

# Systems thinking approach to leadership

When it comes to solving complex problems, systems thinking is becoming widely recognised as one of the most powerful tools. It is strongly advocated by the Government's Strategy Unit based at No 10. But why do we need a different way of thinking? Ian Robson explains the value to *Public Service Director*

## Why do we need a different way of thinking to improve public sector services?

Most performance improvement projects in the public sector are based on the traditional approach to problem solving, which identifies problems within a system, breaks them down into manageable chunks and creates action plans to solve each part. This approach works for simple problems, but is unsuccessful in complex situations that involve numerous people, each with different agendas, often perceiving different aspects of the problem and identifying different solutions. In short, the activities rarely join up to give an effective overall solution.

## What is systems thinking and how can it succeed where traditional methods fail?

Because traditional approaches break down the problems inside a system, they implicitly relegate the important factors that link those systems to a low priority. Systems thinking is the complete reverse. It is primarily focused on understanding and controlling the critical linking factors rather than the systems as a whole, and on the effect that one set of systems has on another. It shows how the relationships between the systems can, through a set of related systems, affect the original system itself. Systems thinking demonstrates how the feedback loops created by such relationships can create leverage and take on a life of their own.

## How is systems thinking applied in practice?

The starting point is to define the hypothetical system that will provide the service capable of providing the highest possible value. This is achieved by identifying the need that service is trying to fulfil, the alternatives to the service and the critical factors by which value comparisons are likely to be made. In essence, this should be a simple exercise, but all too often, those involved in public services may never have identified what service they are providing, to whom they are providing that service, or what factors are critical to the value of those services. The systems thinking approach then works back and identifies exactly how the ideal level of performance can be most effectively applied.

An example of this was a probation service that, in an attempt to improve its level of service, implemented total quality management. The focus was on improving the quality of interactions between staff and their 'clients'. So, managers tried to identify how they could monitor satisfaction amongst the offenders in their charge. However, questions such as "what

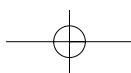
are the factors on which the value of your service should be judged?" and "who would value your services sufficiently to pay for them?" forced them to change their approach.

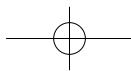
The answers to these questions soon identified that, for most offenders, the value of the probation service was that it could be more effective than custodial sentences at reducing re-offending. It could also achieve this at much lower costs. In other words, the value of their services was primarily to society as a whole, or the taxpayer in particular. The pleasantness of the interactions with the offenders was only critical if it assisted the prevention of re-offending.

Once they were able to view their system from this point of view, they were able to set up their own measures to monitor the value being added by their service at the interface with society. They set up internal measures to monitor both the value (reduction in re-offending) and the cost (per offender) of their service.

The key points here are that you should metaphorically step outside the system in question, and identify the value created by your service. Once you have identified the key factors that are critical to the way the value of the service will be assessed you can use the systems thinking approach to work back and

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identify how the ideal level of performance can be most effectively achieved.

### How is it possible to achieve a dramatic improvement in the value of a service?

The systems thinking approach is to identify systems that will cost the least to implement, but have the most advantageous effect on the value of the service. There are many such systems that are relatively trivial to implement but have a massively disproportionate effect on the value being provided; they ensure managers and staff step outside their systems to assess the factors that are critical to value.

An example of this was a unit of the Land Registry that had problems completing registrations in the agreed timescales. The problem had been apparent for some time, and although a great deal of effort had been expended trying to improve it, no amount of internal problem solving seemed to have any effect on the poor turnaround times. Finally, a system was created where everyone involved could continually see the value that was being destroyed at the interface of their service. This was achieved by having a large wall-mounted graph displaying the trend of the number of registrations that missed their promised turnaround times. Each member of staff took turns to enter the daily number of registrations that missed their target. Without any formal problem solving, coercion or reward mechanism, the unit quickly went from worst to one of the best within the Land Registry.

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At almost no cost, this type of system can typically increase performance by up to 30 per cent, simply by focusing staff on the common goal of creating value. This is why systems thinking is so powerful. All that is required is to focus on creating a single set of relationships between systems that can maximise the overall value of the service. The separate problems are typically resolved automatically.

### How does systems thinking help public services exceed government targets?

Few, if any, of the current government targets have been set using systems thinking. Often they are set because they are easy to measure. However, this is no excuse for not exceeding such targets. Almost without exception, when organisations are focused on effectively maximising the value of their services, those services will nearly always exceed targets. This is because, although the targets may not have been chosen wisely, the basic purpose of any government target is to try and ensure that the money invested in public services creates the most value. The improvement that is achievable by using systems thinking is usually so great as to totally eclipse the problems created by sub-optimal target setting.

### What relevance is this to the role of leadership within the public services?

In systems thinking terms, the difference between the role of management and the role of leadership is much clearer. Management is the process of solving problems from the point of view of being inside the system. Leadership is the ability to focus everyone on maximising the value of their contribution to the overall system as perceived from outside the system.

Although few leaders may have heard the term systems thinking, it is almost impossible to become

an effective leader without at least subconsciously being a systems thinker. This is because, by default, people within an organisation tend to try and stay in the comfort zone of their own systems. So no single person could possibly exert sufficient influence on large numbers of people, without systems capable of leveraging that influence. Without the ability to create effective leverage systems, leaders may be able to talk about the improvements and changes they would like to see, but they are not likely to be effective in actually delivering them.

So the more effective a leader is at identifying systems that maximise the factors that create value, the more effective they can be in creating the highest possible level of public services. If leaders genuinely want to improve the value of their public services, systems thinking is probably the only way they will be able to achieve the necessary changes. The alternative is that our public services may well cease to remain 'public' for very much longer, and that would be a great loss. Contrary to popular economic thought, market forces are not always the best way to produce superior services. The challenge of leadership is to demonstrate a better solution. There is little doubt that systems thinking can provide that superior alternative, but there may not be a great deal of time left to prove it.

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