

Reloading Organizational Viability –

“Business enterprises ... are organs of society.”
 (Peter Drucker, *Management: Tasks, Responsibilities, Practices*. p. 39. 1973)

November 02, 2019

Wolfgang Lassi

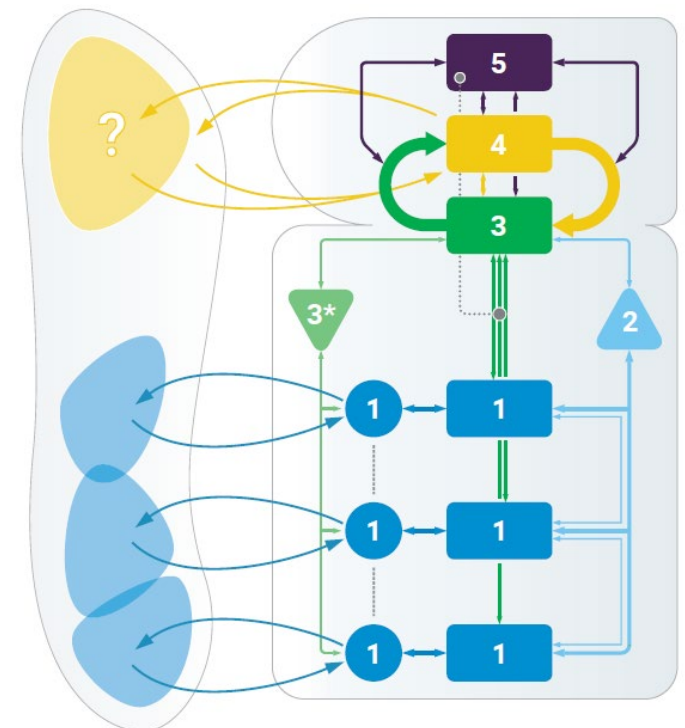
Associate Partner

This presentation contains figures from the following books:

Beer, S. (1995), *Diagnosing the system of organizations*, Wiley.

Lassi, W. (2019a), *The Viability of Organizations Vol. 1. Decoding the "DNA" of Organizations*, Springer Nature

Lassi, W. (2019b), *The Viability of Organizations Vol. 2. Diagnosing and Governing Organizations*, Springer Nature

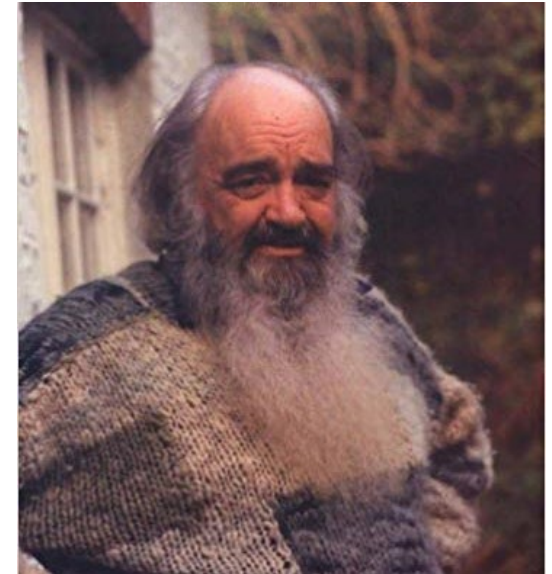


Source: Lassi, W. (2019b) adapted from Beer 1995

... the first page belongs to Stafford Beer

*in tribute to Stafford Beer
a brilliant, versatile, experienced
management thinker
who had the courage to explore new ways*

(from the preface of volume 1)



The VSM – A great theory but ...

Current status

- The VSM disappeared from the **academic discourse**; publishing on the VSM is today a „waste of time“ for an academic career
- **Limited connectivity** to other organizational theories and current thinking on management and leadership
- Limited application in the real-world (for practitioners: **Link to the organizational chart** is still missing and what are the benefits?)

Criticism

- **Enumerating the system functions** does not suffice for viability
- **Temporal and process perspective** missing or not immediately apparent (too static)
- **Multi-rationality** missing
- **Terminology** perceived as opaque today (e.g., auto-poiesis, recursivity, transducers)
- VSM's **graphical design**
- Some issues need to be clarified, e.g., variety, coordination (only betw. systems 1?)

Nevertheless

- Practitioners find it **intuitive and appealing**
- It is the most **comprehensive, multifaceted, and nuanced model** on organizations and leadership that we have
- **New organizational perspective: processing of variety** (RBV turned organizationally)
- **Organizations and manager need it** – it should be part of the standard curriculum
- Clarifies and saves reading time

Target groups of the 3-volume compendium



Organizational scholars

Make the **VSM understandable** and link it to **current organizational thinking** („connectivity“)



VSM experts

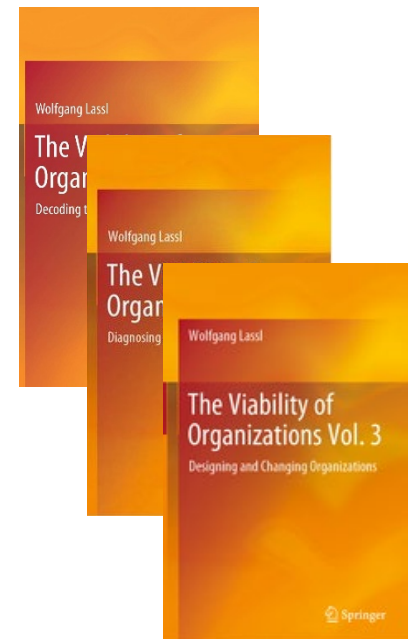
- Invitation to explore the **richness and depth** of the VSM
- Introduce **new perspectives** and ways to interpret the VSM
- Solidify the VSM

Intention: Not the final interpretation of the VSM but as one step to better understand it.



Practitioners

- Offer them a **new image** of their organization
- Let them **better understand how organizations function**
- Provide **comprehensive leadership model**
- Provide **guide on how to design organizations** with the help of the VSM

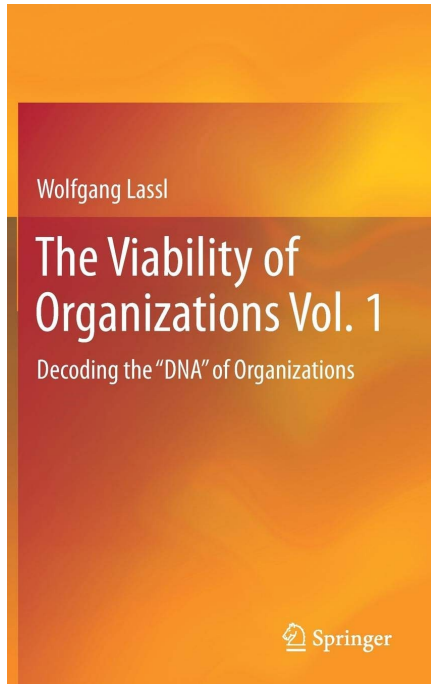


Pages (total): 875

Illustrations: 394

Volume 1

Decoding the „DNA“ of Organizations



Book Structure



1. Introductory part (chps. 1 and 2)
2. In-depth discussion of the system functions (chps. 3 to 9)
3. Recursivity and Organizations as Information and Transduction Systems (chps. 10 and 11)
4. Applications (ch. 12)
5. Some key messages (ch. 13)

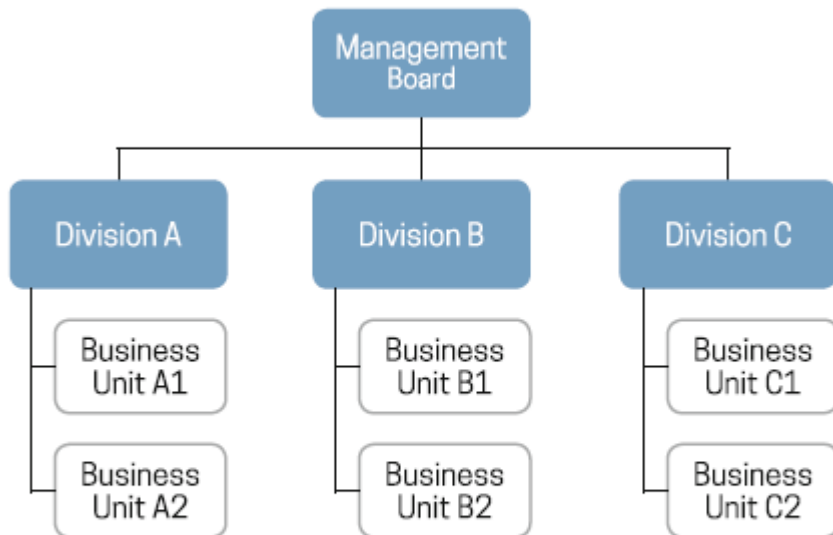
Some „highlights“



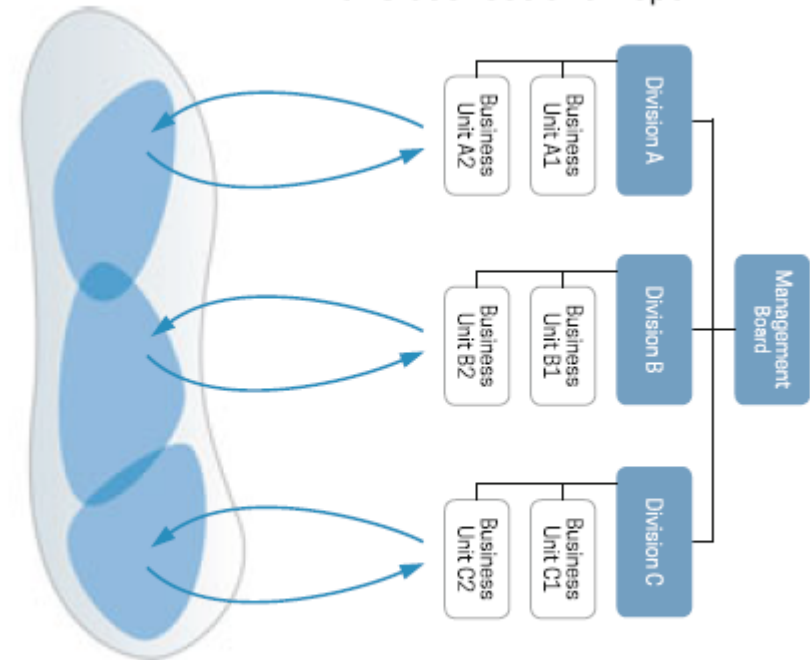
1. Application of the **ecosystemic approach** to the VSM
2. Elaboration of the **specific challenges** and the **ways how the system functions need to function** (e.g., **system 3***)
3. Role of **transducers**
4. **Temporal recursivity**
5. New understanding of hierarchy

From „Top-down“ to „Closeness and Depth“

From "Top versus Down"

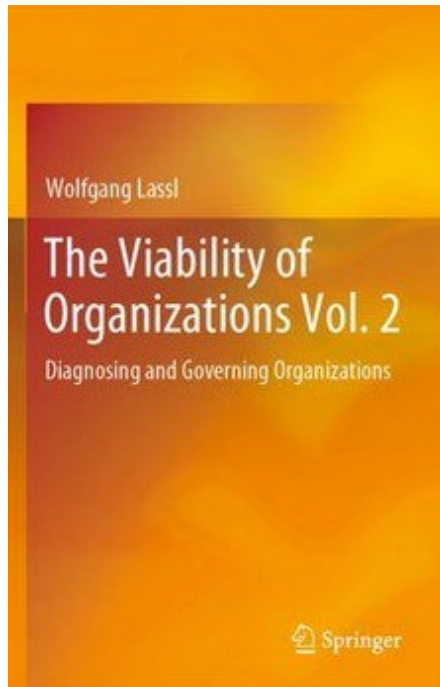


To "Closeness and Depth"



Volume 2

Diagnosing and Governing Organizations



Book Structure



Part One („Diagnosis“)

1. Structural dysfunctionalities (ch. 1)
2. Organizations as a **variety processing system** and related dysfunctionalities (ch. 2 to 4)
3. Life cycle of organizations (ch. 5)
4. Dysfunctionalities in the recursive structure (ch. 6)

Part Two („Governance“)

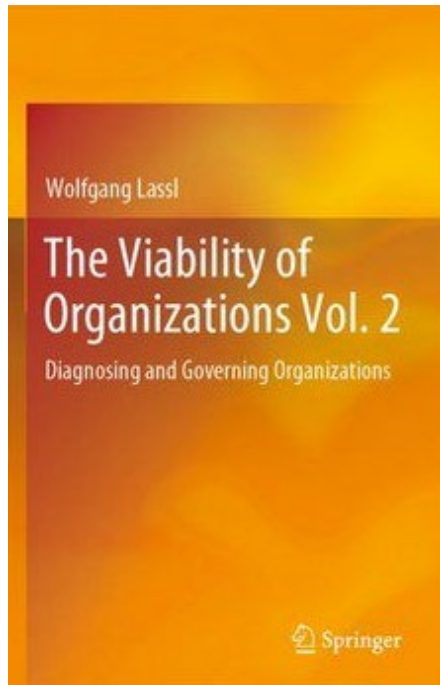
1. Role of varieties (ch. 7)
2. Principle of mutually adjusting horizontal varieties (ch. 8)
3. Axiom of the requisite vertical variety and six channels (ch. 9 to 11)
4. Equilibrium in the strategic-normative metasystem (ch. 12)
5. Organization as a system of mutually observing polarities and the importance of conflicts (ch. 13)

Part Three

- Power and Purpose (ch. 14)

Volume 2

Diagnosing and Governing Organizations (cont.)



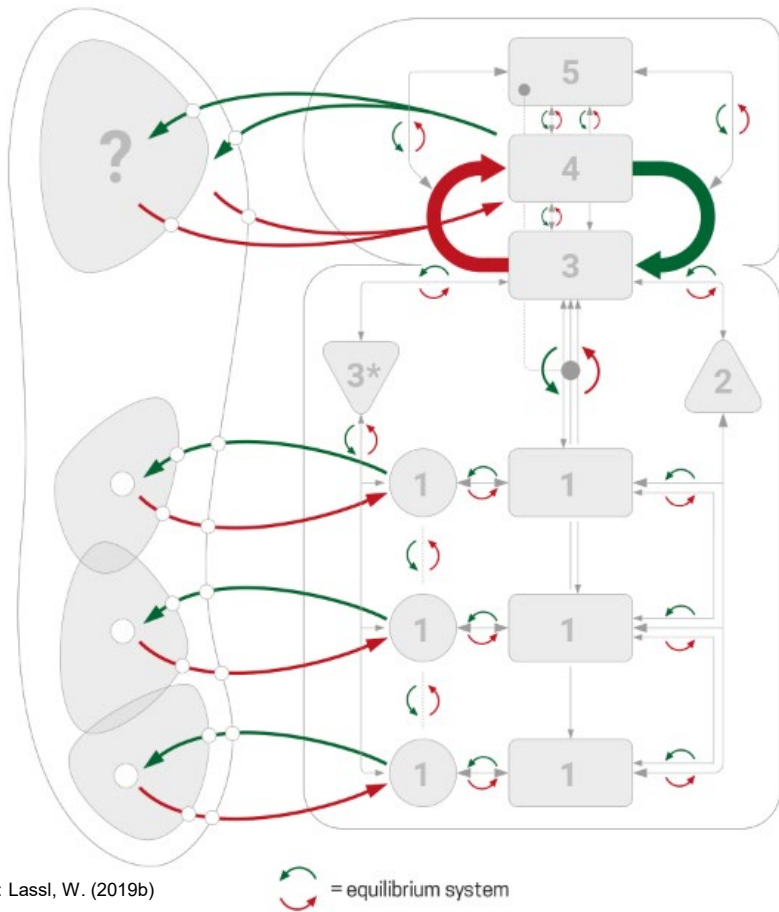
Some „highlights“



1. Expansion and structuring of dysfunctionalities
2. The VSM as dynamic system
3. Discussion of the variety balances between the system functions
4. Distinction between variety and power related dysfunctionalities
5. Application of the VSM to the life cycle model
6. Discourse as a key element of organizations and the question of central versus decentral
7. Key elements for a well functioning channel 3-1
8. Interpretation as a system of multiple polarities
9. Indepth interpretation of the Principle of mutually adjusting horizontal varieties and requisite vertical variety

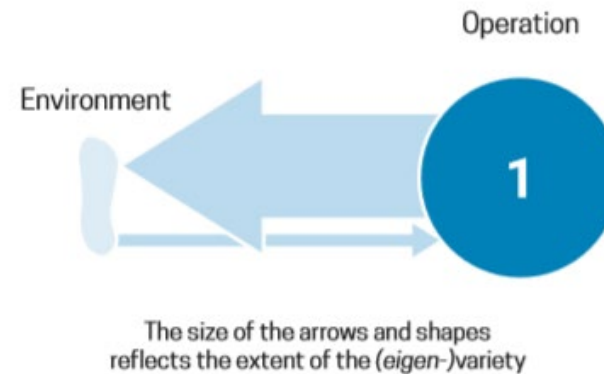
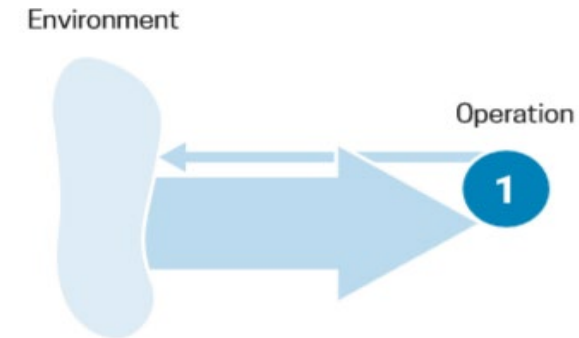
The VSM is not only static but a highly dynamic system

The VSM as dynamic system

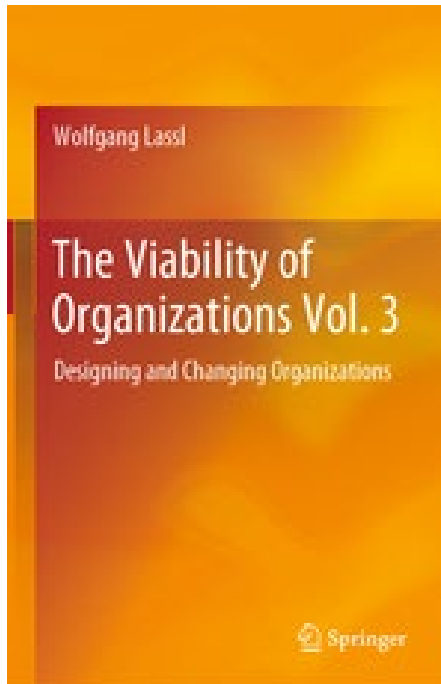


Source: Lassl, W. (2019b)

Variety imbalances



Volume 3 *Designing and Changing Organizations*



Book Structure



Part One („Buidling the bridge“)

1. The VSM and the organizational chart (ch. 1 and 2)
2. The „left wing“ of the organization – job design (ch. 3 and 4)
3. The „right wing“ of the organization – creating a holistic perspective (ch. 5 to 7)

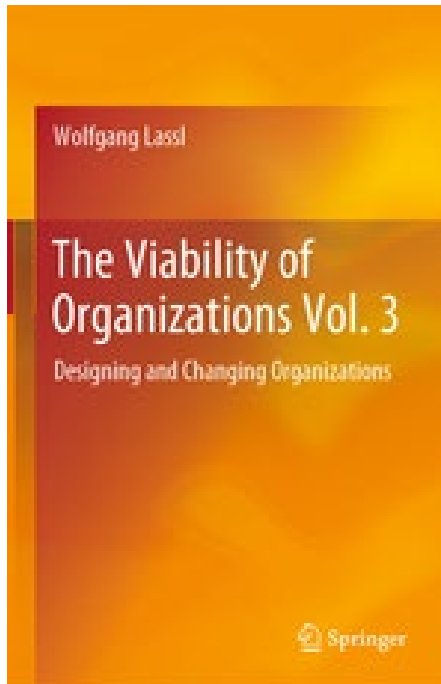
Part Two („Designing Organizations“)

1. On the design process itself (ch. 8)
2. Design of the organizational structures of the primary functions (ch. 9 to 14)
3. Design of the organizational structures of the secondary functions (ch. 15)
4. General principles and design cases (ch. 16)
5. Matrix organizations (ch. 17)

Part Three („Diagnosing and Organizational Change“) – Ch. 18 and 19

Volume 3

Designing and Changing Organizations (cont.)



Some „highlights“



1. Interpretation of the corporate functions in light of the VSM
2. Relation of the VSM to the organizational chart structure
3. Design process of organizational chart structures
4. Change theory based on the VSM

Now, we need to create momentum ...





PURE MANAGEMENT
GROUP

TAKING THE COMPLEX AND MAKING IT SIMPLE.

PURE Management Group GmbH
+43 (0)1 522 59 01 · 
info@puremanagementgroup.com · 
Neutorgasse 4-6, 1010 Wien · 
puremanagementgroup.com · 