Building Viable Organisations

The Organisational Maturity Model (OMM)

OMM Director

Release v5
Developed by
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Introduction to the SCiO OMM

About The SCiO Organisational Maturity Model

This is the Organisational Maturity Model (OMM) developed by SCiO, a group for systems practitioners based in the UK.

OMM is driven by a questionnaire. This is the single user version and contains a maximum of 24 questions. It is designed to show the structural integrity of your organisation from one perspective. The corporate version (currently under development) will give a more complete picture and greater depth of inquiry.

Who should use this?

- If you want to assess the strengths and weaknesses in your organisation’s structure,
- if you sense your organisation is not running as effectively as it might,
- if you are concerned about the long term viability of your organisation,
- if you sense that actions being taken are ‘treating’ symptoms rather than the underlying causes;

Then you will find The Organisational Maturity Model useful.

It allows managers to improve the capability of their organisation to operate more effectively and adapt to change. It provides a framework to develop the structural integrity of the organisation.

For an individual having an explanation of the systemic causes of the problems faced can suggest alternative ways forward. It provides reassurance about aspects of the organisation that are working well and insights into those aspects of your working life that are caused by the system rather than individuals.

What is the Basis for the OMM?

The Organisational Maturity Model has been developed from the Viable Systems Model (VSM) and the work of Stafford Beer which provides a solid theoretical basis. VSM provides a universal template, tested in a wide range of different types of organisation – both large and small – against which any organisational structure can be compared.

The OMM identifies the activities and links necessary for the organisation to be “viable”. It measures the maturity of the organisation against the presence and strength of these critical activities and links. If these are missing we find predictable symptoms which, in the extreme, can lead to critical failure. So the OMM can also be used as an organisational diagnostic tool.

Answering the questionnaire feeds information about the state of your organisation into the OMM, which analyses areas of strength and weakness within the organisation and provides specific insights into the systemic causes of any organisational problems identified together with potential solutions.
So, the process is for you to answer the questions. Then the OMM provides two forms of feedback, the Organisational Maturity Matrix and a set of Triggered Archetypes derived from your answers. Next you review the archetypes to see which are useful descriptions of your situation. The relevance of these archetypes helps confirm the validity of the assessment.

**How is Organisational Maturity Measured?**

Each aspect of organisation in the VSM is measured against the following four levels of maturity:

- **Capacity**  
  Are there adequate resources to perform this function?

- **Connectivity**  
  Does this function have the relationships with other parties that it needs to perform adequately?

- **Balance**  
  Can both parties resolve their issues and achieve the outcomes they need through their relationship?

- **Consciousness**  
  Does management know that all the other three levels are performing adequately and why this is so?

Each maturity level is self assessed on a scale of 1 to 7, where 1 is low and 7 is high. How you score is subjective, but this does not affect the validity of the score because the critical issue is the relative maturity of the various aspects of the organisation.

**How do the questions relate to the model?**

The questionnaire addresses six aspects of the Viable System Model:

- Operations
- Co-ordination
- Resource and Performance Delivery
- Monitoring
- Development
- Managing strategy

Each of these six aspects is assessed for where it sits within the four levels of maturity. The six aspects of organisation and four levels of maturity together form the Organisational Maturity Matrix.

**What Outcomes can the OMM Produce?**

There are two principal outcomes:

- A measure of the maturity of the organisation across six dimensions and four levels of maturity showing areas of relative strength and weakness.

- A focus for improvement based on a diagnosis of patterns of organisational behaviour or Archetypes.
Completing the SCiO OMM Director Questionnaire

You have chosen to complete the OMM Director Version.

OMM Director

You are directly responsible to The Board rather than to another manager or director.

Use these diagrams to help position your response

These diagrams illustrate the standard terms used in the questionnaire. If you manage a team or division or business unit rather than a department please substitute the terms used in your organisation as you read the question. The critical issue is to be clear in your own mind which level of the organisation each question refers to. So consistency in the terms you use is important.

This diagram defines how your unit ‘fits’ with other parts of the organisation and with other stakeholders and the wider environment.
Completing the SCiO OMM Director Questionnaire

Each question is self assessed on a scale of 1 to 7, where 1 is low and 7 is high. The exact meaning of the scale is left to you, the participant. You will know whether you have scored an aspect low, medium or high and therefore whether it is an improvement priority.

To get the best from this questionnaire use the whole scale from 1 through 7.

If any question on any aspect is scored low, then this aspect becomes a high(er) priority for the improvement.

<table>
<thead>
<tr>
<th>No Questions</th>
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<tbody>
<tr>
<td>Each question is set out in a panel with a white background, each with its accompanying a scoring panel. Please use the whole scale from 1 through 7</td>
<td></td>
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</tr>
<tr>
<td>These grey panels contain additional information / ancillary questions to help you with your assessment</td>
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When you have completed your questionnaire you will be able to turn to page 15 for instructions on scoring and interpreting your responses.
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<tbody>
<tr>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Within your organisation to what extent do you have enough resources to meet the needs of your customers?</td>
</tr>
<tr>
<td><strong>2</strong></td>
</tr>
<tr>
<td>To what extent does your organisation have ways, or routes, for two-way communication with both your customers and with your suppliers?</td>
</tr>
<tr>
<td><strong>3</strong></td>
</tr>
<tr>
<td>To what extent can your organisation meet the needs of your customers to their satisfaction?</td>
</tr>
<tr>
<td><strong>4</strong></td>
</tr>
<tr>
<td>To what extent do operations share an up to date understanding of how they deliver their products or services, and how well they deliver them?</td>
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Questionnaire – Co-ordination

No Questions

5
To what extent do your operations and partners have operating between them the necessary standards, IT support tools, common plans, schedules, agreements, knowledge or other ways to ensure a smooth flow of delivery?

Do you have mechanisms to ensure that your organisation works smoothly within itself and when working with partners, whether working as part of a bigger process or a supply chain, or collaborating to provide a shared service?

6
To what extent are all your operations and partners using these ways of coordinating?

Do the other organisations that your organisation interacts with, co-operate with you in co-ordinating the areas of overlap and interaction in resource, work, processes and so forth?

7
To what extent is your organisation free from unreasonable disturbance caused by lack of co-ordination within your operations?

In day-to-day operations, is your organisation able to get on with its work without unreasonable disturbance by other organisations? Equally, do you provide the support to other organisations that they could reasonably expect from shared requirements? Does this effectively ensure that work bottlenecks and work "feasts and famines" are avoided?

8
To what extent do you understand the potential conflicts that could occur within your operations and does your organisation have ways of addressing these?

Are you aware of the areas where conflicts for resource, materials etc. could arise within your organisation or between your organisation and other organisations that you work alongside?
<table>
<thead>
<tr>
<th>No Questions</th>
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<tbody>
<tr>
<td><strong>9</strong> To what extent are there processes in your organisation for deciding the levels of resourcing and performance required of your operations?</td>
</tr>
<tr>
<td>Are there processes in your organisation for taking decisions about resourcing?</td>
</tr>
<tr>
<td>Are they linked to and based on the performance of operations?</td>
</tr>
<tr>
<td>Are there processes for measuring performance and rational processes for allocating resource?</td>
</tr>
<tr>
<td><strong>10</strong> To what extent do your operations managers input into the resource and performance decision process ensure that the resources are adequate to enable them to meet their performance obligations?</td>
</tr>
<tr>
<td>Do you take input into - or do you consult about - the resource and performance decisions for your organisation, so that your organisation is appropriately resourced and measured?</td>
</tr>
<tr>
<td><strong>11</strong> To what extent are you able to take decisions about resources and performance so that your organisation is able to deliver to meet users' needs?</td>
</tr>
<tr>
<td>Do Operations Managers get a fair hearing when they make requests for resource or report on performance?</td>
</tr>
<tr>
<td>Are their requests taken seriously by your organisation and acted on when appropriate, or do they think it seems like going through the motions?</td>
</tr>
<tr>
<td>Do external factors override the right decisions?</td>
</tr>
<tr>
<td><strong>12</strong> To what extent are the potential synergies within your operations in your organisation realised?</td>
</tr>
<tr>
<td>Is there enough understanding in your organisation of how the units within the operations do – might – work together to deliver synergy?</td>
</tr>
<tr>
<td>No Questions</td>
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**Questionnaire – Managing Strategy**

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<tbody>
<tr>
<td>21 To what extent is your organisation clear how it fits with changes in its external operational environment?</td>
<td>1 2 3 4 5 6 7</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>Does your organisation understand its role with respect to the external organisations and individuals that it works with?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>22 To what extent does your organisation have a way to reconcile the needs of the future to its external operational environment with the capabilities it has today?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Does your organisation have a strategy for delivering services or products over the longer term?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>23 To what extent can your organisation develop strategies that are both practicable and appropriate for the future demands of its external operational environment?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Does your organisation have a way of balancing the always present needs of the delivery of operational services or products with a longer term view?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>24 To what extent does your strategy create a purpose for your organisation that is consistent with the purposes of units within your operations and is referred to by them?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Does your organisation have an up-to-date strategy that is meaningful to your staff, referred to by them and is consistent with that of the organisation as a whole?</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

**Now turn the page for instructions on scoring and interpreting your responses.**
Scoring and Interpretation

Scoring your questionnaire
Enter your scores in question order. If you score 1 or 2, fill in the rest of the column below with 1. For example you have scored 2 on question 1 you need to enter 1 into the boxes for Q2, Q3 and Q4.

Rationale
The logic here is that if you have no capacity, then you cannot connect it if you have no connectivity, then there is no balance if you have no capacity, or connectivity, or balance, then you can't be conscious it is working effectively.

Organisational Maturity Matrix

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<tr>
<td>Capacity</td>
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<td>Q5</td>
<td>Q9</td>
<td>Q13</td>
<td>Q17</td>
<td>Q21</td>
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<td>Connectivity</td>
<td>Q2</td>
<td>Q6</td>
<td>Q10</td>
<td>Q14</td>
<td>Q18</td>
<td>Q22</td>
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<tr>
<td>Balance</td>
<td>Q3</td>
<td>Q7</td>
<td>Q11</td>
<td>Q15</td>
<td>Q19</td>
<td>Q23</td>
</tr>
<tr>
<td>Consciousness</td>
<td>Q4</td>
<td>Q8</td>
<td>Q12</td>
<td>Q16</td>
<td>Q20</td>
<td>Q24</td>
</tr>
</tbody>
</table>

Now transfer your scores to the Table of Archetypes.

Interpreting Your Scores
Any score of 1 or 2 should trigger an Archetype which may be damaging the effectiveness of your organisation. All the archetypes are explained in the Archetype Materials. Primary Archetypes are quite likely to be present if you have scored them 1 or 2 Secondary Archetypes are possible but less likely Each description of an Archetype contains a description of the Symptoms, System Structure and Solutions. Of course, if you have scored 6 or 7 for a question you will probably find that your organisation is already applying effective principles.

How to Review the Archetypes
All organisations are unique, yet they all function according to the same systemic laws. As you review the Archetypes that have been triggered, you can judge the extent to which they relevant in your organisation. This should help confirm the validity of the maturity assessment.

Note that if you are scoring 1s and 2s in any area there are probably issues that need to be addressed. If you are scoring 6s and 7s you are in a position to observe and experience what it is like to work in an organisation that is displaying some characteristics of a viable organisation.
Where Next?

You have now completed OMM Manager, which has given you a measure of the maturity of your organisation and identified a number of possible organisational archetypes relevant to your organisation. (See Archetypes)

There are other versions of OMM for people in differing positions in an organisation available at the OMM Homepage

Ways Forward

Some possible ways forward are to decide:

- Which problems to tackle
- Which areas of organisational maturity you want to address

If you want help with this questionnaire please contact SCiO though the website (http://scio.org.uk) or speak to a SCiO member

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<thead>
<tr>
<th>Contents</th>
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<tr>
<td>1 Fantasy World</td>
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<tr>
<td>2 Control Dilemma</td>
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<td>Silo Management</td>
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<td>9 Bricks without Straw</td>
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<tr>
<td>10 Dictators</td>
<td>Stretch Targets, Salami Slicing, Arbitrary Cuts, Arbitrary Targets</td>
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<tr>
<td>11 Open Loops and Reverse Polarity</td>
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<td>12 Goldfish</td>
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<td>13 Here be Dragons</td>
<td>Blind Spot, Blindsided</td>
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<td>21 Following all the Fads</td>
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## Table of Archetypes

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<td>Baronies 4</td>
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# Table of Archetypes

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| **Q14 Score** | **Q18 Score** | **Q22 Score** | **Connectivity** |
| Giraffe 22 | Here be Dragons 13 | Castles in the Air 16 | Bean Counters 15 |
| | | | Primary |
| Control Dilemma 2 | Death Spiral 18 | Strategic Silos 17 | | |
| Fantasy World 1 | Bunker Mentality 14 | | Secondary |
| | Goldfish 12 | | |

| **Q15 Score** | **Q19 Score** | **Q23 Score** | **Balance** |
| Control Dilemma 2 | Castles in the Air 16 | Bean Counters 15 | Primary |
| | Death Spiral 18 | | |
| Death Spiral 18 | Following all the Fads 21 | Strategic Silos 17 | Secondary |
| | Goldfish 12 | | |
| | Here be Dragons 13 | | |
| | Bunker Mentality 14 | | |

| **Q16 Score** | **Q20 Score** | **Q24 Score** | **Consciousness** |
| No Grassing 19 | Identity Crisis 20 | | Primary |
| | | | |
| Fantasy World 1 | Death Spiral 18 | | Secondary |
| | Bunker Mentality 14 | | |
| | Goldfish 12 | | |
1. Fantasy World

Frequency
Extremely Common and often Chronic

Also Known As

Symptoms
Confronted by a problem, an individual can act on intuition. Generally though, management teams don't have the same intuition and even if they did, admitting to one another that they don't have a clue what's really happening isn't always acceptable. So faced with a problem, they build models of reality to make sense of the world and to justify the actions they want to take.

System Structure
The Fantasy World archetype happens when managers don't bother to check their mental models against reality, don't collect the necessary research, or deny the evidence that they do have available. It results from a failure to build adequate or appropriate feedback loops into the organisation or into the environment to allow learning to take place and results in the management having distorted or out of date models of reality. Usually this is a chronic condition since it is self-reinforcing, instead of correcting flawed mental models means these are constantly re-affirmed and restated.

Solutions
"Don't believe what you want to believe until you know what you need to know"

The structural solution to the Fantasy World lies in building adequate feedback loops to provide evidence to confirm or deny mental models combined with a periodic testing of the assumptions our models are based on. Both conditions are necessary. Stepping outside the logic frame of the assumptions is critically important.

See Also
16 Castles in the Air
2. Control Dilemma

**Frequency**

Extremely common

**Also Known As**

Micro-management

**Symptoms**

Like many of the archetypes, the Control Dilemma is often perceived as being an issue of personality. In the control dilemma, managers are seen as acting like control freaks. Where Control Dilemma is persistent rather than a reaction to a particular set of circumstances, it appears as Micro-management.

**System Structure**

Changes within the operating environment makes new demands on operations. Operational managers respond by changes in operations. Senior managers realise they don't know what is going on and panic, demanding increased reporting from operational managers. Operational managers spend time and energy locked in managing a deteriorating relationship with senior managers and are forced to neglect the operational issues, whilst senior managers locked into the same relationship ignore the strategic issues. So the organisation suffers a management failure at two levels – operational and strategic.

**Solutions**

Systemically, the Control Dilemma archetype stems from a failure to build reporting structures that are trusted by both managers and the staff they manage. The solution to the Control Dilemma is through establishing a proper system of monitoring to support the performance reporting loop. This provides senior managers with qualitative information about operations which allows them to trust the normal performance reports they receive.

**See Also**

Can be triggered by 5 Shockwaves
Forms part of 18 Death Spiral
Can trigger 15 Bean Counters
and is more likely in Bean Counter Organisations.
3. Stray Lamb

**Frequency**
Unknown – believed to be relatively infrequent

**Also Known As**

**Symptoms**
Stray Lamb primary activities are invisible in the management structure and are starved of resource, their potential and performance are unrecognised, or they are unmanaged.

**System Structure**
The Stray Lamb Archetype consists of primary activities that have been missed out of the management or formal organisational structure. Because it's about what managers have missed or ignored, it is inevitably one of the most difficult archetypes to spot.

**Solutions**
This can happen because of a failure to maintain an adequate or up to date model of the organisation and how it is evolving. A reliance on traditional organisation charts which don't describe activities doesn't help. So the solution lies in proper modeling of the organisations actual activities.

**See Also**
8 Missing Link
5 Shockwaves
6 Re-inventing the Wheel
9 Bricks without Straw
### Frequency
Very common

### Also Known As
Silo Management

### Symptoms
Baronies are difficult to create synergy from, they are immensely resistant to change other than in their own narrow interest. They are fiercely competitive for resources, can engage in fratricidal competition and are usually unwilling to share learning.

### System Structure
The Baronies Archetype occurs when one Fractal level is made up of a set of sub-systems that are so viable in their own right and that don't see the synergy provided by the next level of the organisation of which they are a part. In the tiered structure of autonomy that is a fractal organisation, Baronies are a plateau. Not recognising that what they get back from being a member of a larger whole is worth any constraint put upon them, Barons resent and resist any curb to their autonomy.

### Solutions
A radical ‘solution’ is to restructure to break up the Baronies power base. This can do more harm than good, since the strength of a Barony comes from the fact that it is an effective organisational unit.

A more creative approach is to re-examine the business case for the potential synergies that can be found at the next level up by getting Baronies to work more for the whole system. If these synergies are real, then a compelling business case can be made and the Barons can be convinced. If not then the Barons are right to optimise their particular domain. Many management teams are weak at understanding and building synergies. Synergy is an emergent property of the system.

### See Also
5. Shockwaves

Frequency
Very common

Also Known As
Bottlenecks, Beer Game

Symptoms
Typical symptoms are unexpected or unmanageable surges in workload being passed from one operation to another. So backlogs in orders, or large stocks in work in progress are often evidence of Shockwaves.

The Beer Game is an example of this problem in action.

System Structure
Shockwaves happens because of a failure of coordination between operational units that causes oscillations in performance for one or more operations.

The coordination failure can be due to differences in processing times and therefore ‘lags’ in the system. It can equally be because of failure to balance resources, or simply a failure to plan operational flow at a whole system level, or to communicate between operations.

Solutions
The solution is to build adequate coordination mechanisms between operations to smooth the flow between them.

See Also
Can trigger 2 Control Dilemma
Frequency

Common

Also Known As

Symptoms

Teams assembled to do a task that is generically similar to others in the past, having to design their approach each time.

Absence of standard processes, or the ‘standard’ process being ignored. Multiple processes within the same organisation to do essentially the same task.

System Structure

This is a failure of coordination between operational activities and specifically a failure to transfer learning from one activity to another. As a result, common tasks are treated as if they were unique and the same set of problems is solved over and over again. As well as being inefficient, this often results in senior management getting pulled down to directing or redesigning operations. Probably the biggest impact, though one that is less easy to spot and quantify, is that in carrying out essentially the same operations differently, it becomes more difficult to transfer staff between teams or projects and it becomes difficult to maintain service levels once the initial team have disbanded.

Solutions

Where possible / appropriate, establish common processes and operating procedures. This may require an asymmetric approach with common processes for common jobs and a more flexible approach for ‘one offs’, but with a very clear differentiation between the two.

See Also

5 Shockwaves
2 Control Dilemma
Symptoms
The matrix structure forces managers and staff in organisations to choose between the conflicting demands of two management streams, or to engage in endless meetings to try to resolve these conflicting demands.

Making each decision contingent on other decisions which are in turn contingent on still more decisions, is a recipe for having managers tied up in lots of meetings in which it is very hard to come to a decision.

System Structure
Systemically this the substitution of a co-ordination link with another line reporting link.

Matrix structures were developed as an attempt to address the coordination issue but by different means. Recognising that it was becoming increasingly common for one set of operations to disrupt other operations, the Matrix tries to resolve this by making each operational manager answerable to two sets of ‘line’ management. The cybernetics of this are so bad that in a true matrix organisation of any size, it is technically impossible to get stable decisions.

Possible Ways Forward
The only reason they work at all is because a lot of matrix organisations are not true matrices and in the ones that are, managers learn how to bypass some decision nodes.

The solution is to distinguish clearly between the reporting relationship and coordination relationships – often called ‘Dotted Line Relationships’ on organisation charts.

See Also 5 Shockwaves
8. Missing Link

**Frequency**
- Extremely common

**Also Known As**
- Management Black Holes

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**Symptoms**

No clarity on line management structure, reporting to the ‘boss’s boss’ or to head office whilst bypassing local management.

**System Structure**

This is a gap in the management structure, particularly the reporting or resourcing structure, so levels of management simply don’t exist, or exist without the information or capability to actually function effectively as a manager, i.e. incapable of taking well informed decisions and putting them into effect.

The result is that decisions are frequently taken by too high a level of management and consequently are often not well grounded in reality and are impractical. The Missing Link Archetype results in information that is divorced from its context, so management doesn’t really understand its meaning and this results in poor decision making.

**Possible Ways Forward**

Ensure that each operational activity is linked to the appropriate level of management and feeds information to that level and negotiates resources there, rather than reporting up several levels.

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**See Also**
- 9 Bricks without Straw
- 10 Dictators
Frequency
So common it's proverbial

Also Known As

Symptoms
What we see with this archetype is managers willing and demanding outcomes and often promising outcomes, but without willing the resources needed to deliver those outcomes. The consequences are obvious. Without adequate resources, the organisation fails to deliver, but often staff come under enormous pressure to deliver the impossible. Despite their efforts and the exhortations of managers however, the desired performance is not achieved and there is generally much embarrassment and the inevitable game of attributing blame.

System Structure
Systemically what causes this is a structural failure in the decision process. It is the separation of decisions about performance from decisions about resources. Unless these two elements are taken together, then the Bricks without Straw Archetype is almost inevitable. Connecting resourcing to performance is easy to say, but less easy to do, because in many organisations, there are structural barriers in the way. There are often barriers between those parts of management that decide on performance objectives and those that decide on resourcing and structural boundaries between the various parts of the organisation providing resources.

Possible Ways Forward
The solution is to ensure the integrity of the decision process and specifically to ensure that the negotiating of performance and resourcing is conducted together as part of the same package.

See Also
15 Bean Counters
16 Castles in the Air

both of these are archetypes of imbalances in the decision process which can trigger the Bricks without Straw archetype
10. Dictators

**Frequency**
Extremely common

**Also Known As**
Stretch Targets, Salami Slicing, Arbitrary Cuts / Targets

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**Symptoms**

Arbitrary setting of targets or arbitrary cuts in resources. The effect is usually a fall in performance as the operations are starved of the resources necessary to achieve the level of performance being demanded of them. Sometimes, under pressure efficiency (more for less) can go up as people work longer or harder to make up the shortfall, but this isn’t sustainable and soon the system stabilises at a new lower level of performance.

The symptoms for individuals are usually high levels of stress.

**System Structure**

Systemically, it is critically important to connect agreements about performance to agreements about resources in a closed conversational loop. The Dictators Archetype occurs when this loop is broken and the two are dealt with separately and targets are set without reference to the resources needed to deliver that level of performance, or resources are cut without any reference to the effect on performance. Usually this becomes a unilateral decision.

**Possible Ways Forward**

Ensure that the resource bargaining loop (agreement over performance to be delivered against agreement over resources available to achieve that) is carried out as a conversational loop.

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**See Also**

9 Bricks without Straw
8 Missing Link
16 Castles in the Air
15 Bean Counters
Frequency  
Extremely common

Also Known As

Symptoms
Open Loops is very common in collecting so called ‘feedback’ from staff or customers. It isn’t actually feedback unless there is a mechanism that allows it to change the process. Dictators is a particular systemic example of the open loop.

This problem is common in performance management when performance measures are used not to inform about a process, but instead used to do the opposite, to drive the process. Typically this results in operational staff ‘gaming the system’ to give management the answers that management have said they want. The result is organisations where management’s aspirations are not informed by real information and decision making becomes increasingly ungrounded and divorced from reality.

System Structure
A feedback loop starts with a process and information about the process performance which is fed back and used to inform decisions to change the process, to do more, or less or something different. There are two common problems – Open Loops and Reverse Polarity.

The first is a failure to close the loop, e.g., information on a process is collected, but there is no way to use the information to change the process.

Reverse Polarity happens when the feedback signal is run in reverse. So instead of collecting information about how an operation is running, which is a feedback loop from the operations to management, the opposite happens and the information flows the other way. So the operations are informed about management (particularly their aspirations) but not the other way round.

Possible Ways Forward
Careful design of feedback loops to check that they do actually connect to decision makers and that the information is flowing the right way to allow grounded decision making.

See Also
1  Fantasy World
10 Dictators
9  Bricks without Straw
Goldfish

**Frequency**
Common

**Also Known As**

**Symptoms**
Organisations encountering the same strategic problems again and again, e.g. repeated cash crises, or repeated failures to anticipate the market or to maintain critical partnership relationships.

Heroic leader cultures are both a symptom and a cause. A symptom because repeated crises breed heroic leaders and because heroic leaders require repeated crises to provide meaning for the leadership.

**System Structure**
So called because of Goldfishes’ alleged lack of memory. This is a failure of organisational learning, so managers have to re-learn the lesson again and again. Similar to the ‘wheel inventors’, which is repetitive problem solving at an operational level; here, the systemic failure is of the intelligence function to learn about strategic issues in the environment.

**Possible Ways Forward**
This is a failure to manage the intelligence function which models the fit between the organisation and its environment. It can be a lack of resource for this key function, or a failure to model strategic issues adequately (both capacity problems), or a failure to gather the intelligence (a connection problem) or a failure to integrate intelligence into strategic decision making (ultimately a governance problem).

Identify where in the information loop the failure is and repair it.

**See Also**
1 Fantasy World
18 Death Spiral
15 Bean Counters
16 Castles in the Air
13. Here be Dragons

**Frequency**
Very common

**Also Known As**
Blind spot, Blindsided

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**Symptoms**
Strategy or operations disrupted by disturbances in the environment that were not just unexpected, but which the organisation was not even looking for.

**System Structure**
This is a failure of the intelligence function to identify or recognise key areas within the organisation’s operating environment which it needs to understand. This problem is fundamental to the issue of strategic risk – which is the principal cause of failure of organisations.

Because this is about what the organisation doesn’t know, organisations are by definition often unaware of this problem.

**Possible Ways Forward**
This is a failure to manage the intelligence function which models the organisation’s environment. It can be a lack of resource for this key function, or a failure to model strategic risks adequately (both capacity problems), or a failure to gather the intelligence (a connection problem) or a failure to integrate intelligence into strategic decision making (ultimately a governance problem).

Identify where in the information loop the failure is and repair it.

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**See Also**
14 Bunker Mentality
18 Death Spiral
14. Bunker Mentality

**Symptoms**

The management team turn in and only want to talk to one another. Staff are shut out and the team stop communicating either to the organisation except by bulletins and more importantly stop receiving messages.

**System Structure**

Faced with a strategic crisis, management teams often cut themselves off and retreat into the bunker. Part of the reason is that the crisis presents them with new issues for which they don’t have adequate models, so processing information becomes extremely difficult – the team does not know what any piece of information means, and cannot distinguish between useful information and ‘noise’. This means they are unable to function effectively and makes the team uncomfortable. Retreat to the bunker cuts the amount of information coming in and creates the illusion of being back in control.

Precisely at the time when management need to gather and interpret new types of information to get a handle on the new situation, they cut themselves off. The result is often fatal for the organisation.

**Possible Ways Forward**

Robust scenario planning exercises prepare management teams for both the emotional and behavioural effects of dealing with crises.

Rigorous modeling by management teams, so they become used to building and sharing their mental models of new situations are critically important. There is no substitute for practice here.

See Also: 12 Goldfish  
18 Death Spiral
15. Bean Counters

**Frequency**
Very Common

**Also Known As**

**Symptoms**
An obsessive fixation on efficiency and cost cutting is the most common symptom. Bean Counter management teams see the future as just an extension of the past and change as ‘more or less of what they are currently doing’. So they can do growth, but it tends to be just an expansion of current operations rather than development into new areas, new markets or new technologies.

Frequently Bean Counter strategies are framed in expansion or cuts expressed as large whole numbers, since despite the attention to detailed costing, they lack the tools to deal well with future uncertainties.

**System Structure**
This archetype is an imbalance in decision making prioritising efficiency over effectiveness. Good decision making balances efficiency (current operations) and effectiveness (the needs of the environment now and in the future).

Organisations tend to be biased either towards present operations or future demands. Bean Counter management tries to optimise the current operations by the quickest and easiest method – cutting costs. This sacrifices the organisation’s ability to face future challenges.

**Possible Ways Forward**
Rebalance management decision making towards better capability to understand the future environment. This means strengthening the intelligence function and its connections into the strategic decision process.

**See Also**
18 Death Spiral  
2 Control Dilemma  
9 Bricks without Straw
Frequency
Uncommon

Also Known As

Symptoms
There are two common results. First, without a good grasp of the organisation’s strengths and weaknesses, strategies chosen are often impractical and fail. Second, operations tend to be neglected, under-managed, under-resourced and are often chaotic. The consequence of weak operations is that current customers are often neglected resulting in quality and delivery problems and cash flow issues.

System Structure
This archetype is an imbalance in decision making prioritising development for the future over delivery now. Good decision making balances efficiency (current operations) and effectiveness (the needs of the environment now and in the future).

Organisations tend to be biased either towards present operations or future demands. Castle in the Air management teams neglect current demands from customers in favour of new markets, new ideas and new developments.

Possible Ways Forward
Rebalance the management team and management decision making. Specifically, by strengthening the performance management regime to give a better grasp of strengths and weaknesses and prevent over-optimistic and impractical strategies being pursued and by strengthening operations management to improve delivery to existing customers.

See Also
5 Shockwaves
17. Strategic Silos

**Frequency**
Very Common

**Also Known As**
Functional Strategies

**Symptoms**
This happens when functions within the organisation develop their strategy/policy without checking its practicality with other functions, so there is no co-operation with target setting or the allocation of resources. As each function works in isolation no joint strategies can be developed to help internal effectiveness, or to counter the wider risks that are threatening the organisation as a whole.

We all know of situations where products are developed with no markets (like the Sinclair C5); or where markets are created but are lost to competitors because the company is unable to deliver (like Land Rover and the 4x4 market); or products developed that the company cannot afford to make (several UK motorbike companies).

We also see the same in large organisations (utilities and local government) where departmental structures and decisions make collaboration at the sharp end almost impossible.

**System Structure**
Good strategic decisions require input from a wide range of management disciplines. This requires a series of conversations between disciplines to evaluate possibilities and constraints. When this is missing, we get flawed decisions that have an impact throughout the organisation.

**Possible Ways Forward**
One way forward might be to use a more balanced and evidence based approach to decision making taking on external information (customer or wider environmental needs) which can then be processed internally to establish how the external needs can be met effectively. This often needs a range of individuals from different functions creating a joint dialogue at all levels and between levels to set coherent policy and strategy.

**See Also**
11 Open Loops and Reverse Polarity
10 Dictators
1 Fantasy World
Frequency
Common

Also Known As

Symptoms
The symptoms are familiar once seen – not just the ostrich like behaviour of the Bunker Mentality, coupled with a realisation that the writing had been on the wall for some time, but also a rising sense of panic as management and staff realise that events are spiraling out of control.

System Structure
This is an archetype made up of several other archetypes. Systemically, it starts with a failure of governance to maintain a balance in strategic decision making, particularly a failure to address external and future factors (Bean Counters). When the environment changes, this isn't noticed. Because of the failure to prepare adequately, operations respond to the environmental changes erratically. This triggers either inter-unit instability (Shockwaves) or intervention by higher management (Control Dilemma) or both. This reduces the ability of the organisation to respond at both the operational and the strategic level. As a result, operational responses to environmental change are inadequate and the organisation starts to fail. If management they usually go into crisis mode (Bunker Mentality). This reduces their ability to address the problems and reinforces the initial isolation from external intelligence.

Possible Ways Forward
Once the spiral kicks in, the organisation can usually only be saved by external intervention. Either an injection to the management team, or a further change in the environment is needed. In other words, organisations in this state only survive by luck.

Prevention however is much easier, less painful and surer. This consists of making sure that governance is functioning, that the organisation is actively scanning for strategic risks and preparing its management team to deal with expected and unexpected shocks.

See Also
5 Shockwaves
2 Control Dilemma
14 Bunker Mentality
### Frequency
Common

### Also Known As
Whistleblower’s Charter

#### Symptoms
Generally quiet, ‘nothing to report’ style management meetings, interrupted every now and then by massive issues appearing to materialise ‘out of the blue’.

#### System Structure
This archetype concerns collusion to keep more senior managers in the dark. It is unlikely to exist if effective monitoring is in place. It either reflects lack of trust in a supportive management relationship, or is the outcome of inter-peer politics. Management relationship issues may stem from imposed targets and lack of opportunities to respond resulting in fear of admitting failure or fear of reprisals. Relationship issues may alternatively stem from a management tendency to interfere or to remain too distant. Peer politics arise in an internally competitive environment or could be due to unclear responsibilities.

#### Possible Ways Forward
This problem is detected by effective monitoring and is addressed by improving two-way dialogue between manager and managed. Conversations need to cover inter-peer co-operation as well as individual responsibilities. A combination of one to one and group meetings may shed light on what is actually happening.

#### See Also
- 10 Dictators
- 11 Open Loops and Reverse Polarity
- 2 Control Dilemma
- 22 Giraffe
- 17 Strategic Silos
20. Identity Crisis

Frequency
Very Common

Also Known As
At Sixes and Sevens

Hints

Symptoms
An ongoing barrage of operational issues, which fails to reduce as the new organisation beds in. Continuing questions to management about responsibilities and seeming inability of staff to co-ordinate their efforts for themselves. It can sometimes emerge as a major rift through a number of organisational levels.

System Structure
This issue originates in a failing change programme where one or more parts of the organisation do not understand why they exist or who they need to work with. They may see overlaps or underlaps with other parts of the organisation or lack of demand for what they do. The lack of cohesion may mean that they are operationally stretched, through trying to cover over the cracks on behalf of the customers and ineffective use of resources as they attempt new roles. The issue may be resolved by fixing two way communication links. In some cases, it may however reflect serious strategic issues and operation design flaws which are hard to correct and lead to inadequate delivery and a downward spiral of performance.

Possible Ways Forward
Prevention lies in well thought out, cohesive organisational design and incremental implementation of small packages of change, with learning loops at all levels, supported by effective two way communication.

Once it has occurred, the way out is effective two way communication. This may mean explaining what is intended and supporting staff to solve their own problems, and also to create improved co-ordination mechanisms. It is just as important to listen and to take on board unexpected operational issues and respond to them. There may also be a management ‘turf war’ which is creating mixed messages and requires resolution.

See Also
17 Bricks Without Straw
6 Re-inventing the Wheel
11 Open Loops and Reverse Polarity

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Frequency
Common

Also Known As

Symptoms
This can be felt as wave after wave of diverse changes being imposed on the products or the organization, often seeming to cancel each other out. The organisation feels like they are in a small sailing boat tacking upstream against a strong current, loosing any advantage gained on each change of direction.

System Structure
This unfocused behaviour starts with incoherent or ad hoc strategy. The organisation may for instance be unclear on its market strategy, resulting in operational staff responding in an ad hoc way to all perceived customer fads, leading to conflicting product pressures and ad hoc product developments.

The same can apply to the organisation itself. Rather than carefully analysing its own needs, the organisation imports the latest management fad. When this does not address its issues it tries another one, etc. The rapid and unrelated changes of direction, sap organisational resources without achieving lasting improvements.

Possible Ways Forward
Aim to stay ahead of the game, by taking time when things are going relatively smoothly to examine future possibilities and opportunities, consider potential risks and develop robust strategies that will address the potential issues. React to external intelligence with consistent, researched, thought through and co-ordinated actions.

See Also
12 Goldfish
13 Here be Dragons
14 Bunker Mentality
Frequency

Also Known As  Ivory Towers

Symptoms

Often a flaw in an otherwise competent organisation. Staff at the operational level are undermined by an inability to influence strategy with their operationally sourced intelligence. They receive limited or unrealistic help when unexpected changes occur in their environment.

System Structure

This is a failure of effective operational monitoring. The operational units do a good job, act responsibly and co-ordinate well. Over time, senior management loose touch with operations, focussing instead on politics at their own level. They impose strategy (Dictators), with little knowledge of the impacts of the changes that they are setting in motion. They become divorced from the workplace and therefore are of little help when unforeseen operational issues arise.

Possible Ways Forward

Design regular two way communications mechanisms between senior management and operations and take their input seriously. Ensure light touch, but comprehensive monitoring to build a good understanding of what is going on, even when things are going well.

See Also

11  Open Loops and Reverse Polarity
10  Dictators
  1  Fantasy World

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