FEATURE

Treating America's Health System with Structural Dynamics

By Anika Ellison Savage and Michael Sales

The U.S. health system is an example of an important, complex system that is under great pressure. In this article, we describe how the organizations comprising this system can be resilient, responsive, and confident in adapting to massive changes by becoming more life sustaining. We present a composite case study to illustrate how the Structural Dynamics approach can be used to achieve this result.   ***MORE*** ➤

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Selecting Variable Names for Causal Loop Diagrams

by Kellie T. Wardman

Although causal loop diagrams (CLDs) are extremely helpful for representing dynamic relationships, inaccurate or poorly constructed diagrams can be ineffectual or counterproductive in understanding and communicating those relationships to others. Much of the clarity in a diagram depends on the careful selection of variables. This article discusses the process of selecting and refining variable names.   ***MORE*** ➤

VIEWPOINT

The Learning Organization Revisited

By Robert Fritz

As cycles and fads move, the learning organization had its time on the stage, and then, like many such innovations, it faded in popular currency. It's telling that something can come into vogue and then pass into seeming irrelevance. What it tells is how, too often, people are looking for that magic bullet, that secret to success, that key insight, the game changer, the riddle solved. The notion is that there is a trick, and once found, success is assured.   ***MORE*** ➤

BUILDING BLOCKS

Engaging the Whole Person in Conversation

by Carla Kimball

In facilitating group experiences, it is important to create a sense of safety so that people can fully participate. The best way to begin that process is to give participants a chance to check in and introduce themselves in a solid, real, and human way.   ***MORE*** ➤

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TREATING AMERICA'S HEALTH SYSTEM WITH STRUCTURAL DYNAMICS

BY ANIKA ELLISON SAVAGE AND MICHAEL SALES

Ours is an era of discontinuity. The tectonic plates of history are shifting, causing powerful and complicated stresses for nearly every human system—from the family unit to international governance. The U.S. health system is an example of an important, complex system that is under great pressure. In this article, we describe how the organizations comprising this system can be resilient, responsive, and confident in adapting to massive changes by becoming more life sustaining. We present a composite case study to illustrate how the Structural Dynamics approach can be used to achieve this result.

Life-Sustaining Organizations

When talented employees passionately love an organization and hate the idea of leaving it, that organization is most likely life sustaining. Life-sustaining organizations demonstrate commitment to the well-being of their people, their social context, and the natural environment. They have a magnetic quality that attracts highly energetic people aspiring to do great work. These organizations care about the products they make and the people involved in the process of producing and using them. They sustain and improve the quality of their physical surroundings. While certainly imperfect, companies like Apple, Google, and Trader Joe's are exemplars of complex systems that are guided by life-sustaining principles.

Life-sustaining organizations know themselves to be living organisms that exist within interdependent social, economic, political, and natural contexts. They are responsive and ready to act. These organizations have a highly developed awareness of which forces in their environment deserve their full attention, enabling them to focus on what matters. By continually nurturing their people, their environment, and themselves, they are able to adapt in order to survive and thrive in the world that is emerging rather than remaining tied to an outdated paradigm.

Living systems are able to evolve without losing their identity. Their principles, values, and purpose endure even as their organizational form, processes, and products change over time, sometimes substantially. Life-sustaining organizations seek to sustain healthy functioning at every level and in all activities. These organizations have positive influences on people inside and outside the organization and on the natural environment.

Life-sustaining organizations intuitively engage in systems thinking. They nurture and actively strive to retain the talented people they need to adapt and flourish. In a reinforcing cycle, these people spread the word, attracting others like themselves. Living systems understand that their organizational environment, internally and externally, determines individual behavior to a significant degree. Rather than placing blame on individuals, they look beyond immediate causality to discover systemic drivers of issues.

These organizations exhibit design integrity by creating the environments, processes, and tools required to most effectively achieve desired results. People have no need to "work around" the system. Because the elements of these systems support one another seamlessly, little internal friction exists as they move toward goals. They are oriented toward achieving the results they have defined for themselves. The products and services that emerge from living systems look right, feel right, and perform well. In this way, they are able to achieve the financial returns they need to sustain themselves.

Is the Health System Life Sustaining?

Because the core mission of the health system is to promote well-being, prevent injury and disease, and care for the afflicted, we would expect the organizations that make up this sector to be life sustaining. How well the health system is functioning depends on where and how you look:

• Medical science is making impressive strides in preventing and curing disease. Huge investments are being made in research and development in the health arena.

• The use of advanced technology is significantly improving outcomes. Early testing can identify

disease before it becomes acute. Super-computers help doctors match symptoms to rare illnesses. Remote monitoring allows timely and accurate intervention.
• Fitness is an established trend; yoga centers, gyms, and athletic clubs abound. Approaches like acupuncture, massage, chiropractic, and mind/body therapies are gaining wider acceptance.

On the other hand:
• The aging of the population is exacerbating the shortage of skilled medical professionals and healthcare providers. Fewer people are serving a greater demand for services.
• Complexity and inefficiencies make the health system prone to errors that affect patient safety.
• The personal connection between provider and recipient is strained as professionals are driven to spend less time per appointment, patients travel between specialists and facilities in the course of treatment, and records are often missing, incomplete, or inaccurate.
• Costs are soaring.

These are only a few examples that indicate ways in which the health system is unwell. The system is skewed toward addressing illness rather than maintaining health. This focus drives up costs while reducing the overall quality of life. To be life-sustaining, health organizations must continually and consciously make choices that preserve their positive aspects while simultaneously addressing their challenges.

Applying Structural Dynamics to a Health Organization

Let's consider the case of OneLife Health Insurance (a composite case derived from a series of engagements in the health system). OneLife employs physicians to review claims with an eye to minimizing the amount it pays out. The company spends more on marketing and advertising than its competitors. Policyholders sense a disconnect between the image OneLife projects of itself as a caring company and the response they receive when they need coverage.

OneLife understands that its operations may be affected as the large population of Baby Boomers reaches retirement age. In order to engage people throughout the organization in strategic thinking, future analysis, and the integration of strategic direction into day-to-

day operations, the OneLife executive committee decides to use Structural Dynamics to investigate the impact of the aging population on the company's business.

As shown in "Structural Dynamics," the process has four stages: Exploring facts, Discovering options, Embodying action, and Sustaining results. OneLife begins by convening a team of internal strategic thinkers from all parts and levels of the organization. Company leaders select these individuals for their diverse perspectives on the past, present, and future of the health sector, their willingness to consider views that differ from their own, and their ability to cogently describe their ideas. The team continually communicates with decision makers and colleagues throughout the Structural Dynamics initiative as they:
1. **Explore** a wide range of forces affecting the issue under consideration. The team builds a structural model that represents the dynamics surrounding the issue and identifies a set of divergent, equally plausible future scenarios.
2. **Discover** strategies that work in each of the future scenarios. They choose strategies that work well across the scenarios and/or those that support a particularly appealing scenario.
3. **Embody** the strategies in a way that supports the strategic direction of the whole organization.
4. **Sustain** results by identifying the signposts, indicators, and warnings to monitor and assess. This information feeds back into the process to refine the analysis and deepen the thinking.

The OneLife team formulates the issue they will investigate as: "What services will OneLife provide to the elderly population?" By considering this potent issue before it becomes a crisis, OneLife will be better prepared to make timely, informed choices than competitors that haven't anticipated the changes on the horizon.

Exploring Facts

The OneLife team proceeds in the Exploring stage of Structural Dynamics by moving through four levels of increasing depth and complexity: events, patterns, structure, and mental models (see "Diving into Complexity" on p. 4).

At the **event** level, team members respond to the question: "What events, if they happened within the next 15 years, would have a significant impact on the services OneLife provides to the elderly population?" This question might generate hundreds of events. From these, the team identifies the events that are the most critical to the issue under consideration and the most uncertain, usually three to five. The team states these "critical uncertainties" as variables that can move in one direction or another. The OneLife team selects as one of its critical uncertainties: "The health and well-being of the elderly population." We will
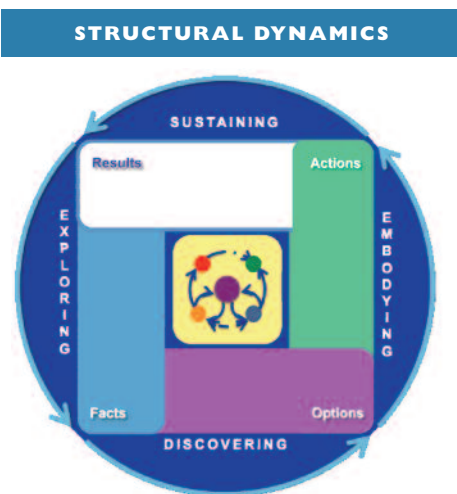
The Structural Dynamics process has four stages: Exploring facts, Discovering options, Embodying action, and Sustaining results.
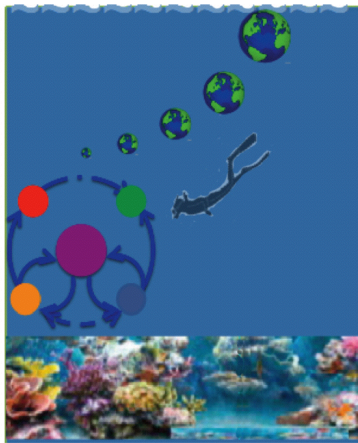
EVENTS — What you see, observe / What you experience / News headlines

PATTERNS — What's been happening / What's changing / Contrasts / Getting better / ... or worse

STRUCTURE — Why this is happening / Reasons / Explanations / Causal connections...

MENTAL MODELS — How you think and see / Your perceptual filters

less." The OneLife team identifies patterns of closely related variables (see "Pattern 1" and "Pattern 2" as examples).

At the level of **structure**, patterns link together to form a system. Closing the loop, we see that the health and well-being of the population affects life expectancy. Based on the choices of the elderly and their providers, the health and well-being of the population could stay the same, improve, or decline in the coming years.

A systemic structure has two distinct types of connections: the first based on mathematics and the second based on human choice. "Pattern 1" shows that the combination of increasing life expectancy and declining birth rate results is a rising median age of the population. There's no choice involved; it's the simple math of the situation. In "Pattern 2," we see that human choices (how individuals and institutions balance preventive measures and remedial care) affect the overall health and well-being of the population.

At the level of **mental models**, the team probes the assumptions people hold regarding the critical uncertainties. The diverse opinions represented on the
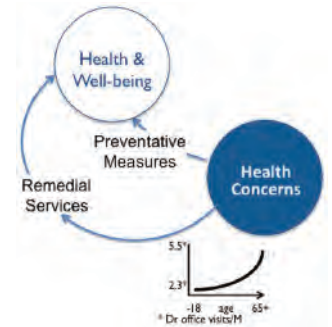
As the population ages, health concerns increase. Historically, people over 65 visit doctors more than twice as often as those under 18. This is one of many factors contributing to exponential growth in healthcare costs, which have risen from 3 percent of GDP in 1950 to approaching 20 percent currently. Myriad choices are available to the aging to maintain (preventive measures) and improve (remedial services) their health. These individual and institutional choices greatly influence the health and well-being of the population.

use this variable as an example in our description of the process.

Some of the uncertainty surrounding this variable includes:

• Will the elderly be predominately fit and active?
• Will they tend to be obese and prone to disease?
• Will new discoveries make aging bodies infinitely renewable?
• Will financial need, social isolation, and health concerns combine to create a demographic that is depressed and despairing? (Click **here** for "Population Demographics.")
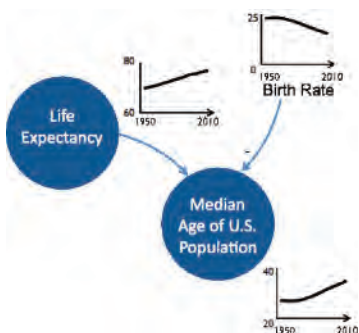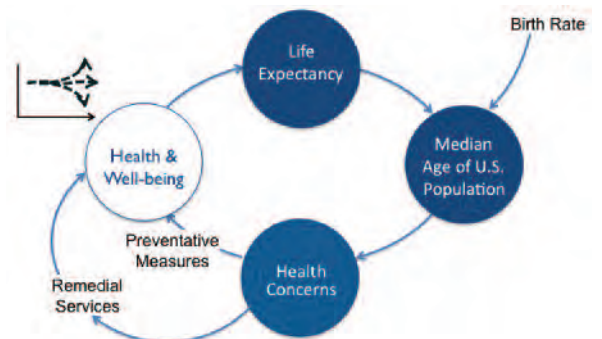
These questions have no definitive answers.

At the **pattern** level, the team considers how the critical uncertainties they identified have been trending in the past, using the same 15-year timeframe. These trends cannot simply be projected into the future. The Structural Dynamics model the team constructs will identify forces that could very well shift the pattern in another direction.

Patterns are interconnected variables that repeat under particular circumstances. These chains of cause and effect are responsive to the conditions that exist. As Christopher Alexander said, "The shape of the wave is generated by the dynamics of the water, and it repeats itself wherever these dynamics occur." Buckminster Fuller stated it this way, "The wave is not the water. The water told you about the wave going by. But the wave has a patterned integrity of its own–absolutely weight-

Life expectancy has increased significantly over the last 60 years. Following the Baby Boomer spurt, the U.S. birth rate has been declining. As a result of these trends, the median age of the U.S. population has been increasing.

A systemic structure has two distinct types of connections: the first based on mathematics and the second based on human choice.

Abrupt
- System seeking equilibrium
- Transformational
- Revolutionary
- Pervasive
- Obvious
- Rapid

- Subtle
- Unfolding
- Persistent
- Evolutionary
- Incremental
- System in equilibrium

Gradual

team help to insure that OneLife considers a wide range of views. The team looks at the implications of any critical uncertainty using two sets of structural dynamics:

1. **Abrupt vs. Gradual Dynamics** (i.e., will this critical uncertainty evolve slowly over a long period of time? *or*... will it change abruptly in a transformational torrent?) is based on mathematical relationships. For example, a snowflake landing on a snowy overhang could add incrementally to the snow mass *or* that snowflake could be the tipping point, triggering an avalanche that abruptly and significantly changes the landscape. In many cases, we cannot know if or when an abrupt change will occur; however, we still form mental images of the impact of the snowflake that we use as a basis for subsequent actions and decisions. We may not be consciously aware of the many mental models that continually guide our thinking and actions.

For example, some OneLife team members hold a mental model that the health and well-being of the elderly will have a rapid and transformative impact on the services OneLife provides ("It's going to hit us like a ton of bricks!"). Others believe the impact will be more gradual and evolutionary ("We'll muddle through.").

Regardless of team members' views of the rate of change, the physics of the situation will be what it will be. If OneLife is not aware of and testing its view of the impact that the health of the aging population will have on the services it provides, it will be blindsided by surprises for which it is unprepared. The team is charged with identifying and communicating the full range of possibilities. OneLife will then be able to position itself to deal with whatever happens.

2. **Conserve vs. Expand** is based on human choice. Faced with the possible occurrence of a critical yet highly uncertain event, we can choose a conservative stance. We can hunker down and attempt to preserve what we have or we can be expansive: treating the eventuality as an opportunity to make needed changes.

The figure below shows the possible human stances toward critical uncertainties, ranging from fear to hope. Both stances are natural, situationally
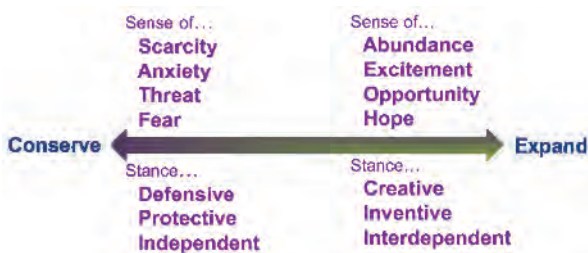
appropriate, and understandable. OneLife might see the impact of the health and well-being of its elderly policyholders with anxiety, e.g., too many elderly people needing too much care. If so, it may take a conservative stance to protect its resources and preserve its current methods of operation. On the other hand, OneLife can choose an expansive stance, repositioning its operations and services to meet the impending demand.

At this point in the initiative, OneLife begins to see that they have tended toward a stance of preserving and that they have the choice to be expansive—offering services that would attract additional customers. In fact, they understand that their current methods are having an unintended effect, as customers are being drawn away to more responsive competitors.

Overlaying these two axes, we get four quadrants (see "Scenario Game Board"), each representing a unique future scenario. While we recognize that an infinite number of future possibilities exist, grouping them allows us to analyze starkly different futures. In discussions with Jim Dator at the University of Hawaii's Research Center for Futures Studies, we started thinking in terms of archetypal scenarios. An archetype represents something that many people respond to at a visceral level as if recognizing a basic truth, something they've always known or believed.
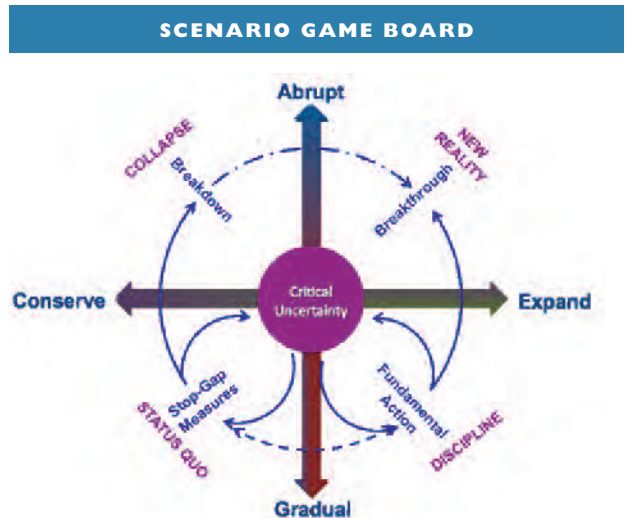
Each quadrant on the Scenario Game Board represents a unique future scenario.

The four scenarios that emerge from the intersection of these dynamics represent the images of the future held by people across cultures and over time that Dator and his associates identified. Building on their work, four archetypes emerge to describe distinct future scenarios:

Status Quo: The future emerges gradually from the present. This scenario occurs when critical

uncertainties unfold relatively slowly and steadily. Organizations and societies are able to take stop-gap measures to solve any problems that arise. The OneLife team sees this scenario world as one in which the health system remains basically the same. As issues arise (e.g., professional burnout, more costly treatments), steps are taken to fix the problem.

Discipline: This future is characterized by investment and invention. Critical uncertainties unfold gradually, and a lot of "can do" energy exists. A variety of technologies and methodologies emerge to meet the needs of the aging population.

New Reality: Huge breakthroughs result in a world radically different from the one we've known. In this scenario, one or more abrupt changes results in dramatic new conditions. OneLife envisions genetic medicine in this world, which might extend life expectancy to 100+ years.

Collapse: In this future, social, economic, and environmental systems break down. People react by doing the best they can for themselves, their families, and the organizations they depend upon. OneLife posits a global epidemic resulting in the death of many millions; the survivors are unable to maintain the complex health system that sustained them in the past. Life expectancy declines.

"Scenario Outlines" is an overview of how the OneLife scenarios begin to take shape based on the variable we have been using as an example.

Discovering Options, Embodying Action, Sustaining Results

In this article, we have focused on the **Exploring** stage of Structural Dynamics. In the next stage, **Discovering**, to enrich and deepen their understanding of the forces in play and how they impact one another, the OneLife team integrates the Game Boards of all of the critically uncertain variables that they have been investigating. The team tries on life in possible future worlds. They use their insights to develop strategies within each scenario and test them. Some strategies will be robust, viable across all the scenarios. The applicability of other strategies may be contingent on the nature of the future that emerges.

In the **Embodying** stage, OneLife adopts a strategy that integrates the promotion of nutrition and exercise, particularly targeted toward people over fifty. It implements this strategy broadly, both within the organization as well as in its customer policies. Employees who smoke or are obese receive support in meeting specific targets. Working with nutritionists, the company's food service team dramatically improves the offerings in the cafeteria. To encourage employees to bike, carpool, use mass-

Collapse—Seniors are caught in a downward spiral of poor mental and physical health, increasing medical costs, and shrinking social safety nets.

Status Quo—Seniors seek medical advice and intervention often for a number of ailments. Their prolific medications have side-effects that require additional meds.

New Reality—Replacement human "parts" are common, monitoring is ubiquitous, and health choices are inexpensive and non-invasive. Life expectancy increases dramatically.

Discipline—Seniors are living longer, healthier lives as they tend to eat organic food, exercise, and avoid smoking, obesity, and other known causes of health issues.

Image credits: *Collapse*—iStock File #: 3145606 by Eurobanks; *New Reality*—WikimediaFile: Cyborg from flickr.jpg; *Status Quo* —iStock File #: 3591896 Spaulin; *Discipline*—by permission of Gary Passler.

transit, or walk to work, OneLife facilities charge employees for parking cars. With the reduced number of cars onsite, the company turns paved areas into green space over time.

Physicians in OneLife's provider network are encouraged to move patients to healthy choices; they are compensated based on their success in meeting these goals. Subscribers who make healthy choices receive generous benefits, including free fitness classes. OneLife forms marketing partnerships with grocers who offer nutritional services that meet OneLife's criteria. The company makes preferential arrangements with drug stores that don't sell cigarettes. It forms alliances with senior centers that place a priority on physical exercise. OneLife also becomes a prominent sponsor of municipal, regional, and national recreational facilities and programs to promote exercise. As a result, OneLife repositions its brand and attracts the most active and fit seniors.

In the **Sustaining** stage, OneLife monitors the effectiveness of these initiatives by continuously observing signposts, indicators, and warnings that might indicate the need to add, modify, or drop initiatives. Employees at all levels, particularly those who interact with customers, participate in the company's ongoing monitoring activities. The organization's boundaries become more permeable,

extending into the customer base, the communities OneLife serves, and the natural environment.

A Robust Health System

Looking at OneLife's learning process, we are reminded that the future is shaped by our collective human choices—at the personal, organizational, governmental, and global levels. The decisions we make influence the degree to which we have the resilience and fortitude to face whatever comes. To what degree will we be oriented toward embracing something new and potentially better? To what degree are we focused on conservation and preservation? Organizations that interrogate the future, probe its many possibilities, and arrive at strategies to pursue a preferred future have the confidence to act swiftly and decisively as threats and opportunities present themselves. Their sense of possibility affects who they are, their interactions with their people, and their orientation toward nature and society. Life-sustaining organizations have boundless horizons for learning, and that keeps them vibrant and relevant! A health system full of life-sustaining organizations vigorously supports the well-being of all. ◘

For a complete description of Structural Dynamics and a comprehensive case study, see Sales and Savage, *Life Sustaining Organizations: A Design Guide* (Art of the Future, 2011).

Anika Ellison Savage (anika@artofthefuture.com) is co-founder of Art of the Future, a strategic leadership consultancy and co-author of *Life-Sustaining Organizations: A Design Guide*, which applies Structural Dynamics to help organizations realize their potential as living systems. Anika is a recognized authority on scenario analysis.

Michael Sales (michael@artofthefuture.com) is co-founder of Art of the Future and co-author of *Life-Sustaining Organizations: A Design Guide*. Michael holds an Ed.D. in Organization Behavior from Harvard and is a skilled consultant, executive coach, futurist and educator.

PEGASUS CLASSICS

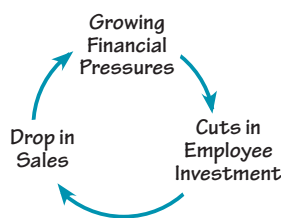# SELECTING VARIABLE NAMES FOR CAUSAL LOOP DIAGRAMS

BY KELLIE T. WARDMAN

Although causal loop diagrams (CLDs) are extremely helpful for representing dynamic relationships, inaccurate or poorly constructed diagrams can be ineffectual or counterproductive in understanding and communicating those relationships to others. Much of the clarity in a diagram depends on the careful selection of variables. This article discusses the process of selecting and refining variable names.
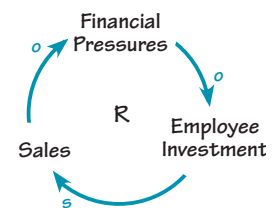
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When first beginning to draw a causal loop diagram, don't spend a lot of time up front trying to select the "perfect" variable name. Instead, focus on telling the *story* of the problem or issue. For example, suppose you believe that cutbacks in payroll and employee training caused by growing financial pressures will hurt sales over the long run. In a good first diagram of this scenario, you should be able to tell the story simply by reading the variables as you go around the loop.

Next, do a quick "clean-up" of the variables by getting rid of "positive" or "negative" qualifiers (e.g. "good," "bad," etc.) and stripping away action words (verbs).

Growing Financial Pressures → Cuts in Employee Investment → Drop in Sales

Financial Pressures → Employee Investment → Sales (R)

TIP: *If you* must *choose a variable that is either positive or negative, it is preferable to select the positive sense—for example, it is better to use "growth" rather than "decline" because it is clearer what increasing or decreasing growth would look like.*

Placeholder Terms: Peeling the Onion

In the beginning stages of loop-building, it is often easiest to lump multiple concepts together in a single "placeholder" term while you sketch out the rest of the story. For example, "Employee Investment" represents a broad category of investments, including salary, training, and morale-boosting activities.

At this point, therefore, you may want to ask, "Of the terms that I lumped together, are there key issues that should be pulled out separately?" You may feel that a decrease in your training budget, for example, has a significant effect on your company's service and sales—so you may decide "Training" should be included as a separate variable. The process of going over the loop again and again to clarify the variables is similar to peeling an onion, revealing deeper layers of issues. How deep you go depends on the specific issue and on what level of understanding you want to gain.
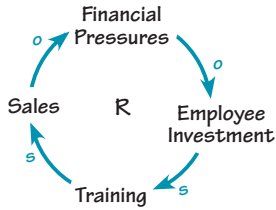
Iterative Process

After you have worked with the diagram for a while, you can begin to fine-tune the variable names to clarify the picture. For example, you may ask yourself if there is a clearer way to describe the variable "Employee Investment." Suppose employee investment in your company depends upon the size of the human resources budget—it would therefore be clearer if the term "Employee Investment" were changed to "HR Budget."

Expect that your loops will go through many drafts as you continually clarify the story. There are some additional guidelines that may help you select appropriate variable names:
- **Use nouns.** Avoid verbs, action phrases, or terms that suggest a direction of change, since the "action" in a CLD is conveyed in the arrows. For example, "Decreasing Sales" will cause confusion when you read through the diagram and ask what happens when "Decreasing Sales" increases or decreases. "Sales" is a better choice.
- **Variables should be quantities that can vary over time**—things that can rise or fall, grow or decline. "Sales Staff Turnover," for example, is preferable to "Sales Staff Perceptions" (perceptions can change, but they usually do not increase or decrease).
- **Is time used in any of the variables?** Time itself should generally not be included as a causal agent. When something changes over time, it generally does not change *because* of the passage of time.
- **In drawing CLDs, it is often useful to make a distinction between actual and perceived states.** You may find that integrating "actual" or "perceived" into your variable names will help you to clarify your diagrams.

It takes many iterations to create a good diagram, especially if it contains several reinforcing and balancing loops. It is often helpful to show your loops to others to gain different perspectives and enrich your understanding of the dynamics. Another person can help clarify a diagram by pointing out links that are confusing, or ones that may have been missed. Remember, you are not mapping "truth," but your explicit understanding of how a system operates. ◘

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VIEWPOINT

THE LEARNING ORGANIZATION REVISITED

BY ROBERT FRITZ

As cycles and fads move, the learning organization had its time on the stage, and then, like many such innovations, it faded in popular currency. It's telling that something can come into vogue and then pass into seeming irrelevance. What it tells is how, too often, people are looking for that magic bullet, that secret to success, that key insight, the game changer, the riddle solved. The notion is that there is a trick, and once found, success is assured.

We can see this in how the quality movement went from something ignored, to something embraced, to something worshiped, to something old

fashioned in light of new fads, to something ignored again. And yet the principle of building quality into a manufacturing line rather than relying on quality assurance after the fact is hardly arguable as a sensible process for manufacturing just about anything.

But the pattern is the same with these things. Take something that might be very good, try to make it popular by turning it into mindless forms that totally miss the point, see how the watered-down version fails to work as promised, and then abandon it. With quality, the downward trend began when it was turned into bureaucracies such as ISO 9000 and, in America, the Baldrige Award. Dr. Deming's innovation had to do with those close to the situation using their creativity and experience to generate often radical changes in the systems in which they were working. The key was *mindfulness*. Yet, when it became popular, the trend was to render it mindless with forms that ignored the basic principles that would have made it work.

This is just one of many examples of the pattern. I know there are those who would argue with me about my view of the history of the Quality Movement. But please notice that in the 1980s at the height of its popularity, many companies had senior vice presidents of Quality. Hard to find a company that still has this position in its reporting matrix.

Is quality still a good thing? Yes, of course. But the real thing is seldom practiced as it was first intended and executed. That's why it doesn't have the same track record that it once had.

So, all I am saying is that too often good things come into vogue, but because they are misunderstood or dumbed down or made to seem more complex than they are, the real value is lost. And that can be sad.

Organizational learning, as a topic of fad, was one such victim of the pattern. At its height, people loved the idea because it made a lot of sense. But then something happened as it often does with anything that's in vogue. Rather than understand and master the principles, people tried to adapt the notion to their own various methodologies they were selling. If you were a consulting company that offered the XY and Z process (just using a fictitious example), then XY and Z was what the company needed to learn. To be a "learning organization," you had to do XY and Z, at least that's what the company's marketing materials proclaimed with great authority that made it seem like a fact of science.

The definition of the learning organization became a little foggy over time. Some people generalized the idea to mean that any learning that was going on within the organization, even if it had to do with subjects not connected to anything the company did, was an example of a learning organization. So companies began to put their people through classes in ballroom dancing and horseback riding, hoping that the learning would somehow rub off on their professional orientation.

Naturally, with an idea as easily claimed by so many diverse and assorted vested interests to bolster their marketing, the learning organization as a principle lost its way. Not its fault really—just what happens in the pattern.

The reality of organizational learning is still one of the most powerful and important principles any organization can have. Let me make a few distinctions so we're on the same page about what we are talking about.

What Is Organizational Learning?

What exactly is organizational learning? There are two words in the phrase: *organization* and *learning*. Who and what is actually doing the learning? There may be a lot of learning going on in a company that may not be organizational learning. One tech support team, for example, was made up of engineers who loved to learn. So much so that they would never ask for help when they were trying to sort out a customer problem, even if it had been figured out many times before. They loved the technical challenge. Lots of personal learning, but not organizational.

The organization is an entity in and of itself. The entity is so strong that when new people join, they begin to behave in ways that are consistent with the structure, norms, culture, and general understanding that the entity has in place. These factors are so powerful that they are hard to go against. Somehow, even as people go and new ones come into the organization, traditions prevail. Ten years later, a very different cast of characters may be acting exactly the way their predecessors did. So, we need to understand that the organization is not an abstraction of a collective noun, but something that somehow is able to exist independently of the actual individuals who might be involved at any given moment. That means that the organization itself is capable of learning. Of course, this can only happen through individuals learning. But it is so much more than individuals learning within the context of an organization.

To begin with, someone or some group within the organization learns something, how to develop better processes, how to drive technology forward, how to bring a product to a new market, how to build greater management skills and teamwork. So far, this is not on the level of organizational learning even though it is a nice thing.

What happens next is that these people do two important things with their learning: they spread the learning, and they institutionalize the learning. The first move is easier than the second. The new group

that learns broadens the number of individuals within the organization who now know the new understanding or process. If all of them left that day (maybe to start their own company), the organization would not retain the learning. It is when the new learning is built into the fabric of the company that it becomes organizational. Now it spreads in a number of ways. People use the new learning directly. Management encourages and rewards the use of the learning. Those things that contradict the learning are rejected and replaced. Policies are designed to support the use of the learning. People are trained. People are coached as they apply the new learning.

Once learned, the organization has it, no matter who comes and goes. Over time, that becomes a true competitive advantage because the scope and execution of the learning is hard to duplicate, hard to imitate, and hard to catch up to, especially if organizational learning is ongoing.

What is the alternative to organizational learning? The famous Peter Principle, which states that everyone will eventually be promoted to his or her level of incompetence. The notion is that you keep getting promoted because of the good work you do, but then, finally, you get into a position that is beyond your talents and abilities, so there you will stay, no longer promoted and unable to perform well. The Peter Principle is predicated on the idea that people are unable to learn.

Now, that's about people. There is a Peter Principle for organizations too, as they reach points that are beyond their level of competence. That is when they begin to lose market share and customer loyalty. Those organizations that are learning the ways of the new world are outperforming the ones that can't learn.

Management and Learning

Too often, managers fail to see the wisdom of learning. Too often, they are overly busy, up against capacity limitations, up against aggressive deadlines, short of people, with those in higher management positions breathing down their necks. To ask a manager who is having that kind of experience to invest in learning processes seems like heresy and insanity. But things aren't going to get better for such a manager. Learning is the most cost-effective way to add capacity because you can take the very same people, and because new learning has been added, they become more effective. And while there may always be a drum solo of activities going on, by not rethinking, learning, developing new approaches, etc., things will only get worse.

Of course, to understand the power of the learning organization, one must think in longer terms than the quarterly report. But if learning has gone on for a year or more, here before you know it, the organization begins to perform better than it ever has. It is capable of growth in volume, products, markets, and profits. It begins to have an economy of means rather than a strained resource base where everyone feels he or she just can't keep up.

Organizational learning is unlikely to succeed without:

• Senior management support and senior management learning

• The orientation of a learning culture

• The discipline of putting learning into practice and then adjusting as needed

• Systems in place to spread the learning

• Trainings that are relevant to the learning as needed

Vicarious Learning

One last thing a learning organization must have is the ability to learn vicariously. Experiential learning is good. But it is limited. We can expand our understanding more easily if we can learn vicariously though the experiences of others. That's why we have books and libraries. That's why the Internet has been so useful in spreading the "how tos" of everything from cooking to using software to knowing how to regulate your car to growing roses well.

Within the organization, vicarious learning makes it possible for a group who had experienced a learning process to spread that learning to the rest of the organization.

Therefore…

So, here's the point. Organizational learning has had a lot of misconceptions surrounding it. But still, the real thing, actual ORGANIZATIONAL learning is one of the few ways a company can truly succeed, especially as the world becomes more complex. If your company isn't a learning organization, you can bet other companies in your industry will be, and they will outthink and outperform you by virtue of "outlearning" you. Organizational learning gives a company a chance to build in long-term sustainability and competitiveness without major investments. And in fact, without the learning component, other types of investments won't provide what they might have. It's time to rethink the proposition of organizational learning as a critical strategic dimension. ◙

Robert Fritz, a composer, filmmaker, and organizational consultant, is founder of Technologies For Creating® and author of the international bestseller *The Path of Least Resistance.* **Click here** for more information about Robert and his work.

ENGAGING THE WHOLE PERSON IN CONVERSATION

BY CARLA KIMBALL

I've been facilitating group experiences for almost 25 years. One of the first things I learned was the importance of creating a sense of safety so that people can fully participate in the work they have gathered to do together. The best way to begin that process is to give participants a chance to check in and introduce themselves.

Early on, I found that the standard introductory, "Tell us your name, what you do, and why you are here," was never very satisfying. People usually responded by giving their "elevator speeches"—what they had been coached to say at networking events. These often came across as a rote recitation of a canned response with no life or authenticity.

I wanted to hear more. I wanted to have a glimpse of the person behind the introduction. I wanted something solid and real and human. So began my quest for a way to bring the whole person into the room. There are lots of ice-breaker exercises out there that are designed to do that. But quite honestly, many of them felt contrived and most were not appropriate for the kinds of groups I was running.

As a visual person, I was drawn to images that could be used to engage both the right and left brains. I found that when I combined a selection of images with a targeted question, participants would begin to share so much more of themselves than if I simply asked, "Tell us something about yourself." Instead, I would say, "Find a photo that captures or represents..."

- Who you are in this moment
- How you currently feel about *[the issue at hand]*
- What you hope we accomplish by the end of our time together
- The essence of *[the issue at hand]*
- A quality you'd like to bring to this meeting

For a long time, the problem was that I needed a large number of a wide variety of images so that people had plenty to choose from. I tried collecting pictures from magazines (too commercial and not durable enough to withstand continuous use), postcards (it took too long to gather the variety I was looking for), and specialty cards like Tarot decks and other decks with images on them (the images were never quite right for my purposes).
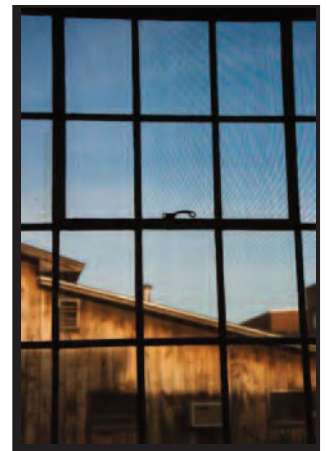
I had been taking photographs for years, but not the kind you put in a photo album for the family or send to friends documenting an event. My photos were always quirky ... an interesting door, a part of a curb, an unusual perspective.

At the same time, I became increasingly interested in conversational methodologies like the Art of Hosting and the Flow Game, where I discovered the power of a really good question. I wanted to become more skilled at designing the kinds of questions that would evoke interesting conversations.

In January of 2009, I combined my love of photography with my desire to practice asking questions into a daily photo blog. Since that time I have posted a photo and a question as a daily practice. After more than two years of daily postings, I have accumulated a large number of photos and questions that, in fact, work quite well for group introductions, check-ins, and deepening conversations. They can also be used for personal reflection and sparks for creative activities.

The point is that images, especially when combined with provocative questions, can provide an excellent jumping off point for conversations that break the ice and allow participants to bring more of themselves to the issue at hand. ◘

Carla Kimball, MA, MBA, is president and founder of RiverWays Enterprises. She works as a public speaking presence coach and facilitates large-scale community-wide problem solving through a process called the "Art of Hosting Conversations that Matter." Go to her blog to receive a regular email with the day's photo and question. Also, Carla has created Revealed Presence Story Cards decks.

PEGASUS NOTES

Coming in September

Introduction to Systems Thinking Webinar Series

This series of four webinars provides a basic foundation in the theory and tools of systems thinking through a spiral learning approach in which the participant can build real systems thinking and learning capability. Register for individual webinars or the entire series (note that registration in some of the programs is limited).

Register for one or more of these live webinars

Webinar 1: Introduction to Systems Thinking with Rebecca Niles

Wednesday, September 7, 1:00-2:30 pm ET **More…**

This engaging, interactive session will provide an overview of the theory, concepts, and tools of systems thinking. You will explore the concepts of mental models, feed-back, and organizational learning as they apply to organizational challenges.

Webinar 2: Introduction to Causal Loops with Rebecca Niles

Wednesday, September 14, 1:00-2:30 pm ET **More...**

In this highly interactive webinar, you will learn the language of causal loop diagrams, see a variety of examples, and have the opportunity to apply your learning by developing causal loops and presenting them to others.

Webinar 3: Overview of Systems Archetypes with Kristina Wile

Wednesday, September 21, 1:00-2:30 pm ET **More...**

Peter Senge introduced the notion of systems archetypes in The Fifth Discipline 20 years ago, but many are just beginning to discover their potential for identifying ways to solve persistent problems. These commonly occurring patterns of behavior show up time and again, in different industries and social systems.

Webinar 4: Overview of Systems Archetypes with Chris Soderquist

Wednesday, September 28, 1:00-2:30 pm ET **More...**

The human mind is incapable of accurately simulating the complex systems that we encounter. The good news is that computer simulation is a useful way to gain a better understanding of the behavior of systems.

FROM THE FIELD

Walk Out Walk On Slideshow

In their new book, *Walk Out Walk On: A Learning Journey into Communities Daring to Live the Future Now* (Berrett-Koehler, 2011), Margaret Wheatley and Deborah Frieze look at an emerging movement of people around the world who are walking out of limiting beliefs and assumptions and walking on to create healthy and resilient communities. These people use their ingenuity and caring to figure out how to work with what they have to create what they need.

The Huffington Post is currently featuring a slideshow of nine of the most innovative ideas by "Walk Outs who Walk On." View the slideshow and rate the ideas.

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