

# Celebrate the Outlaws

by

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Once upon a time, an entrepreneurial, visionary CEO called an old acquaintance - an entrepreneurial, visionary OD consultant. "Coming to work ain't no fun no more," said the CEO. "What's happening?"

"Who knows?" replied the OD consultant. "Let me work with you and your people a while to find out." So he did.

First, he found that, in one of the company's major functions, were a couple of people who were considered "trouble". One was about to be fired, and the other had drafted a letter of resignation. They were also, by far, the most talented and dedicated people in the department. The problem, as they saw it, was that they were not being allowed to do the job. Because they were very dedicated to the job, they took serious offense at not being allowed to do it. That was "trouble".

The consultant talked with several other employees. He heard all about "how we do things around here". The consultant concluded that the company had entered its normative phase. The original climate, the company's formative years, had been open and entrepreneurial. People focused on the result to be produced and figured out how to do it under a variety of conditions. Then came the beginning of the end. The company was successful. It hired managers. Its focus shifted from the results to be produced to the processes it had created. The managers were now holding people accountable for ever increasing conformity to those processes, regardless of results. That's normative.

What does this mean? Why does it matter? It's the fundamental reason why so many efforts to bring "systems thinking" into organizations don't produce the expected results. It's the hidden barrier to real systems thinking – the skunk tucked away in the very evolution of human-made systems. Let's take a closer look.

## Open and Closed Systems

Ludwig von Bertalanffy, the originator of General System Theory, identified two fundamentally different types of systems: *open and closed*. Natural, living systems are *open systems*. They continually change, adapt, and evolve because they are interdependent with the larger systems that surround them, their environment. *Closed systems* are mechanical and repetitive. A machine is a closed system. As such, it often becomes useless, that is, obsolete, when the larger systems surrounding it change. Closed human social systems suffer the same fate. As they move toward equilibrium, they become progressively more isolated from their environments. They lose the ability to change and adapt. Entropy increases until it reaches a fatal level.

When people create social systems, they may create them as open or closed. As we'll see, even systems that are open in their early years usually become closed. The key issue to remember is that *open systems are alive and active; closed ones drive toward static equilibrium*. The distinction lies in the system's core or nucleus - how the people in it define its reason for existing.

At the core of every human social system, which includes every social institution, is a transaction between two principal partners. In personal relationships, it's the two people. In education, it's the provider of the information and those who use it - the teacher and the students. In business, the two principal partners are the producer of the product or service and its users. In health care, it's the doctor and the patient.

The critical question is, "For what *purpose* does this transaction occur?" *Everything else in the system is defined by the answer to this question.* In an open social system, the critical partners are aware of their interdependence and any statement of purpose is *inclusive*; it recognizes benefit to *both* parties. In a closed social system, the partners do not recognize their interdependence. Statement of purpose by one is *exclusive* of the other. Each recognizes only what he or she wants, ignoring the reciprocity between them. If, in starting a new business, for example, we say its purpose is to make money, which considers only the seller's best interests, we are creating a closed system. If, however, the seller says its purpose is to provide users with some form of unique usefulness, even something as simple as potato chips they really enjoy, the seller is creating an open system by recognizing the best interests of the other principal partner.

The company that the OD consultant was studying had originally been an open system. It focused on its purpose - to provide a more effective service for its customers than anything they could get at the time. It defined "the job" as delivering the most effective service for each customer's situation. When it "hired managers", it became a closed culture. It changed focus from results to processes. It came to evaluate employees according to whether they followed the processes, not according to whether the customer got what he/she needed. Here's how that happens:

### The Lifecycle of Systems

According to George Land and Beth Jarman, in *Breakpoint and Beyond*, social systems have two demonstrated phases - the *formative* and the *normative* and a potential third phase, the *integrative*.

### The Formative Phase

All social systems originate in an intangible or "spiritual" state as a purpose, a concept, an idea, a philosophy, a solution to a problem in someone's mind. That purpose may be either open or closed. In business, for example, the purpose of a new business concept might be open. It would recognize that the new product or service is being deliberately created to provide some unique usefulness to some intended group of beneficiaries (a "market"). It could also be closed. It could view the new product or service only as a new way "to make money".

Once the concept or originating principle is defined, people move to manifest it - to give it material forms and processes that accomplish its purpose. We call the system's material state "reality", even though it's only the material portion of reality, because our physical senses - sight, hearing, touch, taste, smell - can detect it - and because Descartes told us that "only matter matters".

However, whether the intended system's purpose is open or closed, the work in this phase is highly creative. It's mostly problem-solving - trying to create something that has not previously

existed. In this phase, the key questions are, "What are we trying to do, and why?". People focus on outcomes. The formative phase is about "making it up as you go along". Decision making criteria are highly *qualitative*.

### The Normative Phase

But once the company is successful, it moves into its "normative phase. The normative phase of *all* human systems has the same purpose, which is completely independent from their unique originating purpose. The goal of the normative phase is to maximize the *efficiency* of the forms and processes it created to accomplish its original purpose, whatever they were.

A normative system is built for repetition - doing the same things, pretty much the same way, under the same conditions, day after day after day. To do this, it disregards the system's specific originating purpose, the reason it exists in the first place. Whether the system's originating purpose was open or closed, it now becomes closed. "Management" is really "process control" applied to people.

To maximize efficiency and predictability, managers now pursue conformity to established "norms" of form and process. "Managers" are the status quo police. They seek to eliminate diversity and variance. *They overtly punish independent, creative thinking, because creativity produces variance and decreases predictability.* The organization focuses entirely on itself. It ceases to understand and pay attention to its principal external partner, its market. Perceptually, it becomes an island, effectively separated from the larger systems in which it participates. Its dominant criteria are *quantitative*.

In other words, *the system itself becomes opposed to systems thinking.* It drives out people who naturally think in systems, who naturally focus on purpose and results – like our two talented employees who were considered “trouble”. This is exactly what had happened to this company - and the essential reason the CEO felt that "Work ain't no fun no more." He certainly hadn't wanted this. It happened because the inertia of what our culture teaches about “how to do business” took the system away from his original vision, right under his nose.

How?

As any system increases in size, its functions become more developed. They specialize. Nature also specializes, but doesn't normalize. Natural living things, that is, all species except man, operate in open, adaptive systems. They go directly from their formative phase to an integrative phase. They change their operating subsystems in accord with their primary purpose. When whatever they're doing doesn't work anymore, they do something different – based on continuing to accomplish their original *purpose* in the face of changing external conditions. Thus, their subsystems evolve interdependently because doing so is critical to the larger system's chances of survival. *Non-human systems show us that diversity, variance, and creative adaptation directly correlate to survival, health, and prosperity.* As Darwin pointed out nearly 150 years ago:

So, in the general economy of any land, the more widely and perfectly the animals and plants are diversified for different habits of life, so will a greater number of individuals be capable of there supporting themselves. A set of

animals, with their organization but little diversified, could hardly compete with a set more perfectly diversified in structure.

Yet we humans continue to create and manage our systems to eliminate the very factors that make them vital. Our specialization takes a very different form. Subsystems and components specialize *independently*. People concentrate on refining and standardizing the forms and processes of their function. People focus more and more on pieces rather than wholes. The "big picture" gets progressively fragmented. This is bureaucracy - attention to form and process, oblivious to cause - the "why" behind the action. As we imagine that we can control our environment, we also ignore it.

Obsessed with *control*, people in normative systems begin to see both the principal external partners and those within their own system who vary from the norms, including those who perform significantly different functions, as enemies, not assets for survival. Philosophers call this "dualism". Light against dark, good against evil. Dualism gives normative systems their "either-or", "win-lose" character. "Either you're with us or against us." Because "normal" people focus on form and process, they say, "Either you look like us, you act like us, you do what we do, or you don't. If you do, you're in. If you don't, you're out."

When the system's objective is to increase predictability, that is, consistency of repeatability, deviance and diversity are "out" - very, very out. Therefore, talented, creative, original thinkers are "out" - very, very out. They refuse to "check their brain at the door", to mindlessly abide by unexamined assumptions. Organizations, whether companies, school districts, or government agencies, actively push them out the door until no one is left to ask, "Why are we doing this in the first place? And is what we're doing really working?"

Our company's so-called outlaws were creative, original thinkers, asking exactly these questions. Middle management was about to push them out the door for having dared to ask them.

*Normative systems, intent on perpetuating the status quo, are, by definition, unable to adapt to change. That's why they die. The outlaws were precisely what this company needed to prosper - and they were the ones "getting the gate".*

There was only one way to solve this problem. The company was well established. It couldn't go back to its formative phase. It could only go forward to attempt something that has never, as far as we know, been successfully accomplished - transformation into its integrative phase. It wouldn't be easy; most of the employees and managers were now people to whom systems thinking - the ability to see systems - wasn't natural. Could they learn? Could the few remaining outlaws overcome the inertia of the normative system?

### The (potential) Integrative Phase

This is the vaunted "transformation" we hear so much about, from everybody from New Age gurus to organizational development consultants. It amounts to re-instilling the organization's original purpose - its spirit - in its culture and giving people the freedom to change or eliminate existing processes and create new ones that effectively accomplish the purpose under current conditions.

Creating an integrative system essentially means to consciously recognize and live by the system's *open* purpose. Recall that *purpose* drives the nature of a system – its structure, its processes, its attitudes, its results. Recall, also, that each partner in an open system is dedicated to promoting the other partner's best interests. A purpose of mutual benefit is the foundation of an integrative system.

People in integrative systems know the basis of unity between the principal partners, even after the system has become large and materially complex. Therefore, they can see the *meaning* behind its forms and processes. They know *why* things do or don't make sense. They know what to change and when to change it. They make decisions from *purpose*.

People in integrative systems are valued for their unique and diverse talents that contribute to accomplishing the system's original, inclusive purpose under changing conditions. The members of the system are empowered rather than disempowered. Integrative systems support the essence of life instead of attempting to destroy it. This is why transforming from a normative to an integrative system, that is, from a mechanical to a living system, is so difficult. It's literally a "phase change" (like a solid to a fluid, or a fluid to a gaseous state) from the adversarial, dualistic, normative world which most people have been conditioned to accept as "reality".

Successfully operating in an integrative system requires whole brain functioning - the ability to diagnose problems, invent appropriate solutions and then enact them. It demands both left-brain and right-brain abilities. However, when organizations become normative, they drive out creative systems thinkers and replace them with people who use only their linear, sequential left-brain abilities in order to conform to the existing rules without questioning them. Asking these people to reconcile diversity, to eliminate dualism, to change or eliminate existing processes and invent new ones, is like asking a fish to walk on land - upright, yet. They simply aren't equipped for the job.

Was it too late for this company?

It forged ahead, deciding to try. It recognized that it needed more than “systems thinking” to make it. It needed to get the system itself out of the way of people’s ability to think in systems. It had two outlaws left. Instead of putting them out the door, as it had been about to do, it made them the nucleus of their function, the company’s core job. They attracted new systems thinkers into the company. The function again became capable of doing the job. The folks who simply didn't have the ability or inclination to reawaken their right-brain skills left on their own accord.

The people in that department today love their jobs. The company is generating about twice the income it would have generated had it remained normative, but not without some very scary moments. The CEO stuck by his intent to create an integrative culture even when it became obvious that temporary, yet significant, income and profit shortfalls and high turnover were inevitable. 18 months later, he's beginning to realize the upside of that commitment. And – he never says, "Work ain't no fun no more."