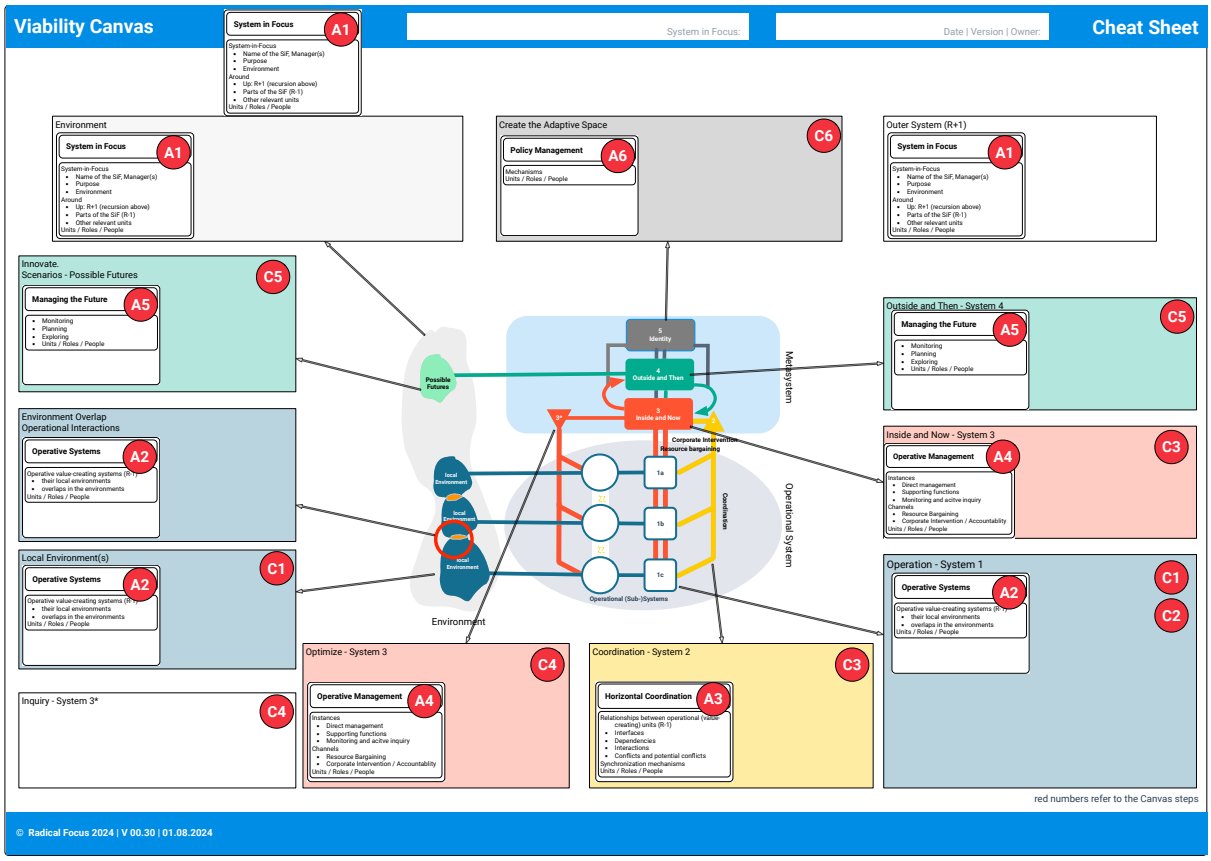


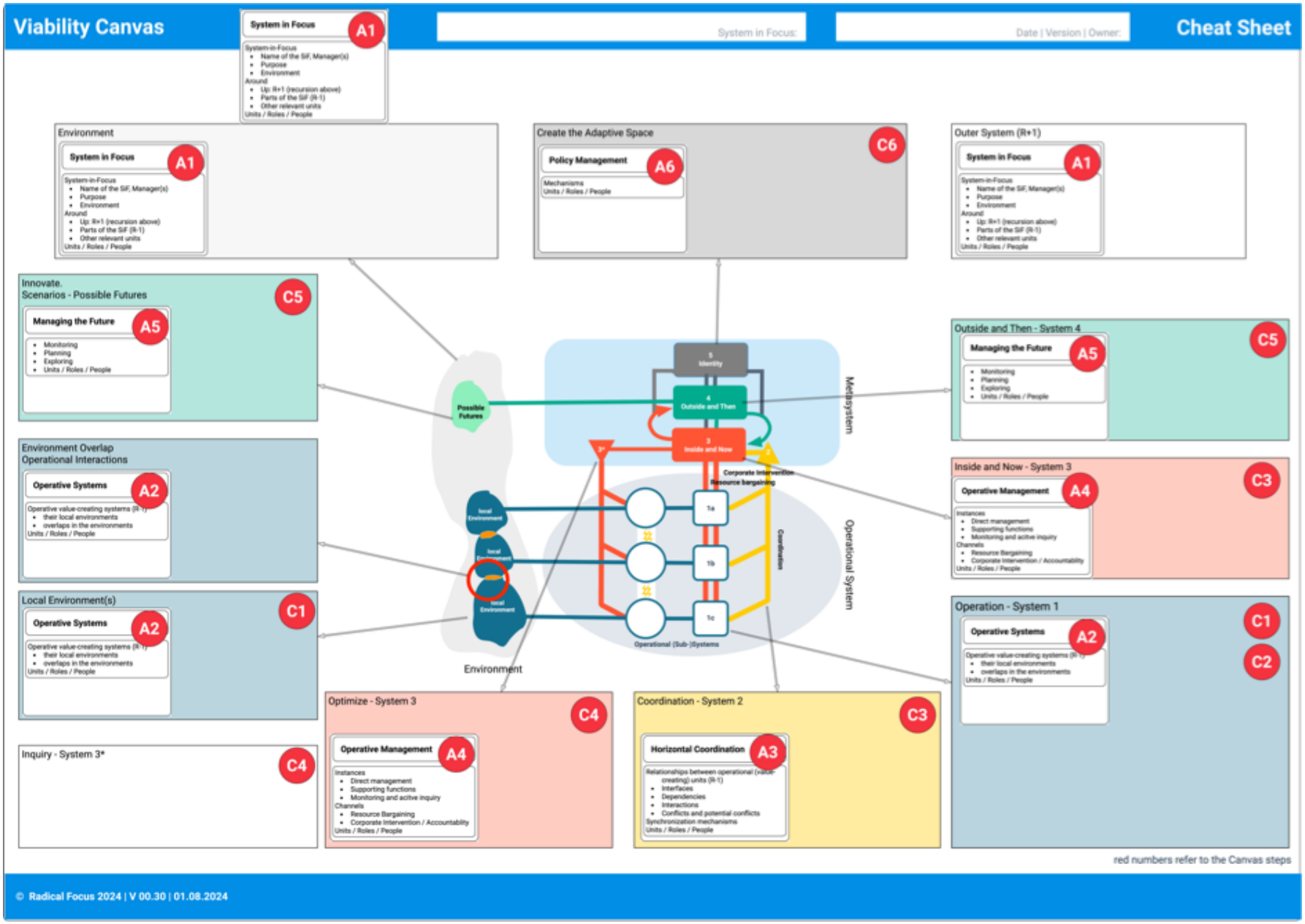
The Viability Canvas Handouts

Krishan Mathis

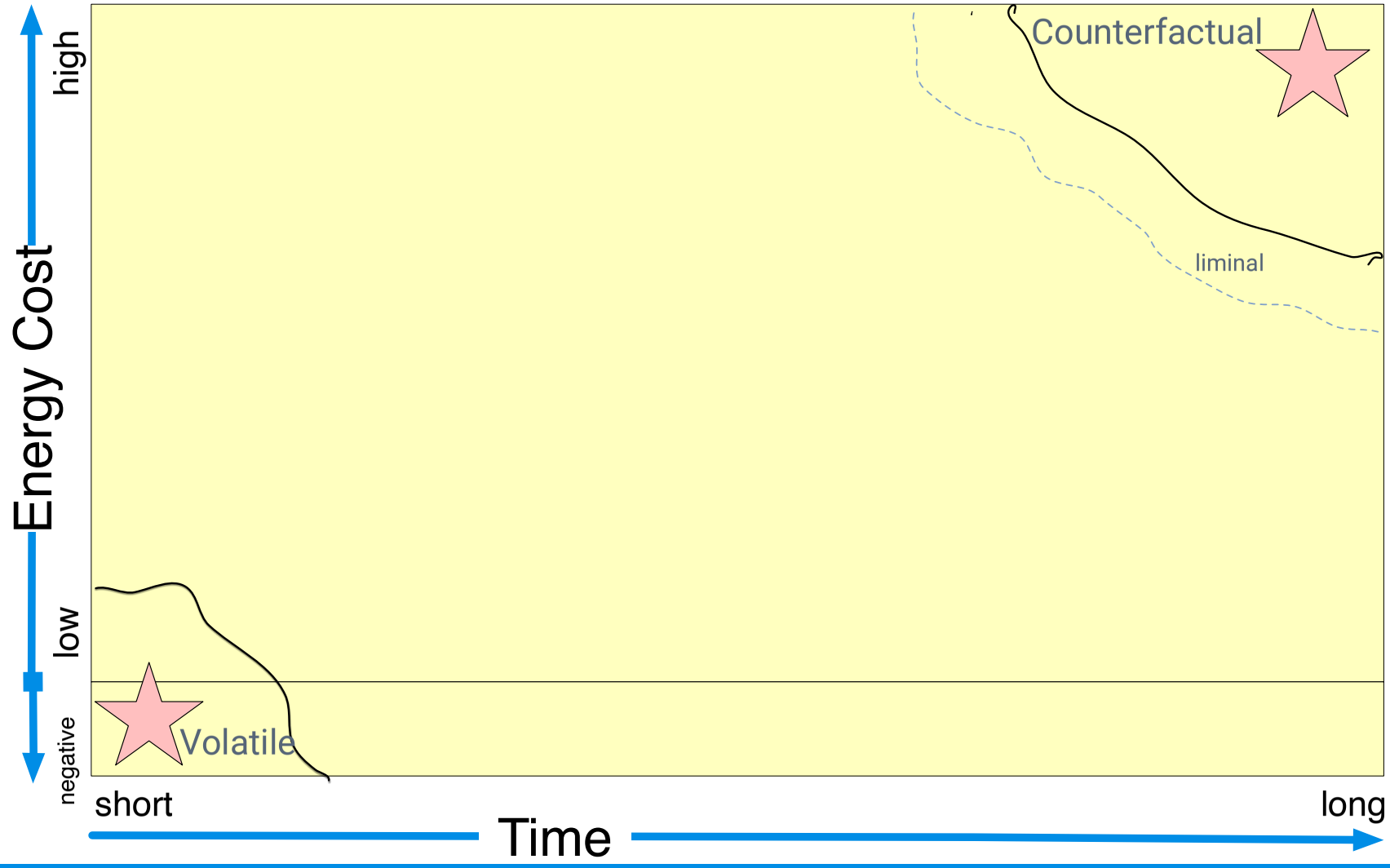
Version 00-40 | 12. February 2025

Content

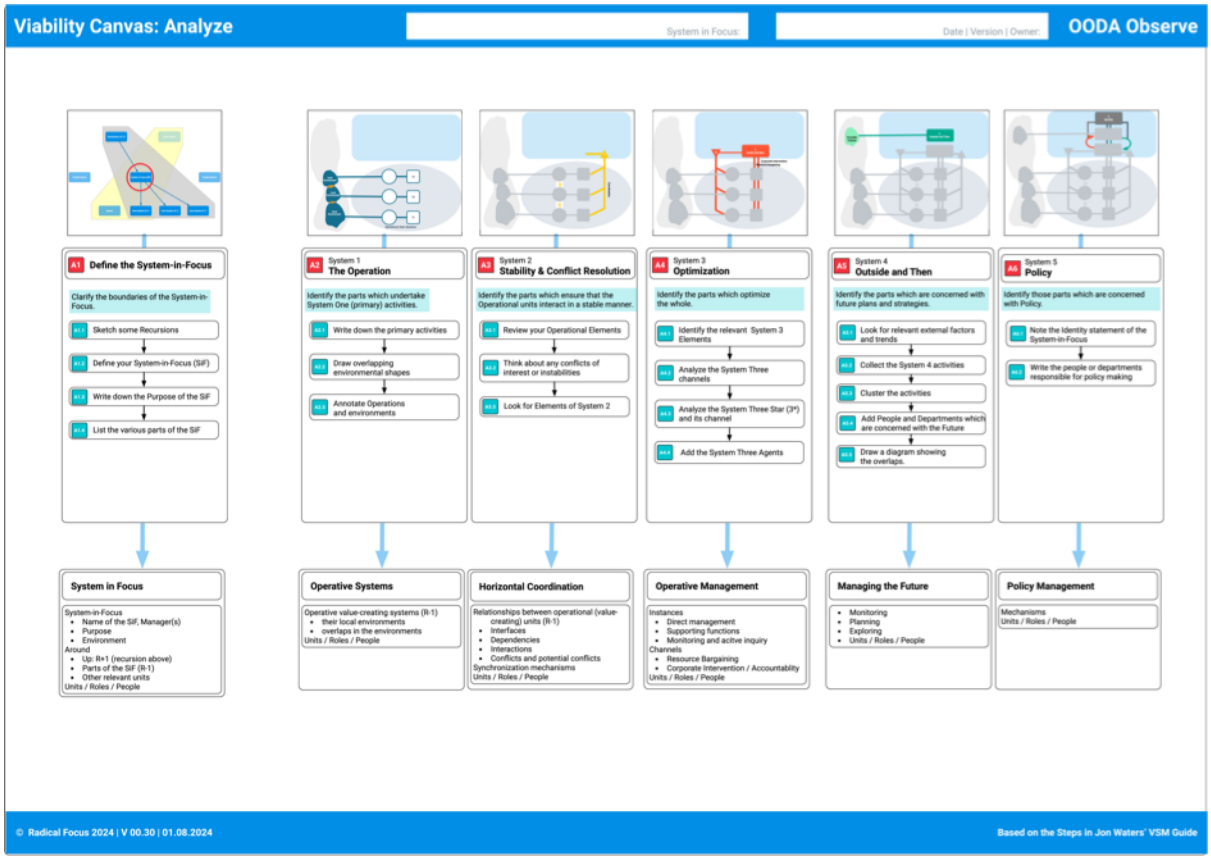
A downloadable version can be found at https://grado.group.


Viability Canvas
System in Focus
A1
System in Focus:
Date | Version | Owner:
Cheat Sheet
Environment
System in Focus
A1
Create the Adaptive Space
C6
Policy Management
A6
Mechanisms
Units / Roles / People
Outer System (R+1)
System in Focus
A1
Innovate.
Scenarios - Possible Futures
C5
Managing the Future
A5
Monitoring
Planning
Exploring
Units / Roles / People
Outside and Then - System 4
C5
Managing the Future
A5
Monitoring
Planning
Exploring
Units / Roles / People
Environment Overlap
Operational Interactions
Operative Systems
A2
Operative value-creating systems (R-1)
their local environments
overlaps in the environments
Units / Roles / People
Inside and Now - System 3
C3
Operative Management
A4
Instances
Direct management
Supporting functions
Monitoring and active inquiry
Channels
Resource Bargaining
Corporate Intervention / Accountability
Units / Roles / People
Local Environment(s)
C1
Operative Systems
A2
Operative value-creating systems (R-1)
their local environments
overlaps in the environments
Units / Roles / People
Operation - System 1
C1
C2
Operative Systems
A2
Operative value-creating systems (R-1)
their local environments
overlaps in the environments
Units / Roles / People
Inquiry - System 3*
C4
Optimize - System 3
C4
Operative Management
A4
Instances
Direct management
Supporting functions
Monitoring and active inquiry
Channels
Resource Bargaining
Corporate Intervention / Accountability
Units / Roles / People
Coordination - System 2
C3
Horizontal Coordination
A3
Relationships between operational (value creating) units (R-1)
Interfaces
Dependencies
Interactions
Conflicts and potential conflicts
Synchronization mechanisms
Units / Roles / People
Possible Futures
5 Identity
4 Outside and Then
3 Inside and Now
3*
Metasystem
Corporate Intervention
Resource bargaining
Coordination
Operational System
1a
1b
1c
Operational (Sub-)Systems
local Environment
Environment
red numbers refer to the Canvas steps
© Radical Focus 2024 | V 00.30 | 01.08.2024

Viability Canvas: Ways of Change | System in Focus: | Date | Version | Owner: | **OODA Act**

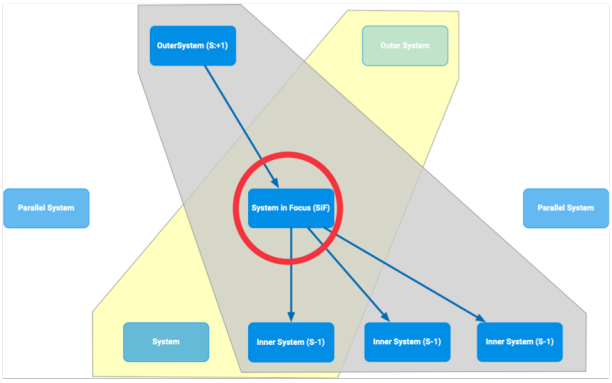


1 Observe: Analyzing the Organization



Analysis Worksheet.

Step A1: Define the System-in-Focus



Intent

To choose a unit as the System-in-Focus and clarify its boundaries.

Abstract

The VSM is a recursive model, i.e., it similarly describes units on each abstraction level.

We will explore alternatives for higher and lower levels, e.g., a product-based organization vs. a region-based one. Note: we are interested in the flow of information and decisions.

Focusing on one unit and level at a time reduces the complexity of the context we must consider. We call this unit our **System-in-Focus**.

This step aims to identify the System-in-Focus and its superior and subordinate systems.

This requires, however, some discipline: we restrict our findings or change initiatives to one unit at a time.

Tasks

A1 Scope
Define the System-in-Focus

Select a unit as the System-in-Focus and clarify its boundaries.

- A1.1 Sketch some Recursions.
- A1.2 Define the System-in-Focus.
- A1,3 Write down the Purpose of the System-in-Focus.
- A1.4 List the various parts and stakeholders.

Result

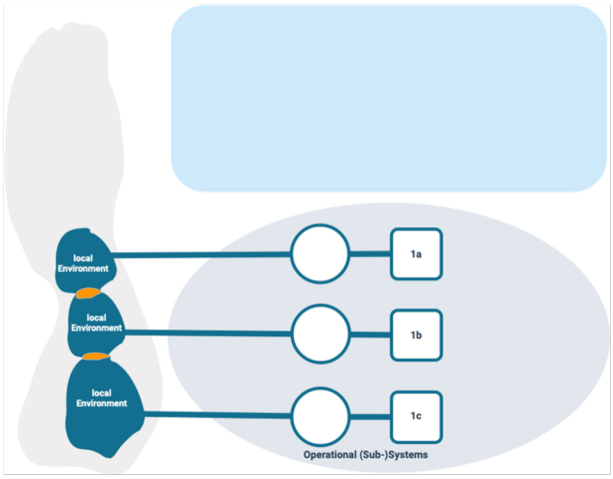
System in Focus

System-in-Focus
- Name of the SiF, Manager(s)
- Purpose
- Environment

Around
- Up: R+1 (recursion above)
- Parts of the SiF (R-1)
- Other relevant units

Units / Roles / People

Step A2: System One: the Operation



Intent

To specify those parts of the system-in-focus that undertake System One (primary) activities.

Abstract

We are now investigating the system's inner workings and the operational parts.

As a first step, we want to get an overview of all value-creating units.

Tasks

A2 Value Creation
System One: the Operation

Indentify and describe the operational units.

- A2.1 List the primary activities.
- A2.2 Describe the local environments.
- A2.3 Annotate the diagram..

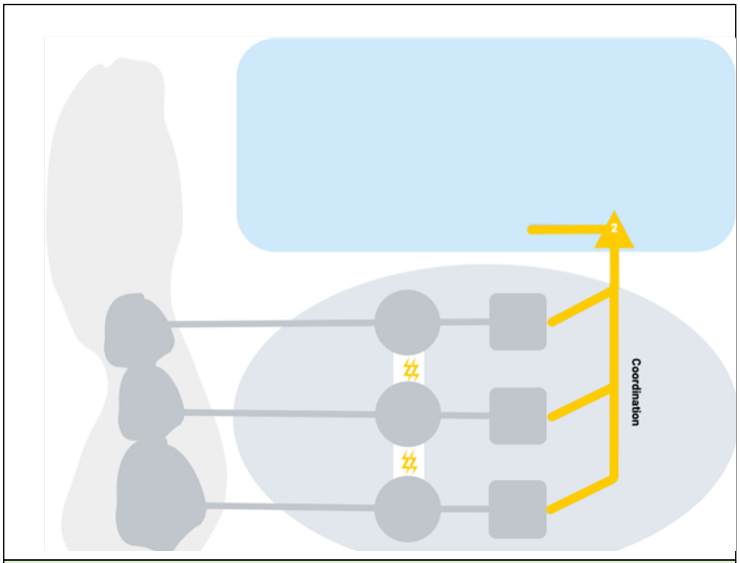
Results

Operative Systems

Operative value-creating systems (R-1)
- their local environments
- overlaps in the environments

Units / Roles / People

Step A3: System Two - Stability and conflict resolution



Intent

To identify those parts of the System-in-Focus that ensure that the operational units interact stably.

Abstract

Find the tasks that cannot be executed locally by Systems 1.

Think: Horizontal coordination. With this focus, you will find various roles, committees, institutions, and technical systems that help coordinate.

When you dig deeper, you will realize there is more than mere coordination behind System 2. A strong System 2 is one of the most effective ways to absorb variety and, in many cases, tremendously effective low-hanging fruit.

So, do not underestimate this step.

Tasks

A3 Coordination
System Two: Stability and conflict resolution

Identify the parts that ensure that the Operational units interact in a stable manner.

- A3.1 Review Interaction of units
- A3.2 Identify potential conflict
- A3.3 Look for elements of System 2

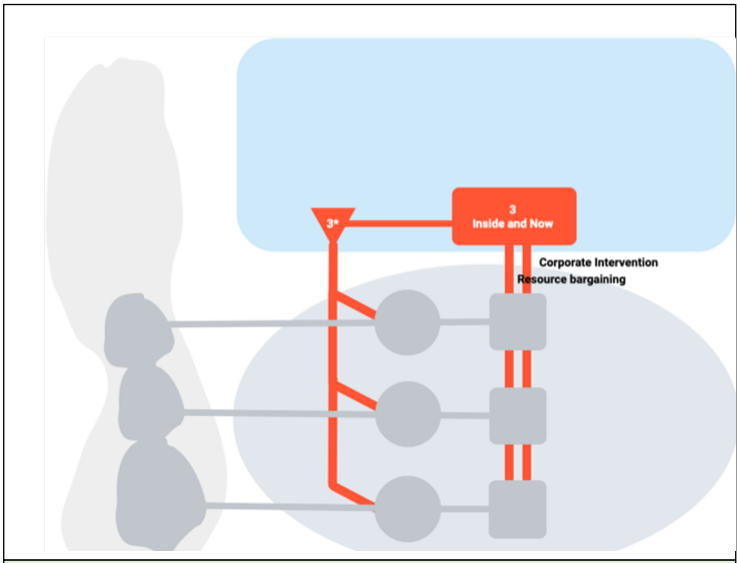
Results

Horizontal Coordination

Relationships between operational (value-creating) units (R-1)
- Interfaces
- Dependencies
- Interactions
- Conflicts and potential conflicts

Synchronization mechanisms
Units / Roles / People

Step A4: System Three: Optimization



Intent

To identify the relations between the organization as a whole and its units, i.e., Systems One.

Deal with aspects that cannot be handled by the operational units or through horizontal coordination.

Abstract

We will first look at the elements of System 3 and describe the operational management. Also, most cost centers, such as HR, marketing, and the finance department, must be allocated to System 3.

Tasks

A4 Inside and Now
System Three: Optimization

Deal with aspects that cannot be handled locally or horizontally.

- A4.1 Identify the System 3 Institutions
- A4.2 Analyze vertical channels
- A4.3 Analyze 3*: audits, inquiry etc.
- A4.4 Add the System Three Agents

Results

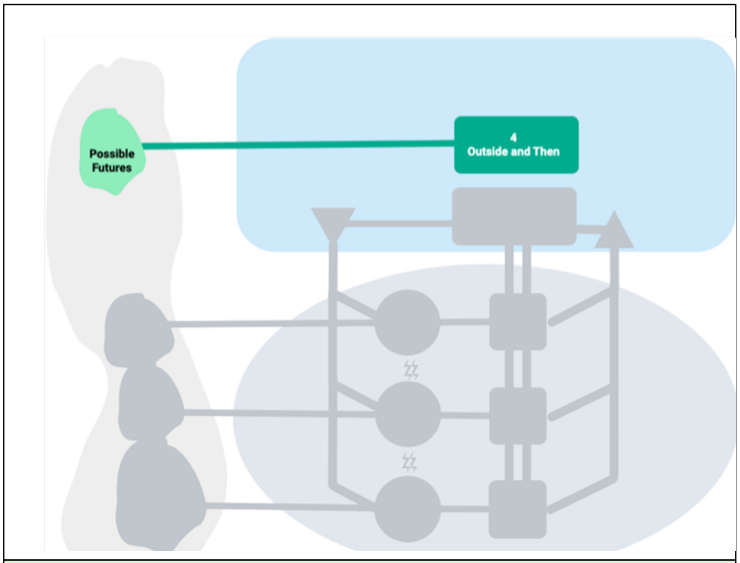
Operative Management

Instances
- Direct management
- Supporting functions
- Monitoring and acitve inquiry

Channels
- Resource Bargaining
- Corporate Intervention / Accountablity

Units / Roles / People

Step A5: System Four - Outside and Then



Intent

To identify those parts of the System-in-Focus concerned with future plans and strategies in the context of environmental information.

Leading Question

Which parts of the System in Focus produce strategies for future planning?

Abstract

Dealing with the future and the external world.

Tasks

A5 Outside and Then
System Four: Plan & Research

Identify the parts concerned with the future in the context of environmental information.

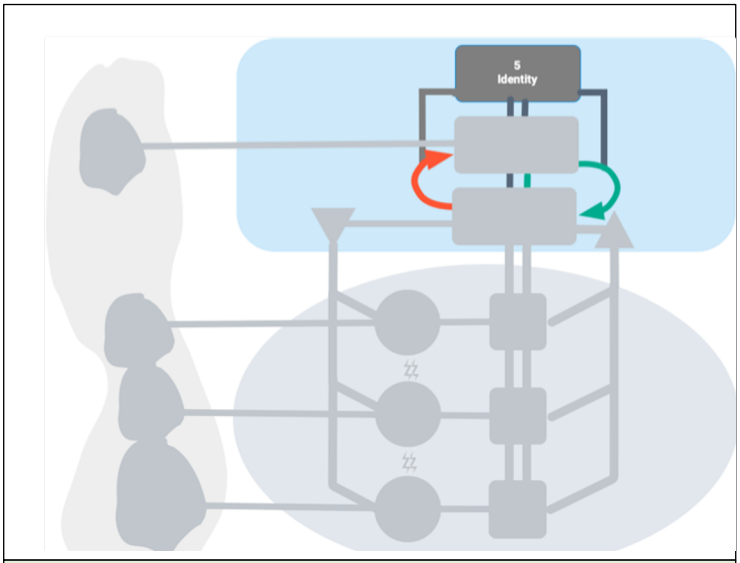
- A5.1 Look for relevant external factors and trends
- A5.2 Collect the System 4 activities.
- A5.3 Cluster activities.
- A5.4 Add People and Departments concerned with the Future.
- A5.5 Draw a diagram of the overlaps.

Results

Managing the Future

- Monitoring
- Planning
- Exploring
- Units / Roles / People

Step A6: System Five: Identify the policy making



Intent

To identify the ultimate decision maker of the System-in-Focus that is concerned with Identity, Policy, and the global direction of the system.

Abstract

System 5 is the mechanism that formulates the Identity, the Mission, or the North Star.

Tasks

A6 Identity
System Five: Identify the policy making

Identify the parts of the System-in-Focus which are concerned with Policy.

A6.1 Note the Identity statement of the System-in-Focus.

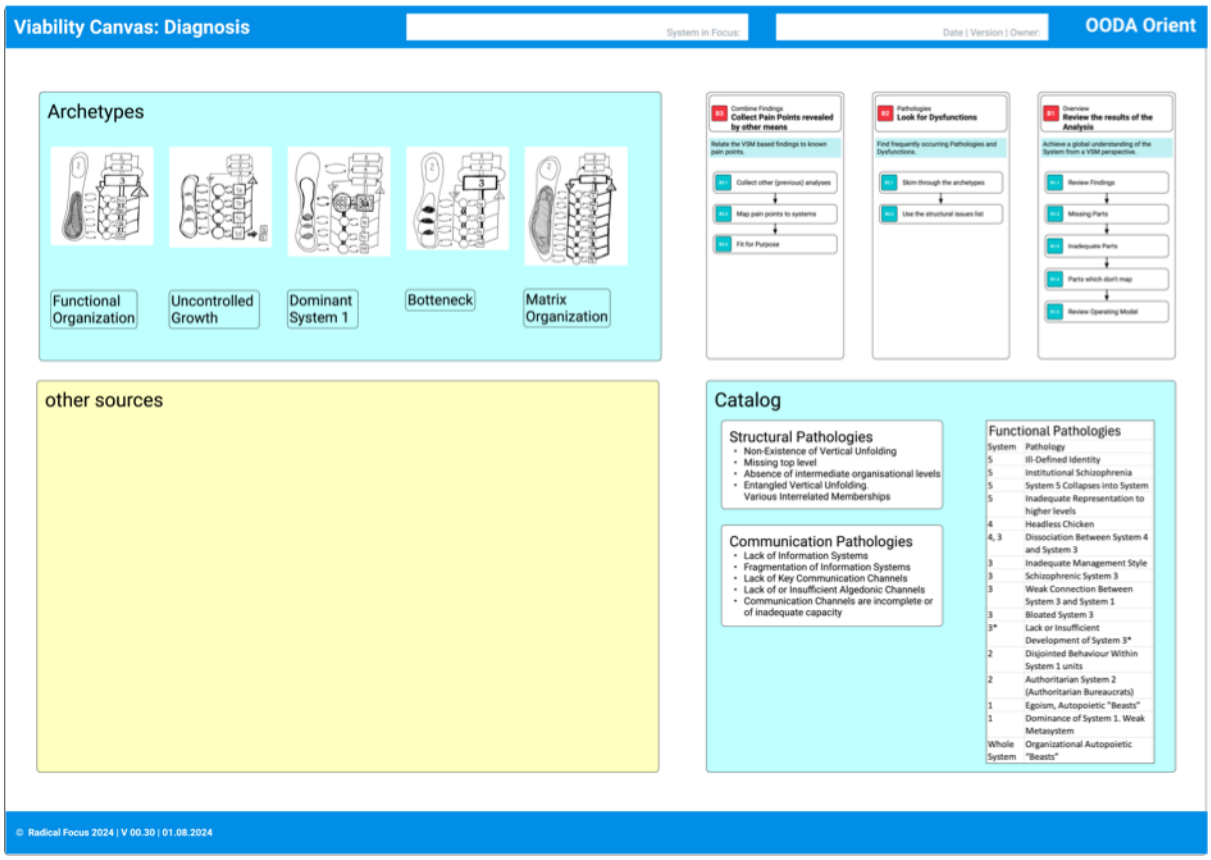
A6.2 Find the Policy Makers.

Results

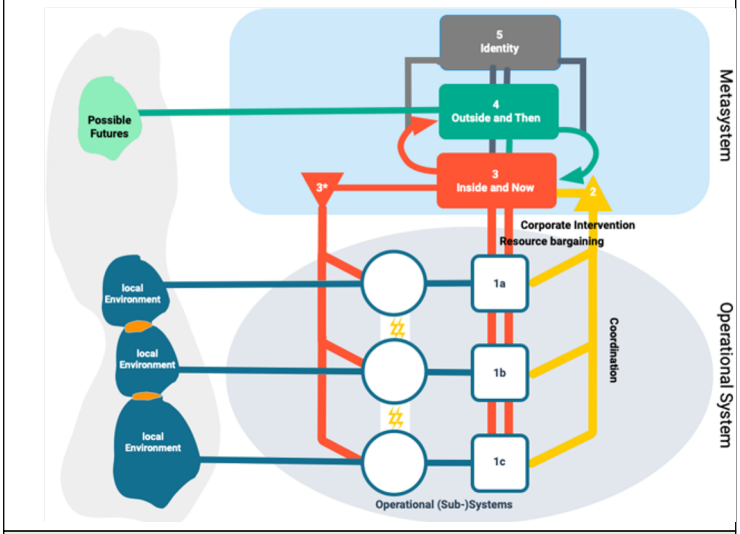
Policy Management

Mechanisms
Units / Roles / People

2 Orient: Finding Improvement Potential



Step B1: Review the results of the Analysis



Intent

Achieve a global understanding of the System from a VSM perspective.

Abstract

Review the results of the analysis/preliminary diagnosis steps and draw the first conclusions.

Tasks

B1 Overview
Review the results of the Analysis

Achieve a global understanding of the System from a VSM perspective.

- B1.1 Review Findings
- B1.2 Missing Parts
- B1.3 Inadequate Parts
- B1.4 Parts which don't map
- B1.5 Review Operating Model

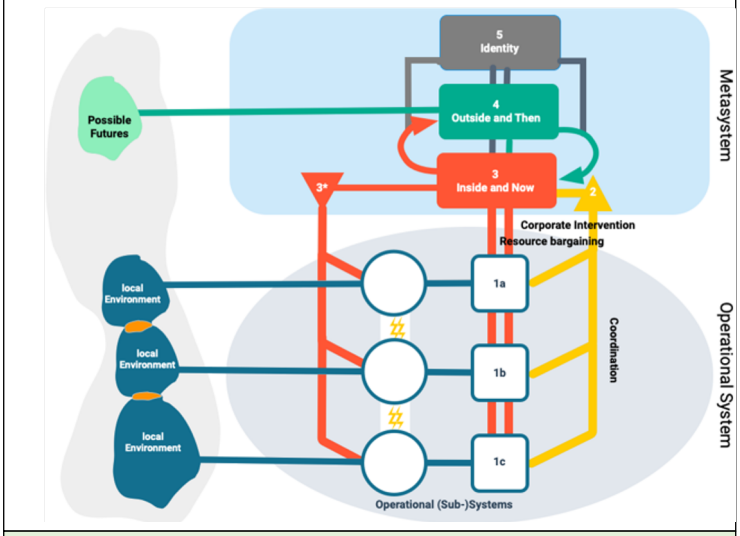
Results

The System as a Whole

Overview
Parts
- Missing
- Cannot allocate
- Inadequate

Operating Model

Step B2: Look for Dysfunctions and Pathologies



Intent

Find frequently occurring dysfunctions.

Abstract

Locating frequently occurring dysfunctions is collecting low-hanging fruit. It shows particularly impressively the strength of the view of decisions and information flow, i.e., the power of the VSM.

After reviewing archetypes of dysfunctional organizations, try the supplied patterns, but caution: patterns only ever show examples of reality.

Tasks

B2 Pathologies
Look for Dysfunctions

Find frequently occurring Pathologies and Dysfunctions.

B2.1 Skim through the archetypes

↓

B2.2 Use the structural issues list

Results

Dysfunctions

Disproportions
Structural Deficits

Step B3: Collect Pain Points revealed by other means

Intent

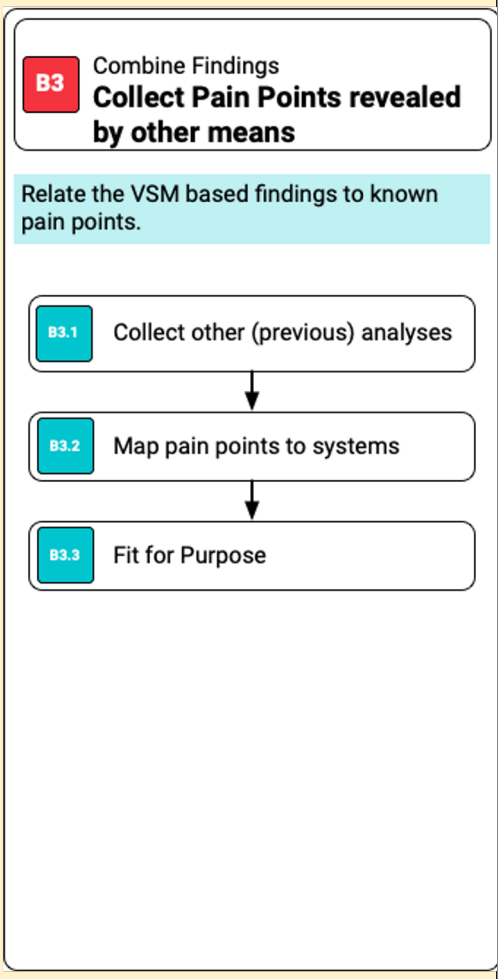
Relate the VSM-based findings to known pain points.

Abstract

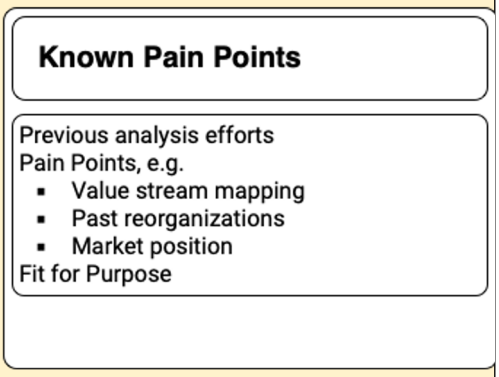
The VSM has a surprisingly strong effect on discovering problems in the organization due to its focus on information paths. This does not mean, however, that the previous methods of analysis are replaced, but rather that they often provide complementary indications of problems and opportunities for improvement.

The different approaches work best when their different results are combined.

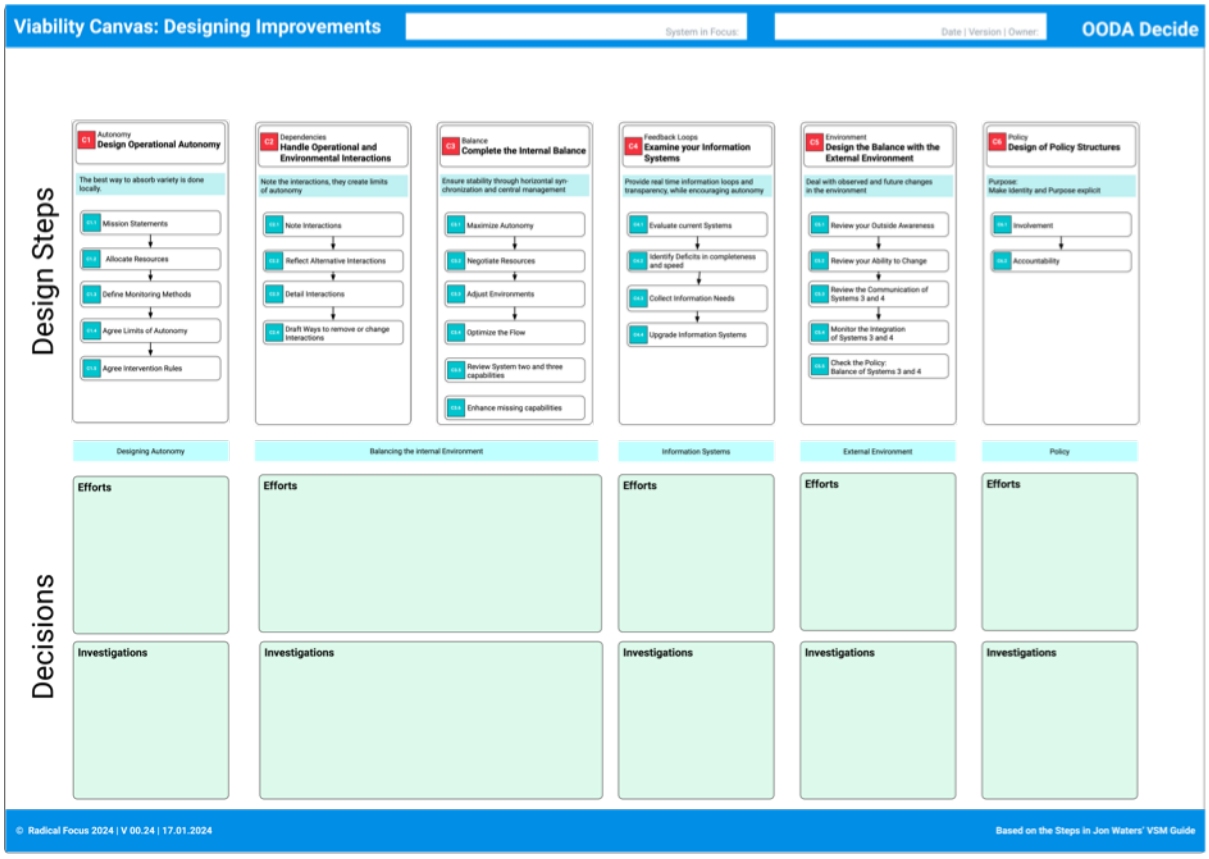
Tasks



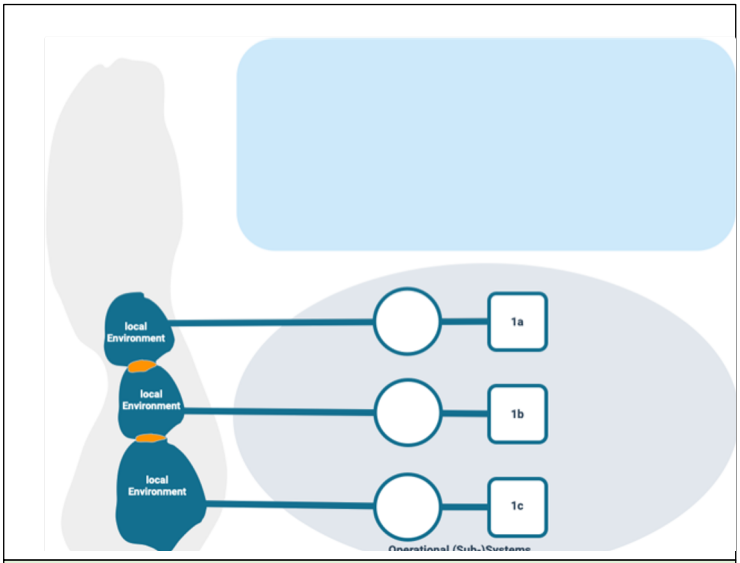
Results



3 Decide: Designing Improvements



Step C1: Plan the Product Flow



Intent

Plan the value creation of the system as the most meaningful view.

Abstract

The system consists of one or more value streams to which the operational units contribute.

Plan the operational units, their interactions, and overlaps in their environments.

You may also notice strong interactions or overlaps in the operational units. This could trigger changes in the segmentation into operational units with fewer necessary interactions.

Tasks

C1 Value Creation
Plan the Product Flow

Plan the value creation of the system as the most meaningful view..

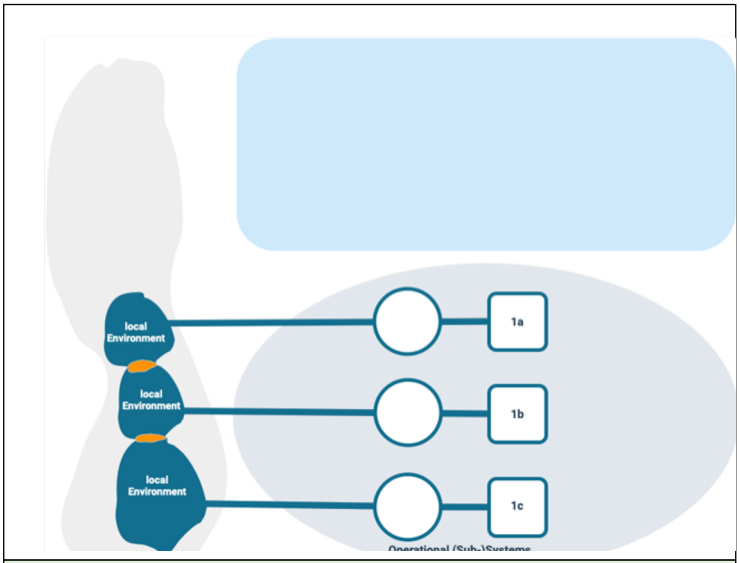
- C1.1 Describe Value Streams
- C1.2 Segment Operational Units
- C1.3 Implement Interactions
- C1.4 Reflect Alternative Interactions
- C1.5 Look for ways to remove Interactions

Results

Segmentation and Flow

Product flow, value streams
- Segmentation of the Systems 1
- Interactions
- Elements of System 2
- Reasons for choosing the preferred segmentation

Step C2: Shape Operations



Intent

Enable and empower the operational units to work as autonomously as possible.

Abstract

The best way to absorb variety, i.e., to deal with challenges and surprises, is to do it locally. Interventions should be an exception and occur only when the unit cannot deal with the situation alone.

This step intends to enable and empower the operational units (Systems 1) to work as autonomously as possible.

Tasks

C2 Autonomy
Shape Operations

Enable and empower the operational units to work as autonomously as possible.

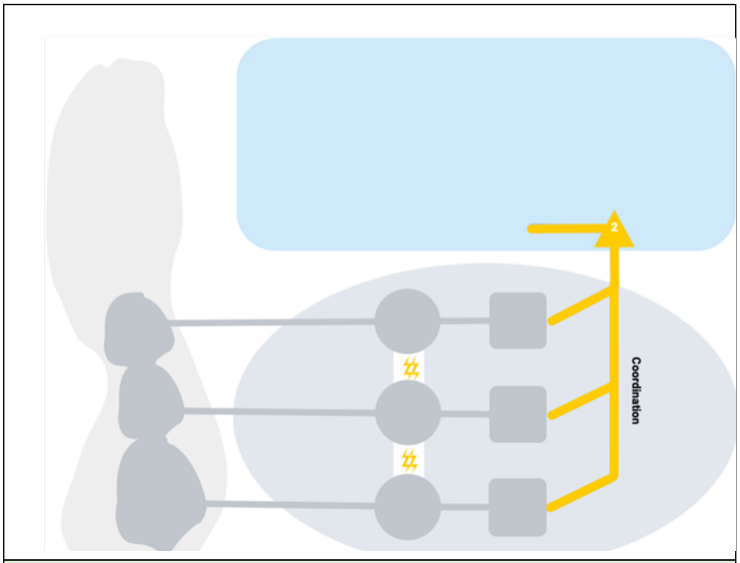
- C2.1 Negotiate Mission Statements
- C2.2 Allocate Resources
- C2.3 Accountability: Define Monitoring Methods
- C2.4 Agree Intervention Rules

Results

Rules for Systems 1

Operating agreements for Systems 1
- Mission statements
- Resources
- Accountability and monitoring
- Autonomy and intervention rules

Step C3: Stabilize



Intent

Ensure effectivity and stability through minimizing dependencies and horizontal synchronization.

Abstract

In this step and the next one, we create the operative management.

The operative management is necessary because not everything can be handled in Systems 1 locally. The next best option is to create mechanisms for horizontal coordination, called "System 2". This is the focus of this step:

Ensure stability through horizontal synchronization.

Rely on centralization only if this is not enough: in the next step, we will plan the necessary minimum of centralized management.

Tasks

C3 Stabilize
Horizontal Coordination

Ensure effectivity and stability through horizontal synchronization.

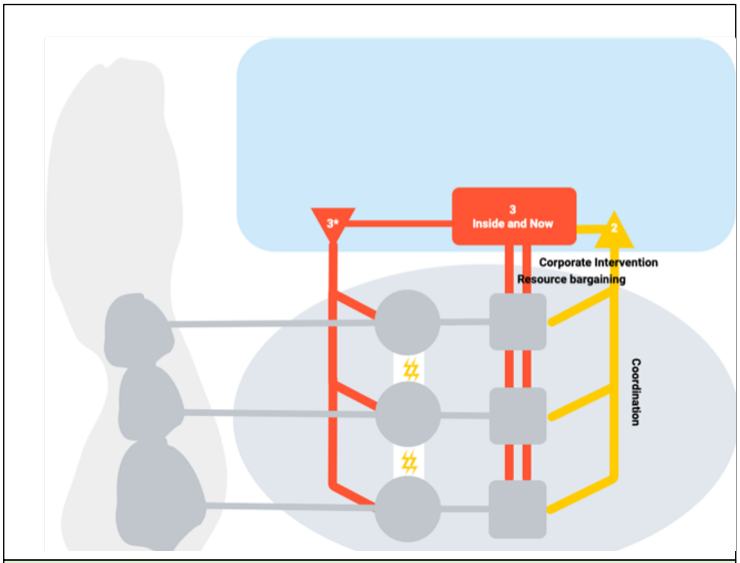
- C3.1 Maximize Autonomy
- C3.2 Adjust Environments
- C3.3 Review Requisite Variety
- C3.4 Enhance missing capabilities

Results

Horizontal Coordination

Well-running operative system
- More System 2 elements
- Environment challenges
- Manageability assessment
- Refined accountabilities and roles
- Training needs

Step C4: Optimize



Intent

Ensure coherence through necessary central services, decisions, and management.

Abstract

This step handles the responsibilities that need a global view and cannot be managed effectively in the operative units.

Tasks

C4 Coherence
Optimize: Central Services & Management

Ensure coherence through necessary central services, decisions and management.

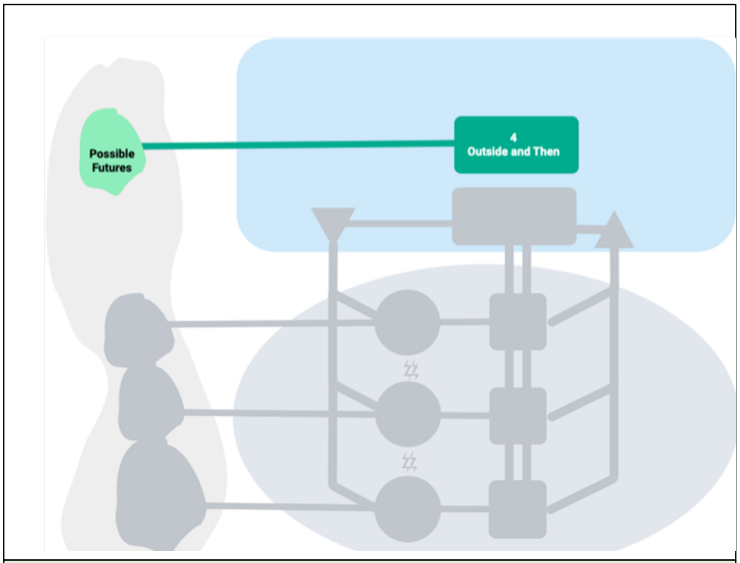
- C4.1 Negotiate Resources
- C4.2 Involvement - Allocate Decisions
- C4. Accountability
- C4.4 Evaluate current Info Systems
- C4.5 Collect Information Needs
- C4.6 Upgrade Information Systems

Results

Operational Management

Balanced organization and operative management
- Budgets
- Decisions and autonomy
- Agreement on information needs
- System 3* mechanisms
- Understanding what information systems are needed

Step C5: Innovate



Intent

Deal with observed and future changes in the environment

Abstract

If an organization ignores market changes, it will sooner or later fail because it does not anticipate significant changes (best regards from Kodak).

System 4 is responsible for future planning regarding the environmental information it gathers.

System 4 must balance the internal operational units and the outside world and ensure that the organization can adapt to change.

Tasks

C5 Innovate
Plan and Strategize

Deal with observed and future changes in the environment.

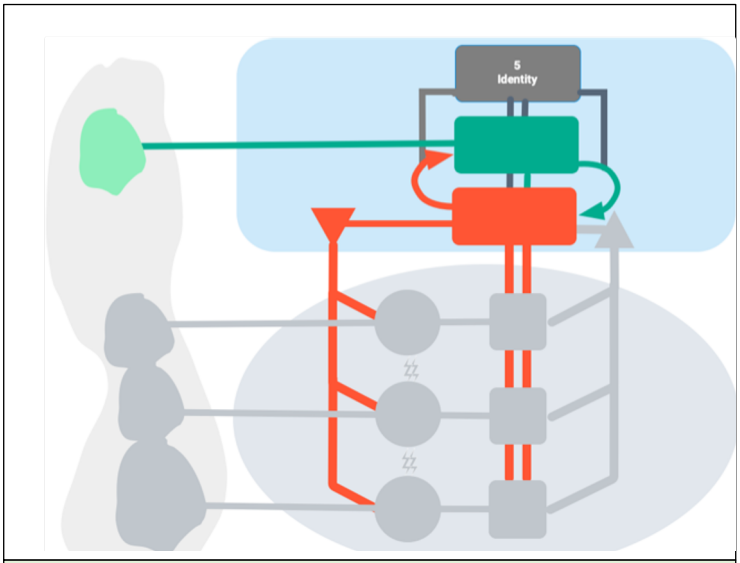
- xx Review the Environment
- xx Review your Outside Awareness
- xx Review your Ability to Change
- xx Design Concepts and Actions to deal with Changes

Results

Future Fit Organization

- Situation awareness for future challenges
- Insights into the ability to change
- Awareness for the need to consider unknnown unknowns
- Concepts for anticipating and reacting to external surprises

Step C6: Create the Adaptive Space



Intent

Make the tension between operation and innovation productive.

Abstract

The balance between today's needs and tomorrow's challenges is the most critical issue for an enterprise. The business must pay its bills and make a profit, but all financial problems are constraints. What the company is really about is defined partly by its mission statement and partly by the working environment it creates for its members.

These conflicting goals can create conflicts between "factions" in the organization, which can be painful if not handled properly but can also be a major source of synergy and an important contribution to long-term survival and prosperity.

We call this exchange the Adaptive Space.

Tasks

C6 Fit for the Future
Create the Adaptive Space

Make the tension between operation and innovation productive.

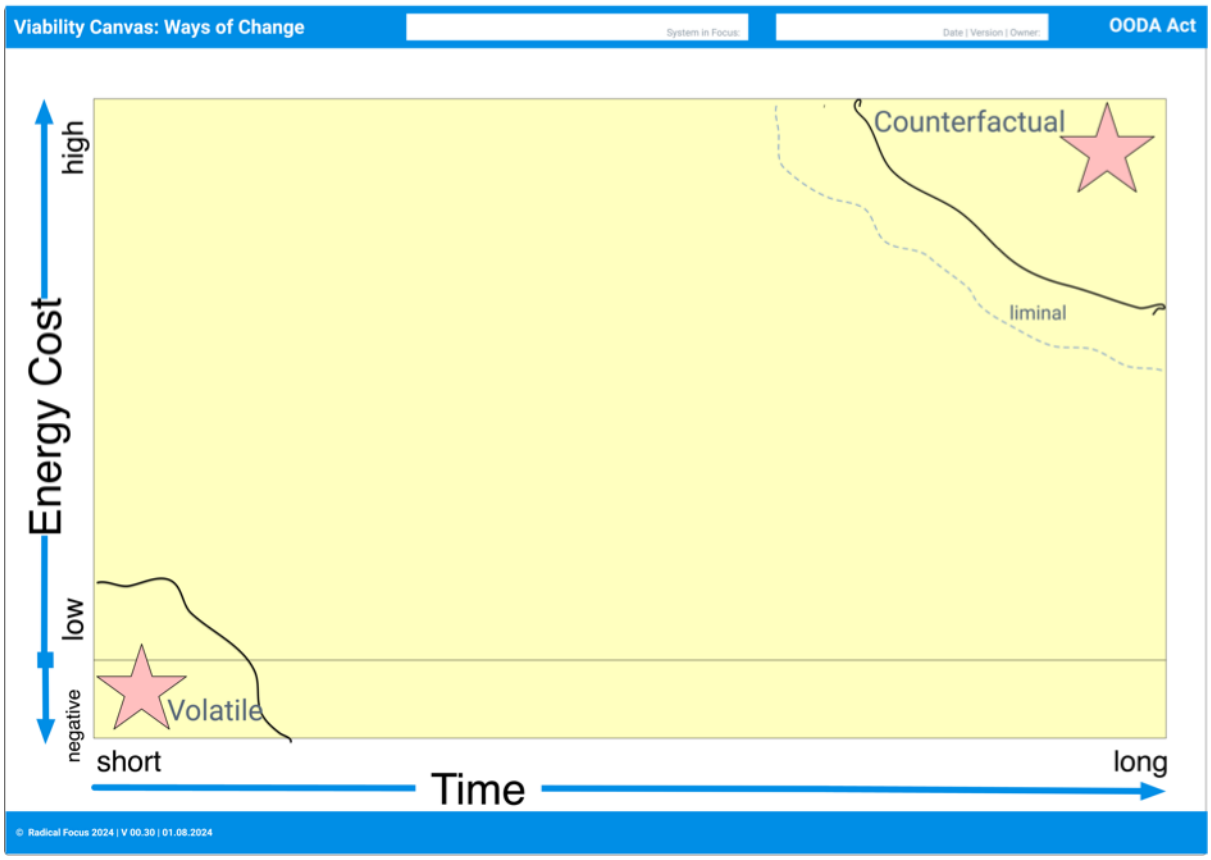
- C6.1 Review the Communication of Systems 3 and 4
- C6.2 Design productive Exchanges: Integration of Systems 3 and 4
- C6.3 Balance Power: Balance of Systems 3 and 4

Results

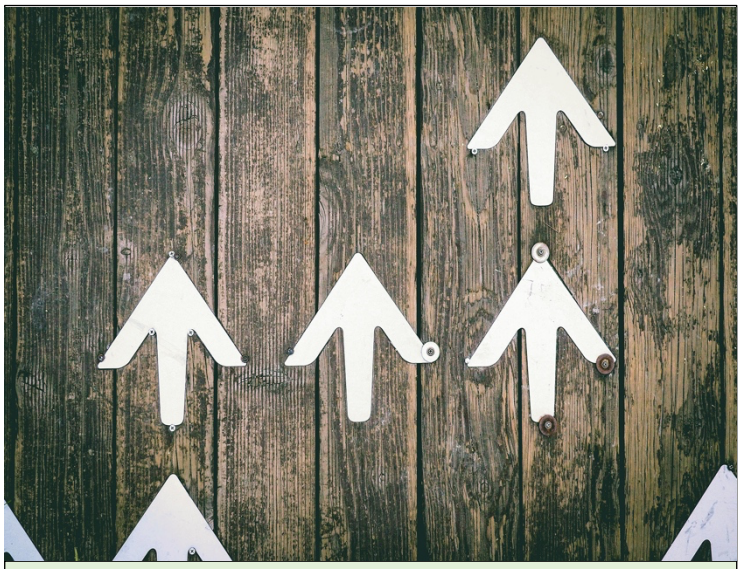
Adaptive Space

Adaptive Space with productive tension
- Assessment of the communication of System 3 and System 4
- Design of the exchange of System 3 and System 4
- Balance of power between System 3 and System 4

4 Act: the Ways of Change



Step D1: Direction



Intent

Identify a direction of movement.

Abstract

In dynamic and complex environments, aiming for a fixed desired state is impractical due to rapid changes and inevitable changes caused by ongoing interventions.

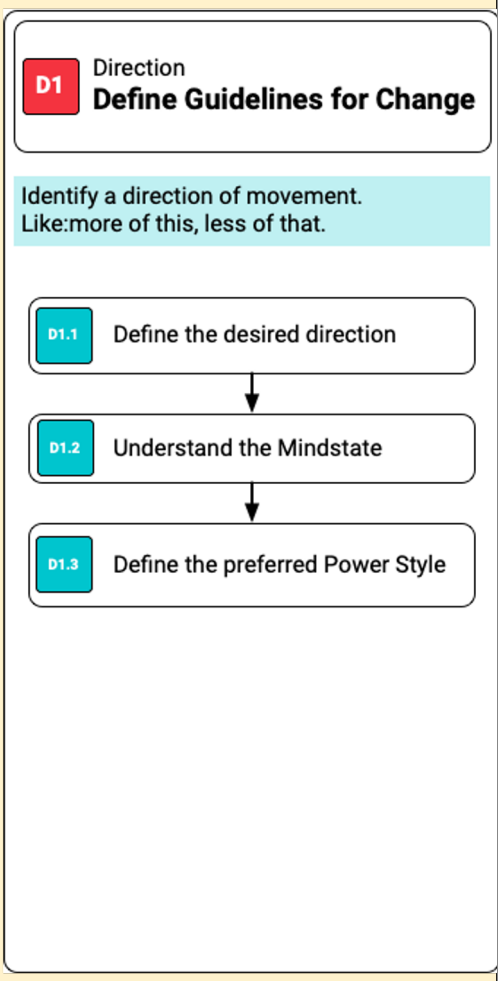
Instead, a more effective approach is to establish reliable guidelines for interventions to help navigate and adapt to continuous changes, providing a flexible framework that can adjust to new information and evolving conditions.

A possible way to describe this is "more of this, less of that," which is more anecdotic than systematic.

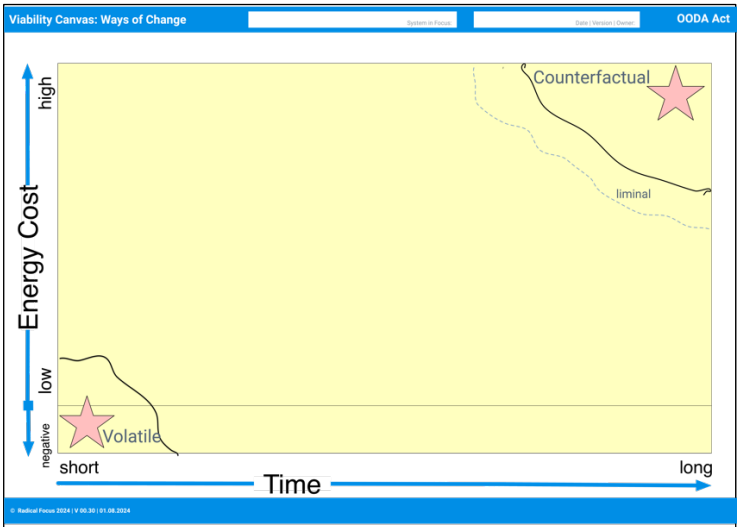
This approach ensures that actions remain relevant and practical, fostering resilience and continuous improvement in the face of uncertainty.

Foto: Jungwoo Hong, Unsplash

Tasks



Step D2: Energy Map



Intent

Understand what is possible and what are the obstacles.

Abstract

Allocate efforts and inquiries on a two-dimensional map[1] considering[1] two key metrics:

- expected resistance/effort (using energy or cost as a proxy) and
- the time required for the change.

This approach helps visualize and prioritize initiatives.

Tasks

D2 Possibilities
Energy Map

Visualize what is possible and what are the obstacles.

- D2.1 Allocate Efforts
- D2.2 Extract Experiments from Investigations
- D2.3 Allocate Experiments

Step D3: Limit Attention

Intent

Eliminate interventions that are too volatile or impossible to achieve

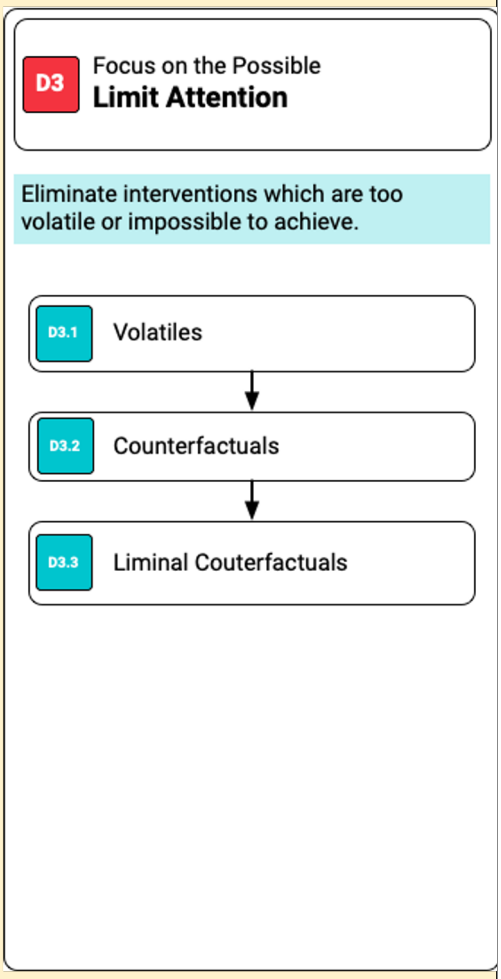
Abstract

Some actions should be filtered out:

- **Volatiles** are interventions that are not interesting because they tend to be reverted frequently.
- **Counterfactuals** or impossible interventions take too much time and need too much energy to be considered promising.
- **Liminal counterfactuals are currently not possible but can become possible if some external conditions change**, e.g., if some high-level manager can be **convin**ced, to whom we usually do not have contact.

Foto von weston m auf Unsplash

Tasks



Step D4: Nudge

Intent

Start multiple parallel interventions.

Abstract

Nudging means giving small impulses for change.

These can achieve rapid improvements or prepare the ground for further improvements.

Nudging is a fundamentally different strategy than defining an actual and a target state: it avoids wasting energy on goals that are impossible or improbable to succeed. Instead, it provides constant pressure in a consistent direction.

Foto von Lucas van Oort auf Unsplash

Tasks

D4 Nudge
Plan parallel experiments

Start multiple parallel interventions, achiev rapid feedback.

D4.1 Low hanging fruit

↓

D4.2 Catalysts

Step D5: Hack

Intent

Act - and ask for forgiveness, not for permission

Abstract

Sometimes, you don't have permission or authorization to implement ideas. This is when you need to try organizational hacks.

Hacking comes from software and refers to an unauthorized change to an implementation.

We use hacking in a slightly different context: hacking as an intervention in the organization - and, of course, only the benign variant.

Foto: Luther.M.E. Bottrill, Unsplash

Tasks