

An Introduction to Systems Thinking

Simon Pickthall – Vanguard Wales

Thinking Governs Performance

Management Assumptions



System



Performance

“Bosses to blame for ‘Third World’ hospital: Mid Staffordshire NHS Foundation Trust”:

“Staff said that there was “pressure, pressure, pressure” on them to meet the four-hour A&E waiting time target. Doctors recounted occasions where managers asked them to leave seriously ill patients to treat minor ailments instead so that the target could be met. One was asked to leave a heart-attack patient being given life-saving treatment. Nurses left meetings in tears after being told that jobs were at risk after a target was breached. Patients were “dumped” into wards near A&E so the target could be met.”

The Times - 18 March 2009

“Pupils are forced out to boost school rankings”

“Hundreds of teenagers are being forced out of school halfway through their A-level courses because their teachers fear their grades will lower the school’s league table ranking.

Pupils who achieve less than a B grade in the AS level exams, taken after the first year of A-level courses, are being persuaded to leave some high-performing comprehensives, as well as grammar and independent schools”

The Guardian - 12 September 2009

“Inmates moved before Jail Check”

‘Five prison managers are facing gross misconduct charges after being accused of moving vulnerable inmates between two London jails ahead of inspections. Inspectors said staff at Wandsworth and Pentonville had switched inmates, two of whom later harmed themselves.

The National Offender Management Service, which said the aim had been to “manipulate” inspections, is also probing Brixton jail transfers.

Harry Fletcher, from the National Association of Probation Officers, described the moves as “an inevitable consequence of the process of audit and inspection that has grown up in recent years”, as staff tried to improve prisons’ league table positions.

“This is deplorable, not only because of the effects on individuals, but because of the underlying mind-set that prisoners are merely pieces to be moved around the board to meet performance targets or burnish the reputation of the prison.” Chief Inspector of Prisons Dame Anne Owers’

BBC News - 20 October 2009

Phone directory inquiry firm 'cheating callers'

Daily Telegraph 29/09/2003

Operators working for one of the biggest new directory inquiry companies have been accused of cheating unsuspecting customers.... cut short calls and deliberately give out the wrong number to boost their chances of earning extra cash bonuses

....offers operators a bonus of an extra 25p an hour if they achieve an average call time of 44 seconds or less. Those who manage to complete inquiries in fewer than 33 seconds are rewarded with an extra £1 an hour.

A spokesman for The Number said: "Cutting off callers is not company policy at all. The reason we have a bonus scheme is to encourage staff to get accurate numbers and to get the numbers as quickly as possible. We have launched an investigation and there have already been a number of dismissals."

‘The Number’

- What assumptions are management making about this problem?
- What is the consequence of these assumptions on service, revenue, cost, morale?
- What is the actual cause of the cheating?
- Who is responsible for the cause?

Changing management assumptions

Command and control thinking

Top-down	perspective
Functional specialisation	design
Separated from work	decision-making
Budget, targets, standards, service levels, activity etc.	measures
Manage budgets and people - control	Management ethic

Changing management assumptions

Command and control thinking

Systems thinking

Top-down

perspective

Outside-in

Functional specialisation

design

Demand, value and flow

Separated from work

decision-making

Integrated with work

Budget, targets, standards, service levels, activity etc.

measures

Relate to purpose, demonstrate variation over time

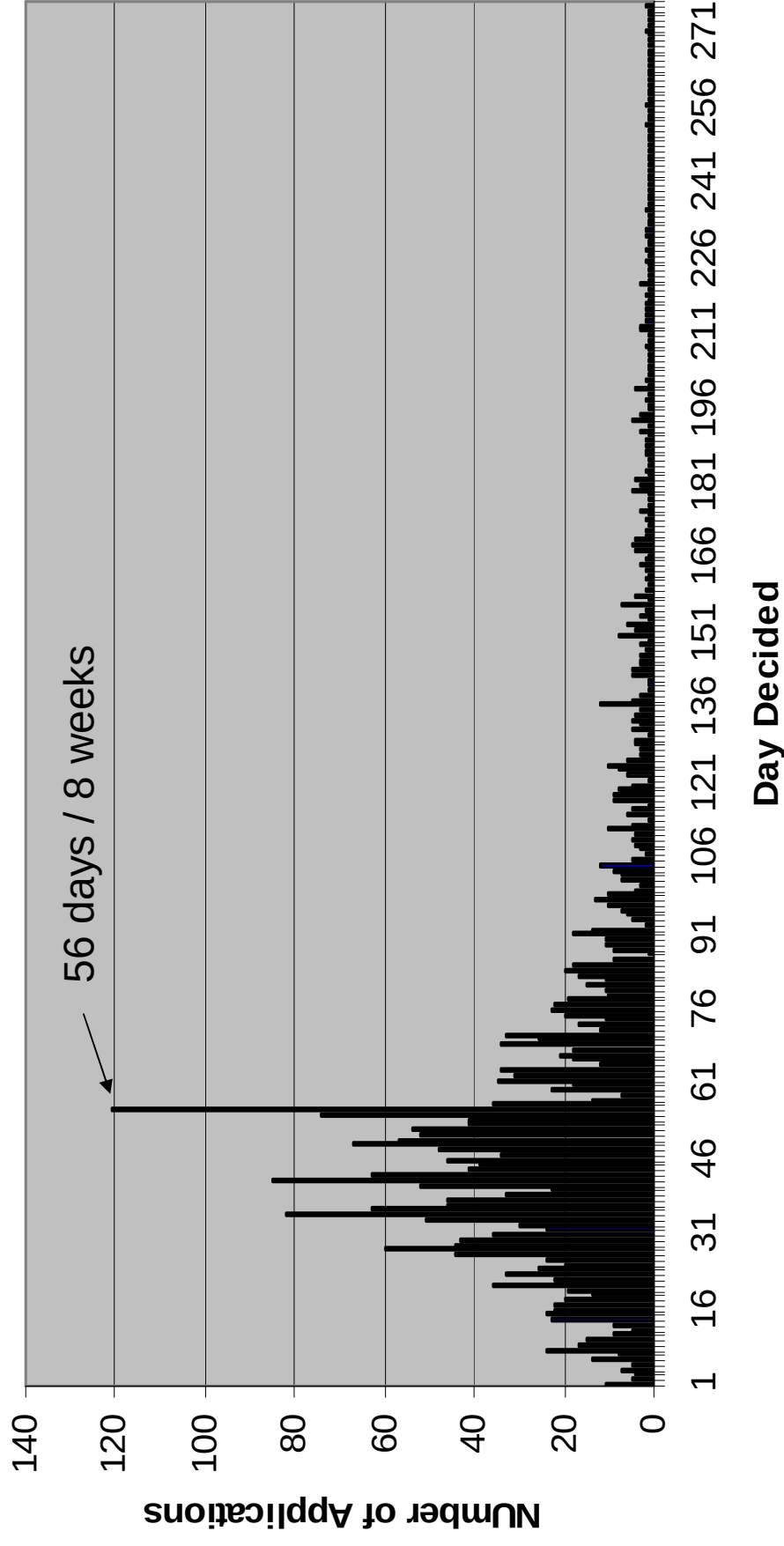
Manage budgets and people - control

Management ethic

Act on system, learning

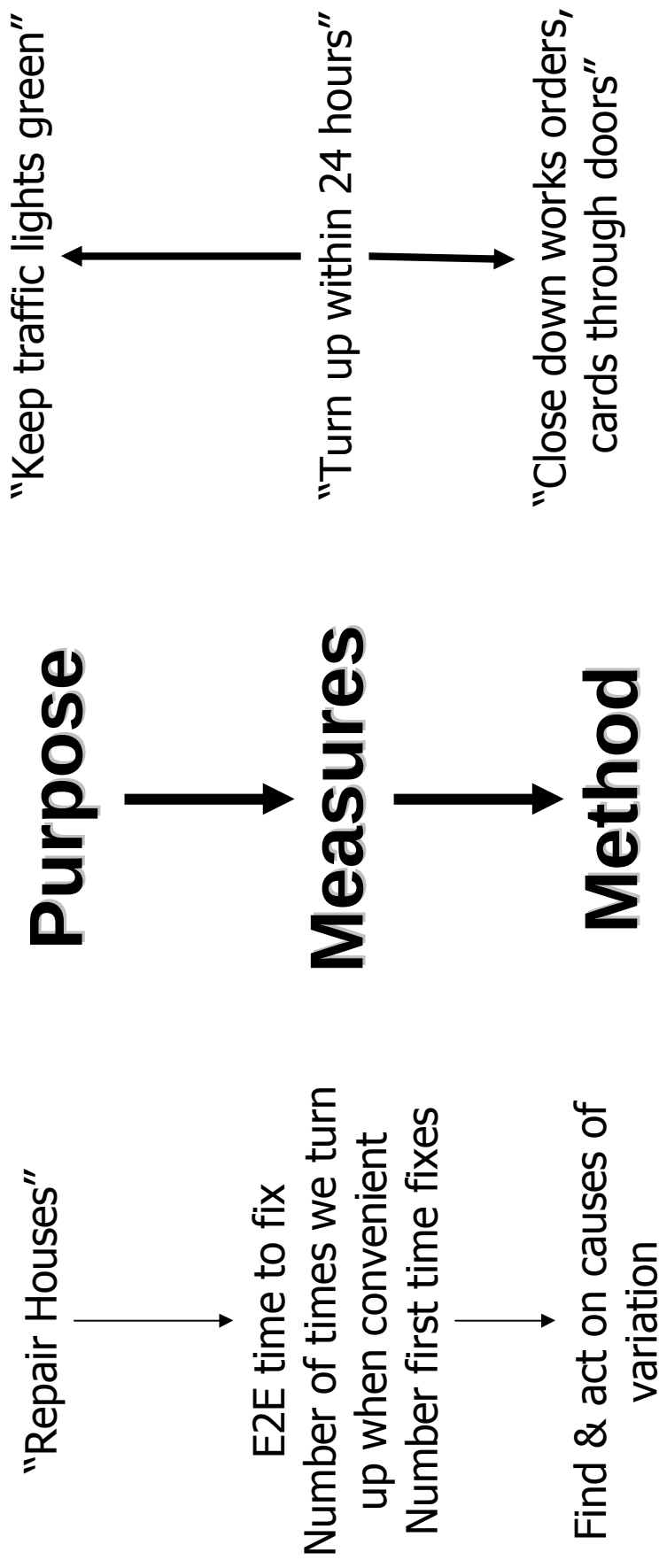
Measures – The Impact of Targets

Decisions Made by Day (Jan 2006-Feb 2008)



Measures must be derived from purpose

Otherwise you'll have a *de facto* purpose....



Dashboard

Types of Demand

- **Value Demand**
 - what we are here to deliver
- **Preventable Demand**
 - caused by a failure to do something or do something right for the customer
 - Caused as a result of the way that we currently carry out the work

Income Recovery Demand

1650 demands over 4 weeks

Value Demand:

58%

“I want to pay you”:

26.82%

“My circumstances have changed”

10.79%

“I need help paying you”:

10.05%

Failure Demand:

42%

“What do I have to pay?”

20.59%

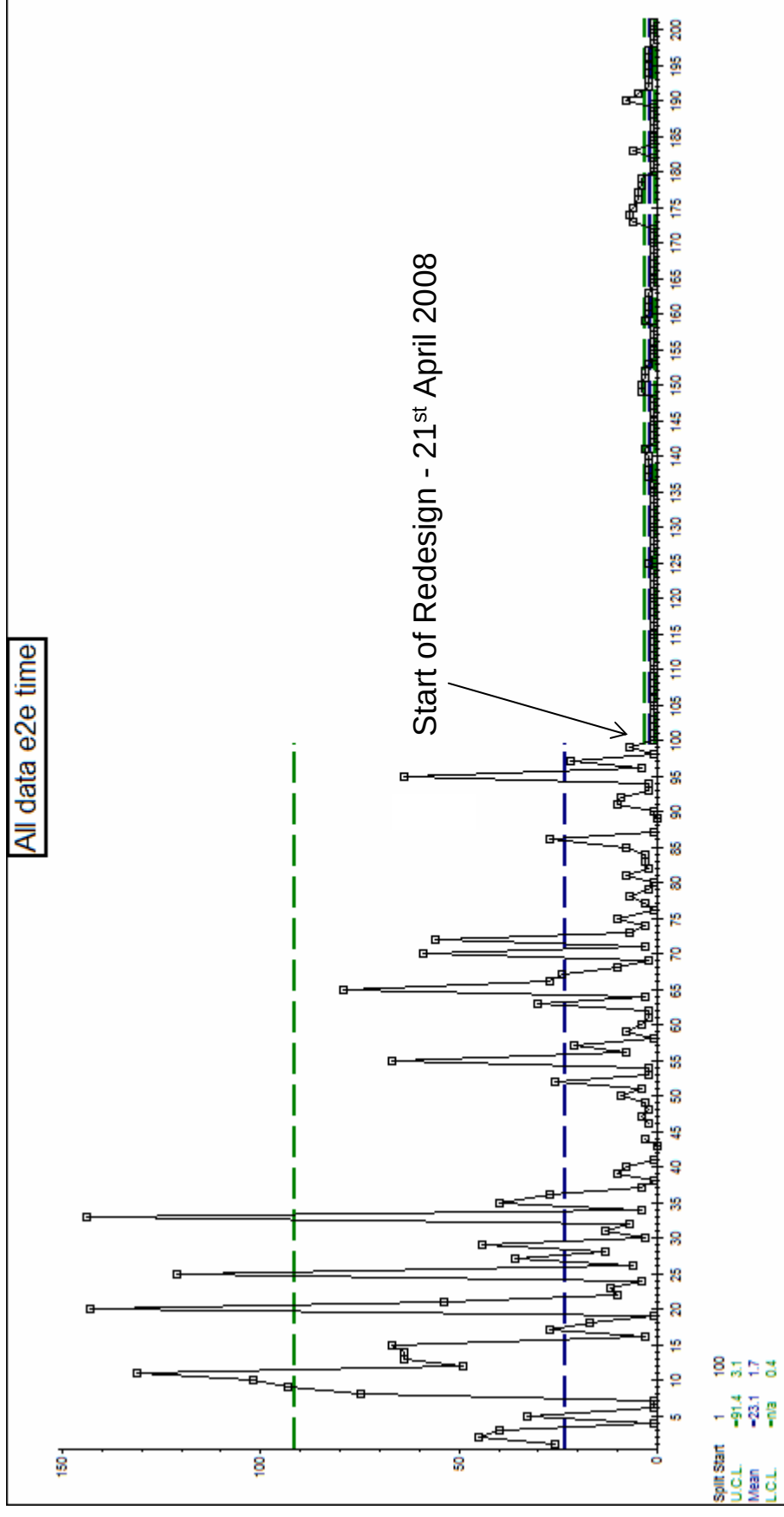
“I don’t owe what you say”

7.58%

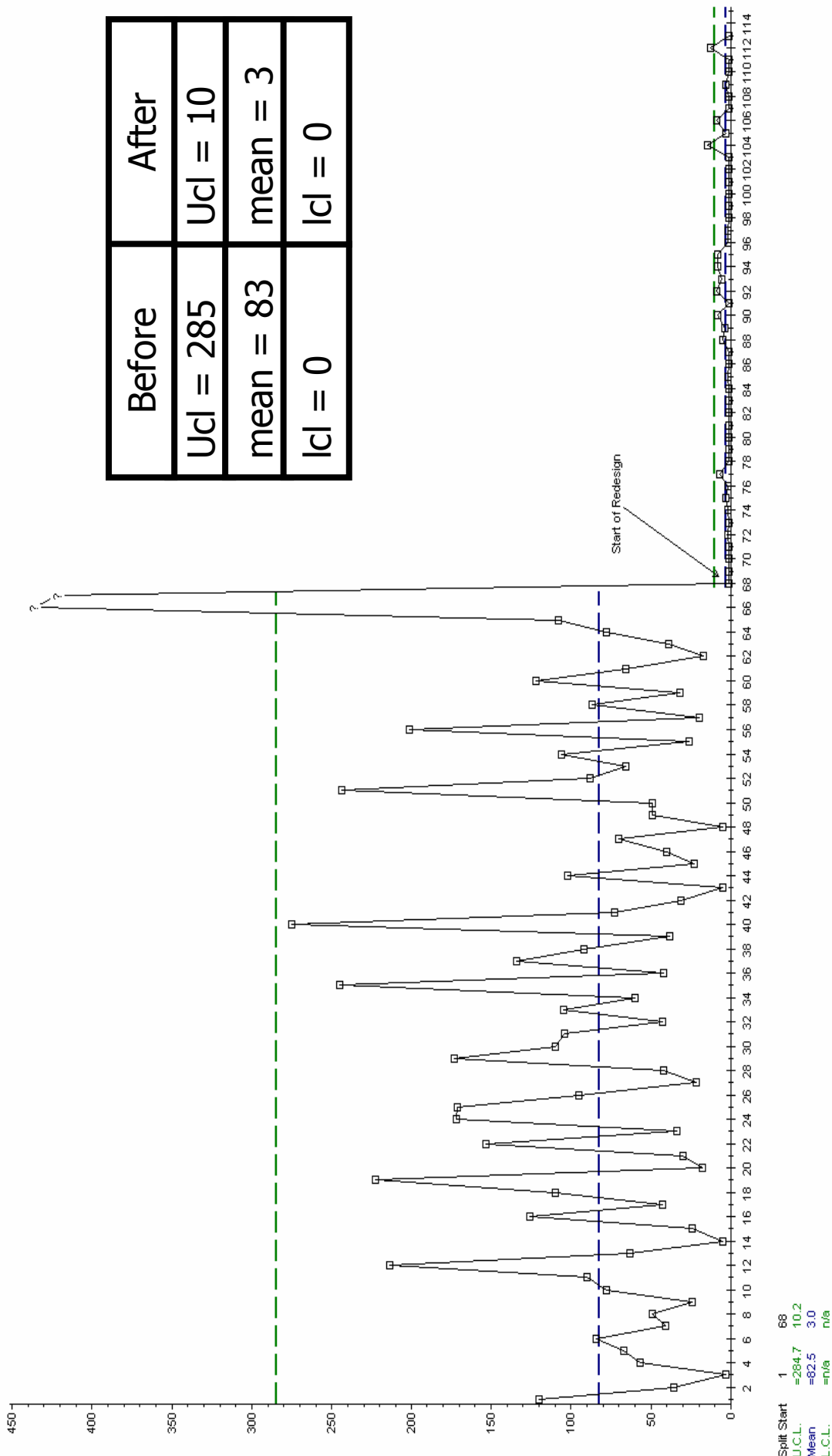
“You won’t let me pay”

10.6%

Act on the System – not the People



LBWIF Benefits E2E Processing time (Before & after redesign)



Typical results

Increased capacity

Better service

Lower costs

Improved morale

So why isn't everyone doing it?



Changing management assumptions

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Systems thinking

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Outside-in

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measures

Relate to purpose, demonstrate
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Manage budgets and
people - control

Management ethic

Act on system, learning

Key Questions for You to Answer tomorrow:

- Do we act on the people or the system?
- Do we have measures against purpose?
- Do we understand the nature of demand?

Ask – “what are my assumptions about this issue?”



An Introduction to Systems Thinking

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Some further reading

- The Toyota Production System
 - Taiichi Ohno
- The New Economics
 - W. Edwards Deming
- I Want You to Cheat
- Freedom from Command & Control; a Better Way to Make the Work Work
- Systems Thinking in the Public Sector
 - John Seddon (Vanguard)
- Punished by Rewards
 - Alfie Kohn
- The Machine That Changed the World
 - Womack, Roos & Jones
- Understanding Variation
 - Donald Wheeler
- www.systemsthinking.co.uk
 - Vanguard Website – lots of content