

Systems Thinking:

A Complex World Requires New Ways of Thinking

Ron Mitchell, Partner
Carol Stachwick, Manager

About Your Team

- **Ron Mitchell, Partner**

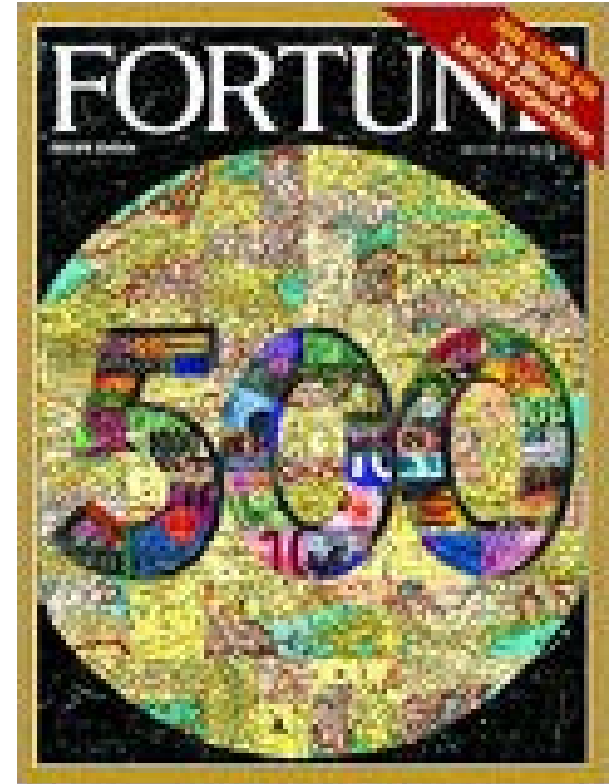
- Over a 30 year period, Ron has been published nationally and spoken on various management and consulting issues. Ron's current community involvement includes board membership at the San Diego Medical Society Foundation and as the current President of the Mira Costa College Foundation. He was also honored for his outstanding leadership by California Healthcare Association while serving sixteen years as an elected board member at TriCity Hospital District. He has also served as managing partner for a top ten San Diego CPA firm.

- **Carol Stachwick, Manager**

- Carol joined the firm in 2014 and has over twenty years of experience in non-profit consulting, auditing and tax issues. She currently serves on the audit committee for a San Diego non-profit and has previously served as President, Treasurer, and Board member at various times for several non-profits. She was a contributing author of the AICPA Committee Toolkit for Not-for-Profit organizations and an Adjunct Professor of Nonprofit Finance for the Masters Degree program in Nonprofit Leadership at the University of San Diego.

Does Your Organization Have a Learning Disability

- By 1983, a third of Fortune 500 in 1970 had vanished
- Most organizations know they are failing ahead of time
- Organizations do not recognize impending threats, implications of those threats, or come up with alternatives



Learning Disabilities

1. Responsibilities limited to the boundaries of their position
2. The enemy is out there – not my fault
3. Proactiveness is reactiveness in disguise
4. Fixation on events – one month doesn't make a trend
5. The “Boiled Frog” parable
6. Delusion of learning from experience – consequences are in the future
7. Myth of the management team

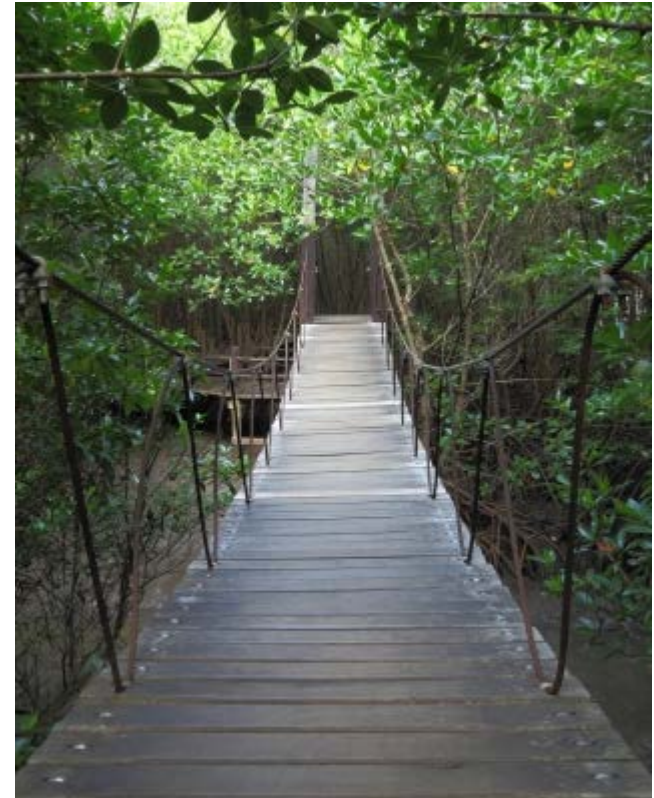
Today's problems come from yesterday's solutions.

Systems Thinking

- Exercises to stretch mind and build learning and systems thinking capabilities
- Warped jungle
- Rules:
 1. Everyone must touch the object once and;
 2. They must be touched in the same human sequence

Warped Jungle Questions

- Identify the key variables in your experience
- What were the constraints
- What kind of inherent pressures and constraints are accumulating in your organization as a result of success
- How does the way we receive information affect the assumptions we make about that information




Systems Thinking

Is not reacting to a specific part,
outcomes or events

Not “one” thing but a set of habits or
practices

Systems Thinking

Focuses on cyclical rather than linear
cause and affect



Systems
Thinking

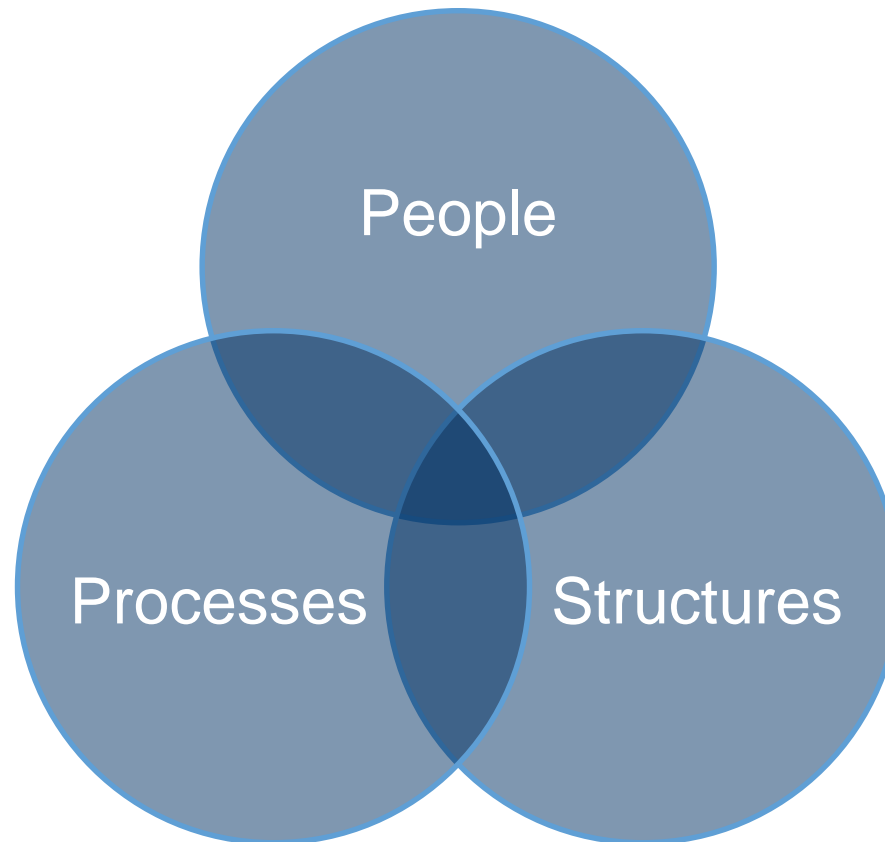
Systems Thinking

- Promotes organizational communication at all levels in order to avoid the silo affect
- An improvement in one area can adversely affect another area



In Organizations

- Systems consist of people, structures and processes



Example – “War on Terrorism”



Terrorist
Attacks

Threat to
Americans

Need to
Respond
Military

Systems Thinking

- Systems thinking – discipline for seeing “wholes”
- In for relationships rather than things
- Patterns rather than static snapshots

The whole is greater than the sum of its parts.

~ Aristotle

Systems Thinking

- Process of understanding how systems influence one another within a whole.
- In nature, examples are ecosystems.



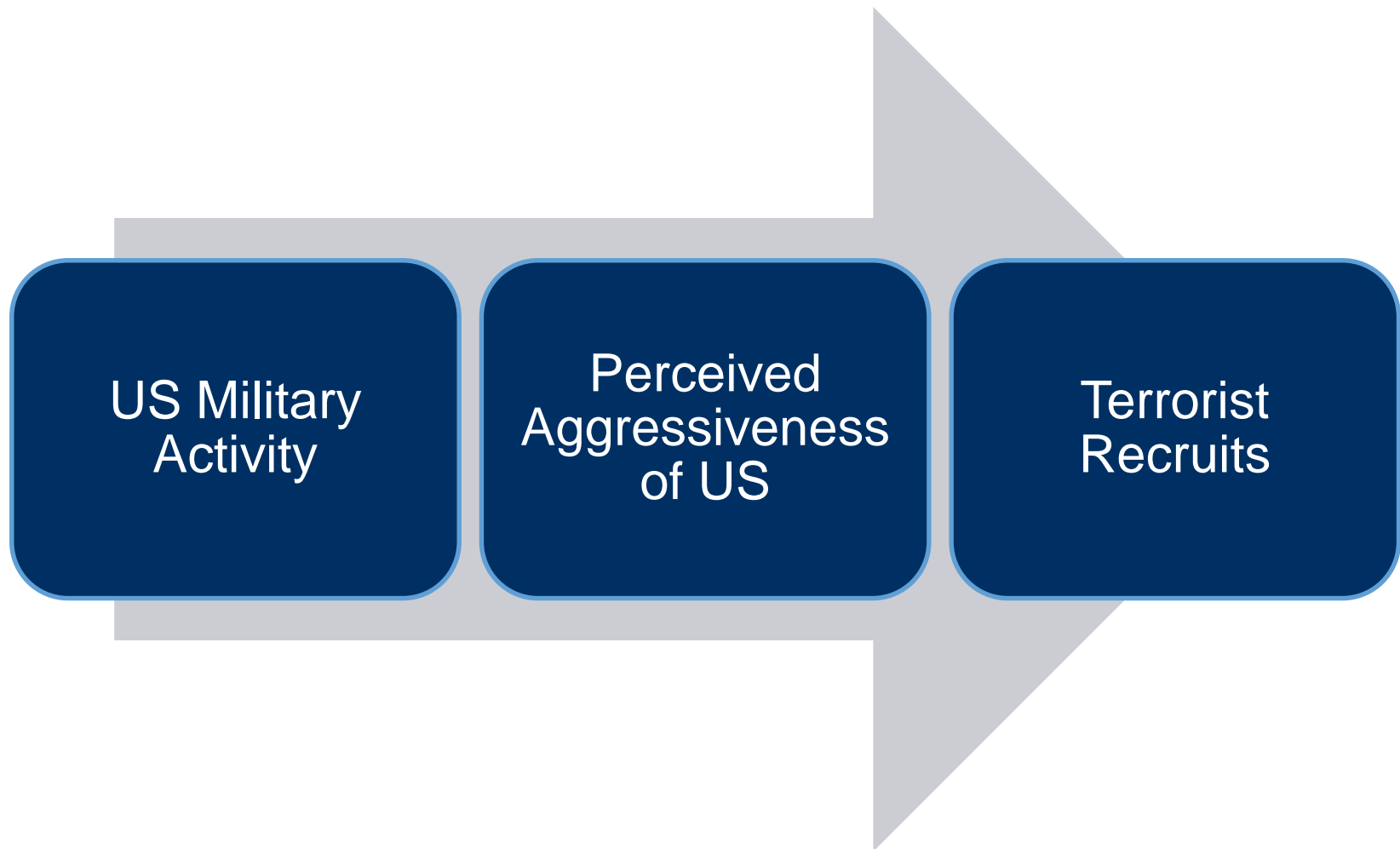
Systems Thinking

Solving problems by
viewing “problems”
as parts of an overall system.

Definitions

- Linear relationships: relationships between two elements in a system that has consistent proportion between cause and effect. A straight line on a graph
- Non-linear relationship: relationship between two elements in a system where the cause does not produce a proportional (straight line) effect

Example – “War on Terrorism”



Example – “War on Terrorism”



Systems Thinkers

- See the whole picture
- Changes perspective to see new leverage in points in complex systems
- Looks for interdependencies
- Consider how mental models create our future
- Pays attention to and gives voice to the long-term
- “Goes wide” (uses peripheral vision) to see complex cause and effect relationships
- Finds where unanticipated consequences emerge
- Focus on structure, not on blame

Systems Thinkers

- Make systems visible through causal maps
- Seek out stocks or accumulations and the time delays and inertia they can create
- Watch for “win/lose” mindset, knowing they usually make matters worse in situations of high interdependence
- See oneself as a part of, not outside of, the system

Systems Thinkers - Example

A car is a system

- Collection of components which put together in a particular way, will transport you
- Individual parts can not achieve much (tires, spark plugs). If one component is faulty or stops working then the whole system doesn't work.



What are the components of your organization?

Every “decision” is followed by
an “action” and
every action is a “reaction.”

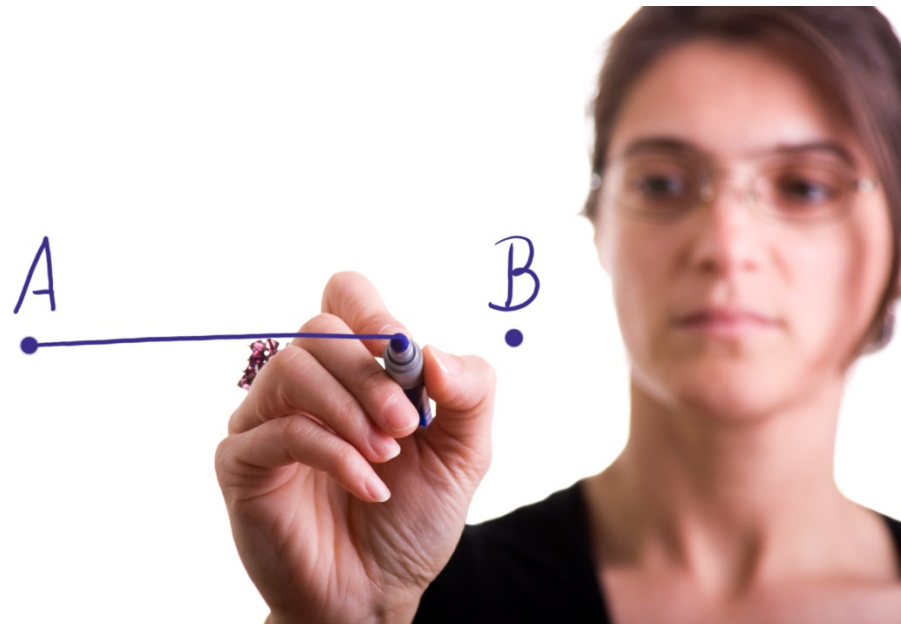
Reactions are “feedback loops” that provide us with information to help us make better decisions.

Most innovators will tell you that they learned far more from their failures and negative feedback loops than from their successes.



Think About This...

If A causes B,
is it possible that B also causes A?



Ask Yourself?

- How to know whether you are looking at a system or just a bunch of stuff
 - Can you identify a part?
 - Do the parts affect each other?
 - Do the parts together produce an affect that is different from the effect of each part on its own?
 - Does the effect, the behavior over time, persist in a variety of circumstances?

- Stock is the foundation of any system
- Stocks are the elements of the system that you can see, feel, count or measure at any given time
- Stocks change over time through the action of a “flow.”
 - Flows are filling and draining, births and deaths... a stock then is the present memory of the history of changing flows within the system

Human mind focuses more easily on stocks than on flows.

When we focus on flows, we tend to focus on inflows rather than outflows.

A stock takes time to change, because flows take time to flow.

Questions

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