

New Horizons for VSM

David Cooper
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Introduction

The purpose of this paper is to explore the human dimension of the complex interactions which are a key feature of VSM.

Stafford Beer understood the importance of personal relationships in achieving and maintaining a viable system. At the start of his masterwork *The Heart of Enterprise* (Beer 1979), he declares that “the heart of enterprise is the human being”.

The paper focusses on personal relationships, on power, and the tensions between personal identity and organisational identity, particularly in periods of organisational and strategic change.

It provides a complementary perspective on understanding complexity, not simply as result of the variety of organisational products and services, but the variety of human beings in all their complex manifestations in organisational life.

Espejo (1990) recognised this, stressing the importance of people and their personal complexity as the main source of organisational creativity. Ashby’s law of Requisite Variety applies to people as well as things.

Practical examples are included in the paper to illustrate these ideas.

These human aspects of VSM are often neglected in the mainstream academic literature. This has been recognised by many system practitioners who have adapted their methods to the wider context, using so called “soft systems” to understand a variety of elements including context, culture, politics and local power relations, behaviour and relationships.

We need to build on these ideas by encouraging practitioners to develop confidence in deploying a wider range of experiential tools, beyond the standard soft system methodologies, to complement the use of VSM. Some initial thoughts on some of the options currently available are described at the end of the paper.

The mechanistic language of VSM, sometimes described as ‘cybernetic logic’, can be off-putting to people without a scientific background. Despite some notable innovative books integrating VSM with broader management methods (Espejo et al (1997), the model has not been widely adopted in the practice of management.

A fundamental idea at the root of this paper is the importance of language and meaning systems i.e. how people make sense of their situations and problems.

As systemic practitioner. we draw on our thoughts, our emotions, our beliefs, our gut reactions, our reflections, our experience, our feelings of uncertainty, and possible anxiety.

Out of all of these various, and sometimes conflicting or contradictory personal reactions, we try to construct a hypothesis, a theory, even a tentative model, which helps us to understand or explain different types and patterns of behaviour.

In everyday life we do this all the time and test our hypotheses or theories through our relationships and conversations with our family, our friends, and our workmates.

These skills and capabilities are not just ours but are also possessed by the employees of the organisation we work with. As parents, members of voluntary and religious organisations, sports clubs, choirs, and community and political organisations, they have a wealth of hard-earned experience in understanding people, managing tensions and agreeing actions, which will add value to any collective organisational initiative.

This life experience means that many of them will have the ability to call upon what I call the requisite systemic virtues, which will be described in the first section of this paper.

In the second section I set out three practical examples illustrating the use of the behavioural skills and the management of emotions and tensions involved in resolving specific organisational problems

And in third section I see the enactment of these behavioural skills as meta conversations and discuss a variety of tools that can be used to make best use of the intrinsic human capabilities of people.

I also identify the challenge to the VSM practitioner in integrating the cognitive logic of the VSM with the heightened personal, behavioural, and relational awareness that flows from group learning experiences.

Requisite Systemic Virtues

Macintyre (2011) defines a virtue as an acquired human quality, the possession and exercise of which tends to enable us to achieve standards of excellence in a particular practice- where a practice can refer to any coherent and complex form of socially established activity such as the arts, the sciences, games, politics, and the making and sustaining of family life.

We can clearly apply Macintyre's definition to human organisational systems.

He also emphasises that the "goods" the practitioner is seeking to realise can only be identified and recognised by participating in the practice. The implications of this are discussed later in the paper.

The requisite systemic virtues were recently defined by an experienced professional systemic family therapist who, asked by a newcomer to the profession what she thought were the most important factors in her practice. She replied:

- *Be a good listener.*
- *Be constantly aware of your own prejudices.*
- *Never say anything you don't believe.*
- *Be ready to apologise.*

- *Be prepared to explain yourself.*
- *Have a dose of humility.*

She believed that these behaviours are likely to create trust and generative conversations.

The democratic organisation of the highly successful worker-owned Mondragon Corporation is remarkably like that advocated by the VSM. (Walker (2012), Arando (2010)).

Its current president, Inigo Ucin, has recently remarked: “First cooperative people, later cooperatives” (The Alternative, p200).

We should therefore aim for the identified behaviours to be displayed and modelled in organisational conversations during an intervention, both by the VSM practitioners and the many people participating.

This could be a challenge, given the typical variations in power, and social inhibitions on the ability to raise views and concerns, especially in the lower levels of an organisation, but also by those considered to be outside the scope or boundaries of the project.

Some aspects of this behavioural challenge have been confronted by Jackson using Critical System Theory (Jackson 2019 pp 545-553) and by Midgley using a boundary critique approach (Midgley 1997). Both have implemented various successful inclusive approaches.

So let us take a wider look at this challenge, first drawing on some practical examples and then considering some additional tools that can be used to bring out the energy and creativity of the whole organisation.

Managing power and emotion in organisational change

Physical barriers to effective conversation

I have personal experience of managing a major complex project for a large utility company, where the IT department and the corporate management were located in separate towns in the Midlands and communicated almost entirely by email. Relationships between the two centres were poor, and became increasingly hostile, especially when changes were needed to respond promptly to an unexpected and tighter completion date set by the external regulator.

The situation was a good example of Karl Weick’s observation (Weick , 2001) of the loss of requisite variety, or what he called ‘information richness’ as people move from face-to-face interaction to other media including computers, telephones, and documents.

This was a strategic System 4 change, but the lack of observable spoken, and body-language made it difficult, if not impossible, to develop mutual understanding and agreement between the parties on the best way forward. Hoverstadt (2023) calls this ‘perceptual complexity’.

It was clearly necessary to have a more information rich conversation, in which the two centres could develop a shared understanding of the complexity of the challenge they faced.

This was achieved by a series of facilitated meetings and presentations in which the key players jointly developed a language to understand:

- their current situation,
- the lack of flexibility by the external regulator
- their assumptions about changes in the technology to be deployed
- the new operational environment of the system
- their views on constraints on people and equipment
- and the issues and risks to be managed to meet the new target.

The basic tenet underlying the use of VSM is that managers need to have the requisite level of variety- the 'behavioural repertoire' to have the capacity to respond adequately to the complexity of a situation. These meetings gave managers the assurance that they desperately needed that they did have 'the space to move' and to achieve their target, which in fact they did, with a good deal of effort and collaborative working across the two sites.

So, I see variety as having two distinct dimensions, one related to the complexity of structures and relationships, the other to the complexity of people.

The story raises questions about the appropriate conversational setting for getting shared understanding and agreement from remotely separated teams, especially in a world of pervasive post-Covid digital communication.

Organisational barriers to effective conversation -Challenging the medical model

My second story describes how a hospital looking for extra space, used a medical model to justify closing a hospital hydrotherapy pool. The senior management, supported by a hospital clinician, claimed there was no medical evidence that hydrotherapy had any health benefit and the space it occupied could be better used to expand hospital facilities. This view was challenged by an external pressure group which was very effective in publicising its views in the local press.

What was at issue here was the removal of one of the hospital's services, with rival views of the impact of this by operational staff, management and the external users. These pool users were local people who depended on the pool for regular relief of a variety of chronic and painful conditions. In VSM terms there was no affective conversation between System 3 and a small, but vocal group of clients who were dependent on this hospital's particular service.

This local MP got involved and he decided to change the decision-making process by setting up a group which included a broader set of professional and lay interests. This led to the creation of a novel dialogue involving pool users, physiotherapists, an experienced external orthopaedic consultant, a recently appointed Chief Executive, and the Lead Hospital Governor. This led to a more balanced discussion and an agreed solution was identified using off-site facilities.

This is a good example where it was necessary to change the balance of power in order to create an effective dialogue. There are many examples of this in the health sector whenever there is a plan to shut down or transfer a service.

Managing a merger

Most accounts of strategic change are written either by academics or by external consultants. It is very rare to hear have an account from the inside, by a manager directly involved in this process, and one who, in addition understands complexity theory.

This was the case with Philip Streatfield, (Streatfield, 2001) who has written a revealing and thought-provoking book describing his experience as a manager with SmithKline Beckman in 1989 as it was undergoing a merger with Beecham. The book describes how he and other senior managers in the pharmaceutical company worked to make sense of their situation through challenging strategic conversations, where they experienced power differences, protective ambitions, feelings of loss of control, threats to identity, and anxiety, but out of which an agreed way forward emerged.

He describes “a self-organising dynamic in which managers participating construct meaning and in which intention emerges”. He places great value on the depth of relationships, based on trust, which was important in the weight given to views.

This story highlights the need for contextual awareness, collegial behaviour, and emotional intelligence in VSM practice, especially when organisations are involved in periods of major strategic change.

These demanding requirements could explain why System 4 is often found to be lacking or defective in many accounts of the use of VSM.

New Tools for VSM

VSM is undoubtedly a powerful model, and it has been used extensively in many private and government organisations. But there are a variety of tools and methods that can assist in organisational analysis and the stories raise the question -What other tools or methods can add value in conjunction with VSM?

This could include methods to gather data about the organisation to assist in preparing for a VSM diagnosis, or methods or tools that look at organisations through a different lens and reveal behavioural patterns not normally revealed by a VSM diagnosis.

There are many examples of combining VSM with other methods. There is an interesting case-study of the use of the Repertory Grid Technique to clarify the differences in viewpoints and priorities in a management team (Leonard, A .1997). And innovative workshops have been used by Schwaninger and Rios (2008), Espinosa et al (2015), to develop a shared appreciation of complex organisational challenges.

They both recognised the importance of the preliminary use of soft models in opening up discussions that enabled managers to recognise their different approaches and ways of thinking to resolving critical organisational issues. This was seen as an essential starting

point to re-framing the situation so that the mutual adjustment of inconsistent or conflicting viewpoints could be undertaken in evaluating alternative possibilities for organisational change.

It is clear from this work that there are likely to be many situations when the use of soft models, and access to what Nora Bateson calls 'warm data' are essential to understanding the behavioural, psychological, cultural, and political factors shaping the structure of an organisation. (Bateson,2018)

This means that VSM practitioners need to have a practical understanding of the language and methods that might add value to their projects by providing insights into these alternative perspectives, and to build relationships with other professionals who have a specialist knowledge or experience in working in these areas.

Language

Earlier we referred to the importance of appreciating people's life experience in an organisational intervention. A great insight into people's everyday life experience is portrayed in the novels of George Eliot. An astute observer of behaviour, her novels describe the complex webs of causes and networks that characterise the thoughts and feelings and actions of her characters. These actions often lead to *unintended consequences* and *emergent properties* of complex human systems.

One of her characters talks about the challenges of "apprehending the great problem of the shifting relation between passion and duty" (Davis, P.2017) . This was a fundamental concern of Philip Streatfield in working with his colleagues.

Another character, reflecting on his life believes he will do his work better, not just with knowledge, but with recognising his "feelings as a sort of knowledge". (Adam Bede - Eliot,G.(2008)

She takes a *holistic* approach when writing her novels. In an essay, she wrote *...things must be recognised as separate wholes before they can be recognised as wholes composed of parts, or before these wholes again can be regarded as relatively parts of a larger whole ... a conception of wholes composed of parts more and more multiplied and highly differentiated, yet more absolutely bound together by various conditions of common likeness or mutual independence.*

George Eliot was clearly an early systems thinker. We can describe this as System Thinking B.C, (before cybernetics!).

Her rich accounts of the complexities of the systemic nature of ordinary family life, in everyday language, suggest that practitioners should design organisational interventions so that organisational actors are encouraged, through structured everyday talk, to build a shared holistic view of organisational life - its complexities, patterns of behaviour, and unintended consequences. The aim is to provide a jargon-free, stimulating, and enjoyable setting which enables people to minimise their anxieties as they explore creative options.

Metaconversations

The concept of *structures* can be applied not only to the *existing* frameworks that the organisation has built over the years to manage its day-today conversations, but also to new, purpose designed micro-structures to facilitate more creative interactions than the existing hierarchical structures that can stifle inclusion and engagement.

These microstructures can be seen as meta-conversations, i.e conversations specifically aimed at changing habitual patterns of individual or group conversations that can arise from differences in experience, access, power, perceptions and attitudes. These can often lead to miscommunications, unresolved tensions or breakdowns with unintended consequences.

A good example of the use of such meta-conversations is in family therapy:

The dependence of psychotherapy upon the manipulation of frames follows from the fact that therapy is an attempt to change the patients metacommunicative habits. Before the therapy the patient thinks in terms of a certain set of rules for making and understanding messages. After successful therapy, he operates in terms of a different set of rules (Bateson, Steps to an Ecology of Mind, p162)

A fundamental principle when considering a prospective change process in a complex system is that any initiatives need to be identified, explored, and evaluated by system actors. The underlying idea is that learning, and the change in behaviour that results from it, is an emergent process which is a fundamental property of all viable systems - biological, organisational, social and political. (Hoverstadt,P ,2022). Systems adapt to their unpredictable and uncertain environments drawing on the repertoire of options available to them.

From this standpoint practitioners should see themselves as an advisor, or better as a coach, using meta-conversations to generate a dialogue which leads people to self-organise, working in teams on distinct subsystems, in a realistic but short timescale that leads to visible improvement. This will create confidence and a tangible feeling of enhanced capability in the teams involved, so that they can replicate the process itself again whenever it is needed.

An interesting example of the wealth of possibilities in this area is provided by the “Liberating Microstructures” website that provides a comprehensive toolkit of some thirty examples of microstructures that can be used to help the design of interactions between people and groups of people to promote effective interaction and innovative thinking.

These draw on a variety of well-known tools for generating collaborative conversations, e.g. brainstorming, goldfish bowls, search conferences but include several new approaches that have evolved through practice in recent years.

What is novel about them is they work to a common set of principles to ensure inclusiveness, build trust, and generate rapid insights for change.

The tools use various forms of dialogue to the create a group dynamic that opens the conversation to all voices. This leads to a shared understanding of the organisation’s

challenges, how mutually reinforcing systemic effects impact internal and external behaviour and relationships, and the opportunities for creative improvements.

Many of them involve people working in pairs or groups of four and so encourage full participation. This leads to full engagement and builds shared purpose through a common experiential activity. They are easy to set up, have simple rules of engagement, and can be completed in an hour to half a day, depending on the complexity and scope of the issues to be tackled. Some examples of the use of these tools are shown below:

Reflection

- Heard, Seen, Respected – Practice deeper listening and empathy.
- What, So What, Now What- Review of progress and changes needed
- TRIZ- Stop counterproductive behaviours.
- Appreciative Interviews- Discover/build on root causes of success.

Ideas for improvement

- 1-2-4 -All- Engage everyone in generating questions/ideas
- User Experience Fishbowl- Share know-how from wider experience.
- 25-10 Crowd Sourcing- Rapidly generate powerful and actionable ideas.

Challenges

- Conversation Café- Engage everyone in making sense of profound challenges.
- Wicked Questions- Articulate the paradoxical challenges that a group must confront to succeed.
- Generative Relationships- Reveal patterns that create surprising value or dysfunctions. (VSM)

Practical Solutions

- Open Space- Liberate inherent action and leadership in large groups.
- Discovery and Action Dialogue- Discover local solutions to chronic problems.(VSM)
- Design Story Boards- Define step-by-step elements to achieve productive endpoints.
- Improv Prototyping- develop effective solutions to chronic challenges.

Strengthen Networks

Social Network Webbing- Map informal connections -decide how to strengthen them to achieve a purpose. (VSM)

Coordination and Support

Helping Heuristics- Practice progressive methods for helping others, receiving help and asking for help (VSM)

What I Need from You- Surface essential needs across functions- accept or reject requests for support (VSM)

Resilience and Viability

Panarchy- Understand how embedded systems interact, evolve, spread innovation and transform (VSM)

The obvious links to VSM practice are shown in brackets, but any of these tools could be a useful extra resource in generating a productive organisational dialogue . Some of them have been used recently in a Metaphorum conference.

They also increase the behavioural repertoire of the groups involved in the change process, especially when you have divergent individuals, with different skills and experiences (Weick).

The effect of this amplified variety, and their experience of working together in a new way, means that individuals or groups are likely to have increased confidence in responding effectively to actual or potential conversational breakdowns in managing their day-to-day activities (Systems 1 and 2). They will probably also be smarter in designing a purposeful and committed group response when preparing for potential future opportunities and threats. (Systems 3 ,4 and 5)

The challenge to the VSM practitioner

There are excellent examples of combining VSM with interactive workshops (Espinosa and Walker, 2011, Sydelko et al(2024). The challenge to practitioners is to build on this work, integrating the conceptual framework of the VSM with a richer variety of group learning experiences that heighten personal and relational awareness.

Flyvberg (2012) drawing on Aristotle's concept of Phronesis - practical wisdom- argues that you become an expert in your field through engagement in multiple and varying projects and reading case studies of others' engagement to develop your expertise vicariously. Hopefully this paper will contribute to this endeavour.

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