostat. These physical elements – which are easy to see – represent the core **system**. Now the fun begins. We are going to add three terms (**inputs, outputs**, and **feedback**) to help us understand the heating system in a much broader and dynamic way.

First, we develop the **inputs** – particularly the homeowner's purpose and goals for the heating system. We need to know the desired level of comfort and the acceptable costs. As comfort goes up – so do costs. Notice the tension as the family members advocate for their preferred temperature setting – under the pressure of a household budget. The kids advocate for more heat – as mom and dad see the heating bill continue to rise.

Other critical **inputs** include elements in the external environment. In this case, the winter temperatures are hitting all time lows – testing the capacities of the current furnace. The heating fuel capacity of the community is also reaching its limits – with new incentives offered to homeowners who reduce usage and penalties for increasing usage.

Next, we develop the desired **outputs** of the system – which are the **results** we want to achieve. In our home heating example, they would be things like the production of heat and the level of comfort achieved.

To meet the family's comfort and cost goals (developed after spirited debate), the family installs a "smart" thermostat that regulates the

performance of the furnace. At night the family dons their warmest sleepwear and they let the house temperature go down to 59 degrees. During the day they keep the setting at 68 degrees and dress warmly.

It has taken a little adjustment but the family feels good about their ability to conserve energy and maintain a reasonable level of comfort. Some unintended benefits have also occurred. They were able find a cheap supply of firewood and the extra heat and the ambience of the fire adds a special glow and warmth to the home. These new "home heating routines" are becoming more and more integrated into the family culture. They are starting to advocate their practices to other families – a clear sign of "purposeful integration" of the new routines.

The final element is **feedback**. Meaningful **feedback** is necessary to monitor performance, guide timely corrections, spur innovation, and to facilitate the kind of learning that generates "systems intelligence." In our home heating example, the feedback has been critical in keeping the system:

- **Stable** - Making adjustments to the thermostat and adding conservation practices as the winter temperatures maintain all-time lows.
- **Growing -** Lowering monthly costs by installing a larger, more efficient furnace that will "pay back" its purchase cost in less than a year.

In fact, the overarching goal of a systems approach is to achieve the natural benefits of **stability** and **growth** – which over the long-term translate into **sustainable growth.** In our example, it has been achieved through **leadership** within the family to clearly define the **inputs**, manage the **outputs**, and use **feedback** to make adjustments and spur innovation. The stability of the system and its growth is now supported by an increasingly "systems savvy" family **culture**. Piece of cake, right?

Unfortunately, the current reality tells a different story. Our home heating activities in the US are not managed as a system – with research revealing the following general conditions:

- Underdeveloped **inputs** (lack of clear purpose, goals, and a supporting culture)

- Highly variable **outputs** (representing a huge waste in energy resources), and
- Limited use of **feedback** (thwarting improvement, innovation, and performance).

Reality Check: Our "systems thinking IQ" in the workplace shows is also lacking. It's no surprise – given the systems we manage are way more complex than our home heating example and the urgencies of the day keep us focused on the "smaller game."

So, in what parts of your work life have you become systems savvy (or need to)? If you are the sales manager, the "incentive system" could be your main concern. If you are in HR, it could be the overall impact of the performance management system. Or, you might be the big boss – trying to integrate these smaller systems into a meaningful whole.

Answer these three "starter" questions for a key system you manage as part of our journey together:

- **Inputs**: Stated succinctly, what is the clear and compelling purpose for the system?
- **Outputs**: What are the meaningful outcomes you are committed to achieving?
- **Feedback**: To what degree does your feedback process allow you to manage the inputs and improve the outputs on a consistent basis? In what ways has your "systems intelligence" grown?
- **Bonus question**: To what degree have you achieved **sustainable growth** with your system performance?

Session #3: The Perfect System -- Las Vegas

Dear Fellow Leader:

In the last session, we began the process of understanding how systems work by using a rather simple one – our home heating system – as a useful example. It gave us a chance to define terms and start to understand the dynamics of systems thinking.

This week we will jump up to the 20,000-foot level to look at large systems. It's a great opportunity to see their true power. To get to this level, imagine you are in a plane flying over the Nevada desert – specifically the city of Las Vegas.

What do you see? Well, if it is at nighttime you will see an explosion of lights – signaling an experience way beyond the rationale! If it is during the daytime, you will notice something far more telling. At the edge of the town, where the last gambling casino exists there will be a parking lot. At the edge of the parking lot will be a small green belt of grass to mark the boundary of the property. Beyond this greenbelt is nothing. It is where the lizards go to die. It is pure desert – sparse – scarce – soulless.

Las Vegas should not exist in a rational world. Beyond the indigenous desert population, the area is inhabitable. So why does it work – and work on such a grand scale?

Well, it is the perfect system.

Let's take a closer look. Above the "ceiling" – the management and staff live in a logical state – surveying their "perfect" world through cameras, peep-holes and two-way mirrors. From a systems perspective, they are effectively managing their key system "outputs" (gambling revenue) down to the dollar – because their "inputs" are so well designed and integrated. To make their revenue target so reliable and predictable, they have carefully designed their system "inputs" to achieve the following:

- **You will be "ahead" at some time during your stay**. In other words, the effort will not seem totally futile. The odds are carefully crafted

to keep you at the tables. The behavior below the "ceiling" is largely irrational (fueled by hunches, gut feelings, and superstitions) – supporting the belief that: "I can beat the system."

- **You will think you are having fun**. The high-sensory, low-reality, larger-than-life environment can be a welcome diversion to the routine accountabilities of life. Discounted breakfasts, free drinks at the gaming table, and the free lounge acts create an artificial sense of abundance. The environment is perfectly aligned to the behavior desired (gambling).

- **A value system that distorts rationality.** The value system (and highly successful publicity campaign) – "what ever happens here stays here" – tries to give everyone a temporary hall pass to be "temporarily" irrational and live at the edge. You will even rationalize the outcomes – because no one likes to admit "losses" of any sorts. Ever heard of anyone who lost at Las Vegas? The usual response is "I broke even" or "I paid for expenses." These kind of rationalizations will ease the pain and bring you back.

How come our other systems don't work this well? In other words, what if our school systems were as successful in achieving their desired outputs? And why don't they? Why can't they be the perfect system? Those are great questions to reflect on.

The sad truth is that our big systems – government, health and school systems – simply don't work very well. Their inputs – unlike Vegas – don't create the same level of purposeful, focused, and highly integrated inputs that are necessary for a system to flourish.

For example, the many school systems have focused on raising standardized test scores to improve their rankings and access to funding. So, their "inputs" (goals, values, key processes, etc.) reinforce the inadequacies of the institutional education model – where the love of learning is lost in an effort to do well on a test. It should be no surprise that 40% of all kids never read a book – ever again – after high school.

Here's the reality: The results we get are perfectly aligned to effectiveness of our system.

So, look around. What are some of the systems that work well in your world? How about your kid's soccer league? How about the boarding routine for your airline? How about your business unit? Stand back and assess the whole system – looking first to see how reliable, predictable, and significant the "outputs" are – then assess the "inputs" into the system that produce this level of performance.

We are early in our journey and are learning to be "systems aware."

Unlike Las Vegas . . . where the system thrives on, encourages, rewards, celebrates non-rational behavior (in a perfect way) -- your systems will have to bring the best out in people. You don't want them to beat the system. You want them to believe in it.

You want them to be the system!

Session #4: Time to get personal

So far in our systems thinking journey we have done three things:

1) **Framed the challenge**: In the "new normal" there is no slack left in the system – requiring a new level of thinking that can match the requirements of our complex and chaotic world.

2) **Defined some basic terms**: By using our home heating systems as a simple example, we are beginning to see the powerful dynamics of how systems actually work.

3) **Challenged ourselves to see and understand the systems that surround us**: Systems define our work and personal lives – and we are forever curious as to what makes them effective.

Now we get down to the **personal level**. None of this systems thinking "stuff" will work until we learn to quiet our "dualistic" minds.

Dualistic mind? What the heck is that? It is the **either-or-thinking** that tends to dominate the way we think and act. The reason is simple. Our brains like black and white – especially given the "survival dominated" needs that have defined the brain's evolution. There was no room for "gray area thinking" when a tiger appeared! Unfortunately, the fear has not subsided – we continue to see "tigers" everywhere we go.

So, our lives evolved (and continue to evolve) accordingly. We label things in light of these dominant survival instincts. We see things as . . . good vs. evil . . . right vs. wrong. The labeling continues: liberal vs. conservative, friend vs. foe, us vs. them. We have learned to dislike the middle ground and think less of those who take it. After all, it lacks clarity and seems all too passive.

In contrast, we have learned to love the strong – even extreme – point of view. We have also found that when we share a strong point of view with others – it brings us comfort knowing that we were part of a special inner circle. Our positions – the stronger the better – give us an identity.

Think about it. You probably have a preference for a television news channel that represents your view – whether it be "left" or "right." We just love all of those "gotcha" moments as they sharp shoot the opposition with their own zealous spin. We actually like the extreme nature and delight in the continuous vilification of those who don't share our ideology.

The sad truth is that this **either-or** (dualistic) thinking invades so much of our lives. We lose the capacity to take into account the fact that between these two sides there is an enormous range of grays. As we become more "expert" in our jobs, much of our energy goes to protecting our "expert identity" as opposed to opening ourselves up to the abundant view that asks: "What can I learn from this?"

Here's the deal: there are two sides – and a "middle" – to everything. But often we feel stuck in defending our traditional positions that have characterized much of the success in our work life. For example, our subject-matter expertise in marketing (and resulting identity) may keep us more engaged in advocating our well-tested preferences than seeing the changing dynamics occurring in the real world.

While a bias may protect our fragile identities – it robs us of a richer path of sense-making and truth-finding. Just think of the last time you tried to have a discussion with a person whose ideology or position was immovable – blind to the mysteries that exist in everything. It is the most frustrating thing in the world.

Strong cultures often reinforce the need to adopt and defend a certain point of view. For example, we can't bring up the "positives" of a competitor (after all, we are "good" and they are "evil") – creating learning barriers while reinforcing our myopic view. All of this energy used to protect us is no longer available to observe, to understand, and to learn. As **either-or** thinking goes deeper into our organizations and communities, it separates us, making us feel like we belong to different camps.

Systems thinkers don't divide the world into two – but see the wonderful and interesting dynamics of the whole – exploring the extremes and the vast middle ground. As a "sculptor" of truth, we chip away at all that is

irrelevant – revealing what is beautiful within this block of granite.

Here are three things you can do to deal with the **either-or** mind and enhance your systems thinking capabilities:

1. **Question any form of extremeness**: Look for the contradictions, half-truths, and incompleteness. Be wary of extreme ideologies that lack meaningful foundations. (You don't want to follow the wrong God home.)

2. **Develop a more balanced perspective**: Learn to integrate "opposites" into something better – enjoying the contrast of hot apple pie with cold vanilla ice cream. Take advantage of the natural conflicts that arise as some advocate for change and others promote the traditional path. Between these two opposing forces may be the more sustainable path of stable change.

3. **Be a catalyst for the truth**: It will often mean confronting the popular or comfortable positions that have shaped a groups identity. However, through careful and respectful inquiry, we can begin to reveal new insights that will elevate our thinking. Most importantly, cultivate the following spirit into your most important relationships:

Between your truth and my truth is a special place.

I will meet you there.

Session #5: The Yin and Yang of Systems Thinking

Between your truth and my truth is a special place.
I will meet you there.

In our last session we learned to deal with our **either-or** (dualistic) minds. Our natural tendency is to see things at the polar extremes: good vs. evil, right vs. wrong, liberal vs. conservative, friend vs. foe, us vs. them, etc.

In reality, there are two sides – and a "middle" – to everything. While a bias may protect our fragile identities – it robs us of a richer path of sense-making and truth-finding. As **either-or** thinking goes deeper into our organizations and communities, it separates us, making us feel like we belong to different camps.

When we stand back, it appears that our organizations are being pulled apart by a whole range of opposing forces. For example, how do we reconcile individual excellence with the need for team performance – or the competing needs for both centralized control and decentralized empowerment and accountability?

It is the **yin and yang** of organizational life! In Chinese philosophy and science, the **yin and yang** gets to the heart of what appears to be polar opposites – but are actually interdependent and synergistic to each other. It acknowledges the paradoxical nature of opposites being connected in some deeper way. This insight is critical to systems thinking – and necessary in overcoming our natural tendency to see things as **either-or**.

For the Chinese, everything has both **yin and yang** aspects – or complementary opposites within a larger whole. We can start to see how opposites are bound together as parts of a mutual whole when we consider the opposites of men and women. A race with only men or only women would disappear in a single generation. However, the interaction of the two gives birth to new things (literally!).

Consider the organizational opposites of **differentiation *(we create some new stuff)*** **vs. integration *(we make stuff work well together)*** and the recent challenges of Starbucks. It lost its "coffee" experience in a growth period characterized by increasing levels of **differentiation** in the form of expanding bakery items, food items, gifts, music, movies, books, appliances, etc. – without the necessary levels of **integration** to keep the emotional "coffee" connection with its customers.

In the process of adding more stuff – the brand lost it's differentiation! Starbucks was becoming the **"fast food" of coffee** – requiring the closing of 600 stores and the rehiring of its founding CEO – Charles Schultz.

In hindsight, I believe they were missing the "systems" view. A systems view would have raised all kinds of red flags when operating at the extreme as Starbucks did. In fact, systems level thinking would have framed the growth question much differently for the Starbucks team. Instead of what stuff can we add to increase our average gross receipts per customer – the question would be framed to challenge new thinking: **How can we integrate these new elements -- that will add to our differentiation -- in a way that serves our customers best?**

For example, how do these bakery items augment the coffee experience? As wine complements food, is it possible that our food items could enhance the coffee experience – through appropriate pairings? I know it sounds crazy – but it is the kind of "integrative" or "systems" thinking that we need most in our organizations today. Unfortunately, most of our psychic energy goes to adding stuff without fully understanding how it will impact the brand.

Consider these nine other **organizational dilemmas** – where seeming opposites represent new synergistic opportunities – the **yin and yang** of life. As we look at each pair, often a preference or bias will emerge. The systems thinker does not see them as **either-or** but rather as two sides to the same coin. It's not a choice but a dance – an opportunity to create anew.

1. Individual Excellence vs. Organizational Performance
2. Deliberate Planning vs. Emergent Planning
3. Economies of Scale vs. Variety
4. Flexibility v. Controllability
5. Rational vs. Emotional
6. Centralized vs. Decentralized
7. Change v. Stability
8. Short-term vs. Long-term
9. Incremental Improvement vs. System-wide Innovation

As systems thinkers, we choose to live with the unresolved tension – honoring the paradoxical nature of the extremes – knowing they will continually produce bold new insights and compelling new truths.

Session #6: Systems thinking is essential to the path of mastery

One of the exciting outcomes of "systems thinking" is that it will naturally take us down the path of personal mastery.

Think of the key capability areas that define your work. In other words, your job may require planning, sales, or the preparation of food. Where are you on the learning path?

A) I am new to this area – I'm just a **novice**.

B) I am fully competent and have achieved the highest levels of knowledge and expertise – people think of me as an **expert**.

C) I have achieved **mastery** – my tacit knowledge and love for my work goes way beyond that of the expert.

In reality, most of us bounce between the novice stage and the expert stage – lacking both the time, focus and discipline to achieve the status of a true master.

That's too bad – because the path toward mastery is not only critical to achieving a sense of satisfaction and fulfillment in our lives – it is essential to **systems-level thinking**. Below are the three phases of learning required to achieving **mastery**. The final and third phase requires that we bring **systems thinking** – the ability to see the whole in a meaningful way – into play.

We will use the new tennis player as our example. Imagine coaching them through the three phases:

Phase I – Competency: With all of the varied strokes in tennis, it takes about one year to achieve the **base level of competency** in the game (which is also true for many jobs). In other words, the new player can now fully execute the elements of the game and experience a feeling of accomplishment in playing matches with others. Learning tends to be fairly rapid – and at the end of the year there is a sense of "look how far I have come."

Phase II – Performance: This is where the fun begins – as we turn

competency into consistent performance. The tennis player moves from "just playing" to "playing to win." The learning moves into the **continuous improvement phase** as the player tweaks and advances their game in response to lessons learned in both practice and match play. Learning has transitioned into the art of frequent and incremental improvement. The new player adjusts their grip to gain a little more spin on their strokes – allowing for more consistency and the generation of more power.

Phase III – Mastery: The previous **performance phase** – characterized by continuous improvement – will continue forever. But something special happens along the journey for the **systems thinker**. They are not just seeing the "parts" (the different strokes) – they are now seeing the "larger" game emerge. They are starting to integrate their strokes, strategy, and mindset into a meaningful whole. They are developing a special feel for the game – cultivating a unique strategy that leverages their strengths and protects their weaknesses.

They are starting to enjoy the "inner game" where the mental aspects play a special role. They are also running "experiments" to see if they can make their "whole game" more effective by integrating the parts (strokes) more effectively. **Less and less** they see their game as a collection of different strokes. Instead of just working on their forehand, they are trying to improve their "transition game" that allows them to move seamlessly between offensive and defensive strategies.

You get the idea. It is chess – not checkers. It is the ability to see the whole board – and three moves into the future!

In the mastery phase, **systems thinkers** are less concerned with the acquisition of new and improved skills – and focus more on building the kind of understanding that changes how they see and play the game.

"The motorcycle is a system. A real system . . . There's so much talk about the system. And so little understanding. That's all a motorcycle is, a system of concepts worked out in steel."

- Robert Pirsig, **Zen and the Art of Motorcycle Maintenance**

Session #7: Systems thinkers use both of their brains

Most have heard of the different roles that the two sides of the brain play. Experiments have confirmed that the human brain has two very different ways of thinking.

The **right brain** is visual and processes information in an intuitive and simultaneous way, looking first at the big picture – then the details. It can see patterns emerge out of seemingly complex or chaotic information. It can also lose itself in the moment – lacking a sense of time or priority. The right brain, when favored, never reads the step-by-step instruction manual but instead takes a long look at the picture and works from that image.

The **left brain** processes information in an analytical and sequential way – looking first at the parts – then putting them together to produce a meaningful whole. The rational left brain is organized – has a sense of time and priority – and will most likely read the assembly instructions in order!

It's a great design – with both playing an important role in the vast range of thinking and decision-making scenarios we find ourselves in. However, author Daniel Pink warns that the traditional left brain abilities that led to past success in school and work are no longer sufficient. We can all clearly see that the analytical measures of the SAT provide no real insight into the broader capabilities and intelligences that are required to compete and find meaning in our **complex** and **interdependent** world.

The challenges of "complexity and interdependence" are the drivers for achieving the systems view (seeing the whole first – before dealing with the parts). To achieve this "big picture" view will truly test our ability to access our right brain capabilities. Probably the most simple and accessible technique for accessing the right brain is "brainstorming." You know the drill: "Ok everyone, let's brainstorm – there are no bad ideas – so let it flow!" It's a good start to get the right side activated but here's a more advanced technique that I have found to be extremely powerful.

The technique is called **generalizing the problem or situation**. When we look at a challenge in its "literal" terms we can get stuck in our current thinking modes – failing to see some of the larger opportunities that exist.

For example, when we launched the University of Toyota about a decade ago, we did a nationwide tour of some of the best corporate universities. In other words, we did the "literal translation." We wanted to create a corporate university – so what are other corporate universities doing? (Makes sense – especially to the left brain!)

Unfortunately, most were failing to some significant degree – due mostly to building their approach around the institutional learning model that puts to much emphasis on classes and curriculum. This is the problem with most "benchmarking" activities. They keep the challenge on the "same level" – which tends to engage our analytical left brain. During the benchmarking visit, the brain keeps asking: "How will this work in my organization?"

It wasn't until we **generalized the challenge** that we engaged our best thinking and achieved some breakthrough outcomes as a result. So, instead of asking – what are other corporate universities doing – we took the challenge up a level. We asked different questions that helped us to think about our learning challenge in much different terms. We asked:

> How do people currently learn at work? How can we help to facilitate that? How do people learn best at work? How can we best tie individual learning to organizational needs? What are the best environments for learning? How can a learning culture support individual learning? Is there a role for mastery in our increasingly generalist world?

You get the idea. In our case, the education system began to evolve around some critical learning insights that were not part of the traditional "university-inspired" metaphor. So, what are your big challenges and have you fully engaged your creative right brain in seeing some of the bigger, not-so-obvious-to-the-left brain opportunities?

Session #8: Systems thinkers make a good case!

As we know, systems thinking is the ability to comprehend the **whole**, see the relationships between the **parts**, and take appropriate actions with this larger view of the **system**.

Unfortunately, our survival instincts, our results-oriented cultures, and the simplicity of our cause-and-effect problem solving efforts keep us **off the balcony** where the systems view occurs.

The problem is that so much of what gets in the way of systems thinking – is done in the name of **good management!**

Here's the deal. The frameworks we use are **too simple** – inadequate for the complex purpose, process, and people challenges of today. The management practices and tools we employ actually reinforce the **smaller game** – failing to see organization life as a complex and dynamic process. Whether it's performance management of our people – or strategic planning for the future, we tend to "dumb" the process down into vague sound bites, endless forms and meaningless input.

The oversimplification of our work keeps us locked into a **short-term** focus. That's too bad, because while we learn best from experience – **we never fully experience or learn from our most important decisions**. (Read that last statement one more time.) The reason is that it takes months and years for these outcomes to fully play out. For example, we experience a breakthrough on an important work project and can start to see some positive results emerge. But was it the best choice? **We're not sure!** We never track the key indicators long enough to truly know – or more importantly, **learn our way** to a superior long-term solution through on-going enhancements to our initial solution.

So, how do cultivate this big picture, long-range view? How do we move beyond the narrow "cause and effect" framing that leads us to believe we see the real problem – know its cause – and have a ready solution to take care of it?

One practice that I have found helpful is the development of systems-level

skills through the use of **compelling case studies**. (Side note: Harvard Business School uses the case study as a primary teaching method.) By its nature, the case study teaches people to see the whole (because if done right it will tell the larger story). To reinforce the systems level view I will create cases that are loaded with problems and lots of data points (and usually involve a whole organization or major department). But here's the catch: the overall system is bad – and fixing all of the parts will only delay the inevitable.

However, our problem–solving minds simply can't resist a good problem. So the participants jump in (take the bait!) – start charting the data – and developing solutions. With a sense of urgency they start to knock down the challenges. But -- we don't let them get to far into solving the case study with this limited view without calling a "time out."

During this "time out" we ask the participants what process they used to solve the case. They start to smile – knowing that something is up. With a little coaching they start to quickly see that they missed the big picture. They were drawn in by the "pain points" and like a good doctor they went for the relief – followed by simple cause-and-effect problem solving.

With a little more coaching they can start to see the "unintended ramifications" of this short-term, problem-driven view. Many of the participants confess that they believe their initial problem-solving approach to the case would have actually made things worse (which is absolutely true)! With a new set of eyes we send them back to capture the "whole' and solve the challenge at the systems-level.

With great enthusiasm they proceed and create innovative solutions that truly solve the overall dilemma presented in the case – an inherently bad system! I am sure you can think of a couple of cases that would illuminate challenges within your community or organization that were never fully solved – although considerable time was spent fixing the parts. Write 'em up – and use them to inspire the kind of thinking that can truly make a difference!

When asked what they were doing, the first stonecutter replied:

"I am making a living".

The second kept on hammering while he said:

"I am doing the best job of stone cutting in the entire country."

The third stonecutter, when asked the same question said:

"I am building a cathedral."

Peter Drucker

Session #9: Systems thinkers do things on purpose

It's an incredible feeling that comes from membership in an organization with a deep **sense of purpose**. However, today our organizations are struggling with an unprecedented leadership challenge to create internal unity within a chaotic external environment that is difficult to see as a **whole**.

Desperately we long for simple answers – often throwing ourselves at seductive enablers such as "new technology" to help find our way. Still, there are no easy fixes in a world that is increasingly characterized by new levels of complexity and the presence of **system-level dilemmas**. These system-level dilemmas almost always manifest themselves as a **confusion of purpose**.

Through **purpose**, a set of relatively unchanging principles, we establish the **why, what,** and **how** of organizational life:

Why do we exist and what are the highest priorities that we will serve?

What is the end or vision to which we direct our strategies and activities?

How will we define the shared values that will help guide our efforts?

Here is one of my favorite **purpose** stories to tell. I remember going to the new year orientation for my son, Zack, who was in 6th grade at the time. Zack was in a private, college-prep school filled with over-zealous parents eager to invest in their child's future. At the informal session, the Headmaster posed a question of "purpose" to the parents. He asked them to choose between the following hypothetical choices:

Choice A: The school would continue to be an outstanding college prep school focusing on helping each student get into the top college of their choice. Priority would be given to preparation that would assist in the admissions process (e.g., grades, curriculum, testing, etc.).

Choice B: The school would focus more on developing the whole individual to more fully prepare them for the challenges of life. Issues such as values clarification and ethics would get more time and attention. The possible

result, however, would be that the kids might not be as competitive in the college application process.

The reason for offering the choice was simple – the Headmaster was seeking clarity on a true dilemma. Getting into a great school became an end or purpose in itself that was distorting the true mission of the school – preparing young people to lead themselves and others in an increasingly challenging world. Choice A was actually leading to burnout and frustration – with no higher meaning attained. Unfortunately, the parents sidestepped this choice – not fully addressing this system-level dilemma:

Are we a college prep school – or will we serve the core needs of our students and the world they will inherit?

Here's the deal. Like the headmaster above, most of our leadership challenges feel like **true dilemmas – with no easy answers.** As the parents did above, we often fail to fully resolve the tension between two compelling paths.

What are the dilemmas you face in your world? With the whole system in mind (our school, business, division, work team, etc.), seek first to clarify your purpose – then **cultivate the courage to take a stand**.

"That business purpose and business mission are so rarely given adequate thought is perhaps the most important cause of business frustration and failure."

Peter Drucker

Session #10: Systems thinking is seeing the larger story emerge

We've reached our last insight in a series of ten.

As we have discovered together, systems thinking is a ***powerful way of thinking*** that helps us to understand and manage our organizations in a more complete and sustainable way. An iceberg can help us to picture the three levels of thinking that come into play when we seek to create systemic or systems-level change. These levels of the iceberg represent the three realities of how we experience life.

Level One: Responding to problems (my eyes are focused). The tip of the iceberg is very visible but represents only a small portion of the larger reality. Our eyes are ***focused*** on what is visible and easily understood. This is where we see problems emerge – and start to experience a sense of urgency to close the gap. It is our most basic human urge – our need to remove the anxiety, uncertainty and vulnerability that come with a new problem.

But here's the reality: problems permeate our lives – whether it's a troubled relationship, a missed deadline at work, or the existential angst of feeling that our lives lack meaning. Our most important problems simply cannot be solved at the ***tip of the iceberg*** – where we respond to the ***symptoms*** in our efforts to close the gaps. Deep down, we know we haven't solved the problem – but at least the pain has subsided.

Level Two: Seeing the whole (my eyes are wide open). The area of the iceberg immediately below the water surface represents our best chance to understand the true nature of our dilemmas – but it requires a "eyes wide open" mindset that pushes our problem-solving beyond the urgencies and the obvious. It is here that we see more than just ***symptoms*** -- and begin to understand more deeply ***why*** the problem has occurred. Our "right brain" (where systems thinking occurs) loves to see the larger picture – to experience the whole. So, with a little more time and patience, we start to see the larger "story" that represents our problem. As this more complete story emerges, we are drawn into a narrative that is compelling in nature. We hear ourselves say things like:

"Here's what's really going on – it's fascinating!"

Level Three: Seeing the truth (my eyes are closed). The dark, deep waters at the bottom level of the iceberg represent the elusive but necessary explorations of seeing beyond the comfortable biases, delusionary order, and incomplete categories that make up our personal belief systems. In these deeper, less accessible waters we create incomplete and inaccurate mental models in the form of assumptions, values, and beliefs that serve our biases, preferences, and identities. ***Too often we chose what we believe and then believe what we chose.***

With our "eyes closed" – we become wholly present, reflective, and deeply involved in a fresh, new perspective that allows us to re-think our beliefs and to reframe our challenges in a more truthful way. As the ego recedes, new boundaries for seeing our problems emerge – creating a wondrous excitement that we rarely experience in our more typical ***tip-of-the-iceberg*** world.

A systems thinker is a true explorer, spending little time on the surface – where things are comfortable and wholly visible. Instead they seek out the larger story – reaching new depths of understanding that seem elusive at first. A story, by its nature, will always involve intrigue, unanswered questions, and the unraveling of new meanings.

So, tell me a story. Tell me a story so true . . . it could be my story.