INCREASING INTEREST IN THE VIABLE SYSTEM MODEL: AN EXAMPLE OF THE TECHNOLOGY OF PARTICIPATION

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A report on an exercise in a doctoral seminar at the University of St. Gallen
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INTRODUCTION
On January 8, 2005, Stuart Umpleby led an exercise in the Participatory Strategic Planning procedure developed by the Institute of Cultural Affairs. The participants were doctoral students in a seminar on cybernetics and systems theory usually taught by Prof. Markus Schwaninger, who was on sabbatical. The students in the seminar were Stephan Dahlem, Frank Haupenthal, Stephan Herting, Florian Hotz, Markus Kreutzer, Christoph Lueders, Nicola Malcherek, Dirk Martignoni, Kai Roemmelt, Lars Stein, Christof Trauffer, Widar von Arx, and Inge Voss.

The Participatory Strategic Planning (PSP) process involves five steps:
1. Operating Vision
2. Underlying Contradictions
3. Strategic Directions
4. Systematic Actions
5. Implementation Timeline

Each step of the PSP process uses the Consensus Workshop method. This method entails five steps:
1. Context
2. Brainstorm
3. Cluster
4. Name
5. Resolve

The exercise was conducted in English. The purpose of the exercise was to demonstrate group facilitation methods and to develop plans for promoting the Viable System Model.

Five focus questions, all related to the content of the seminar, were suggested.
1. How can systems thinking be incorporated into management education and management practice?
2. How can managers be helped to use ideas from systems theory and cybernetics?
3. How can management education incorporate more ideas from systems theory?
4. How can system dynamics be incorporated into management practice?
5. How can the Viable System Model be incorporated into management practice?

The students chose the fifth option. So, the demonstration of Participatory Strategic Planning addressed the focus question, **How can we convince people (managers) to apply the Viable System Model?** For each step of the PSP process there was a more specific focus question. The vision focus question was: What is our vision of what we want to see happening in about five years? The contradictions focus question was: What are the contradictions/obstacles/barriers to achieving this vision? That is, since the VSM was first published in 1972, what is preventing its widespread use? The strategies focus question was: How can we remove the obstacles to achieving our vision?

Due to limited time only the first three steps in the Participatory Strategic Planning process were conducted in this class. When a planning exercise is conducted with a business or government agency, usually it is conducted during a weekend, often in a "retreat" setting, when there is more time. Ideally people from outside the organization are also involved, particularly during the final parts of the planning activity. These people can relate their experiences with similar problems, suggest alternative actions, and provide sources of needed materials or skills. In addition, outside observers may be impressed with the planning exercise and decide to conduct one in their organizations.

**RESULTS OF THE TOP EXERCISE, UNIVERSITY OF ST. GALLEN, 1/8/2005**
VISION

ADAPTABILITY (VIABILITY) MEASURED AND MONITORED
Intelligent acting organizations
People feel motivated to make suggestions
Organization is viable (survives)
Appropriate profit margins for the product range
Continuous process improvement
Successful monitoring of the environment
Periodic surveys to determine if people are using VSM language and tools

NEW PATTERNS OF ORGANIZING
Flat organizational structures
New communication structures
Organization develops and controls ALL their processes according to VSM
Quality management designed according to VSM
VSM provides a logic to mediate among TQM, BPR, KM

VSM BASED TOOLS ARE AVAILABLE
Email distribution groups organized by VSM
Empirical research (maps) of who talks to whom (consistent with VSM?)
Periodic surveys of how the various units are communicating and helping each other for purposes of improvement
Performance indicators developed according to the VSM
VSM software is widely accepted and used

SHARED UNDERSTANDING AND VISION OF THE ORGANIZATION
Reflexive behavior is a precondition for VSM
Common understanding: We are a viable system
Everyone speaks one language: VSM
Managers and employees are able to see and analyze problems through VSM “glasses”

THE VSM IS A STANDARD TOOL IN CONSULTING PROJECTS
One of the big consulting companies uses VSM as a standard method
Schwaninger and Umpleby consulting group smashes McKinsey and Boston Consulting Group in profits and sales in organization practice

USING THE VSM EVERY DAY
VSM is the basis for daily business
Routine use of the VSM in management practice
VSM is used internally in some organizations (not via consultants)

BETTER SELF-UNDERSTANDING
VSM is known by managers
Responsible co-workers (due to better understanding of how the organization works)
Competencies are better known by everyone

VSM IS KNOWN AND TAUGHT IN BUSINESS SCHOOLS
On-going research on the VSM and its utility

CONTRADICTIONS
LACK OF POPULARITY AND SUCCESS STORIES
Different goals lead to different understanding of the company
Practical implications (daily details) are not elaborated yet and not tested on a larger scale
Missing proof of superiority
No marketing to promote the VSM
What is exactly the strategic aim/ purpose of VSM?
Lack of clear goal
Traditional business schools stick to their old style
Uncommon inventor (Beer)
No success stories from firms that already use the VSM
Organizations think they already are “viable” without using the VSM

UNCLEAR COST-BENEFIT RATIO
Does VSM provide a benefit to the customer?
Benefit (for daily use) is not clear
Just another tool: It is time-consuming and the benefits are unclear
First only the COSTS are visible
The possible outcomes and gains of using the VSM are unclear
Is using the VSM worth the change effort required to implement it?
Perceived to be of benefit only to consultants

MISSING TOOLS
Measurement methods are needed: How do we know that we are a viable organization?
Education of employees is needed
Do we have the right data to achieve good results using VSM?
People have no competence in using the VSM (no experience)
Who designs the company specific VSM tools? What are the costs?
VSM is TOO holistic: organizations need special modules for special problems, like SAP

EMOTIONAL RESISTANCE
People might feel uncomfortable using a biological metaphor in business
Middle managers fear losing power
Differences in culture
Not invented here effects
Resistance to “new methods”
Unclear incentives for employees

VSM PERCEIVED TO BE TOO COMPLEX
VSM is not easy or simple to transfer
VSM language is different from people’s daily/ usual language
VSM is perceived as much too theoretical by colleagues
A large effort is necessary to maintain everyone’s awareness of the VSM

TIME INTENSE IMPLEMENTATION
No time for change and experimentation
VSM could mean additional bureaucracy
Existing capacities are totally absorbed by day-to-day business; so no time for VSM
VSM might be regarded as an extra exercise, in addition to daily business

MISSING INCENTIVES FOR THE CONSULTING INDUSTRY
What are the incentives for consulting firms?
If companies would routinely use the VSM, consultants would lose their cash cows
Do consulting companies that focus on VSM survive?
STRATEGIES

DO PROMOTION
Publish articles in practitioners magazines (e.g., HBR)
Create a marketing strategy for the VSM comparable to quality awards
Provide success stories
Create marketing ideas and materials
Find a well-known and admired leader that supports VSM (e.g., Jack Welch)

SHOW FEASIBILITY AND CREATE CONFIDENCE
Search for successful examples and promote them
Implement prototypes
Install VSM in all social levels: families, govt agencies, NGOs, big corporations, SMEs
Place VSM supporters in big consulting firms

ACADEMIC RESEARCH
Organize VSM conferences and symposia
Do extensive research on practical implications and benefits
Offer a 2 week short course to provide interested scholars with the VSM foundations
Prove its success through experiments and trials

FIND MONEY FOR RESEARCH
Find a rich supporter to provide $30 million to fund the research
Obtain funding

INCORPORATE VSM INTO EXISTING TOOLS
Use VSM as an “umbrella” concept
Add VSM ideas to quality award criteria

DEVELOP TOOLS
Incorporate VSM ideas into big software packages

REFERENCES


