

Systemic Leadership

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Introduction

Socially responsible, high-performance organizations are giving increasing attention to new thought about the means of achieving the kind of sustainable performance that benefits all stakeholders—from employees to shareholders to their local and global communities. To be effective, their leaders must be able to view organizations from multiple, systemic perspectives. From a broad perspective, they must understand the overall system and think in long-range terms about how to continually improve to achieve the organizational mission in spite of turbulent change. From an instinctual perspective, effective leaders must increase their awareness of not only how individuals and groups function internally and externally, but maybe even more important, how they relate to each other as they continuously interact and transform.

A Systems Approach to Managing Change

Constant change is the norm, driven by the evolution of competition, technology, and an increasingly global workforce. These forces are raising recognition that this uncertain environment is transforming approaches to leadership and work. Traditional thought and measures about what makes an organization effective seem to have reached a point of diminishing returns. Predictable, command and control methods, with their structures, scorecards, and views of human capital just do not work as well in these uncertain times. Processes that focus on functions, hierarchical decision-making, legalized relationships, and the restricted exchange of information are being replaced by a renewed respect for quality, culture, learning, diversity, and engagement.

Organizational research is teaching us that successful and ongoing adaptability to change requires systemic as opposed to linear thinking (Wheatley, 1999). A linear approach to creating value is analytical and serial – the implementation of logical, measured planning as the way to achieve desired results. It works until the situation requires a new plan. A systemic approach is instinctive and open - the focus is on present value and the processes and relationships that continuously improve it. Systems thinkers at all levels (executives, managers, team leads, and individual contributors) leverage interdependent relationships and ripple change throughout the enterprise. They know the organization's purpose and core competencies and they have the discipline necessary to honor and practice them, together, on a daily basis – like a professional sports team that practices every day between games because they have no idea what their next opponents may bring.

Change becomes just a part of the game when we can face it with what we know and do best. With each challenge, we learn and add new competencies to our practices. To constantly renew the workplace, an organization's leaders must learn to be aware of the systemic relationship between all that they do and all that is done.

Management and organizational performance is traditionally measured by results. The principles of Management by Objectives popularized by Peter Drucker in 1954 live on in the Balanced Scorecard methodologies of Robert Kaplan and David Norton introduced in 1996 and still extremely popular today. But Thomas Johnson, once a colleague of Robert Kaplan, argues that management by results has been detrimental to our social, economic, and environmental systems. Managers that apply MBR can easily lose sight that organizations are like living systems, a key element of the new thinking and practices that must guide the operations of mindful businesses in the future. The new leader must manage by means, always keeping in mind that the organization is, first and foremost, a system of interactions that, secondarily, produces results (Johnson, 2004). The table contrasts the two approaches to managing.

Management by Means or Results?		
	Management by Means	Management by Results
Process	<ul style="list-style-type: none"> • Focus is on the means by which goals are met. • Means are seen as “ends in the making.” 	<ul style="list-style-type: none"> • Focus is on the performance of separate parts of the organization. • Ends are seen as top priority in and of themselves.
View of the Organization	<ul style="list-style-type: none"> • The company is a network of patterns and relationships connecting people with each other, and with customers, the community, and the ecosystem. 	<ul style="list-style-type: none"> • The company is a machine that can be made to perform better overall through optimization of the performance of its separate parts.
Parts/Wholes	<ul style="list-style-type: none"> • Focus is on how the whole system performs. 	<ul style="list-style-type: none"> • Focus is on how each separate part performs.
Assumptions about Profit	<ul style="list-style-type: none"> • Profit is necessary for the company's survival, but is not the company's reason for being. 	<ul style="list-style-type: none"> • Profit is the overall goal and purpose of the organization. • The company must maximize profit above all else.
Control	<ul style="list-style-type: none"> • Emphasis is on local decision making and responsibility; parts of the 	<ul style="list-style-type: none"> • Emphasis is on centralized decision making and goal setting; parts of the system

	system have their own wisdom.	will respond only to external force.
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Source: ©2001H. Thomas Johnson. This material is adapted from "Manage by Means, Not Results" by H. Thomas Johnson in *The Systems Thinker*®, Vol. 12, No. 6 (August, 2001).

Honoring Interdependency

Managers are accountable for the performance of their organizations. However, this comparison of MBM and MBR illustrates that management, alone, cannot drive change. It also shows how one person or function within an organization cannot succeed or struggle without having an impact on another. Taking this idea to another level, we must be mindful of the interdependencies between the roles we all play while continuing to master our own uniqueness and value. We must do this to be an effectively contributing and growing member of any collective. Consider this analogy: When a person temporarily loses the use of limb due to injury, the rest of the body struggles then adapts. In the meantime, the injured leg or arm has the local intelligence to heal itself. When the limb returns to full functionality, the body is whole again and empowered by the appreciation of the return to full strength.

References

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