Your Key to Successful Strategic Management

HAINES CENTRE *for* STRATEGIC MANAGEMENT®

World Leaders in Strategic Management

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PART 5: THE TOP TEN TOOLS FOR DAILY PROBLEM-SOLVING

The Most Universal Thinking Framework on Earth

BY STEVE HAINES AND STEPHEN LIN

Founded in 1990 • Offices in over 25 Countries

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WHO IS STEPHEN LIN?

STEPHEN LIN

Regional Partner—ASIA—Singapore

Master Facilitator for ASIA

PSC Scholar

22 Years Experience

Specialized in

- **Strategic Planning**
  - ✓ Facilitate "Live" Planning
  - ✓ Train Senior Managers
- **Change Management**
  - ✓ Facilitate Change Efforts
  - ✓ Train Senior Managers
- **Leadership & Innovation**
  - ✓ Train Innovation Teams and Leaders

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WORLD LEADER: THE CENTRE

"We Are The World Leaders in Strategic Management Powered by Systems Thinking"

Planning—People—Leadership—Change
To
Deliver Customer Value

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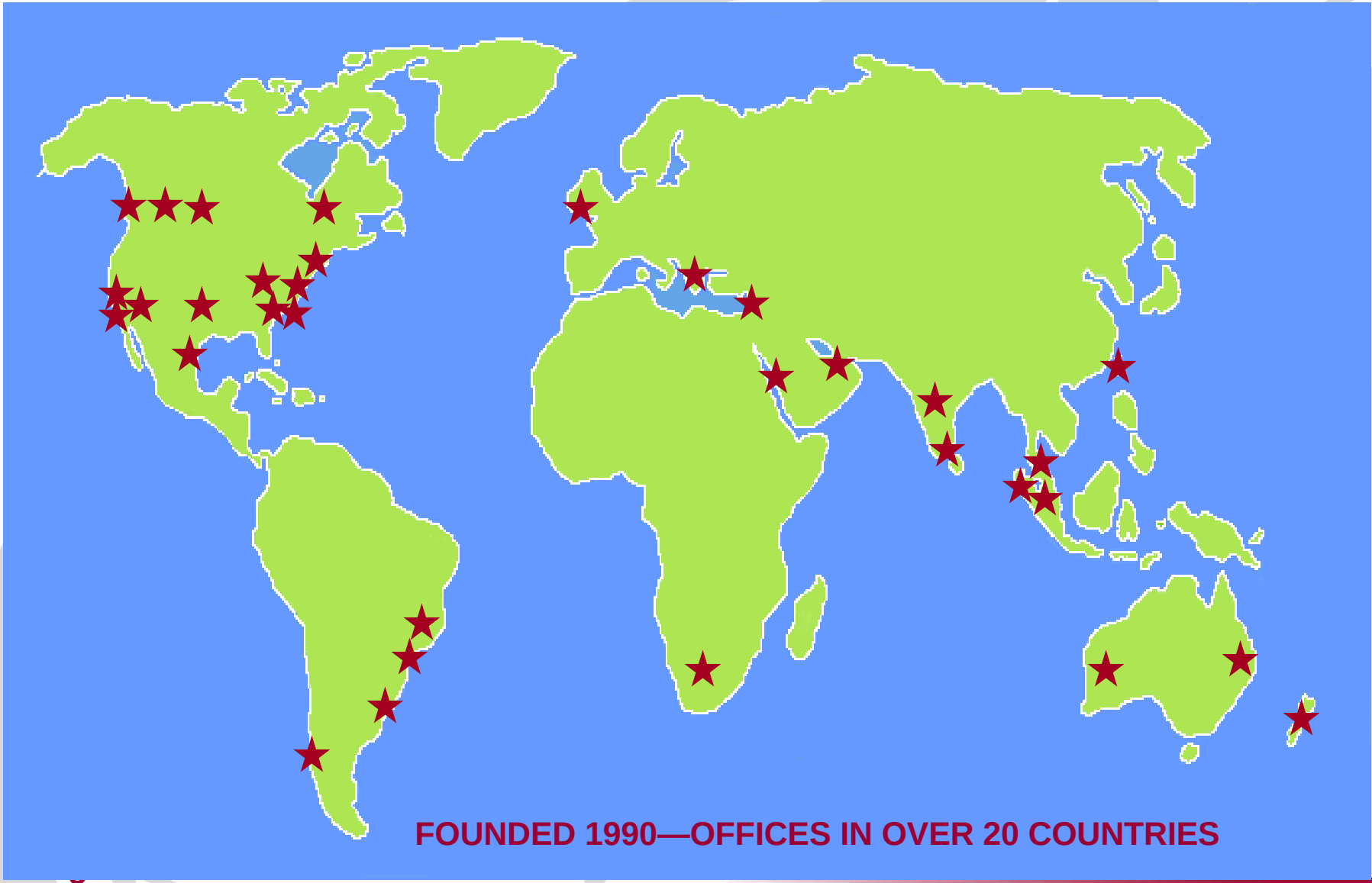
MARCH 08

A GLOBAL ALLIANCE OF MASTER CONSULTANTS AND TRAINERS



FOUNDED 1990—OFFICES IN OVER 20 COUNTRIES

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HAINES CENTRE BEST PRACTICES RESEARCH

"We Are Interpreters and Translators of Proven Best Practices Research"

From Academics ➔ To the Haines Centre for Strategic Management® ➔ To Clients

Proven Research

- Review Original Proven Research
- Perform Individual Studies/Research
- Review Management Practices/Benchmarks
- Study Organizational Practices/Benchmarks

"Interpreters"

- Do Action Research
- Combine all the Research
- Study the Results
- Interpret the Results
- Take a Systems Thinking Approach®

AND

"Translators"

- Clarify
- Simplify
- Organize
- Practical and Useful

="Best Practices We Publish:

- Surveys
- Assessments
- Check Lists
- Models
- Articles
- Executive Briefing Booklets
- Haines Strategic Library
- Books
- Best Practices Reports

Sustained Results:

We Measure Quadruple Bottom Line Results:

1. Customers
2. Employees
3. Stockholders
4. Society/ Community

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WHO IS STEVE HAINES?

STEVE HAINES

Founder & CEO:

- **Haines Centre *for* Strategic Management®**
- **Systems Thinking Press®**

Founded in 1990—38 Offices—20 Countries

STEVE

is a:

- **"CEO—Entrepreneur—Global Strategist"**

and

- **"A Facilitator—Systems Thinker—Prolific Author"**

(of 14+ books)

- **A graduate of the US NAVAL ACADEMY's Legendary Leadership Class of 1968**

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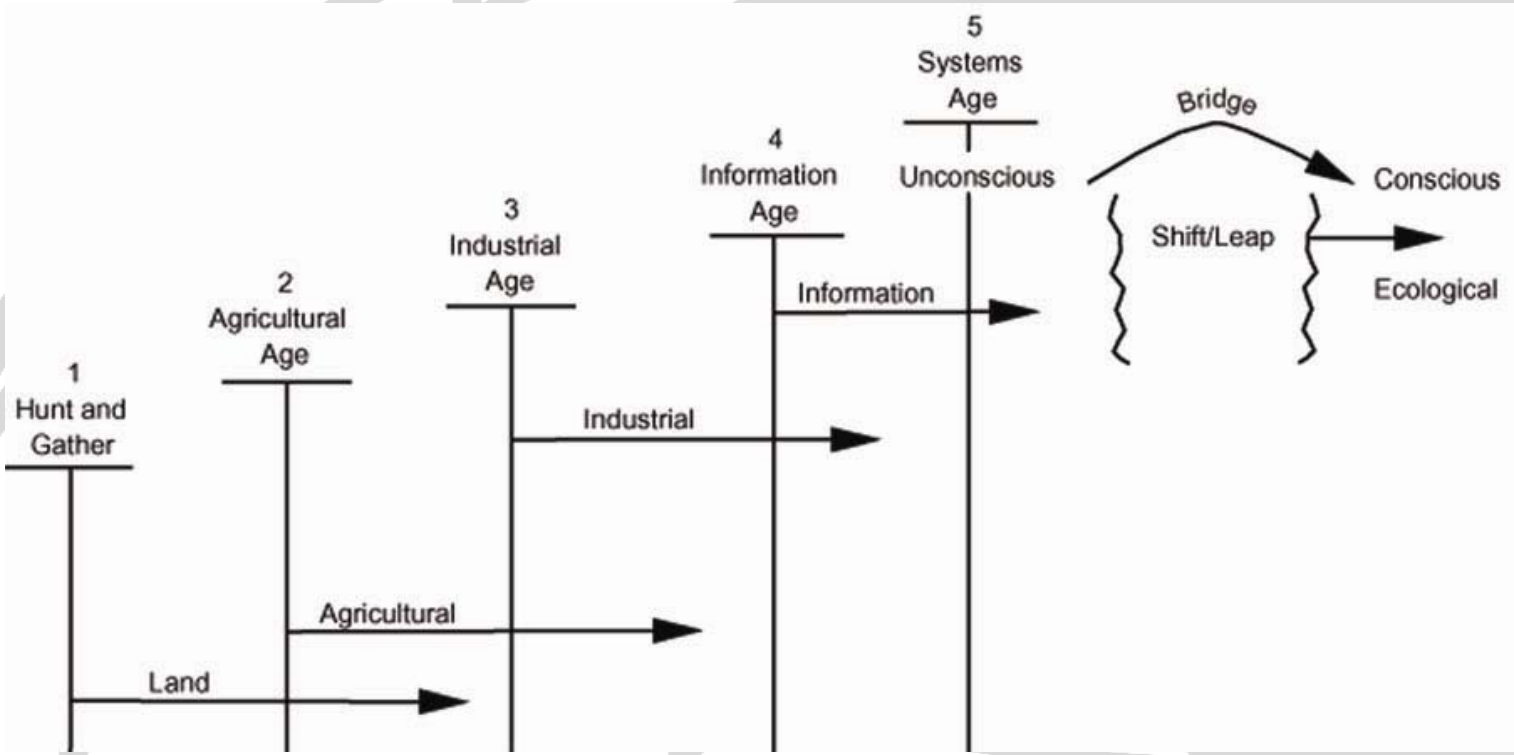
SHIFTING VIEW OF THE WORLD

WORLD HISTORY THROUGH THE AGES: A NEW COPERNICUS SHIFT

HUNT---AGRICULTURAL---INDUSTRIAL---INFORMATION---SYSTEMS



COMMON SENSE

"IF NOTHING ELSE WORKS, THIS MAY BE A PERFECT OPPORTUNITY TO USE COMMON SENSE."

SYSTEMS THINKING

The Science of Living Systems

"The natural way the world works"

Backed by 50+ Years of Scientific Research

CASE STUDY

STRATEGIC MANAGEMENT DESIRED OUTCOMES-RESULTS

WHAT ARE YOUR DESIRED OUTCOMES-RESULTS?

1. Higher Profits?_____
2. Greater Revenue? _____
3. Lower Costs/Decrease? _____
4. Enhance Market Share? _____
5. Drive Competitive Advantage? _____
6. Increase Customer Service & Satisfaction? _____
7. Deliver Better Customer Value _____
8. Implement New Product/Service Offerings? _____
9. Growing Community/Society Reputation_____
10. Change the Employee Culture? _____
11. Execute a Merger or Acquisition? _____
12. Enhancing our Commitment to the Community_____
13. Develop Strategic Alliances or Partnerships? _____
14. Turn Around an Underperforming Business? _____
15. Enhance safety? _____
16. Protect and Enhance the Environment? _____
17. Decrease Waste/Simplify your Bureaucracy? _____

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CASE STUDY

CRITICAL ISSUES LIST

What are the 5-10 most important critical issues facing you today in your Case

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

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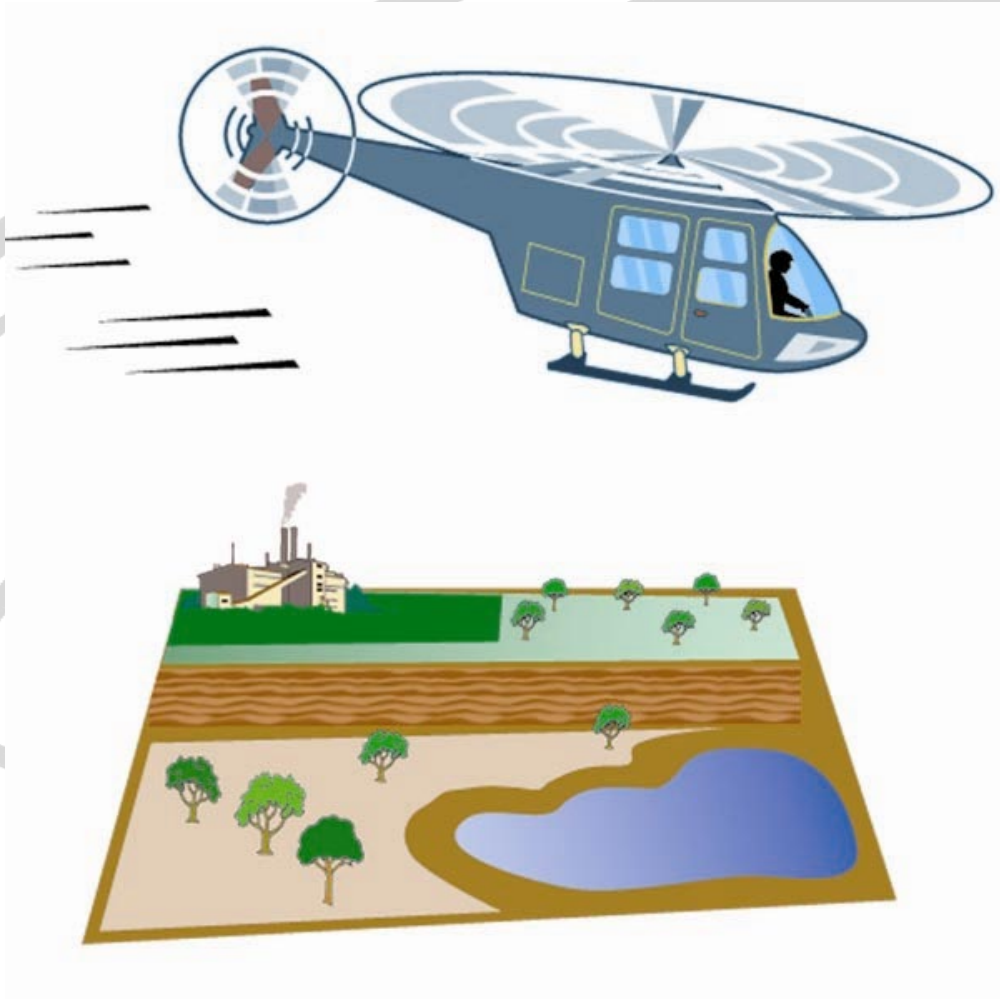
GET A HIGHER AND BROADER PERSPECTIVE



Take a Helicopter View of Life!

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OUR LEVEL OF THINKING

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

—Albert Einstein

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

—Stephen G. Haines

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WHY THINKING MATTERS

The way you think creates the results you get.

The most powerful way
to
impact the quality of your results
Is
To improve the ways you think

THINK—PLAN—ACT—RESULTS

How you think

Is how you plan

Is how you act

And that

Determines the results you get in work and life

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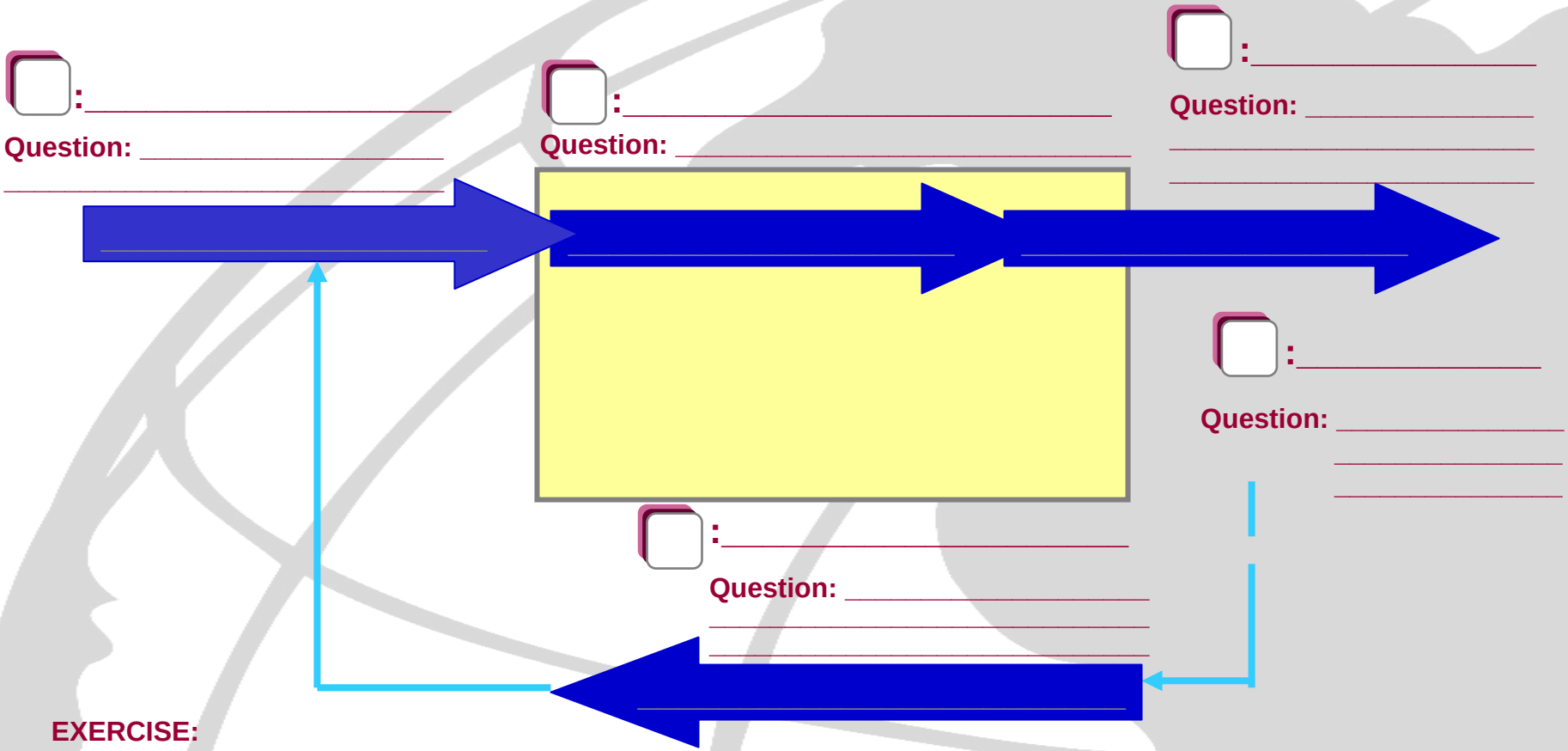
STRATEGIC THINKING – ABCs TEMPLATE

Business Applications Exercise

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



EXERCISE:

#1 Fill in the blue arrow names (the 4 basic Phases of any one system)
#2 Fill in the letters of each of these red boxes/Phases (ABCDE Phases).
#3 Fill in the meaning of the letters of each of the 5 Phases on their associated red line, next to each box
#4 Write in the one question that goes with each Phase.

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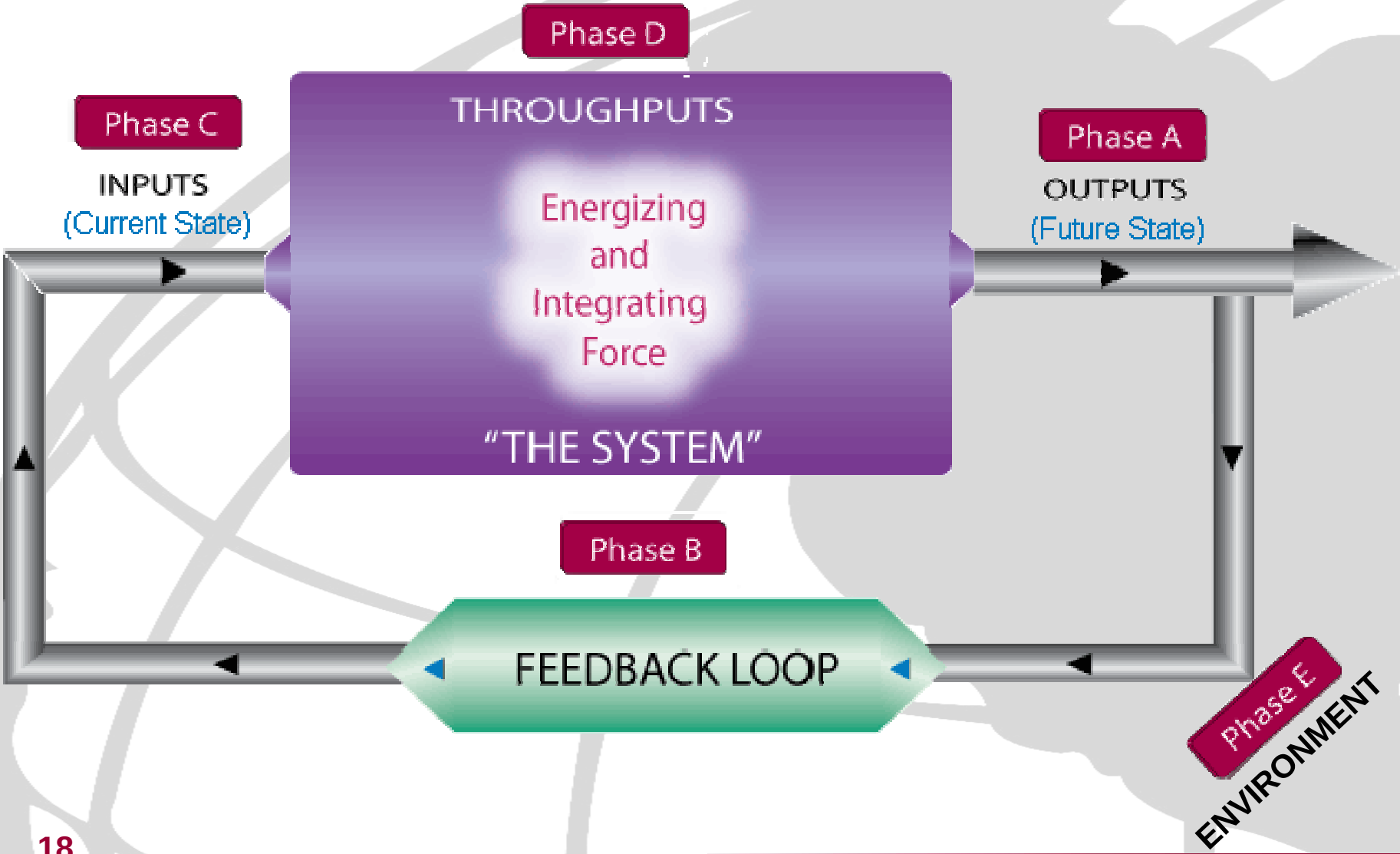
SIMPLICITY OF SYSTEMS THINKING

A Holistic, Integrated, Organizing Framework



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STRATEGIC THINKING – ABCs TEMPLATE

"Clarify and Simplify Your Thinking" – About your Project

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

C _____ Today's Date

Current State Assessment:
Where are you now?

D

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

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

A _____ Future Date

Inputs (SWOT):

Strengths
- 1
- 2
- 3
- 4
- 5

Opportunities
- 1
- 2
- 3
- 4
- 5

Weaknesses
- 1
- 2
- 3
- 4
- 5

Threats
- 1
- 2
- 3
- 4
- 5

CORE STRATEGIES:
- 1
- 2
- 3
- 4

TOP PRIORITY ACTIONS:
- 1
- 2
- 3
- 4
- 5

OUTPUTS/OUTCOMES:

Desired Outcomes-
#1 System Question:
Where do we want to be?
- 1
- 2
- 3
- 4
- 5

B

Feedback Loop/ Key Success Measurements:
How will we know when we get there?
- 1
- 2
- 3

THE SYSTEMS THINKING APPROACH

Five Strategic Thinking Questions – In Sequence::

PHASE A: Where do we want to be?

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

PHASE C: Where are we now?

PHASE D: How do we get there?

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

vs. Analytic Thinking *Which:*

1. **Starts with today and the current state, issues, and problems.**
2. **Breaks the issues and/or problems into their smallest components.**
3. **Solves each component separately (i.e., maximizes the solution).**
4. **Has no far-reaching vision or goal (just the absence of the problem).**

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SYSTEMS THINKING AND STRATEGIC THINKING:

MEANS ➔ ENDS

C ➔ D

A

Means ➔

- Strategies
- Actions
- How To/Behaviors
- Tasks
- Activities
- Tactics
- Work Plans
- Throughputs

Ends

- Vision
- Mission/Purposes
- Values/Culture
- What
- Results
- Outputs
- Outcomes

Strategic Thinkers
Focus on the relationships between means and ends in their daily work.

"Begin with the End in Mind"

FIVE MAIN CONCEPTS OF THE SCIENCE OF SYSTEMS THINKING

THE FIVE MAIN CONCEPTS OF THE SCIENCE OF SYSTEMS THINKING

CONCEPT #1: SEVEN LEVELS OF LIVING/OPEN SYSTEMS (Day Two)

CONCEPT #2: 12 NATURAL LAWS OF LIVING SYSTEMS/EARTH (Day One)

CONCEPT #3: THE A-B-C-D-E SYSTEMS MODEL (Day One)

CONCEPT #4: THE NATURAL CYCLES OF CHANGE IN LIFE (Right now) -----

CONCEPT #5: THE LAW OF UNINTENDED CONSEQUENCES

UNINTENDED CONSEQUENCES

"Understand the consequences
Not
Unintended consequences"

**ARE THE UNINTENDED CONSEQUENCES
A
MALICIOUS INTENT—PROBABLY NOT?**

SO WHAT TO DO DIFFERENTLY?

SYSTEMS THINKING: 50 YEARS OF SCIENTIFIC RESEARCH

FATHER OF SYSTEMS THINKING—LUDWIG von BERTALANFFY

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

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

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THE ROOTS AND FLOWERING OF SYSTEMS THINKING

SUMMARY: MOST THOUGHT LEADERS OF 20TH CENTURY WERE SYSTEMS THINKERS: OVER 40 Fields

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

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

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

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

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

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

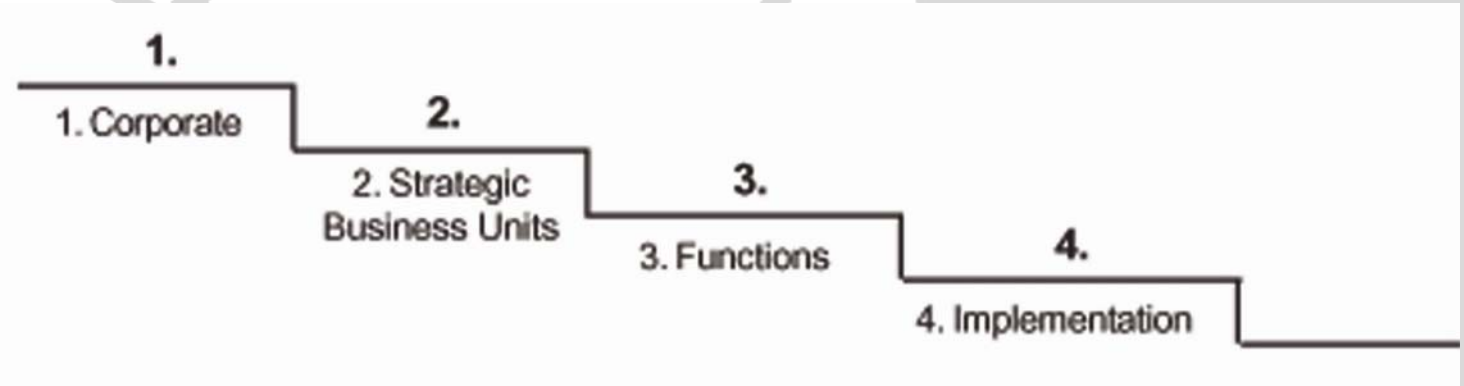
Jay Forrester (Systems Dynamics)—Dick Beckhard (Organizational Development)

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

FOUR LEVELS OF STRATEGIC THINKING

You can be a Strategic Thinker at four levels:

1. **Organizational strategy**
2. **Division/Business unit strategy**
3. **Functional/Section strategy**
4. **Implementation strategy**



LEVERAGE POINTS IN CHANGE

Systems Thinking helps you see patterns in the world and spot the leverage points that, acted upon, lead to lasting beneficial changes.

Adaptable and Flexible

It is not the strongest of the species that survive.

Nor the most intelligent,

But the one most responsive to change.

—Charles Darwin

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SOME PRINCIPLES OF CHANGE

The principles of change are research-based; they are not matters of personal opinion.

1. **Any change in any one part of the organization affects other parts of the organization—the "Ripple Effect." (An organization is a system and a "web of relationships.") Leaders need constant attention to an integrated fit/alignment and attunement. If not, entropy will take over**
2. **People are funny. Change they initiate is viewed as good, needed, and valuable. Change that is forced on them is met by resistance, no matter what the change**
3. **People need predictability—physical, psychological, and social. It's an offshoot of the basic need for security**
4. **People will feel awkward, ill-at-ease, and self-conscious; they need information and reassurance over and over again (repetition – repetition)**
5. **People will think first about what they will have to give up—their losses; let people cry, mourn and grieve the loss**
6. **People will feel alone even though others (everyone) are going through the same change. Structure involvement for people to feel a sense of community**

SOME PRINCIPLES OF CHANGE

7. People also need variety, new experiences, growth, breaks in routine, and creative outlets
8. The communications power in explicit vision and values is enormous. People want to believe
9. Only one to three themes (maximum) should be chosen in order to focus people
10. People change at different rates, depths and speeds; they have different levels of readiness for change
11. Excellence is doing 10,000 little things rights—that's strategic management in execution
12. "Structures" exist—their design influences everything else
13. "Processes" exist—only issue is their focus and effectiveness
14. There is a need for a continual "change management" process—the hierarchal organization has a difficult time changing itself

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SOME PRINCIPLES OF CHANGE

15. The stress of change on people is enormous . . . but must be managed for successful change. People can only handle so much change; don't overload—it causes paralysis

16. Being open to feedback doesn't have to be a sacred cow . . . but it can be painful; yet grow inducing, as you have more of reality with which to improve

17. Employees can be a bottom line competitive business advantage—but only if management first becomes the advantage

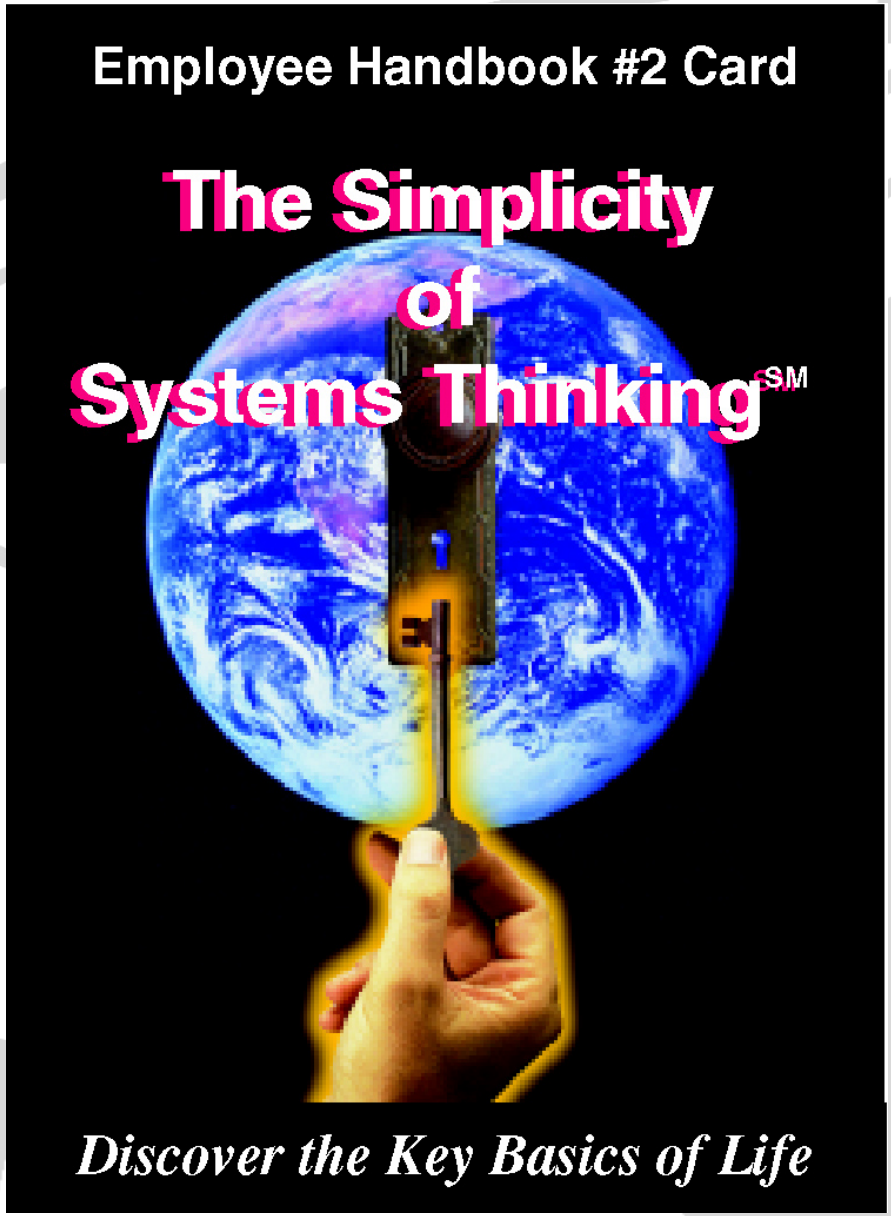
18. People will be concerned they don't have enough resources; help them get "outside the 9 Dots"

19. If you take pressure for change off, people will revert back to old behaviors; relapses are natural and will occur

20. We rarely use what works despite the fact that proven research is in on change management

The Top 10 EVERYDAY Tools For Daily Problem-Solving

HANDBOOK #1 WILL BE USED HERE



CLARIFY THE SYSTEM

TOOL #1:

Clarify the System to

Be Problem Solved

"What entity, system or collision of systems are we Dealing with?"

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EXAMPLES

SYSTEMS SOLUTIONS

TOOL #2:

Focus on

Systems Solutions vs.

Problem-Solving

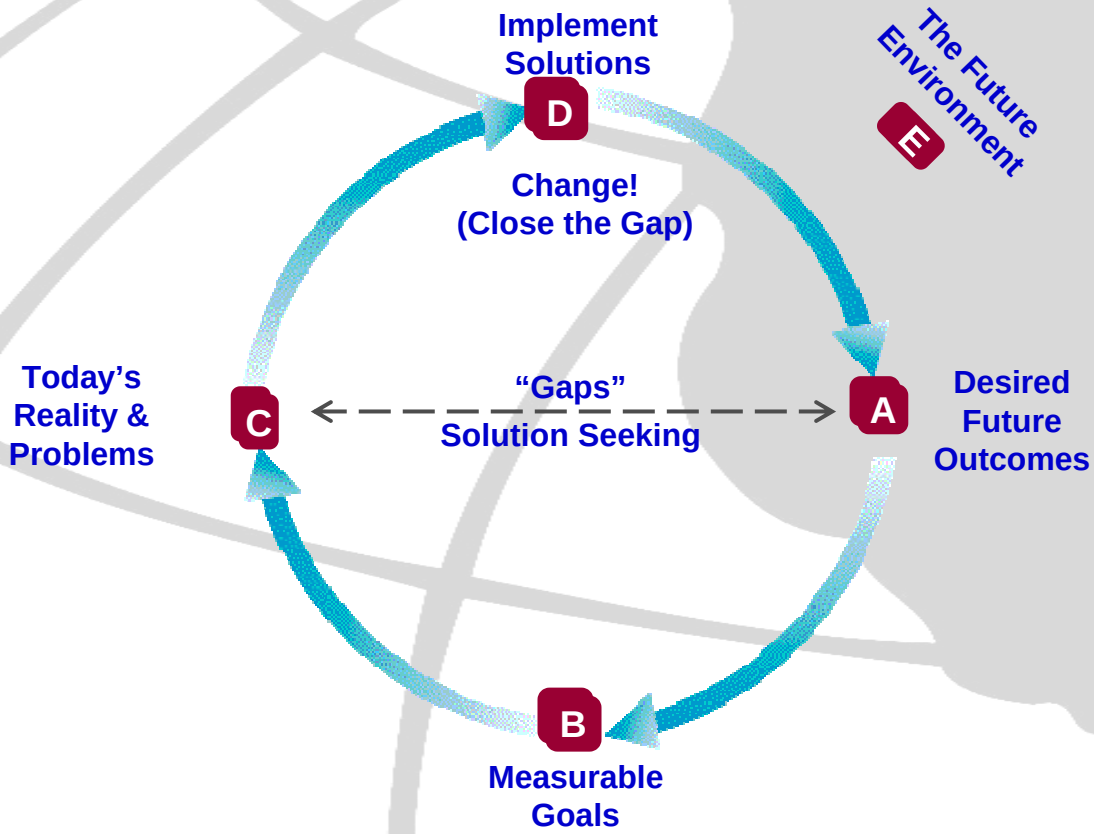
Ask: "What solutions achieve our Objectives or outcomes?"
NOT:
"What solves our problem?"

ENHANCED PROBLEM-SOLVING

"For Disciplined Innovation"

SYSTEMS SOLUTIONS ARE CIRCULAR..."

...they achieve desired future outcomes
...they fit within their dynamic future environment
...they don't just solve today's problems
...and they are more likely to stay solved



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EXAMPLES

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TAKE A 2 MINUTE STRETCH BREAK

SIMPLICITY

TOOL #3:

Simplicity in

Project Management

"How can we scope out
Our project in advance
Using our simple
A-B-C, Systems Model"

"Backwards Thinking = A-B-C-D-E"

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EXAMPLES

TOOL #4:

Use the Right Matrix

"What relationships (of all the parts) Does your matrix reveal?"

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EXAMPLES

LOOK IN THE MIRROR

TOOL #5:

Look in the Mirror

(Self Feedback)

"What am I doing (or not doing) that is Helping to cause the Problem?"

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EXAMPLES

SUPPORT

TOOL #6:

"People Support What They Help Create"

"Who are the Key stakeholders' To involve in solving The problem?"

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EXAMPLES

TOOL #7:

Process All Meetings

"How did your Meeting go?"

"Learn from them- Continuous Improvement"

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EXAMPLES

DEBRIEF PROJECTS

TOOL #8:

Debrief All

Projects/Conflicts

"How can we learn

From this project

(or conflict)?"

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EXAMPLES

WHAT, WHY AND SO What?

TOOL #9:

What, Why and

So What?

"For each problem, ask
"What, Why & So What?"
To get at the root causes and
Implications for the future

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EXAMPLES

OPEN SYSTEMS PROJECT PLANNING

TOOL #10:

Stakeholder Analysis

(Conduct Open Systems Project Planning)

For each complex problem, ask:

What are the demands of each stakeholder?

What are our responses today?

What should our responses be?

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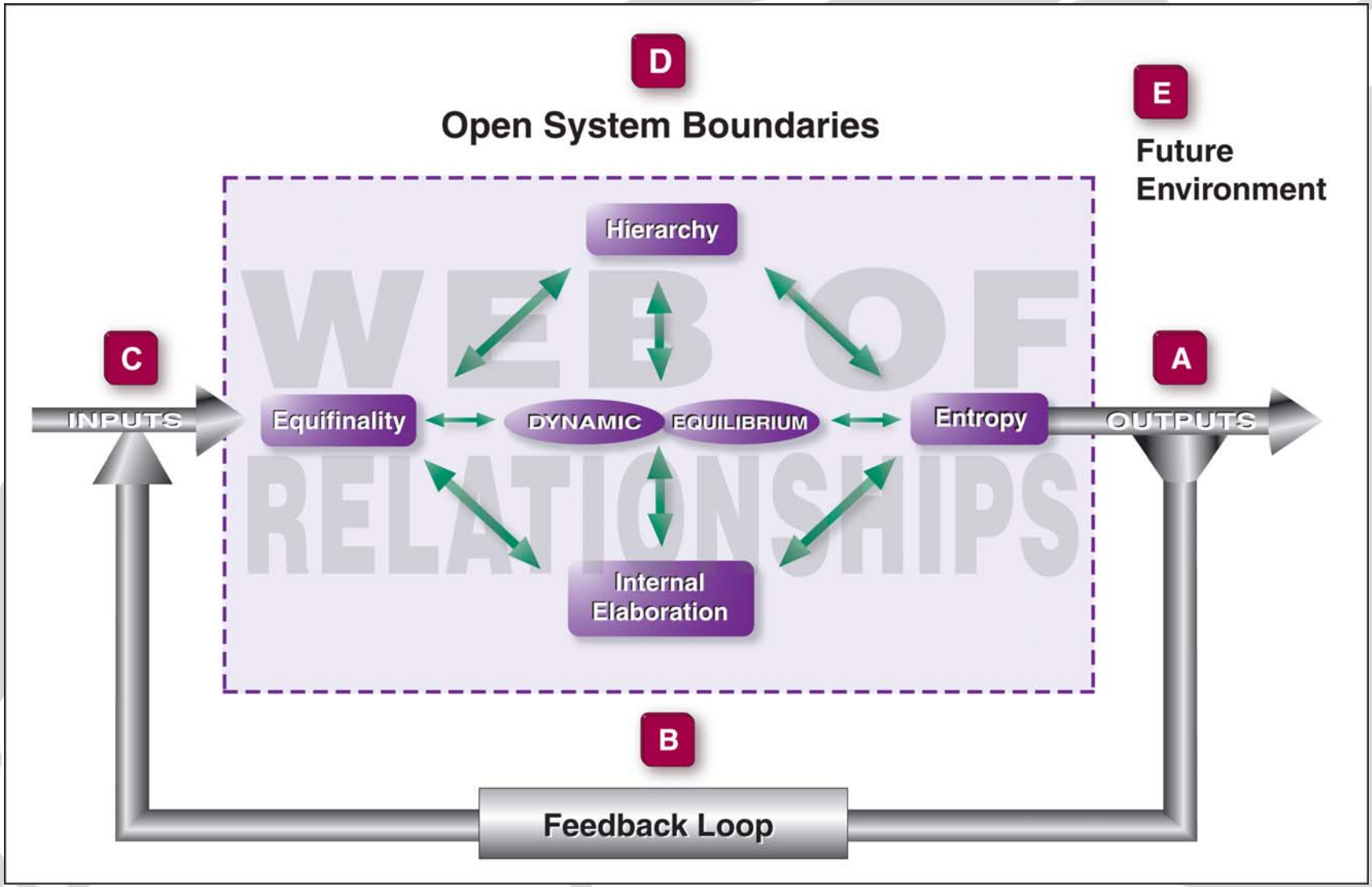
EXAMPLES

SYSTEMS – THE INNER WORKINGS

From the 12 Natural Laws of Living Systems



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SYSTEMS THINKING 'S NATURAL LAWS

(Life Here on Earth for All Living Systems)

12 NATURAL LAWS	-AND-	THEIR BEST PRACTICES
I. The Whole System:		
1. Holism		1. Ask "What's your purpose" (No. 1 Systems Question)
2. Open System		2. Scan the environment regularly (Ask implications)
3. Boundaries		3. Collaborate across Boundaries (seek win-win)
4. Input/Output		4. Use "Backwards Thinking" (Learn A-B-C's)
5. Feedback (is a gift)		5. Encourage "gifts"
6. Multiple Outcomes		6. Organizational and individual outcomes—WIIFM

SYSTEMS THINKING 'S NATURAL LAWS

II. THE INNER WORKINGS: BEST PRACTICES

7. **Equifinality**	7. **Empower the means** (focus on ends)
8. **Entropy**	8. **Build in booster Shots**
9. **Hierarchy**	9. **Flatten the Hierarchy**
10. **Relationships**	10. **Recognize Relationships and Fit**
11. **Dynamic Equilibrium**	11. **Blast away the ruts**
12. **Internal elaboration**	12. **Create Clarity and Simplicity**

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SUMMARY

SUMMARY
OF
STRATEGIC AND SYSTEMS THINKING

PRIMARY SYSTEMS THINKING QUESTIONS

SYSTEMS QUESTIONS = STRATEGIC THINKING

I. **Preconditions:**

Preconditions #1 – What System?

"What entity/system or 'collision of systems are we dealing with?"

Precondition #2 – What Levels?

"Within our identified system, what level(s) of the system are we trying to change—

and what is our purpose/desired outcome?"

PRIMARY SYSTEMS THINKING QUESTIONS

SYSTEMS QUESTIONS = STRATEGIC THINKING

II. Systems Questions

Systems Question #1 – Desired Outcomes

"What are the desired outcomes?"

Systems Question #2 - Feedback

"And, how will I know I've achieved it?" (i.e., feedback loop of outcome measures)

Systems Question #3 - Environment

"What will be changing in the environment in the future that might impact us?"

Systems Question #4 – Web of Relationships

"What is the relationship of X to Y?"

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PRIMARY SYSTEMS THINKING QUESTIONS

Systems Question #5 – Means or Ends

Are we dealing with means or ends?
Corollary: Ask the "five why's".

Systems Question #6 – Booster Shots

What do we need to do to ensure buy in/stay in and perseverance over time (to reverse the entropy)?

Systems Question #7 – Successful Change

What are the new structures and processes we are using to ensure successful change?

Systems Question #8 - Flexibility

What do we centralize (mostly what's) and what should we decentralize (mostly how) at the same time?

Systems Question #9 – Root Causes

What are the root causes?

PRIMARY SYSTEMS THINKING QUESTIONS

Systems Question #10 - Simplicity

"How can we go from complexity to simplicity and from consistency to flexibility in the solution we devise?"

The Foundation Tool and Question

"What is it that I contribute to the problem and can change to be a positive and proactive leader on this?"

The Ultimate Tool and Question: Helicopter View

"What is our common superordinate goal here?"

Paradigm Shift Question: Backwards Thinking

"What today is impossible to do, but if it could be done, would fundamentally change what we do?"

Multiple Goals Question

"What are the multiple goals for this project (WIIFM)?"

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STRATEGIC THINKING— FOR LEADERS: A NEW WAY TO THINK

"Think Differently"

START THINKING ABOUT:

1.	The Environment	E	(and opportunities)
2.	The Outcomes	A	(and results)
3.	The Future	A	(and direction)
4.	The Feedback	B	(and learning)
5.	The Goals	B	(and measures)
6.	The Whole Organization	D	(and helicopters @ 5,000 feet)
7.	The Relationships	D	(and patterns)

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STRATEGIC THINKING— FOR LEADERS: A NEW WAY TO THINK

STOP THINKING JUST ABOUT:

1. Issues and Problems
2. Parts and Events
3. Boxes/Silos
4. Single Activities of Change
5. Defensiveness
6. Inputs and Resources
7. Separateness

How we think ... is how we act ... is how we are!

Using "Analytic Approaches" To "Systems Problems"

In *Systems Thinking* – the whole is primary
And the parts are secondary

In *Analytic Thinking* – the parts are primary
And the whole is secondary

BOTTOM LINE

What we think,

or what we know,

or what we believe

is, in the end,

of little consequence.

The only consequence ...

...is what we do!

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THANK YOU
FOR YOUR PARTICIPATION

Steve Haines Stephen Lin
Haines Centre for Strategic Management