



UNIVERSITY OF EDINBURGH
Business School



Whole System Management

An MBA Module from the Maturity Institute
in collaboration with
University of Edinburgh Business School

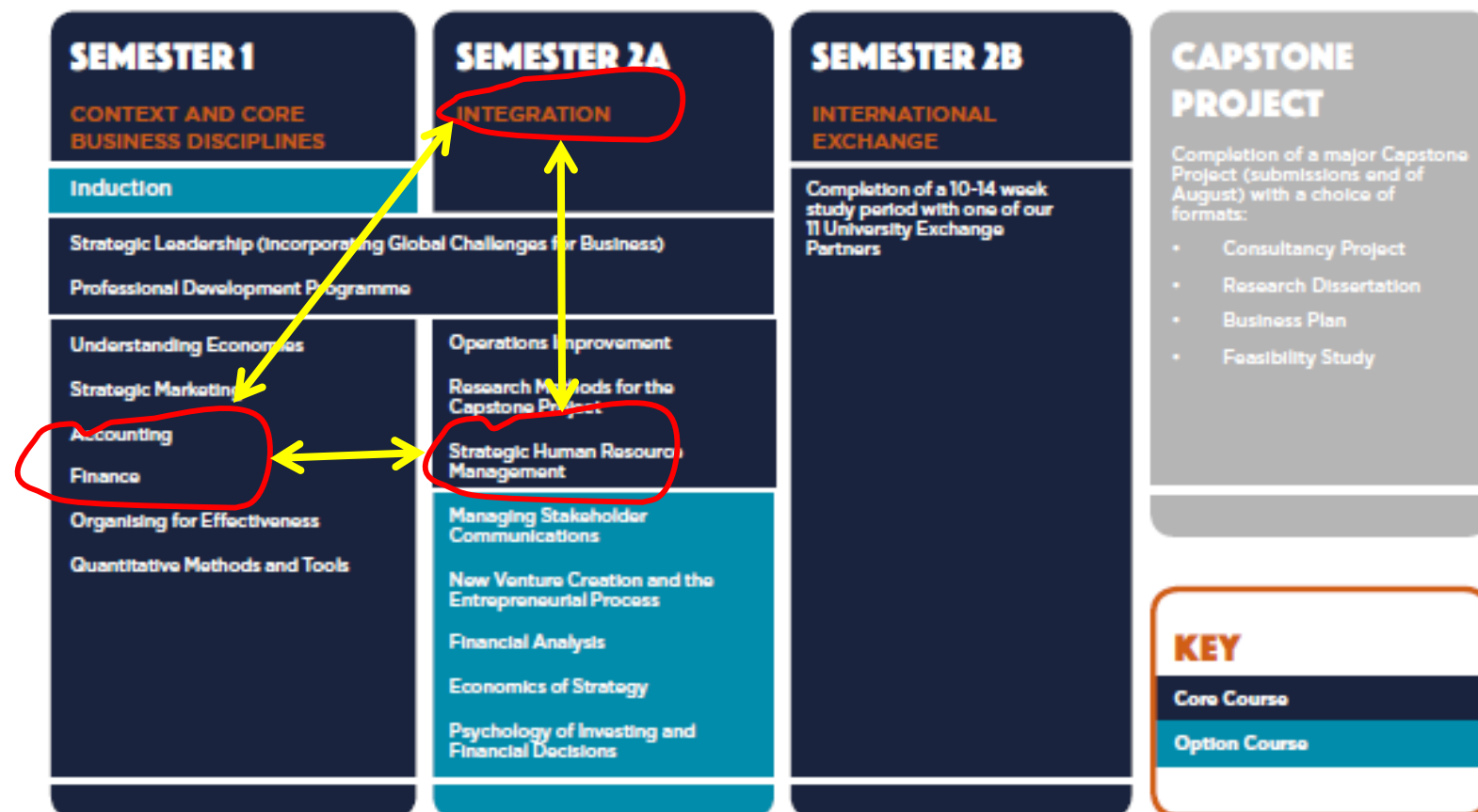
Re-designing the MBA:
educating whole system managers

The Edinburgh MBA with International Exchange

This 12 month full-time MBA programme includes an international exchange. It helps students develop international management skills and cultural versatility.

PROGRAMME STRUCTURE

Please note courses are subject to change and correct at time of printing.



Introducing the Maturity Institute (MI)



- Our needs our best served by viewing our world as a WHOLE SYSTEM
- Any nation must adopt a socio-economic system that serves all stakeholders if it is to fit within a coherent WHOLE, GLOBAL SYSTEM
- Capitalism, based on maximising profits and 'shareholder value', has become disconnected from its roots in serving society
- Maturity works as a paradigm based on the primacy of societal value: we measure it as Total Stakeholder Value (TSV)
- Improving TSV is in the long-term interests of all stakeholders, including shareholders
- MI members are trained to the same standard as the medical profession; to adopt a whole system diagnostic, identify effects and their causes, and develop evidence-based solutions to humankind's urgent and most complex problems

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WSM Course Objectives

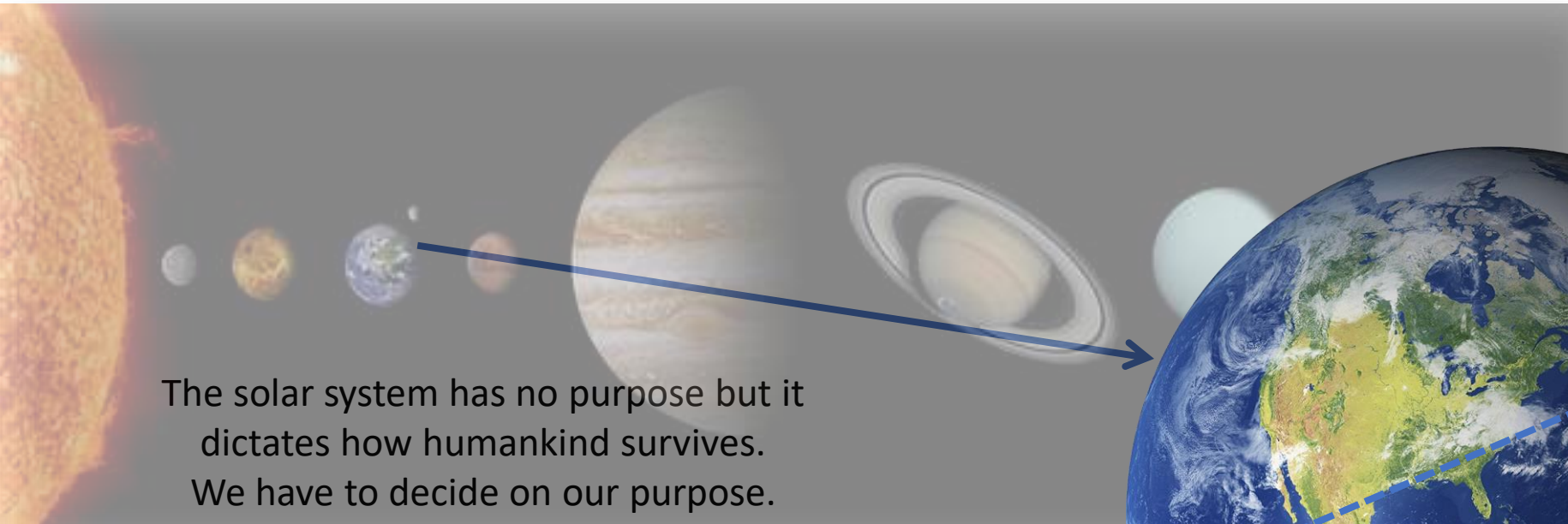
- Improve your organisation's value – intrinsic and, where applicable, market
- Future-proof your leadership and management capability
- Understand why WSM is so important to the durability of your MBA
- Attain a deeper understanding of systems at a global and organizational level
- Diagnose organizational health by integrating whole system analysis
- Recognise the essentially human dynamic behind all systems
- Measure the value of organizational systems
- Improve the whole system to create more Total Stakeholder Value (TSV)

Whole Organization System: module topics

- Defining purpose, value and wealth for betterment of humankind
- Defining the wealth creation system
- The organization as defined by Purpose & Value
- The whole organization strategic framework
- The whole organization as an essential human system
- Human systems (e.g. communication, learning, rewarding, performance, behaviour etc.)
- Designing a better whole, human value system

***'System':** noun “a set of things working together as parts of a mechanism or an interconnecting network; a complex whole.” OED*





The solar system has no purpose but it dictates how humankind survives. We have to decide on our purpose.



Mapping the System
Whole System Management
... changes the whole system



What is the purpose and value of an MBA?



Whose perspective?

Personal?

Organizational?

Societal?

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Conventional vs Whole System thinking, management, and decision making

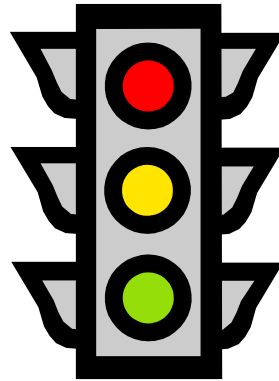
Conventional is ...	WSM is ...
Partial	Whole
Linear	Complex
Deconstructive	Integrated
Single loop	Double loop
Circular	Iterative cycle
Discontinuity	Continuity
Siloed	Agile
Etc.	Etc.

Diagnosing the effectiveness of the whole organizational system

- Management by measurement
- The whole global system requires a universal system of measurement
- MI's system is based on a set of 32 questions – the OM30
- A Maturity Analyst views an organization in the same way that a doctor views a patient
- Looking for symptoms of organizational 'ill health'
- Measuring the baseline (e.g. basic functions, temperature, pressure)
- Determining cause and effect in a complex, 'human' organism
- Prescribing treatment – holistic, multi-faceted

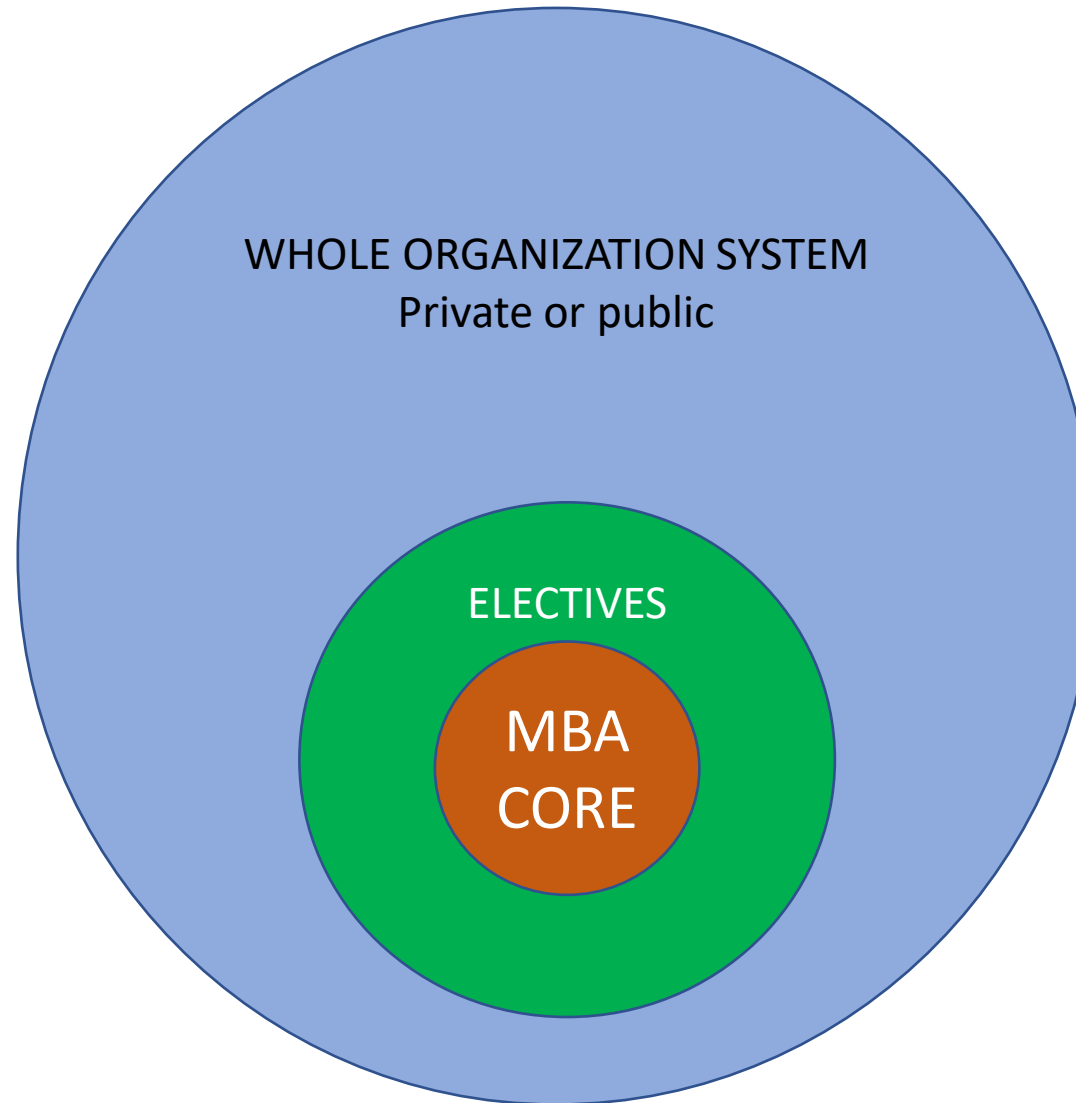
How many systems control your own life?

E.g. Banking, Finance, Transport, Education, Management, Welfare, Health, Political

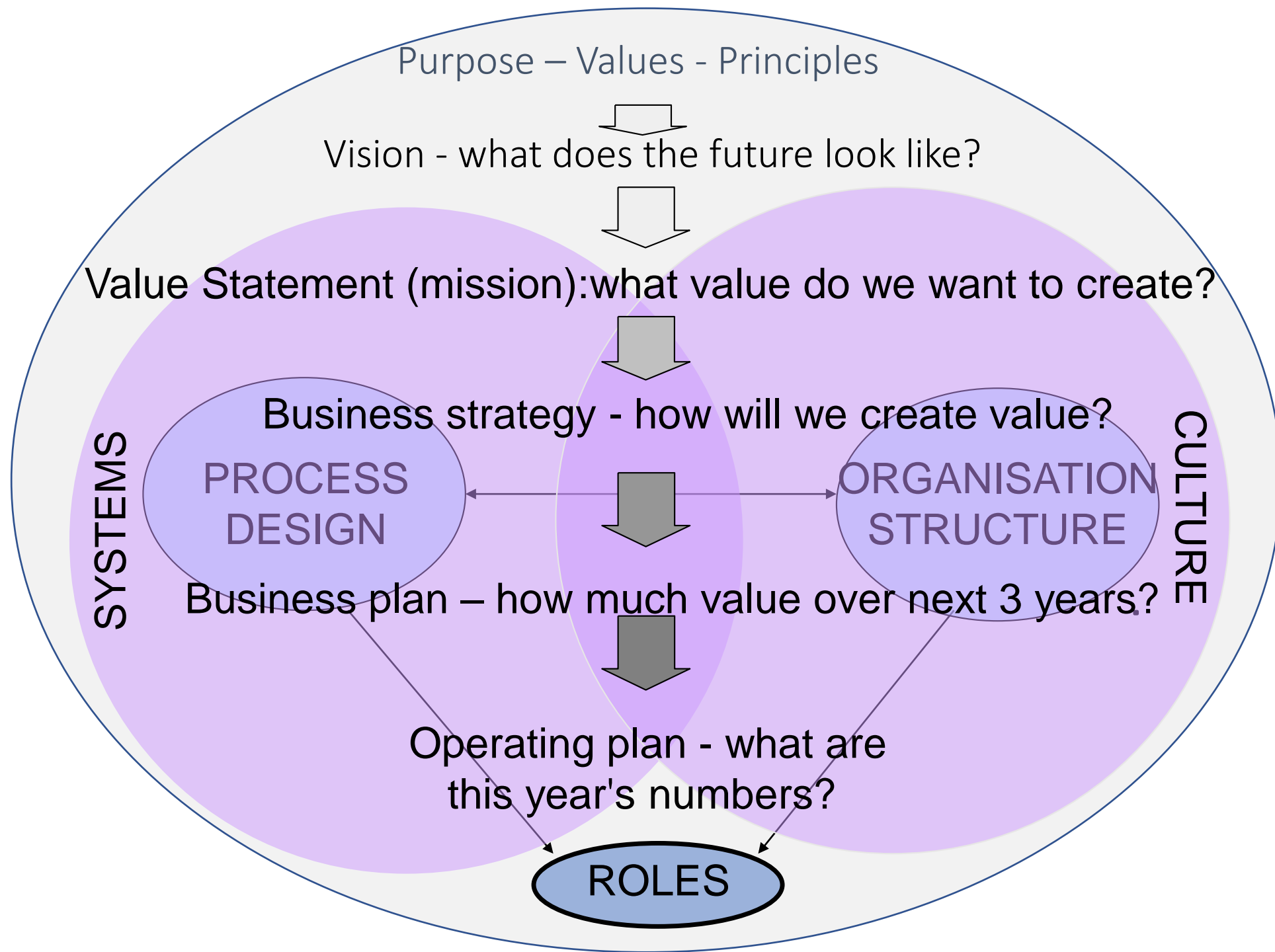


- Is this a system?
- Is it just a mechanism or a human system?
 - What are the working parts?

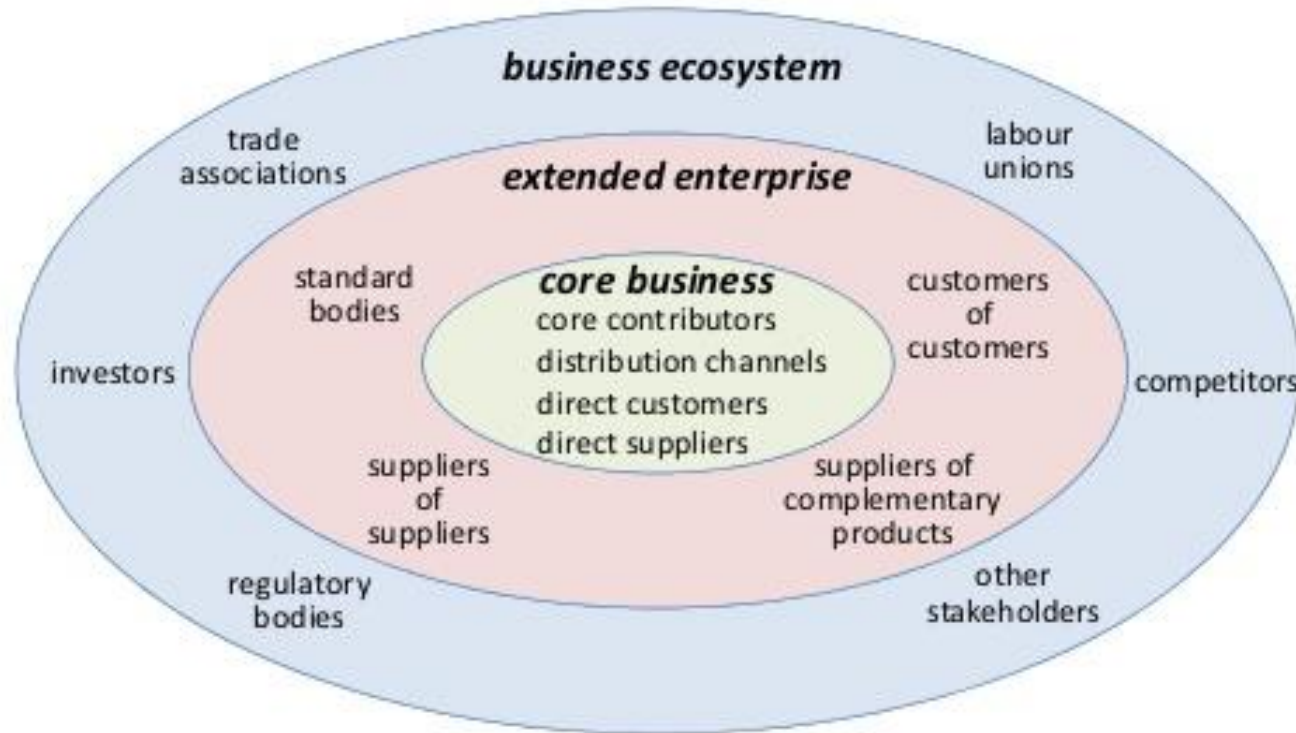
Every organization is a whole system with a purpose
.....where do you and your MBA fit in?



Your
organization
is a whole
system with
a purpose

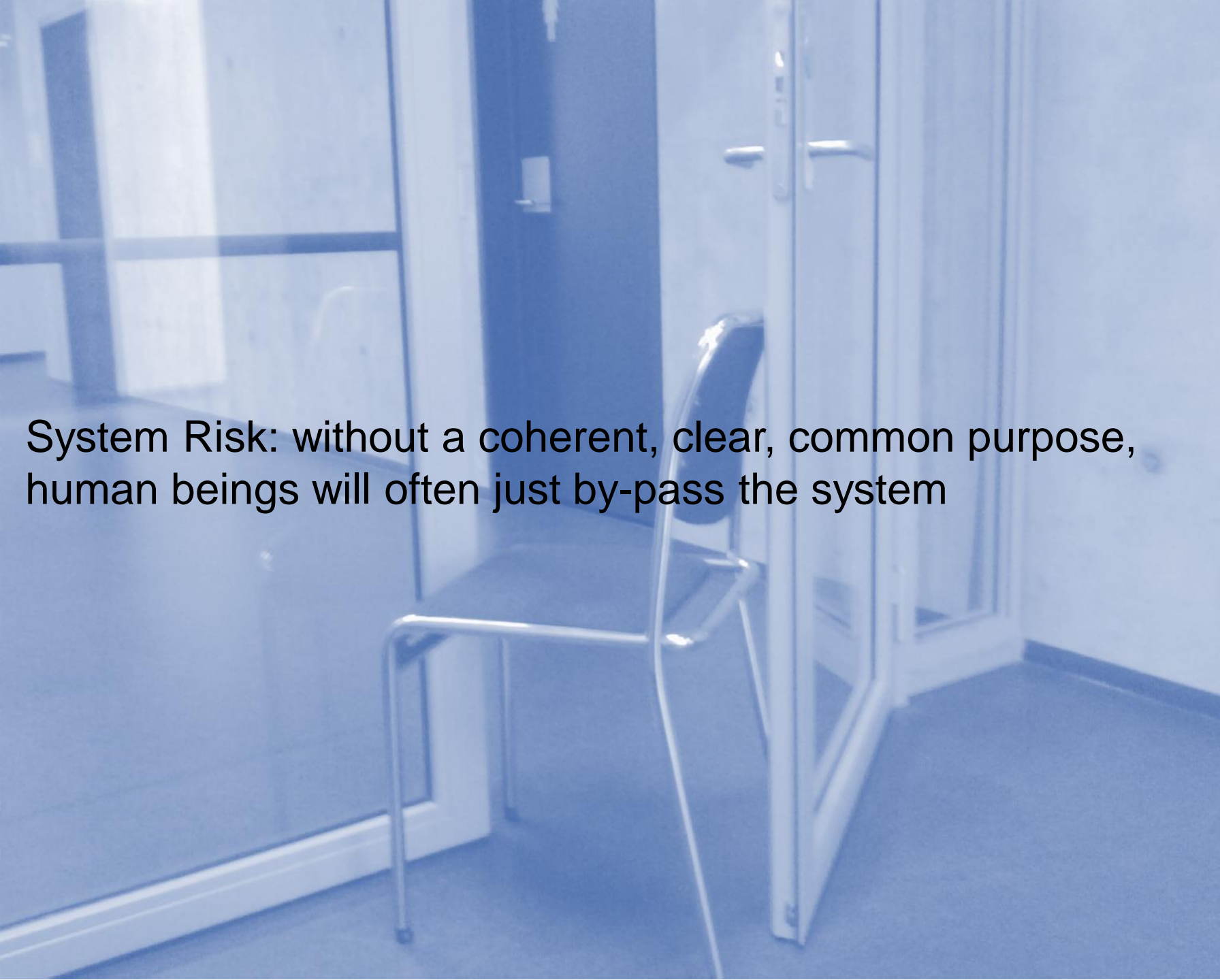


Business ecosystem actors



A entire business ecosystem will only work well if it has a common purpose too

“A [business] ecosystem is about the dynamic interactions between things. It’s about how people meet, talk, trust, share, collaborate, team, experiment, and grow together. When an ecosystem thrives, it means that the people have developed patterns of behaviour- or culture - that streamline the flow of ideas, talent, and capital throughout a system.”⁴⁹



System Risk: without a coherent, clear, common purpose, human beings will often just by-pass the system

Investigation into 2010 BP oil spill finds failures, poor testing and ongoing risks

Federal report says bad management on Deepwater Horizon meant poor safety on Gulf rig and dozens of rigs are at risk today



GlaxoSmithKline faces fresh probe over allegations it bribed doctors to prescribe its drugs

By [MATT OLIVER FOR THE DAILY MAIL](#)
PUBLISHED: 21:56, 8 February 2018 | UPDATED: 23:10, 8 February 2018

The Big Read [Tim Leissner](#) [+ Add to myFT](#)

Tim Leissner: Goldman Sachs banker at the heart of 1MDB scandal

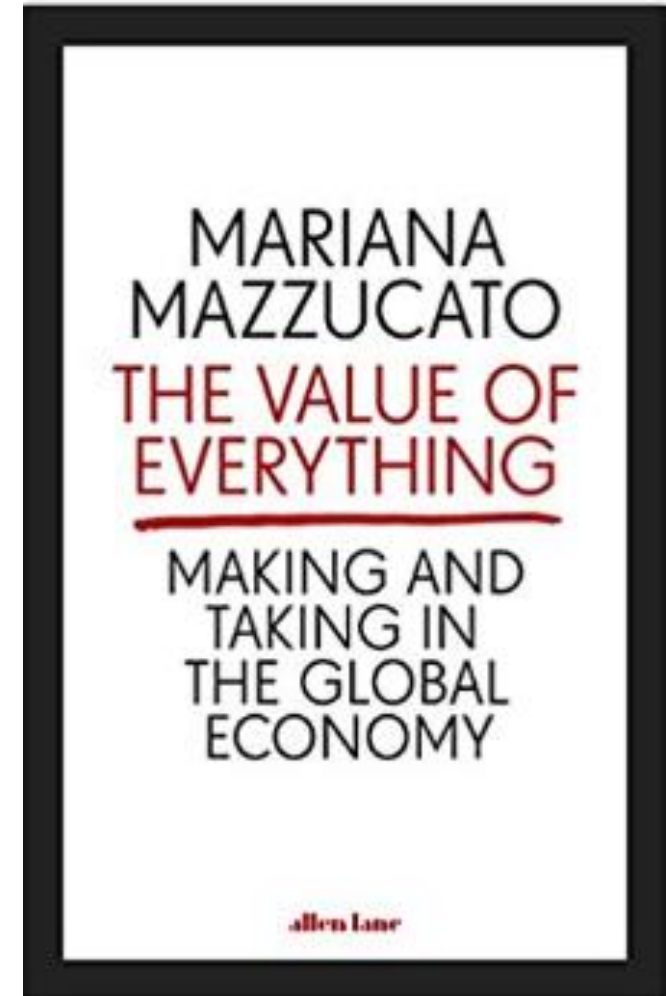
The once rising star now poses one of the greatest threats to the bank in its history after pleading guilty to fraud

Economists have failed to define value in any meaningful, measurable or practically manageable way

“If we cannot define what we mean by value, we cannot be sure to produce it, nor to share it fairly, nor to sustain economic growth. The understanding of value, then, is critical to all other conversations we need to have about where our economy is going and how to change its course”

From ‘The Value of Everything – Making and taking in the global economy’ by Professor Mariana Mazzucato (Allen Lane, 2018, pp. xviii-xix).

Shortlisted for the 2018 FT/McKinsey ‘Business book of the year award’.



Defining Value 1 (and Wealth)

Value is the net effect on society from the four variables required to produce any product or service

Output

Cost

Revenue

Quality

Wealth is usually defined as the total store of value for society. This should include all financial resources and factor in the increasing value of human capital through education, training and development and all artistic endeavours e.g. the complete works of Shakespeare

Defining Value 2

Baseline/intrinsic value

Output – vases

Cost – clay, glaze, equipment, time

Revenue – selling price

Quality – fit for purpose



Defining Value 3

Adding value

Output – more vases

Cost – better resource use

Revenue – higher price

Quality – product and business improvements



Defining Value 4

A cycle of continuously adding **OCRQ** value without external harm e.g.

- Waste material
- Water use
- Energy use
- Labour use
- Supply chain

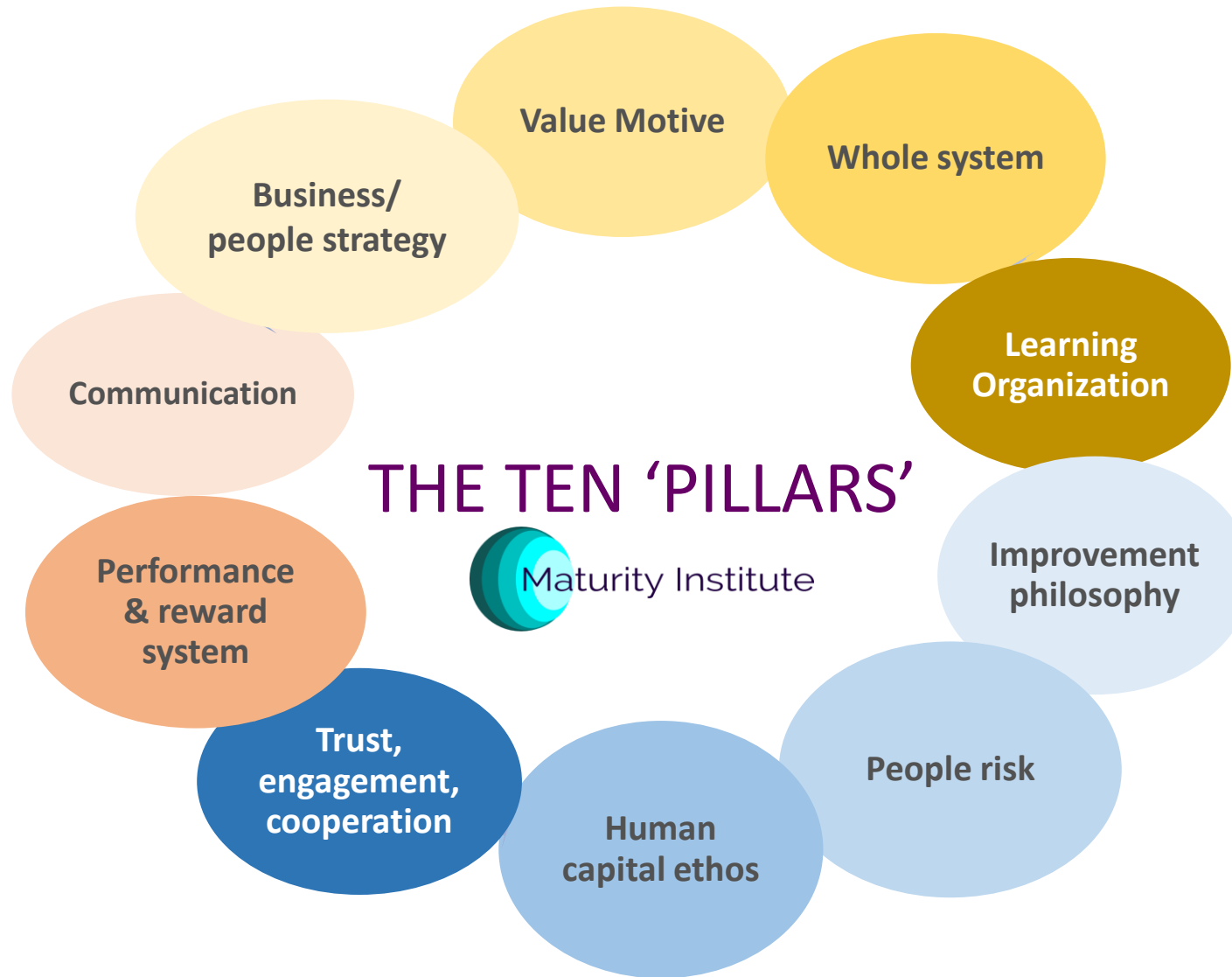


Defining Value 5

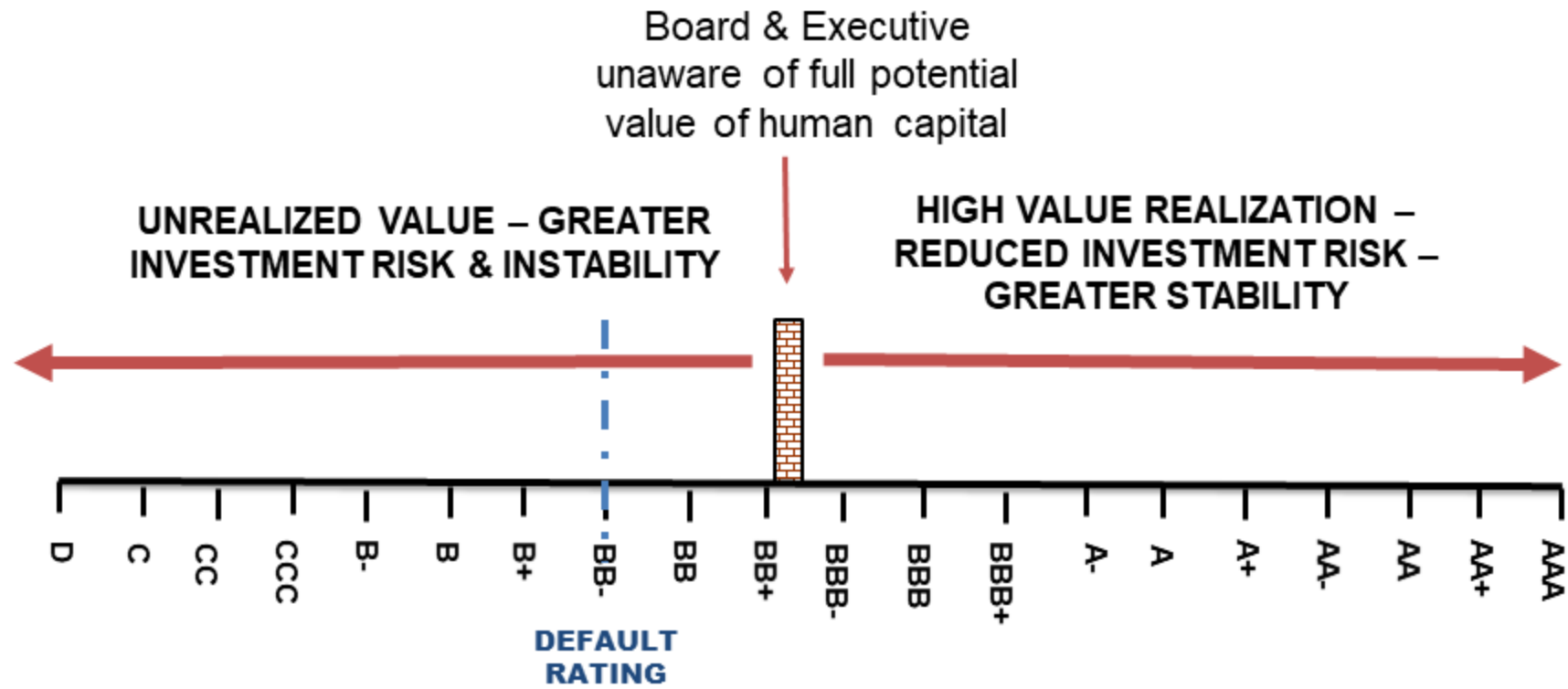
Functional perspectives on value
e.g. What is the value of training?

VALUE FACTORS	FINANCE	HR	OPERATIONS	SALES & MKTING	SHAREHOLDERS	INVESTORS
Output						
Cost	●	●	●			
Revenue				●		
Quality						
Time		●	●		●	●
Activity		●	●		●	●

The organization's human value system



MI's OMINDEX SCALE (v.2.00)



The OM30 instrument diagnostic

FileHomeInsertPage LayoutFormulasDataReviewView

aste

Clipboard

Cut

Copy

Format Painter

Font

Calibri

11

A⁺

A⁻

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OM30 Diagnostic – the critical human systems

OM30	SYSTEM	PURPOSE
17	Evidence-based management (EBM)	Best decisions
18	Never-ending, continuous improvement	Never ending value improvement
19	Quality system	Whole system quality assurance
20	Innovation System	Converting ideas to value
21	Performance management system (PMS)	Peak performance from everyone
22	Learning & knowledge	Ensuring everyone learns how to create value
26	People risk	Minimise human and organizational risks - seeking zero
27	Remuneration & reward	Match remuneration to human value
28	Communication	Assure understanding

Diagnosing, improving, and repairing the human system

- Human systems analysis
- Connecting the 'human' to the 'financial'
- Factoring human systems into strategic planning
- Starting the flywheel of organizational learning to drive TSV
- The perfect, virtuous cycle of responsible capitalism



TSV - the ultimate measure of an organization's value to society

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Market
to Book
Value

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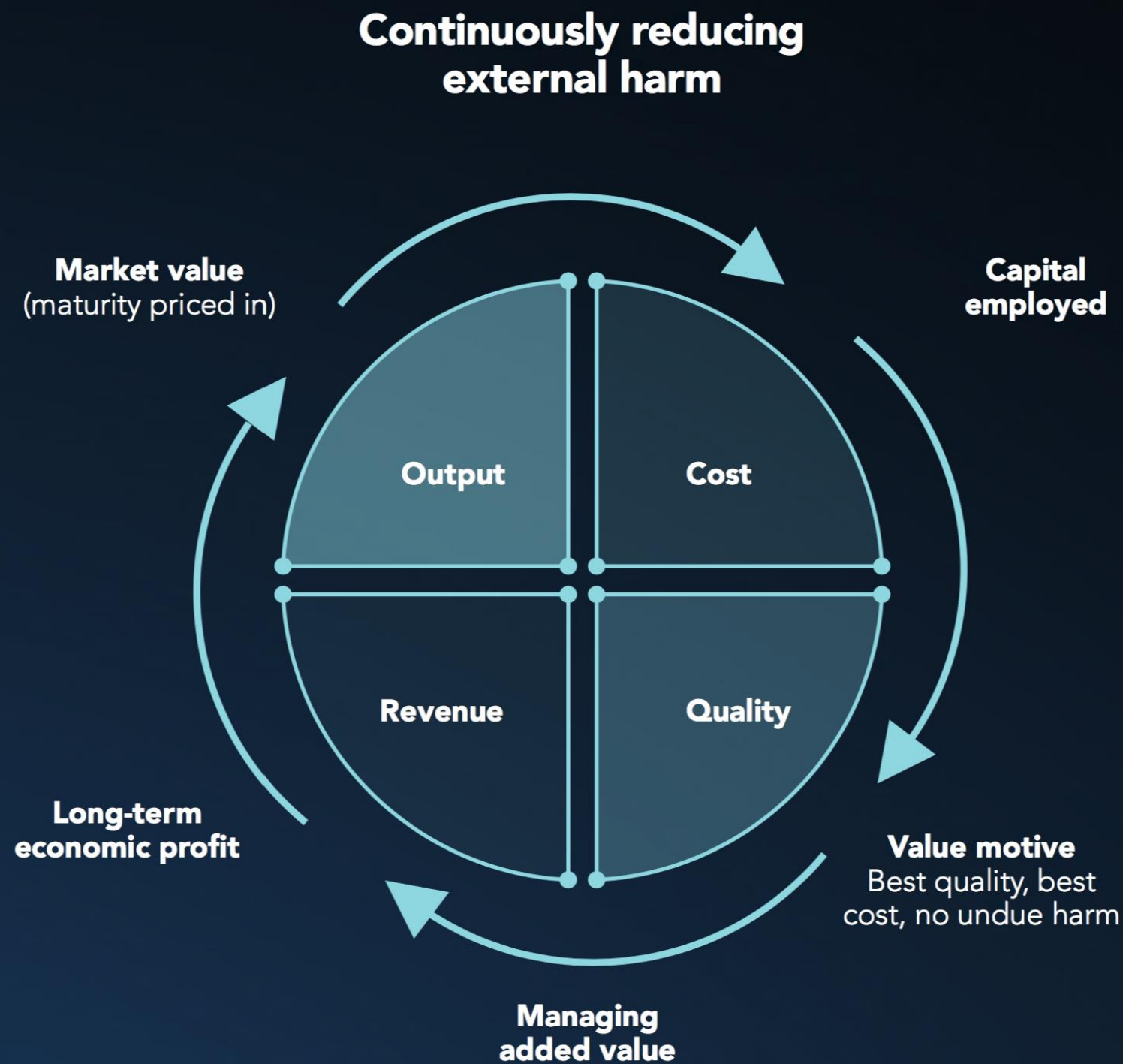
Total
Stakeholder
Value

Factoring the environment into the whole system design of capitalism

- We have plenty of data/measurement/information on the environment
- The environment is the boundary of the Earth's whole system
- The business cycle cannot be at the expense of the environment
- The system has to move to a point where no 'trade offs' are made between profit and environmental harm



The TSV system: a perfectly virtuous cycle for responsible capitalism



The 'People' Chapter that underpins the Toyota Production System

“In any decision, the people at the top are just the flag-wavers. It won't do to wave your flag and have no one to follow you. Waving that flag in a way that makes people fall into line behind you is what makes a decision a good one. Kiichiro was determined to use a new production system ... but it was all in his head. Unless he got everyone to close ranks and march in step behind him, he didn't have the slightest hope for success.”

Eiji Toyoda, “Toyota - 50 Years in motion”
Harper & Row 1987.

Make sure you copy the key ingredients

“Sustainable advantage comes from systems of activities that are complementary. Companies with sustainable competitive advantage integrate lots of activities within the business: their marketing, service, designs, customer support. All those things are consistent, interconnected and mutually reinforcing.

As a result, competitors don't have to match just one thing; they have to match the whole system. And until rivals achieve the whole system, they don't get very many of the benefits.”

Michael Porter -“Competitive strategy. Techniques for analysing industries and competitors” (1980)