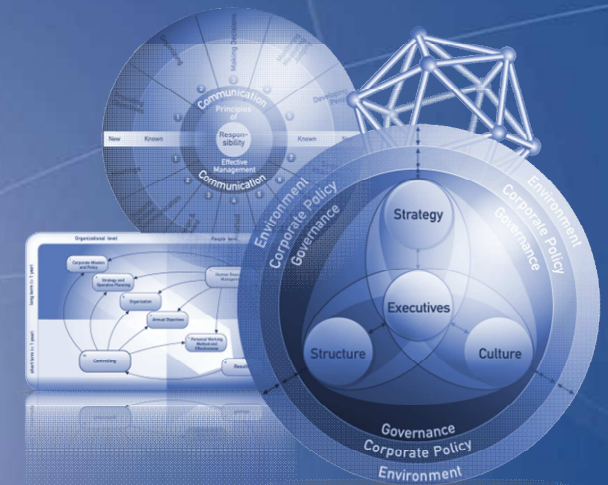




Design & Navigate your Viable Organization

Sourlas Maria, Senior Project Manager
Product and Program Manager VSMinteractive®

29.05.2014



System-cybernetic
Malik ManagementSystems®
for mastering complexity

Malik

St. Gallen • Zurich • Vienna • Berlin • London • Toronto • Beijing • Shanghai



The world's leading knowledge organization in Wholistic General Management, Leadership and Governance. Prime address for education, consulting, application of wholistic top management systems and solutions for mastering complexity.

- » Our mission is to provide solutions for reliably functioning organizations of all kinds by answering the question

What is right and good management?

- » Established in 1973 as a foundation by the Society for Management Research at the University of St. Gallen, Switzerland.
- » Converted into Malik Management Inc., St. Gallen, in 1984 for research and practical application based on the Malik Management Thinking System.
- » Today, Malik is unique in its integrated scientific approach to general management, educating and consulting more than 12'000 executives per year.
- » Some 200 employees with scientific qualification and practical experience in the business, public, academic and scientific domains.
- » The Malik Networks in Management Cybernetics as well as Management Bionics are the largest worldwide.

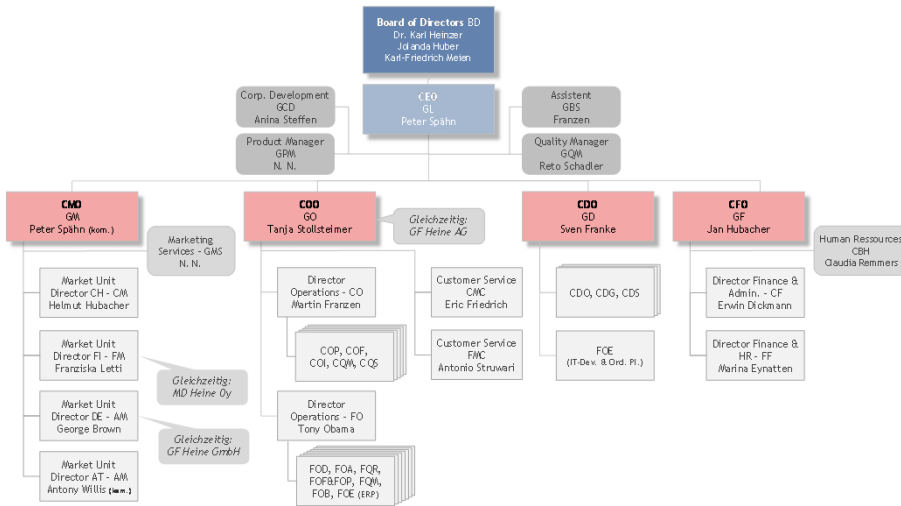
The success of the past turns into a trap for the future

The **consequences of a fast, uncontrolled growth** during times of economic upturn **become apparent now, uncovering the weaknesses of the organizational and operational structure:**

1. **Complexity** within organizations that **has not been coped with** can lead to tremendous inefficiency which manifests itself in **loss of productivity** and **lack of transparency and accountability.**
2. This is **exacerbated by the increase of complexity in the environment** within which the organization is operating. *„If the rate of Change Outside exceeds the rate of Change Inside – the End is insight“ (Jack Welch, CEO GE)*
3. At the same time the **increasing pressure for results and profit** leads to **quick and ill-conceived measures** burdening the viability of the organization even further.

We need a radically different understanding of organization!

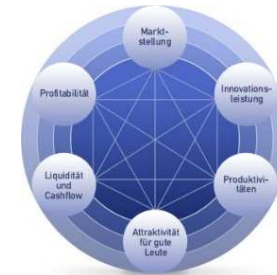
The organization of the future requires radical rethinking



Organizational Charts show the hierarchical breakdown but say nothing about the functioning or an organization

From «Who» und «Where» ...

... to «What» und «How»



Organizational design meeting today's times criteria

Organization of the 20th century



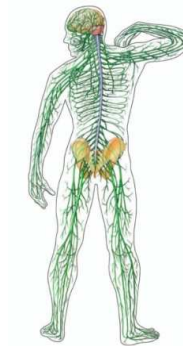
Model: Machine

1. Low complexity / dynamic
2. Determinate tasks
3. Manual labor
4. Explicit rules and control

Technical Functions *Who & where*

1. Hierarchies and Individuals
2. Efficiency
3. Data

Organization of the 21st century



Model: Organism

1. High complexity / dynamic
2. Changing tasks / high collaboration
3. Information / knowledge
4. Implicit rules / self-organization

Control Functions *What & how*

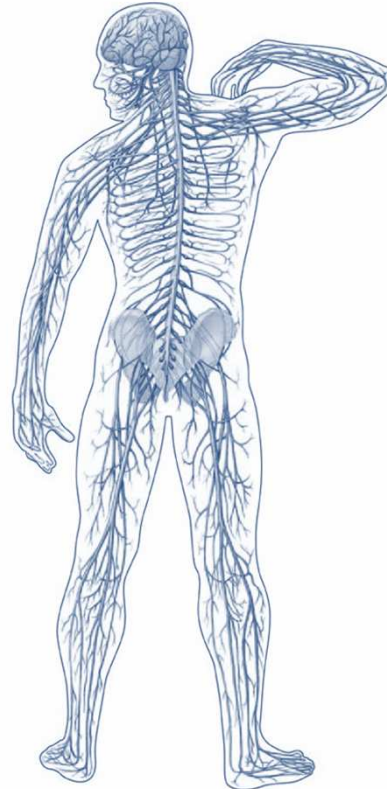
1. Areas of responsibility & accountability
2. Effectiveness & Efficiency
3. Information

An organizational structure for the control of complex systems Derived from principles of functioning in nature

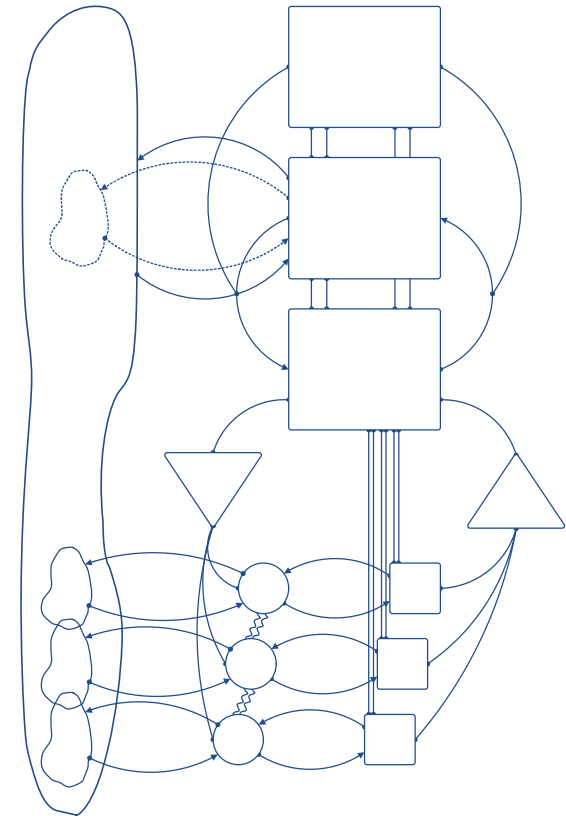
Despite the variability of the „Surface (Structure)“



... the functional logic of the central nervous system



... lies within its invariant „Deep Structure“ and its underlying adaptability to change



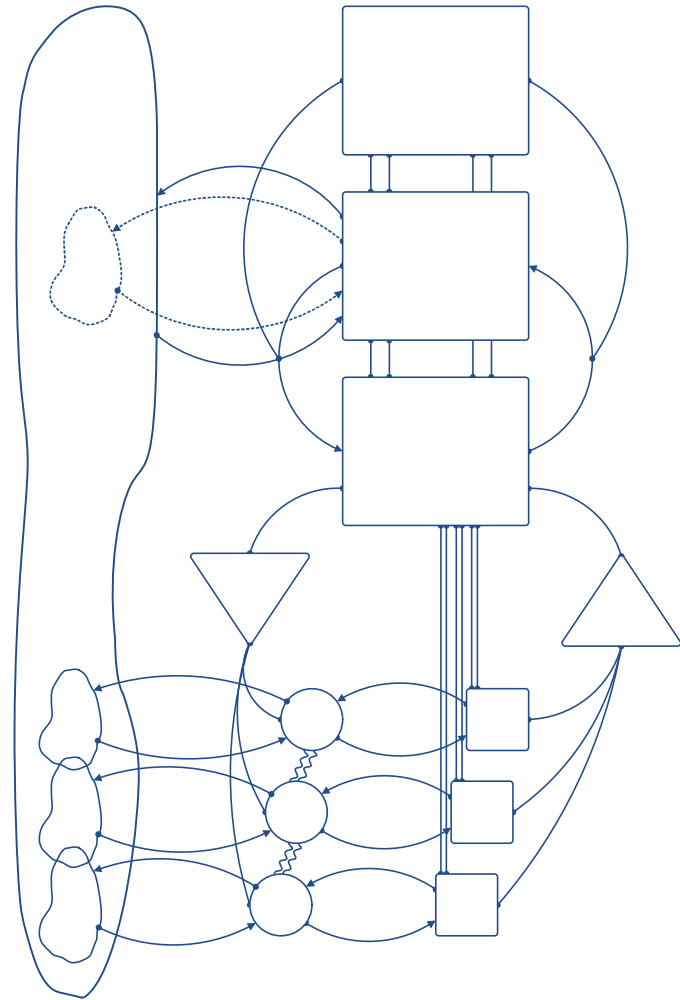
Stafford Beer derives an invariant model for viability from the logic of functioning of the human nervous system; the Viable System Model.

The Viable System Model

The organizational model of functioning

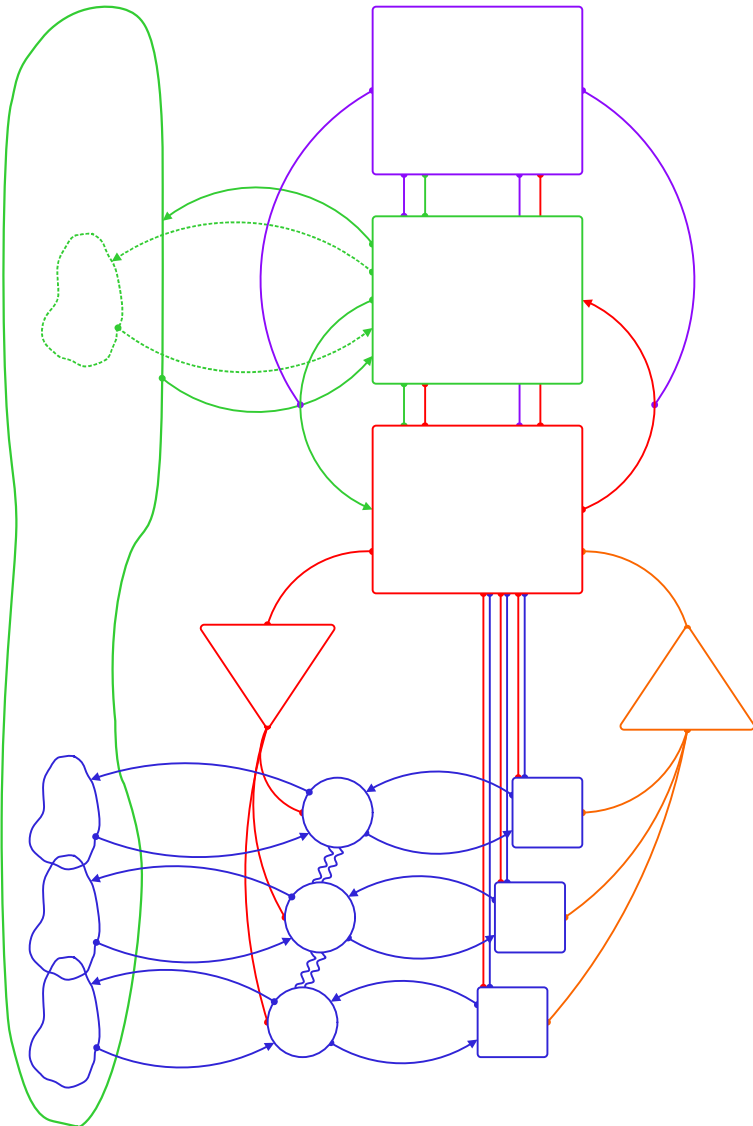
The VSM is the organizational diagnosis and design Model of the 21st century.

It poses the only alternative to current organizational trends, arbitrariness and inadequacy.



The Viable System Model

The 5 essential Functions for Viability



Give Purpose & Provide Values

Elucidate & Adapt

Provide Real-Time Information

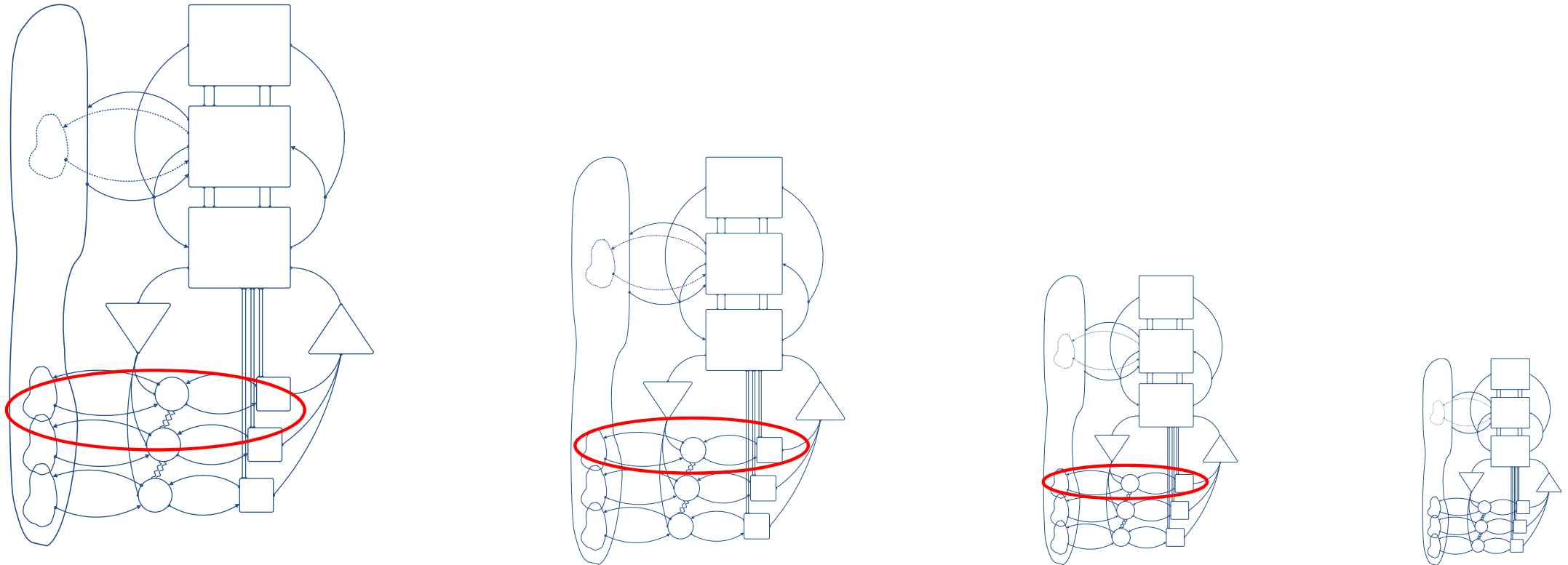
Optimize in the interest of the Whole

Foster Self-Coordination and Collaboration

(Operative Units)

The Viable System Model

The Principle of Recursion

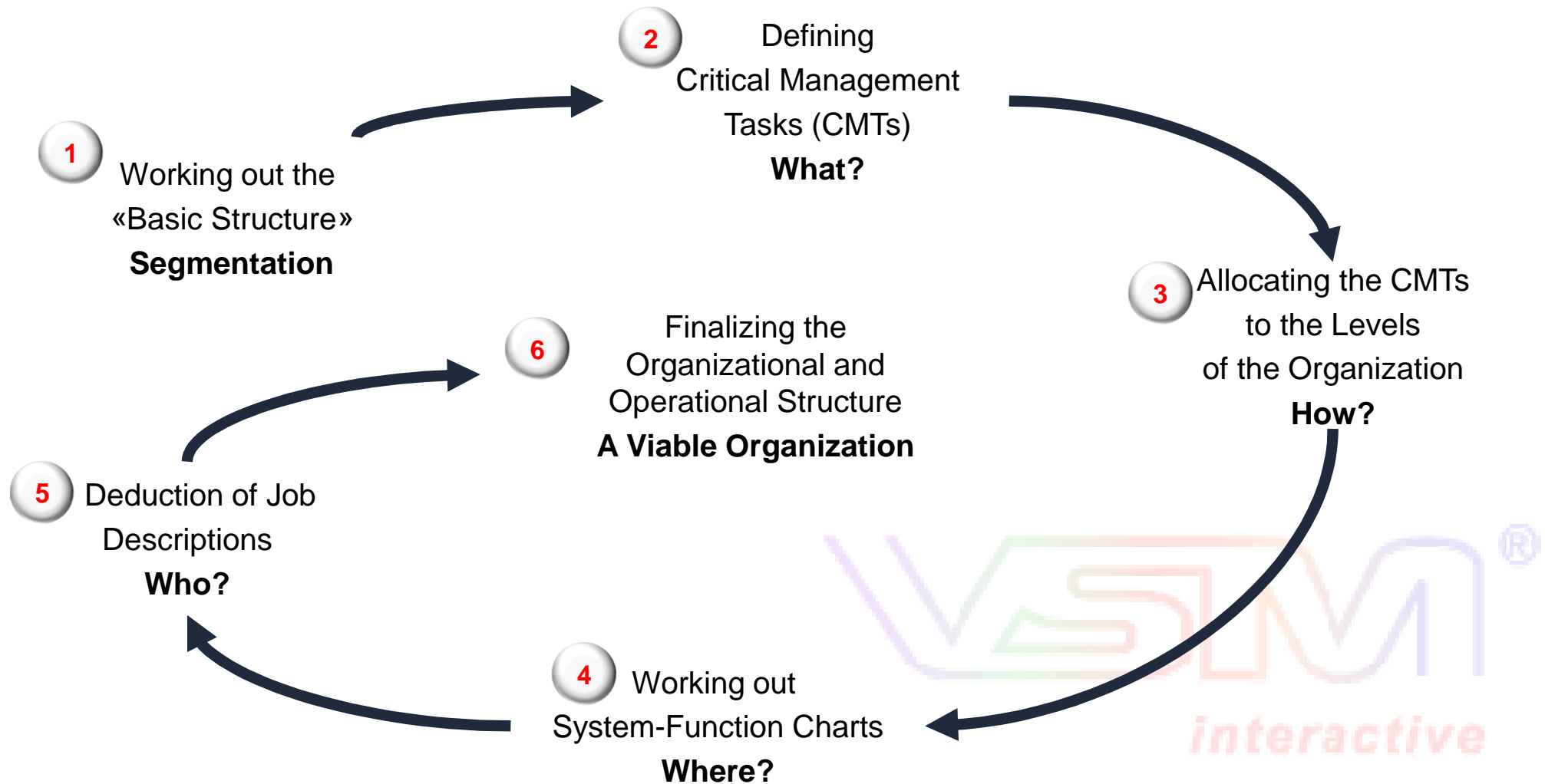


Each viable system is embedded in a viable system and consists of viable systems.

This way, the whole organization can be designed with one model, including all organizational levels, units and management functions, client groups, competitors and regions/areas of focus.

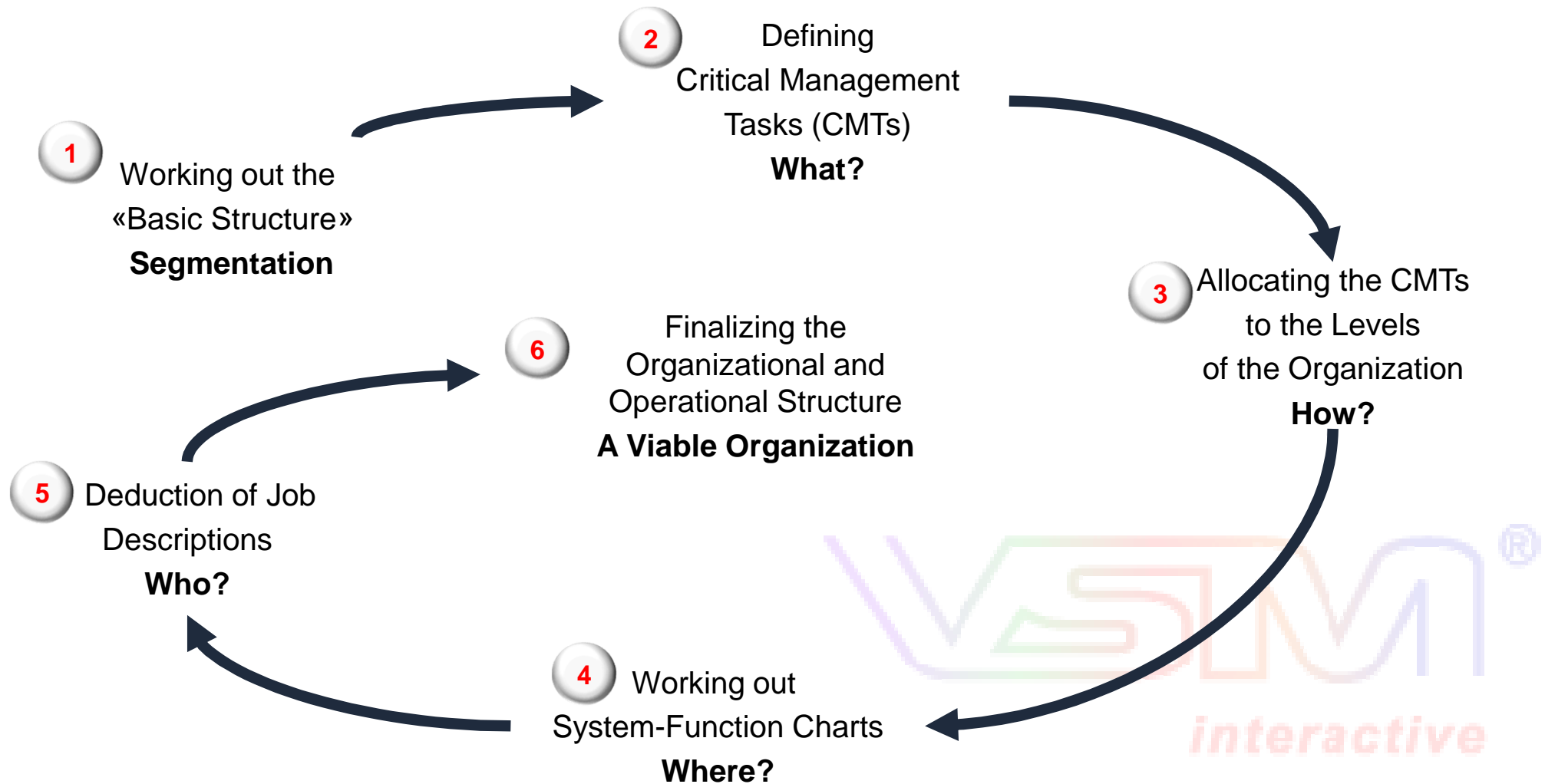
Applying the VSM

The necessary and sufficient steps to designing a viable organization



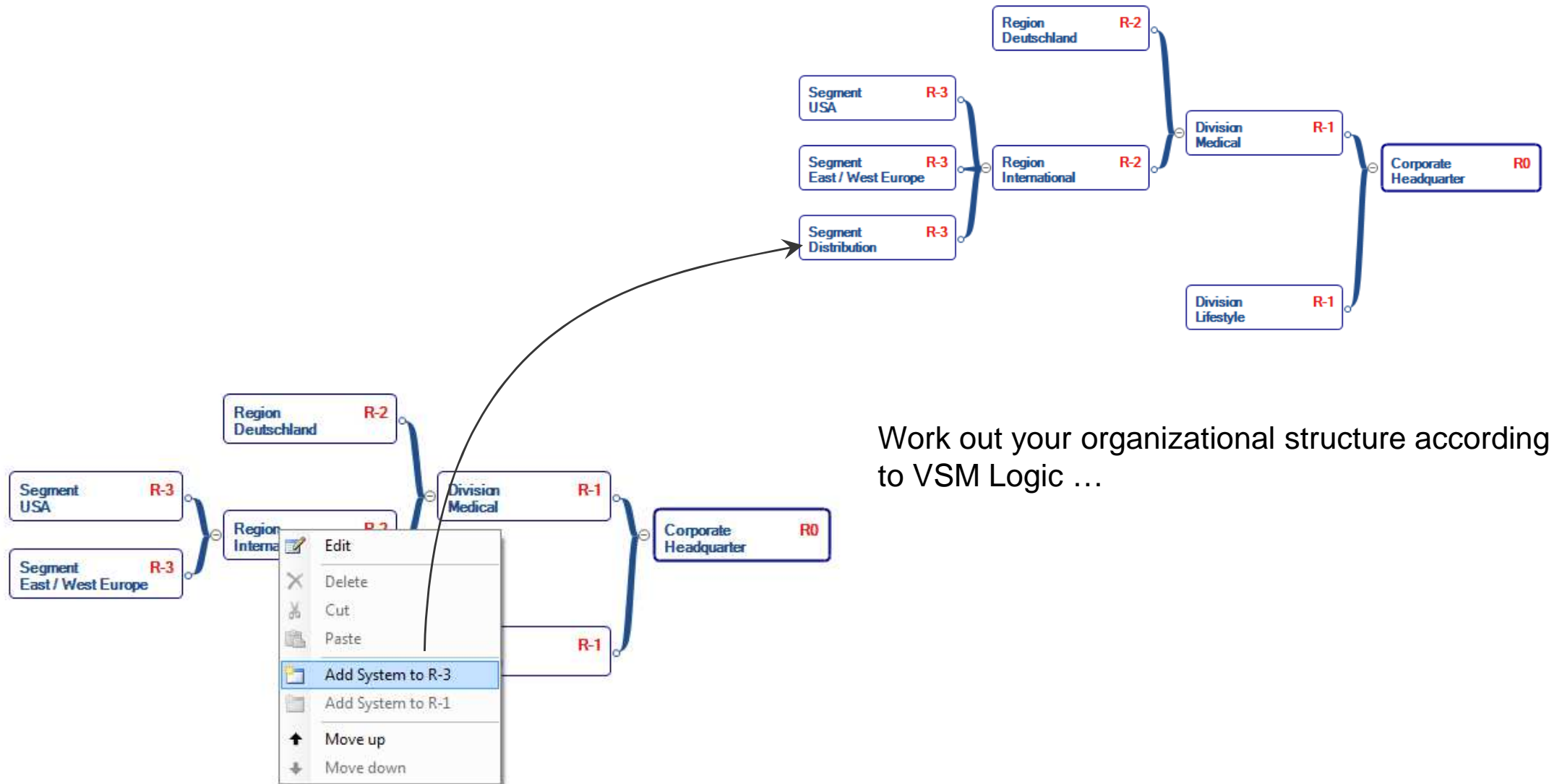
«How can we most efficiently manage the transformation process and most importantly the change thereafter?»

We need a software that takes us through the project steps ...



Design your Organization Viable

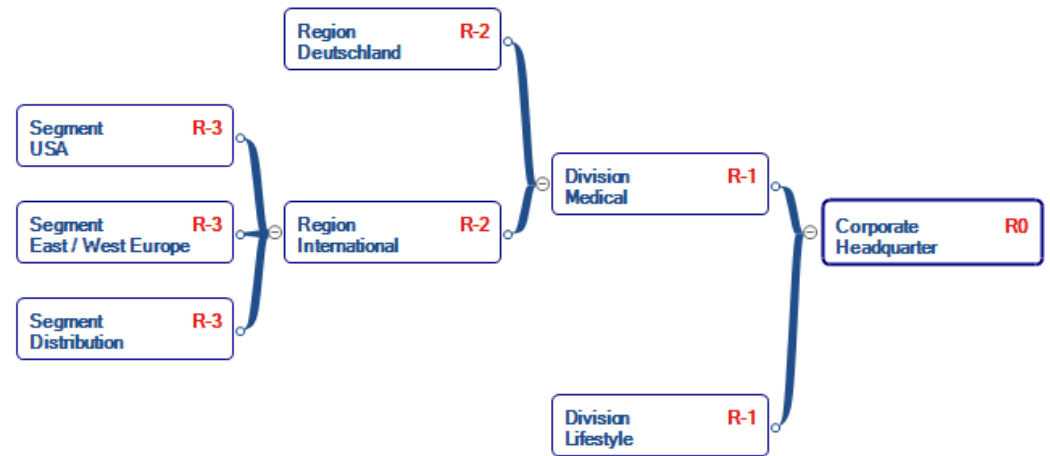
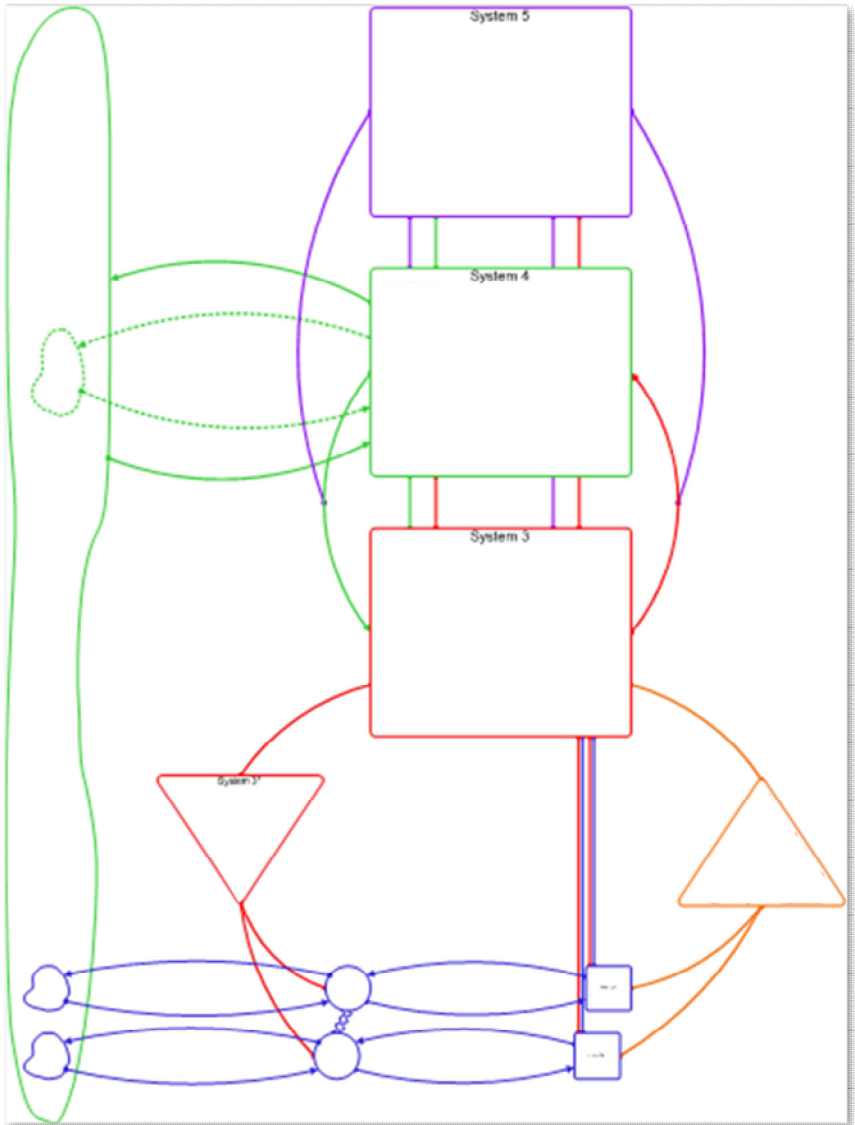
Working out the «Basic Structure» Segmentation



Work out your organizational structure according to VSM Logic ...

Design your Organization Viable

Working out the «Basic Structure» Segmentation

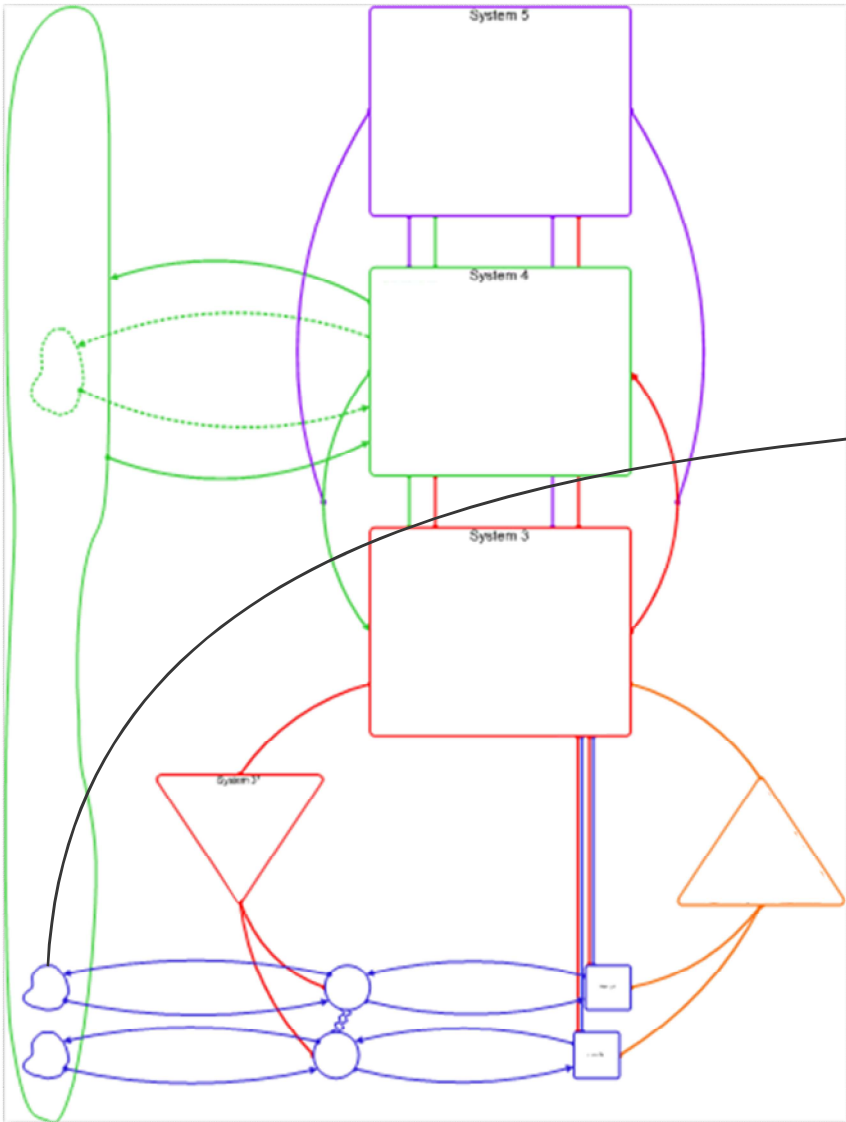


Work out your organizational structure according to VSM Logic ...

... thus preparing the framework for a viable organization

Design your Organization Viable

Defining Critical Management Tasks What?



Variety Engineering S1 R-3: Hospital - VSMInteractive

Varietätsdämpfer und -verstärker	Beschreibung	Treiber	Konsolidiert
Führungssystem für HVs	unter Berücksichtigung der vertraglichen Gegebenheiten / vertragliche Anpassungen? (Ziele, siehe 9, ...)		<input checked="" type="checkbox"/>
PE-Massnahmen	Jobrotation, internationale Praktika/Projekte in Groups oder assoziierten Firmen (strategische Ausrichtung)		<input checked="" type="checkbox"/>
Key-Account-Betreuung			<input checked="" type="checkbox"/>
Genossenschaftsmanagement			<input checked="" type="checkbox"/>
Produktentwicklungsprozess klar definieren	R&D Process Management: well defined specs.		<input checked="" type="checkbox"/>
Nutzen von bestehenden bereichsübergreifenden Veranstaltungen			<input checked="" type="checkbox"/>
Zusammenarbeit der HVs bereichsübergreifend stärken			<input checked="" type="checkbox"/>
Unterschiedliche, abgestimmte Konzepte	Kaufkraft in den Bundesländern ist unterschiedlich. Grössere Flexibilität und Senibilität (z.B. auch 2. Marke)		<input checked="" type="checkbox"/>

Komplexitätstreiber Umwelt

Treiber	Zug...	Kons...	Erstellt am
1	<input type="checkbox"/>	<input type="checkbox"/>	05.04.2013
2	<input type="checkbox"/>	<input type="checkbox"/>	05.04.2013

Buttons: Löschen, Bestehende Treiber übernehmen, Neuer Treiber

Collect the complexity drivers in the "Deep Structure" ...

Design your Organization Viable

Defining Critical Management Tasks What?

Varietätsdämpfer und -verstärker	Beschreibung
Führungssystem für HVs	unter Berücksichtigung der vertraglichen Gegebenheiten / vertragliche Anpassungen? (Ziele, siehe 9, ...)
PE-Massnahmen	Jobrotation, internationale Praktika/Projekte in Groups oder assoziierten Firmen (strategische Ausrichtung)
Key-Account Betreuung	-
Genossenschaftsmanagement	-

Treiber	Zug...	Kons...	Erstellt am
1	Gesetzliche Anforderungen	<input type="checkbox"/>	05.04.2013
2	Key Account Varietät	<input type="checkbox"/>	05.04.2013

Treiber	Zug...	Kons...	Erstellt am
1	Unterschiedlicher Folgebetrieb	<input type="checkbox"/>	05.04.2013

R-3 Department: Hospital Deutschland Region

Beschreibung der Umwelt: Bitte Beschreibung eingeben

Beschreibung der Operation: Bitte Beschreibung eingeben

Beschreibung des Managements: Bitte Beschreibung eingeben

Collect the complexity drivers in the “Deep Structure” ...
 ... wherever variety originates
 ... and derive corresponding Critical Management Tasks (CMTs)

Design your Organization Viable

Defining Critical Management Tasks What?

Bezeichnung	Allgemeine Beschreibung	Konflikt	Beschreibung
einheitliche, international vernetzte IT-Struktur nach internationalen Standards	mehrsprachig	<input type="checkbox"/>	
einheitliche, standardisierte Auswertungen	globales, bereichsübergreifendes med-Informationssystem, proaktive Kennzahlen	<input type="checkbox"/>	
Information der MA: transparente Produktpalette (international)	"Bestellmanager", Koordination Handelsware, Sourcingentscheidungen	<input type="checkbox"/>	
Anbindung der assoziierten Partner, um die Prozesskette zu optimieren	Partner= Lieferanten (M22, prolim)	<input type="checkbox"/>	
Patentwesen	-	<input type="checkbox"/>	
Pressearbeit	Medienpräsenz erhöhen	<input type="checkbox"/>	
Vergleichstests mit Mitbewerbern die kommuniziert werden	-	<input type="checkbox"/>	
Kommunikation von Alleinstellungsmerkmalen	-	<input type="checkbox"/>	
Internationale Markenstrategie entwickeln	Globale Markenstrategie - Wer bedient in Zukunft die internationalen Märkte mit CEP Produkten? Export im Gleichklang mit Gesundheitsartikeln? Kann das sein?	<input type="checkbox"/>	
Klare Abstimmung CEP/Fashion mit Phlebologie für den Sanitätsfachhandel	-	<input type="checkbox"/>	

Using / Exchanging several experiences with regards to training tools, success stories etc.	training tools / succes Stories	<input type="checkbox"/>
Sharing knowledge so as to use and spread specialist know-how (use people's expertise as an internal learning tool)	Example: Sharing knowledge of the different people to learn from each other: e.g. Knowledge of J.P. Capony on Orthopedics	<input type="checkbox"/>
Clear Communication and Explanation on Change of Responsibilities (Consultation Periods)	-	<input type="checkbox"/>
Clear Communication of the History of medi as compared to History of the group companies (why medi 1st in Gernany) => transparency on the strategy	-	<input type="checkbox"/>
Markenführung		
Produktionssteuerung / Produktionsmanagement	E. Europe Vertriebsstruktur, nicht in die Produktionsstätte)	
Klare Def. & Kommunikation von Produktlinien für zweit-Marke Maxis	Lösungen schaffen für weisse Stricken in CZ	
Sicherstellung der Finanzierung / Absprache für Investitionen	Entscheidung, Priorisierung etc.	
Keeping a constant eye on the health system & deduce opportunities	Healthcare regulations should be part of R&D "specification of products" (L-codes)	
take advantage of the dynamics of the market place	in times of economic downturn / growth - offer solution to the customers; extended terms, consignment, (downtum) mutual investment joint advertising, co-marketing (growth)	
push people to be creative and innovative and come up with ideas	establish a reward-system, an idea board, etc.	
give transparency to company goals "make them visible so that people see what they have accomplished"	communicate progress of success-stories, goals, how business is running and the businesstrend	
Lobby Arbeit bei (ärztlichen) Berufsverbänden	-	

Collect the complexity drivers in the "Deep Structure" ...
 ... wherever variety originates
 ... and derive corresponding Critical Management Tasks (CMTs)
 This process is repeated for each relevant subsystem
 This way, a large number of CMTs is accumulated, which is collected in a consolidation list.

Design your Organization Viable

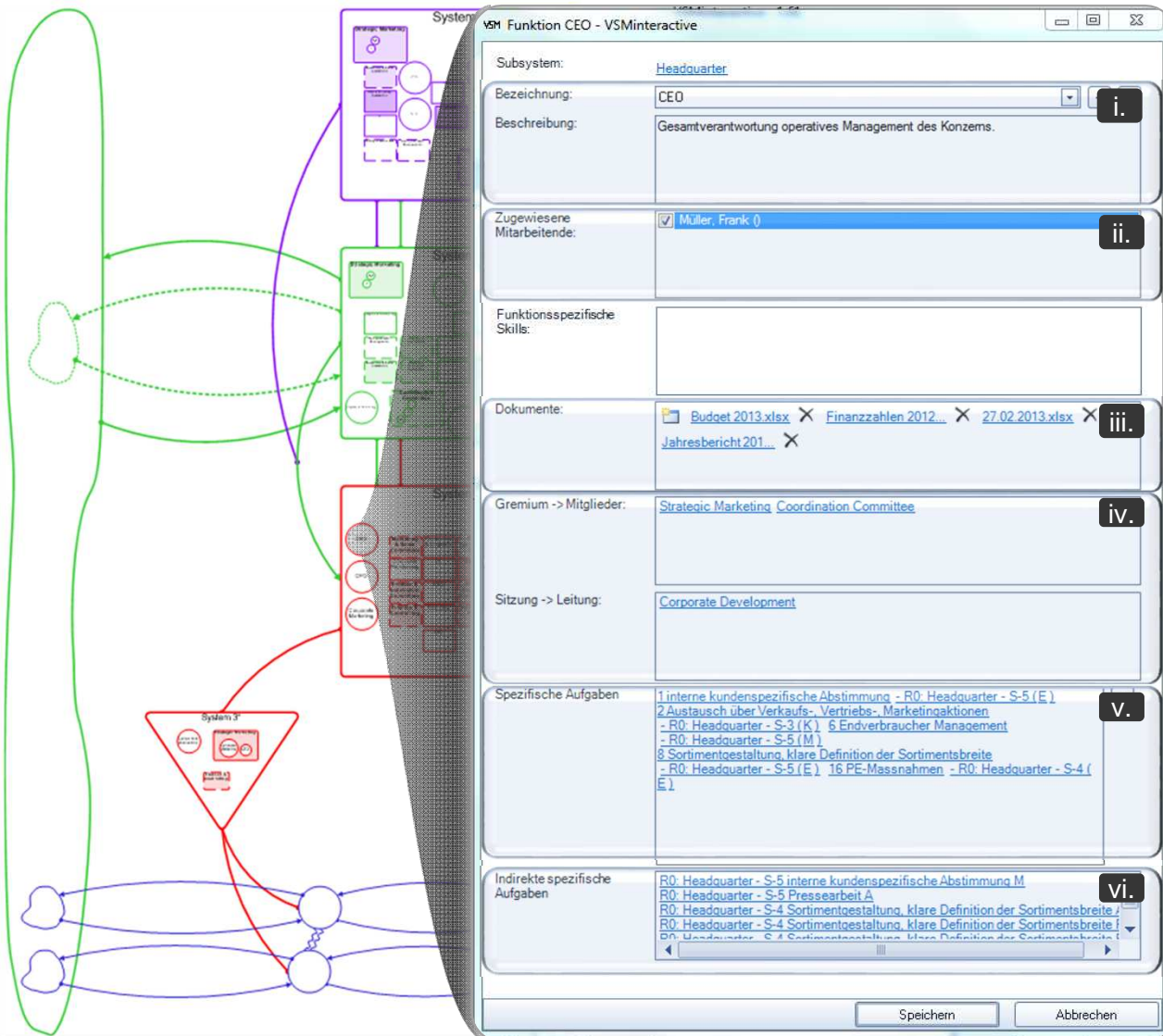
Allocating the CMT to the Levels of the Organization How?

The screenshot displays the 'CMT-Allocation - VSMInteractive' software interface. It features a grid where rows represent Customer Management Tasks (CMTs) and columns represent organizational units. The units are grouped into levels: R0: Headquarter, R-1: Medical, and R-2: Deutschland. Each cell in the grid contains a checkbox indicating the allocation of a CMT to that unit. A callout box labeled '1.ii.' highlights a table with columns for 'Bezeichnung' and 'Allgemeine Beschreibung' of the CMTs. A callout box labeled '1.iii.' highlights another table with checkboxes for each unit. A red box at the bottom highlights 'Corporate Headquarter R0'. A small diagram at the bottom left shows a hierarchy: Department Beispiel 1 (R-2) and Department Beispiel 2 (R-2) both reporting to Division Lifestyle (R-1).

- In this step you define along the 3 Questions of Organizational Allocation, how (centrally – de-centrally) and in what occurrence (S2, S3, S3*, S4, S5) the before accumulated CMTs are executed:
 - The organizational level, unit and occurrence is displayed in the columns.
 - The CMTs are displayed in the rows.
 - Within the matrix the CMTs are assigned accordingly.
- The CMTs are thus allocated to the respective units ...
- ... and are split into their according occurrence within each unit.
- In the final step specific responsibilities are assigned; which actor is involved in which part of a CMT. *(view next slide)*

Design your Organization Viable

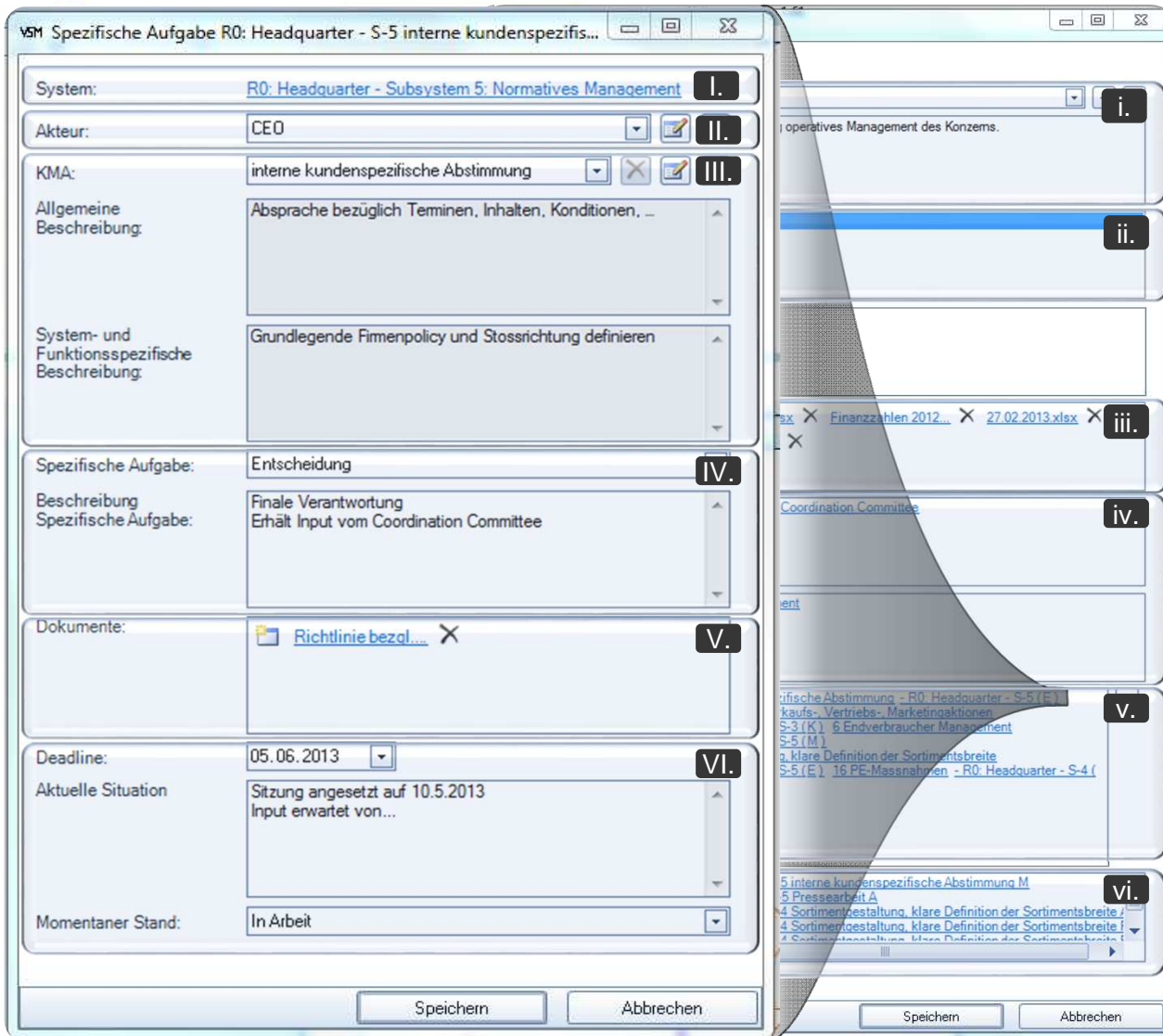
Deriving Job Descriptions Who?



1. Clicking on each actor opens an information-window, which displays:
 - i. The name of actor including a general description
 - ii. The responsible employee (job allocation)
 - iii. Relevant documents
 - iv. In case the actor-type is “function”: in which other actors of the type meeting, organ etc. the actor participates
 - v. Which specific tasks the actor is responsible for
 - vi. Which specific tasks have to be conducted by the meetings, organs etc. which the actor is a member of
2. Each specific task can be described in further detail in a separate window. *(view next slide)*

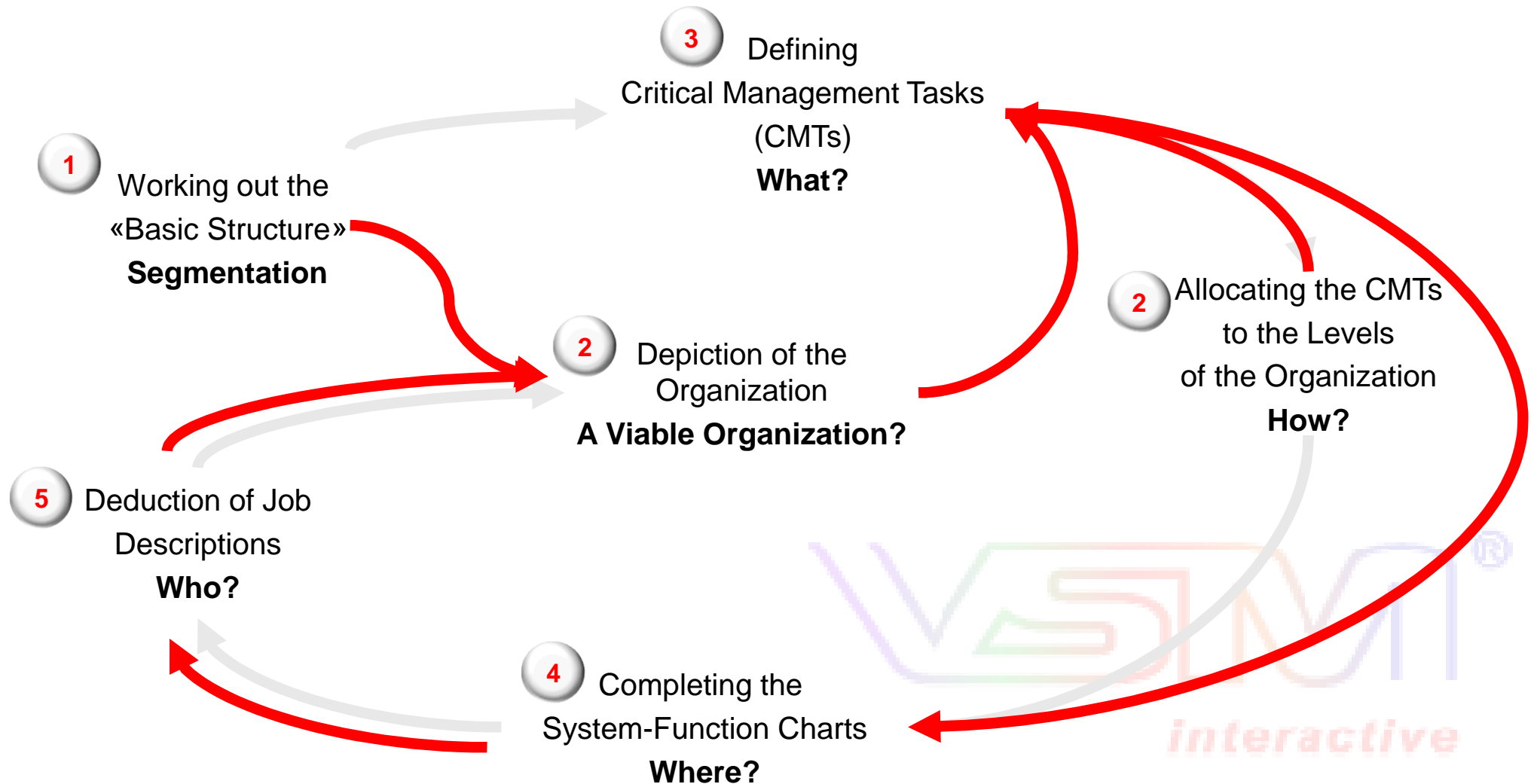
Design your Organization Viable

Deriving Job Descriptions Who?



1. A click on a specific task opens a window with further details:
 - I. Where is a CMT allocated and executed within the entire organization?
 - II. Who is responsible for it?
 - III. What has to be done in detail?
 - IV. Which contribution to the whole CMT is delivered by this specific task?
 - V. Documents relevant for this specific task (such as minutes for a meeting, checklists, etc.)
 - VI. Appointments, deadlines and description of the current status
2. Thus, this window offers a complete overview of the relevant information for the specific tasks on a single screen. All relevant documents and dates are stored right “in the specific task”, i.e. according to VSM logic.

We need a software that takes us through the project steps **allowing for flexibility to cover for individual organizational needs**



We need a software that takes us through the project steps and **provides the Management with a Company Navigation & Information System**

The screenshot shows a software window titled "Spezifische Aufgaben suchen für Endverbraucher Management - VSMInteractive". The window contains several filter panels and a main data table.

Filter Panels:

- 2.i. Subsystem:** A tree view showing a hierarchy from R0: Headquarter down to R-3: Prosthetics.
- 2.ii. Systemfunktion:** A list of subsystems (Subsystem 2 to 5) with checkboxes.
- 2.iii. Spezifische Aufgabe:** A list of tasks (Initiative, Kontrolle, Planung, Mitsprache, Entscheidung, Ausführung, Keine Auswahl) with checkboxes.
- 2.iv. Akteur-Art:** A list of actor types (Funktion, Gremium, Organ, Organisatorische Einheit, Sitzung) with checkboxes.

Main Table:

Akteur	Beschreibung Akteur	System	Systemfunktion	System- und Funktionsspezifische Beschreibung	Spezifische Aufgabe
CEO	Operative Leitung des Gesamtkonzerns	R0: Headquarter	Subsystem 5	NEU: Endverbraucher Management Beeinhaltet Endverbraucher Ansprache: a) Tools für Direktkommunikation an Endverbraucher. b) Präsenz bei Endverbraucherveranstaltungen.	M
End Consumer Management		R0: Headquarter	Subsystem 5	NEU: Endverbraucher Management Beeinhaltet Endverbraucher Ansprache: a) Tools für Direktkommunikation an Endverbraucher. b) Präsenz bei Endverbraucherveranstaltungen.	E
End Consumer Management		R0: Headquarter	Subsystem 5	NEU: Endverbraucher Management Beeinhaltet Endverbraucher Ansprache: a) Tools für Direktkommunikation an Endverbraucher. b) Präsenz bei Endverbraucherveranstaltungen.	P
Corporate Marketing		R0: Headquarter	Subsystem 4		A
Corporate Marketing		R0: Headquarter	Subsystem 4		P
End Consumer Management		R0: Headquarter	Subsystem 4		I
Marketing & Sales		R0: Headquarter	Subsystem 4		E

The table continues with many more rows, including entries for "Marketing & Sales Committee", "Marketing Medical", "Head Marketing Germany", "Marketing & Sales Committee Germany", "Director Medical Germany", "Co-Director Medical Germany", "Head Marketing Germany", "Coordination Committee Int'l", and "Marketing".

Example: Task-Tracking System

The Task-Tracking system allows for filtering every CMT across the entire organization. This enables queries according to relevant criteria.

1. The top of the window displays the description of the CMT to be examined.
2. Specific tasks may be filtered according to the following criteria:
 - i. Location of the execution
 - ii. Occurrence (S2 – S5)
 - iii. Type of the specific task
 - iv. Type of the executing actor (meeting, function, organ etc.)
3. The result of the enquiry is displayed at the bottom part of the window.

„So we can basically design our own organization with the new VSMinteractive?“

Use and Benefits

Design your Organization Viable

(Re-)Design of any kind of organization based on the principles of the Malik Viable System Model

1. Step-by-step guidance through the *Malik VSM Design* process by breakdown of the design process in self-contained steps.
⇒ All the relevant building blocks of the organization are considered.
2. Relative flexibility in the order of execution of these steps by automatic transfer of the relevant information for previous or following steps.
⇒ The necessary flexibility to meet company specific needs and maturity levels is granted.
3. Adherence to the principles of the VSM through a well-balanced mix of rules and flexibility within the given design options.
⇒ The benefits of the *Malik VSM* (customer-centricity, clarity and transparency, operational efficiency, adaptability to changing needs of the environment) and thus the long-term viability of the organization are safeguarded.

„If I need something immediately .. then VSMinteractive[®]. Everything else is a waste of time“

Use and Benefits

Navigate your Viable Organization

Fast and simple navigation through your organization

1. Immediate and automatic bundling of all information collected under a navigation interface in **VSM** logic.
⇒ An intuitively operated organizational navigation system is ready to use.
2. Unlimited possibility for adding further relevant information through respective data repositories.
⇒ The individual company needs with regards to management-relevant data is ensured.
3. Automated task- and deadline-tracking system through individually updatable data entry.
⇒ Real-time information about tasks and deadline status on employee level.
4. Self-managed adjustment of the own organization through an easy-to-use editing system.
⇒ Real-time management of changes of any kind (from minor cosmetic modifications to radical changes) without dependence on external expertise.

„The transformation happens almost by itself!“

Use and Benefits

Manage the Transformation

Self-Enforced Change through a user-friendly Management Steering Model

After a restructuring process, many managers are faced with the challenge of implementing and managing the change. Failure to implement is not uncommon, as business as usual is calling and managers fall back into their good old habits.

1. Delivery of all collected data into an easy to use management steering model along the new organization in **VSM** logic.
⇒ The steering of the new organization is intuitive and simple.
2. Linking of existing information and information systems to the **VSMinteractive**.
⇒ All the steering-relevant information is accessible through the new organizational logic.

malik

Sourlas Maria, Senior Project Manager
Product and Program Manager VSMinteractive®

Malik

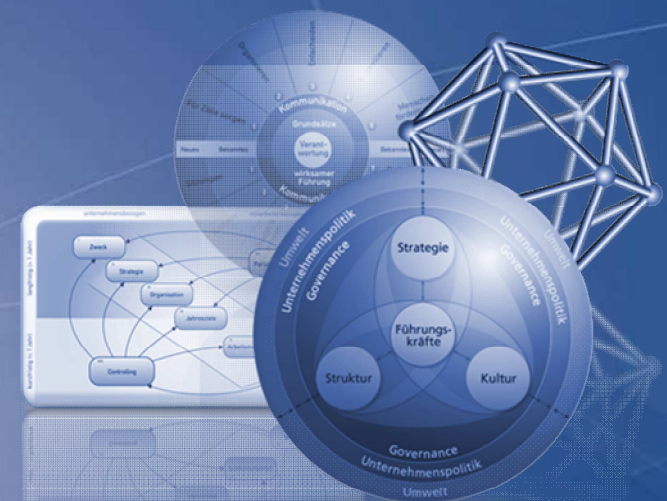
Geltenwilenstrasse 18
CH-9001 St. Gallen

T +41 71 274 34 00

F +41 71 274 34 99

info@malik-mzsg.ch

www.malik-management.com



System-kybernetische
Malik ManagementSysteme®
für das Meistern von Komplexität