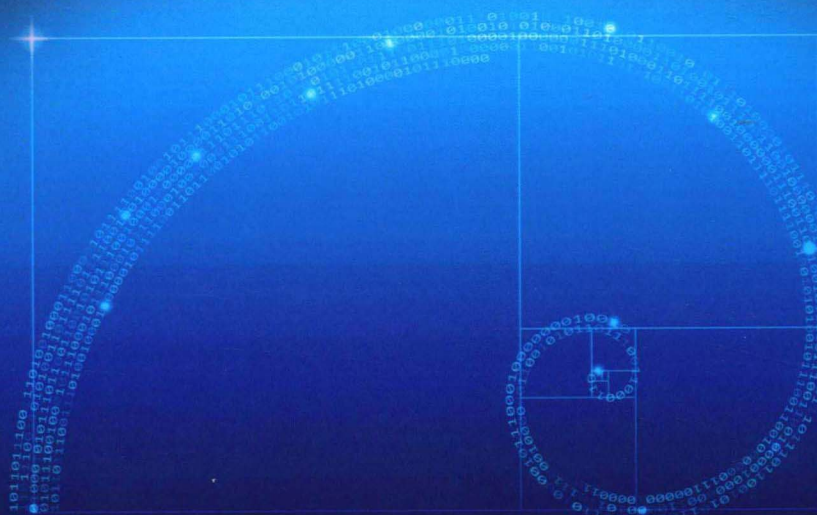


Quality Involvement Flow

The Systemic Organization



**Domenico Lepore
Angela Montgomery
Giovanni Siepe**



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Quality, Involvement, Flow

The Systemic Organization

Organizations are still very much trapped in an outdated paradigm of silos, fragmentation, conflicts, and a zero-sum game. Artificial barriers frustrate efforts and perpetuate outdated thinking and unhealthy corporate cultures. In a rapidly changing, interconnected world, individuals and organizations are finding their organizational models are no longer adequate for the complexity of the current business world, and that leaders and managers must acquire a whole-system perspective for their organizations to be successful.

Quality, Involvement, Flow: The Systemic Organization is not merely about business improvement, reengineering, or any of the techniques aimed at generating some efficiencies and short-term, cost-driven economic results. Drawing heavily on the teachings of W. Edwards Deming and Eliyahu M. Goldratt, this book provides a cohesive and comprehensive approach to transforming leadership; it serves as a fundamental guide and cognitive challenge for anyone looking to revise an organization. It explains how this can be achieved through

- Developing a new organizational design
- Implementing systemic project management
- Applying new leadership methods and tools
- Understanding the importance of creating and managing correct interdependencies internally and externally
- Embracing a new management paradigm based on a rigorous cause and effect analysis.

Using elements of science and method, this book provides the overview, knowledge, and tools to create a practical shift for 21st century management. It hastens the transformation that leads to long-term, sustainable results.



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Quality Involvement Flow

The Systemic Organization

This could have been a world where the nature of each thing would be deduced from its parts. A predictable, orderly world. A world devoid of wonder. And then we would say, “Things are this way because they must be this way.”

Instead, at each step a whole new world emerges, one we could never have predicted from anything we knew before. Until we must conclude that our finite work somehow contains infinite possibilities, that both nothing and everything are possible.*

This book is dedicated to all those who refuse to accept things as they are, knowing we have a precise task: to unveil the infinite possibilities with courage and make sure that potential emerges into reality.

* Adapted from *Daily Dose* from Chabad.org edited by Tzvi Freeman, based on Sefer Ha-Ma’amarim 5715, pp. 38–47, a talk given by Rav Menachem Mendel Schneerson, the Lubavitcher Rebbe.

Preface

We wrote this book to present the elements of science and method that should inform the leadership of organizations in the twenty-first century. Our effort has been to outline a cohesive and comprehensive approach to this systemic understanding and to use these elements to provide a unified vision for succeeding in our age of complexity.

The thought process and the professional practice that inspired these pages have been profoundly influenced by the monumental work of W. Edwards Deming and Eliyahu M. Goldratt and they are informed by their scientific and epistemological paradigm.

The first seed for this approach was developed by Domenico Lepore and Oded Cohen almost 20 years ago and it was named *The Decalogue*, first published as *Deming-and-Goldratt: The Decalogue* (North River Press, 1999). Since then, further work on The Decalogue methodology has been carried out internationally in a wide range of organizations to refine its usefulness and applicability; in particular, the authors of *Quality, Involvement, Flow* derived great inspiration and insights from Network Theory and the light it casts on our understanding of the nonlinear dynamics that takes place in the highly interconnected world we now live in.

Such an unprecedented level of interconnectedness, the fast growing socioeconomic environment shaped by networks and the role that the web plays in our lives call for a major overhaul of the content and the pattern of our learning. Particularly, academic institutions responsible for educating the business leaders of tomorrow must awaken to the sheer inadequacy of existing programs and take action accordingly.

Quality, Involvement, Flow is not about business improvement, reengineering or any of the techniques aimed at generating some economic result. It draws heavily on the teachings of Dr. Deming and Dr. Goldratt and, as such, its goal is the transformation of the present style of leadership (and

management) into one of whole system optimization. The transformation that we advocate cannot be undertaken without understanding and embracing a basic set of values, and it is mandatory to realize that the achievement of economic results must be connected with a precise ecology of the mind. In this way, the legitimate pursuit of personal monetary wealth will not be disjointed from the quest for purposefulness that should be the prime motivator for any human endeavor. This is the transition that leads to long-term, sustainable results.

This book aims at being both a cognitive challenge and an operational guide; it should be a positive stimulus for acting in accordance with the emerging, network-shaped reality of our world. It contains little redundancy and requires from the reader a nonnegligible amount of focus and intellectual openness. It will not provide suggestions, tips, and quick fixes and it will, at times, feel uncomfortable.

In a world that is drowning in a chaotic swirl of shallow information, instant pudding, and evocative feel-good calls to “systems thinking,” *Quality, Involvement, Flow* strives to offer an orderly and rigorous knowledge-based reference point for the new leaders of the millennium.

Acknowledgments

This book would never have existed without the fundamental work on management developed by Dr. W. Edwards Deming and Dr. Eliyahu Goldratt. They have informed and shaped our views on economics and management and we are forever indebted to them.

We are ever grateful to our friend and mentor Oded Cohen for his painstaking and selfless teaching. He is one of the foremost experts in the world in the Theory of Constraints and we have enjoyed the great good fortune of his input, guidance, and friendship over the years.

Whatever we have written, or ever will write on the subject of variation owes a debt of gratitude to Dr. Don Wheeler. We thank him for his unique mastery in understanding variation and the unsurpassed clarity of his writing.

We thank Bob Sproull for his spontaneous generosity in connecting us with Michael Sinocchi, our editor. Bob is an example of how positive collaboration can create new possibilities in our interconnected world.

It is thanks to Michael Sinocchi of Productivity Press that we have had this opportunity to give ample expression to our systemic approach to management developed in over 20 years of work on the field. We are grateful for his enthusiasm, encouragement, and openness to a body of work that is rigorous but also unconventional and, at times, challenging.

Dr. Anthony Masys at Springer also receives our thanks for believing in our work and our crusade to bring systemic management to a world plagued by silos.

Our work has been made all the more enjoyable thanks to our friendship with Professor David Strong in Victoria, BC, a true scientist with the ability to think beyond boundaries. Deep gratitude goes to Adam Sharpe CPA, also in Victoria, who ennoble his profession, is a true mensch and has been like a brother to us.

In Italy, we thank Livio Brachetti for having the vision, patience, foresight, and talent to create a platform that can truly improve the nature of relationships on the web, and also for embracing the way of systemic management and for inviting us to be his comrades in Social Nation. Our thanks to Stefano Righetti of Hyphen-Italia for relentlessly and courageously pursuing intelligence, ethics, and beauty in his entrepreneurial achievements in a world often dominated by a lack of thinking and platitudes. Stefano understands the Decalogue as applied to the supply chain in a way that few others do. We are grateful to both Livio and Stefano for their warmth and friendship.

In the last decade, we have made an increasing effort to understand the cultural roots, context, and more profound implications and application of the Theory of Constraints. In this endeavor, in ways that we are not sure we can adequately express, we have been profoundly influenced by the body of work of Rav Menachem Mendel Schneerson, the Lubavitcher Rebbe. The entire philosophical framework and value system that has inspired this book is based on our understanding of his insights. The world continues to benefit from his scholarship, wisdom, profound understanding of human nature and unprecedented intuition for network organization. Above all, we are constantly inspired by his relentless call for “ufarazta,” or breaking through barriers to achieve what only seems impossible when we fail to see the interdependencies at every level, physical and otherwise. Among the people who helped us gain some understanding of the Rebbe’s monumental contribution to the betterment of mankind, we would like to mention Rav Chaim Miller, for his exceptional scholarship and ability to innovate within the boundaries of tradition; Rav Motti and Shterni Seligson who through their work and actions serve as role models for a new generation; and Rav Meir Kaplan for the depth and punctiliousness of his teaching. Our lives are enriched by their knowledge and friendship.

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