

MAYOR PIERCY'S SUSTAINABLE BUSINESS DEVELOPMENT INITIATIVE (SBI)

**Background on Systems Thinking and Sustainable
Business and Job Development**

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THE LADDER OF INFERENCE*

We live in a world of ideas and beliefs which are largely self-generated and untested.

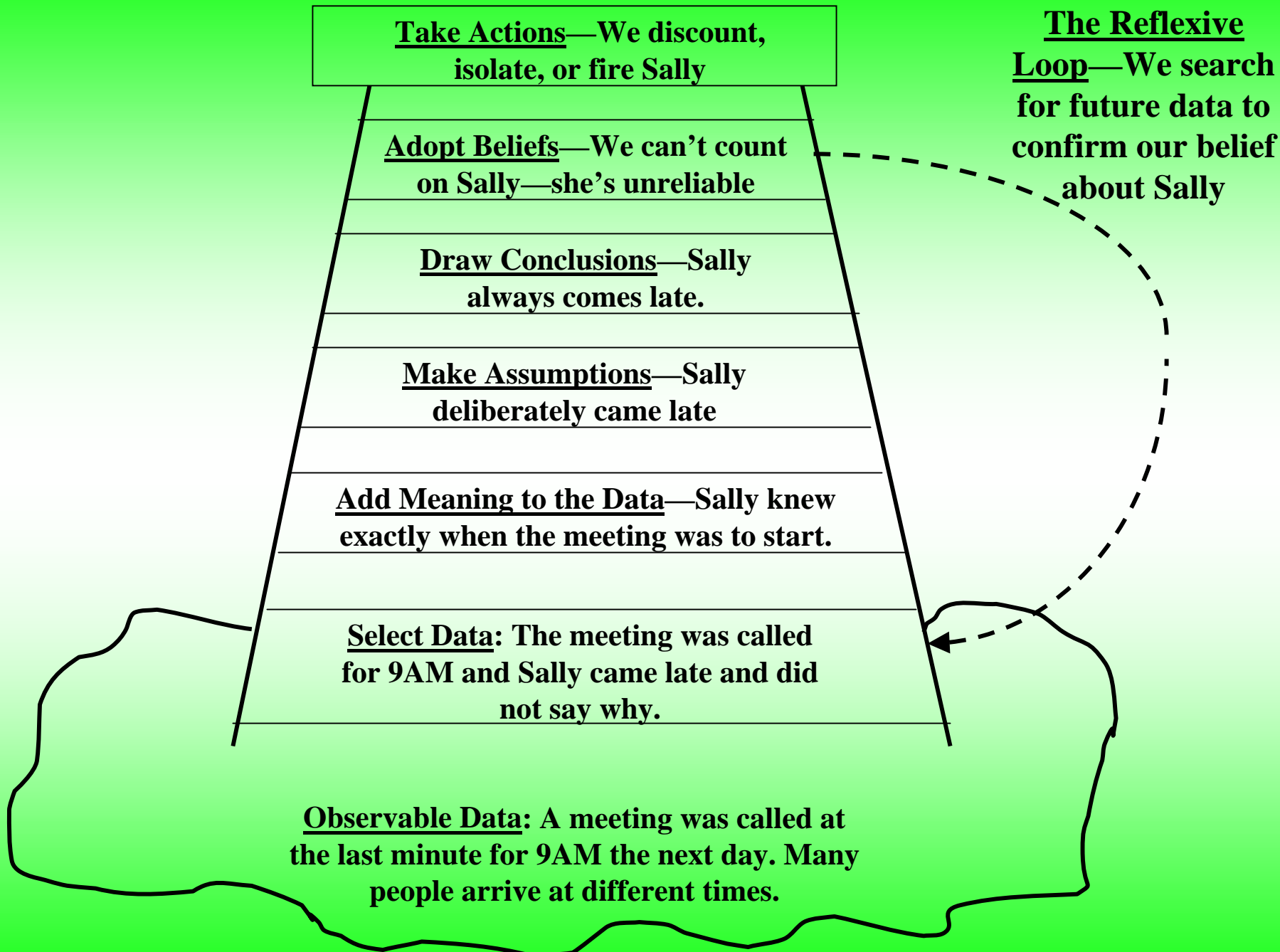
Our ability to achieve the outcomes we desire is eroded by our feelings that:

- Our beliefs are *the* truth
 - The truth is *obvious*
- Our beliefs are based on *real data*.
- The data *we select* are the real data.

THE LADDER OF INFERENCE



THE LADDER OF INFERENCE



USING THE LADDER OF INFERENCE*

Humans cannot live without adding meaning or drawing conclusions. However, we *can* improve our thinking through reflection and by remembering the Ladder of Inference.

Suggestions

- **Don't assume its true, just because people say a more sustainable method for producing & delivering goods and services is not financially or technically possible.**
- **Inquire into others' thinking and reasoning.**
- **Keep asking for the observable data behind a statement and for others to run you through their reasoning.**
- **Make *your own* thinking and reasoning more visible to others.**

SYSTEMS OR COLLECTIONS?

Bowl Of Fruit

Tools in Toolbox

Soccer Team

Toaster

Professional Basketball All-Star “Team”

DEFINITION OF SYSTEM

“Any Group of Interacting, Interrelating, or Interdependent Parts That Form a Complex and Unified Whole With a Specific Purpose”

**Organizations, communities, economies and households
are *social systems*.**

CHARACTERISTICS OF SYSTEMS

- **A System Has Intent – A Unique *Purpose* of Its Own.**

A system that fosters sustainable business and jobs must specifically make that its purpose.

- **All of The Parts of the System Must Be Present and Functioning Well to Achieve Its Purpose Effectively.**

All aspects of the value chain must be fully involved.

- **The Order in Which the Parts Are Arranged Affects the Systems Performance.**

*The value chain must be organized (participating)
in the right order*

- **The Parts of a System Are *Interdependent* & Thus Create More Than the Sum of Their Parts (i.e. Synergy).**

Ongoing networking, communication, and problem solving mechanisms are needed that benefit everyone

- **Systems Seek to Maintain *Stability*—The Status Quo-- Through *Feedback Mechanisms***

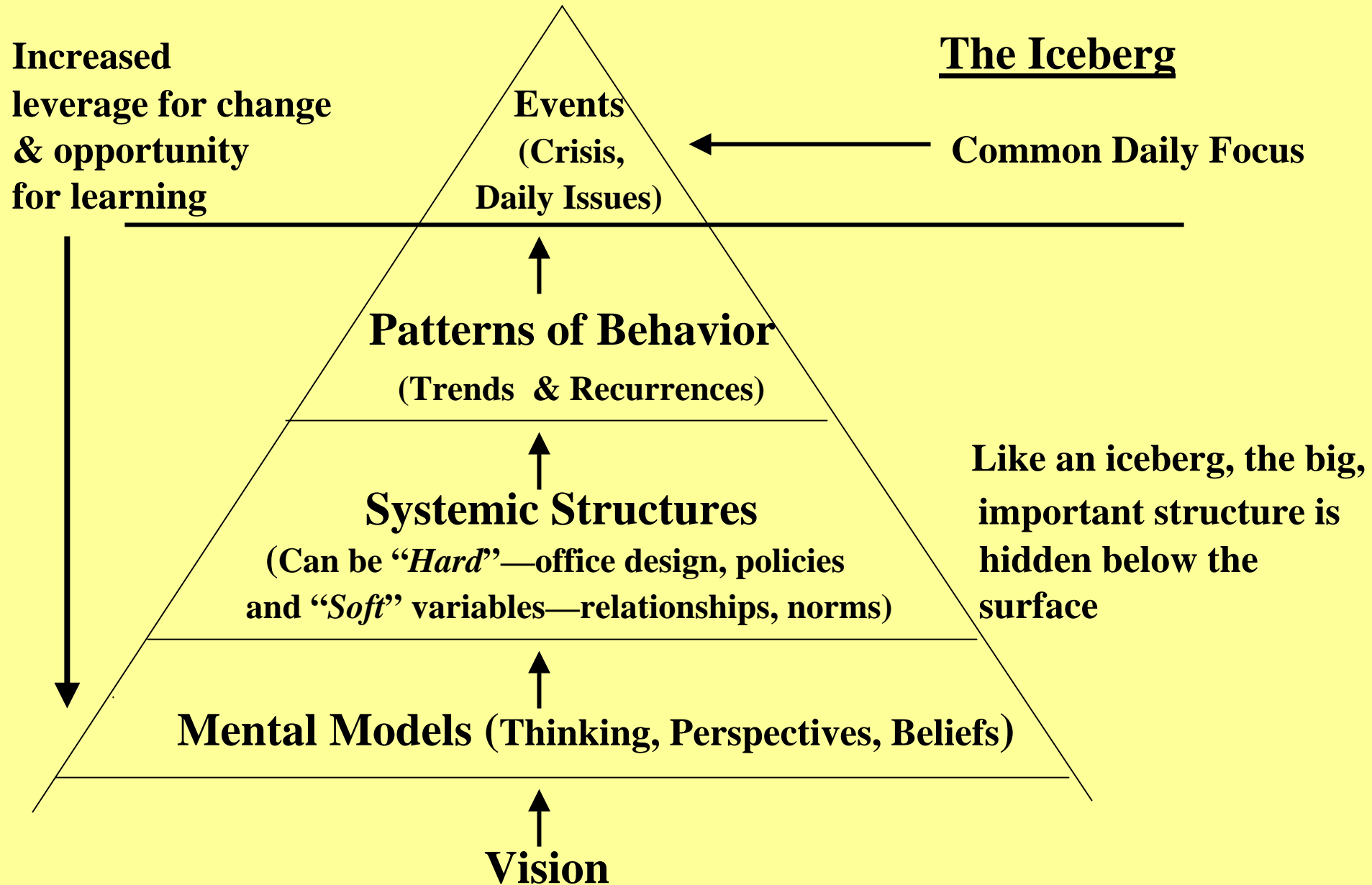
Learning and knowledge management systems are needed to gather, assess, and respond to new information in a timely way

**THE CENTRAL PREMISE OF SYSTEMS
THINKING IS THAT
STRUCTURE DRIVES PERFORMANCE**

The performance of a social system is the product of the interaction of its parts.

Change the structure of a social system (e.g. the way in which an industry or business cluster is organized) and you can change it's performance

THE CENTRAL PREMISE OF SYSTEMS THINKING IS THAT *STRUCTURE DRIVES PERFORMANCE*



CHANGING THE “*STRUCTURE*” MEANS THE ELEMENTS THAT DETERMINE A SYSTEMS PERFORMANCE

Refers to “Forces” and “Pressures”

Hard (Measurable) Structural Elements

- Money, people, materials, capital goods, information, customs, physical goods (buildings, office spaces).

Soft (Difficult to Measure) Structural Elements

- Beliefs, perceptions, fears, communication styles, knowledge levels, “culture.”

Both are Key to Understanding and Changing Social Systems

SYSTEMS THINKING AND APPRECIATIVE INQUIRY

The elements of the “Iceberg” correlate to the four phases of Appreciative Inquiry Process

1. DISCOVER PHASE—Relates to Mental Models

2. DREAM—Relates to Vision

3. DESIGN—Relates to Systemic Structure

4. DESTINY—Relates to Patterns and Events

The Business Case For Sustainability:

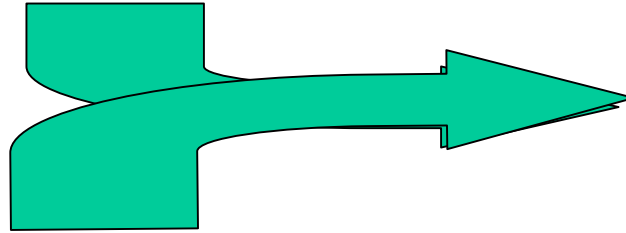
Many reasons exist for adopting sustainability practices or products

Internal Drivers

- Legislative mandates, agency policies and rules.
- Right to operate (simply meeting existing standards won't cut it)
- Risk reduction (avoid lawsuits, fines, constituent strife, bad PR)
- Cost reduction (reduce all forms of waste and save money)
- Greater access to and retention of top talent
- Positioning as leading edge and sustaining or increasing profits
- Maintain market share or customer base or capture new markets

Social Drivers

- Rise of civil society
- Values-based leadership
- Information explosion
- Growth of SRI
- Social disintegration
(poverty, health care crisis, terrorism)



**Business Case for
Sustainability**

External Drivers

- Environmental pressures (Climate change, endangered fish, forests)
- Peak of the oil curve (rising prices, unstable supplies)
- Increased competition (industrial overcapacity)
- Rising population (competition for scarce resources)

**AS WITH MOST THINGS IN LIFE AND BUSINESS, THE
GREATER THE RISK THE GREATER THE REWARD**

