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Continuous Improvement Associates

Creating Reality Consciously

Individuals and organizations don't have to get stuck in reality traps.

Values & "Concept" guide creating the future.

Systems Thinking:
It's more than you think.^{SM}

Creating Reality & Winning Strategies

The paper on **Creating Reality** describes how reality doesn't just "happen" to us; our self-confirming attributions and self-fulfilling prophecies help create it. The feedback of such self-confirming attributions and self-fulfilling prophecies leads each of us to adopt a Winning Strategy, a lifelong, unconscious formula for achieving success. This is as operative for organizations as for individuals.

Figure 1 shows the generic structure: how my Winning Strategy leads me to act in the present based on my past experience.
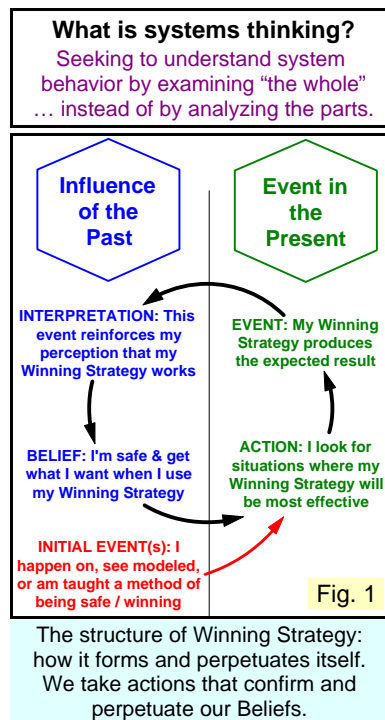- INITIAL EVENT: I learn a way of dealing with the world that helps keep me safe and helps me "win."
- ACTION: It works, so I use it, even seeking out situations where it's sure to work.
- EVENT: I get the desired outcome.
- INTERPRETATION: This really works!
- BELIEF: My Winning Strategy is "the way" to deal with my challenges.

Creating Reality Consciously

Figure 2 defines the hierarchy that creates the events we experience. If we're not happy with the way things are, it may be that Winning Strategy is responsible, creating our Present based on past belief. Instead, we can create a different Present based on an "Invented Future" using Values & Concept to harness the power of this dynamic to serve us, instead of trapping us.

Escaping Reality Traps

Creating Reality describes a "reality trap" … a waiter *knows* poorly-dressed customers don't

What is systems thinking?

Seeking to understand system behavior by examining "the whole" … instead of by analyzing the parts.

Influence of the Past

Event in the Present

INTERPRETATION: This event reinforces my perception that my Winning Strategy works

EVENT: My Winning Strategy produces the expected result

BELIEF: I'm safe & get what I want when I use my Winning Strategy

ACTION: I look for situations where my Winning Strategy will be most effective

INITIAL EVENT(s): I happen on, see modeled, or am taught a method of being safe / winning

Fig. 1

The structure of Winning Strategy: how it forms and perpetuates itself. We take actions that confirm and perpetuate our Beliefs.

Influence of the Past

Event in the Present

Our Invented Future

INTERPRETATION: We interpret an Event based on past experience

EVENT: An Event happens.

ACTION: to influence an Event based on our Invented Future.

OBSERVE: Observe the Interpretation, but don't Act on it.

IDENTIFY NEXT STEP: to create our Invented Future.

Fig. 3

Inventing the Future: To create the future consciously, we identify the action to take based on our "concept of who we are" which is based in turn on what we Value.

Values: What do we value?
Concept: Who are we? If this is our value, how do we act? It informs our "Winning Strategy," our mental model of how we must act in pursuing safety & success.
Purpose: Why do we exist?
Vision: What do we want?
    The two Vision components:
    • **Outcome:** What outcome do we desire?
    • **Vehicle:** What will our organization to look like?
Structure/Mental Models: The structures (interdependencies and policies) and beliefs that support us in acting in a way consistent with our Values in pursuing our Purpose on the way to our Vision.
Patterns of Events: Trends of events.
Events: Things that happen.

Fig. 2

Values, Purpose & Vision act through structures & mental models to create the patterns of events & events we experience. Organizations must have a shared understanding of VPV and their structures/mental models must support them.

leave good tips and gives them poor service. This makes it unlikely that even a poorly-dressed Howard Hughes would leave a good tip.
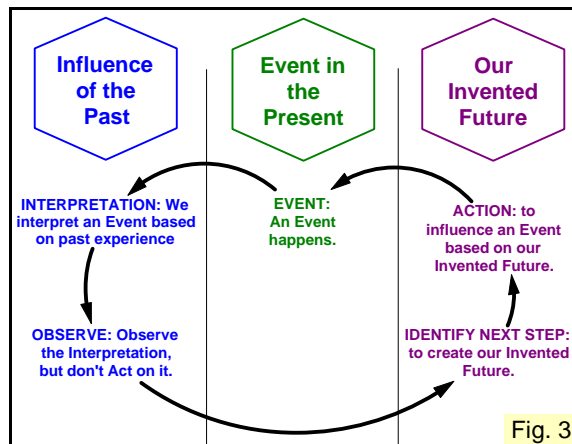
To escape this trap, the waiter can act on a Value of "service" with a Concept, "I provide excellent service no matter how the customer is dressed, because that's *who I am*." This creates the potential for a very different experience … a reality with better tips.

An Invented Future

Figure 3 shows the generic structure for breaking out. Instead of acting based on the past, I can
- OBSERVE: Notice my standard Interpretation, but not Act on it.
- IDENTIFY NEXT STEP: Determine, based on Value & Concept, what to do.
- ACTION: Act based on "Who I am."
- EVENT: This produces an Event that's more likely to conform to an "Invented Future" based on my Value & Concept.

A reality based on the past

Figure 4 shows the reality created by the belief in the text box below on **The Self-Fulfilling Language of Economics**. It's always possible to find someone to blame, so we create the behavior we expect.

Figure 5 shows this same dynamic from **The Process Improvement Trap**, drawn from work at MIT: *believing workers are the problem leads us to lower performance in the long run and confirms that they are indeed the problem*. As are all reinforcing loops, this loop is a "double-edged" sword. Start at attribution: workers are the problem and work around the loop starting with "more" or "less" of this attribution. Performance can either go up or down depending on our belief.
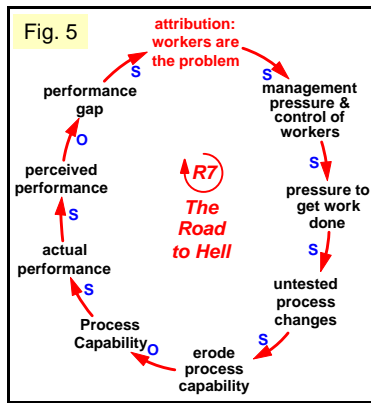
Self-confirming attribution loop from The Process Improvement Trap.

Reality based on a LO "Invented Future"

Figure 6 shows an alternate reality based on a Learning Organization Concept. In this case, too, there are problems … apparently even more problems, because there's a conscious effort to surface them as opportunities for learning from our mistakes.

This is "living organizational life as a meditation," observing thoughts based on the past, but constantly returning to a creative Concept of "who we are" — an Invented Future.

Conclusion

Feedback loops are everywhere. They rule our individual and organizational lives. The idea is to use them to serve us to create the reality we desire.


The Self-Fulfilling Language of Economics

"Language is powerful, … and theories of human behavior become self-fulfilling. We act on the basis of these theories, and through our own actions produce in others the behavior we expect." Example: Free riding: "If we expect people to be untrustworthy, we will closely monitor and control them and by doing so will signal that they can't be trusted — an expectation that they will most likely confirm for us." Jeffrey Pfeffer, "Six dangerous myths about pay," *Harvard Business Review*, May-June 1998

Winning Strategy Concept: We are a "Kick Ass" Organization

We know people are lazy, irresponsible, and must be watched closely. We know "they're to blame" for our problems.

It seems heartless at times, but company survival depends on our being tougher than our competitors.

Fig. 4
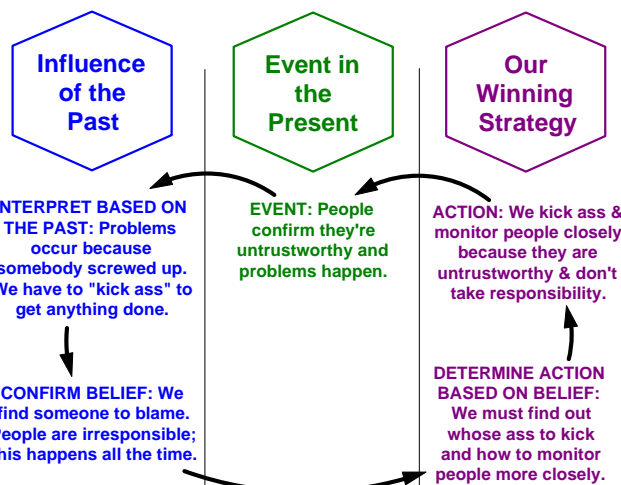
Invented Future Concept: We are a Learning Organization (LO)

As a "learning organization" we know there is no "blame." The great majority of our problems are a result of system structure. We know we must not blame if we're to continuously learn and improve.

It's tempting to blame, but company survival depends on our ability to learn faster than our competitors.

Fig. 6
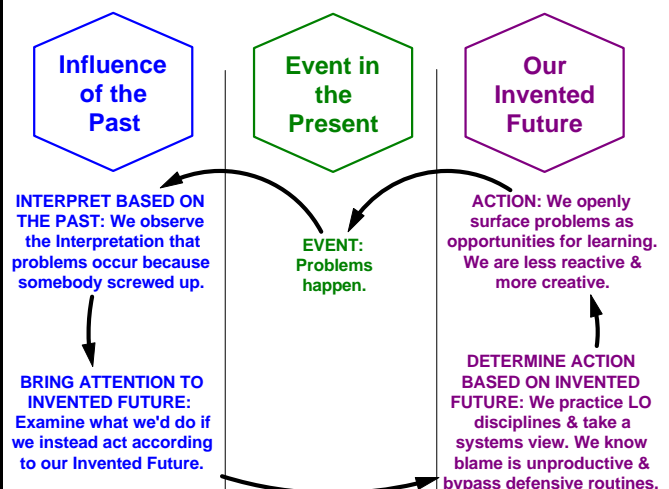
Feedback is Power - Tap It

It's vital that we tend to this structure. When we make mistakes, we tend to fall back on Defensive Routines* due to our hardwired tendency for "emotions before reason."† Emotion overwhelms logic and we're much more sensitive to criticism than praise. So we perceive more blame than intended, even when there's a good faith attempt to avoid it. This can cause people to act as though there's a "kick ass" culture, despite attempts to create a learning organization.

A similar dynamic can be created by an aggressive "rank & yank" policy, such as that at Enron. People may avoid making waves, fearing they'll get a lower rank from not be considered "team players." This can lead to problems not being surfaced, to less learning, and to a vulnerable organization.

Workshop Benefits

A group examines and answers the following questions (among others):
• What is our organization's "Winning Strategy"?
• How does it influence our perception of reality and the events we experience?
• From what Concept should we come to take us to our Invented Future?

The Difference between Vision & Concept

Vision defines desired outcomes, a desired future. Concept is similar, but it guides us by defining the future as "a place we come from," rather than as "a place we go to." Living by Values & Concept allows us to stop responding to our *interpretation* of events based on past experience, and respond instead to the events based on our Concept of *who we are*. We can see this as living life as a meditation — consciously, rather than unconsciously — observing interpretations, but not acting on them.

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