

Hello and thank you for inviting me to present at this year's conference.

I am Peter Vanderminden, I work for JP Morgan Chase as the principal architect for business process management and systems architecture for our treasury and security servicing businesses.

The paper I am presenting, "System Dynamics – A Field of Study, a Methodology or Both" is primarily about exploring some very fundamental questions and attempting to answer for myself just what is System Dynamics.

These are questions that I have had to confront as I have sought to make use of System Dynamics and win converts to its use within JP Morgan Chase.

The answers I have developed to these questions may be quite challenging to a number of you.

I recall that at the 2001 Conference, one of the eulogists for Dana Meadows recalled that a key lessons that he learned from her was how thrilled she was when clients got into quite heated debates about the models they were creating.

This indicated to her that she had really engaged the clients and had gotten them thinking about fundamental questions.



Lets have a show of hands

How many people here consider themselves to be System Dynamicists?

System Dynamics is a field AND is not a methodology.

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The System Dynamics web site proclaims that it is both a methodology and a field of study.

The first two paragraphs start by tell the reader that it is a methodology.

Then the third paragraph announces that it is a field of study.

If you click on the link to learn where you can study System Dynamics it advises where the field of SD is taught.

Clearly our primary marketing mechanism promotes the concept that SD is both a method and a field of study.



I have been attending the System Dynamics conference since 2001 and have observed several recurring themes of discussion including:

Concern over the slow adoption rate of SD and how to increase it

Debates of what is and is not SD with purists insisting that SD was confined to the use of SD modeling.

This had led me to question if I am a practicing System Dynamicist and what it means to be one.



As I have looked to come to and understanding of what is SD, it is clear that this has been an issue that has concerned practitioners for some time.

Back in 1997 Fabian Szulanski felt the need to ask the SD discussion list for a 30 second elevator speech to explain what SD was.

Among those who responded included such familiar names as Forrester, Richardson, Richmond and Wolstenholme.



Here is an example of one of the responses.

Lets deconstruct it to see just what is being communicated here.

It starts out telling the reader that SD is about "how things change through time which includes most of what most people consider to be important".

Now basically everything changes over time. Kinda sounds like SD is the study of everything, especially if its important. How's that for giving focus and definition. This tells the me nothing whatsoever.

Next this definition tells me that SD uses computer simulation to show why system behave the way they do.

I'm sorry... Let's get this straight once and for all. System Dynamics has nothing to do with computer simulation. Computer technology is not an end in itself it is only a means to an end. Technology is just an enabler. It does not define anything.

Accounting existed before the invention of Excel. Minitab does not define Statistics and the Egyptians managed to architect the pyramids a good 3000 years before AutoCad. In the financial services industry nearly all software applications I encounter use some form of computer modeling and simulation and darn little of it uses system dynamics.

If you are explaining System Dynamics to your audience as being characterized by computer simulation, quite frankly you don't get it and you are telling your audience absolutely nothing about system dynamics. Moreover, using this as a crutch in your explanation insults your audience and it implies to them that SD is beyond their comprehension and can only be understood through the use of black box device.

Finally, the definition concludes by telling the reader that SD "demonstrates how most of our own decisions....are the cause of the problems we blame on others".

WOW!...We really like to kick our audience in the teeth don't we. Not only is SD the study of everything, we use a computer black box to prove to you that you are incapable of making decisions and perceiving reality.

Now quite frankly I find this to be one of the most appalling bad definitions of SD that I have ever come across. I can't think of a worst way to market an idea.

Now who do you think is responsible for this so called definition of SD?..... Forrester

And notice that it says nothing about whether it is a method or a field.



None of the other definitions that I have come across in reading the SD literature has really resonated with me. In fact I would say that I have grown increasing frustrated with the lack of a clear and simple definition of what is SD. My own in ability to explain it clearly to others has limited my attempts to obtain their buy-in. When I have tried to use the definitions such as the one from Forrester that I just critiqued it has generally blown up in my face.

I think we struggle to increase the use of SD as we struggle ourselves to explain it. Essential to the acceptance of any new idea or innovation is the ability for its advocates to clearly and simply state what the concept is.

People tend to reject or at least treat with skepticism things that they do not understand and when they see us struggle to explain it we are on a very weak footing.

I think a key part of the problem is that we attempt to give explanations that encompass aspects of both the methodology and the field all wrapped up together and as a result very mixed messages come out neither of which are clear.

I would now like to offer up the following as the most succinct definition of SD as both a method and a field that I can think of.



System Dynamics modeling is the field of studying system dynamics, provided that the only method used is System Dynamics modeling.

How's that for a feedback loop.

Lets try to model the relationship between the method and the field. Here is how I would depict it.

Now I am sure that most of you would be quick to point out that this is a flawed model. And in fact Vensim even advises it can not be simulated as we have self referencing simultaneous equations.



Now maybe you would prefer to model the relationship this way.

But I find this to be a flawed model. The model on the prior slide does a better job of describing my mental model of the relationship between the method and the field of SD. To me they operate as a Watzlawick double bind paradox.

Or to put it in terms of Poincare's Dynamical Systems, *The motorium provides the interpretation for the sensorium and the sensorium provides the interpretation for the motorium*.

Here is perhaps the most accurate depiction of the relationship between the method and the field of SD.





Paradox happens when you define something recursively within the same reference frame.

The only way to break the paradox is to Get up out of the chair and step outside the reference frame.



It is correct that our software is telling us that our approach of defining the method and the field in terms of each other is wrong. It detects we have created a paradox.

That is why we struggle to explain what SD is as we have created self-referential definitions that come across like an optical illusion in which we have frozen the state of both and as a consequence are unable to advance the state of either.

When the method is applied to another field, say economics, have we made a contribution to field of SD?

The current situation is that the more the method is applied, the more unfocused the field becomes and the journal struggles to find articles on just the field of SD

We have an ever increasing range of topics offered for presentment at the conference and we have to announce themes for the conference and the journal.

Furthermore, if one attempts to develop new tools or apply ones from other fields SD practitioner purists are quick to claim that those do not belong to the field of SD as they do not meet the self-referential test.

This is what I mean by a classic Watzlawick double bind paradox that has hamstrung the development of both the field and the method.



How can we break the paradox?

I think there are three essential things that we need to do.

- 1. Need to decouple the method from the field.
- 2. Adopt distinctly different terms for each.
- 3. Develop operational definitions for both terms that are not self referencing.

I would suggest that for now we adopt the terms SD(M) and SD(F)



What should be the objectives of the Society if we separate the method and the field.

I think the Society should have two primary objectives:

1) Promote the use of SD(M) to other fields as an enabling method of investigation.

2) Advance the state of SD(F) as a field of inquiry. But this implies that a field of SD(F) exists and can be defined separately from SD(M).

In any event I don't think the Society can not do justice to either goal without separating the two in name and definition so that both can:

Evolve independent of each other and be clearly positioned to relevant audiences.



Why do we need to separate the method from the field?

If we are to increase the adoption rate of SD(M) I think we need to remove any pretense of it being a field and forthrightly state that it is a method of investigation, nothing more.

Because only then can we get buy-in from other fields that their use of SD(M):

Enables them to better investigate their field of study,

Most importantly ... it does not change their focus of inquiry to the field of SD(F),

An removes the threat that practitioners in the field of SD(F) will attempt to co-opt their work into the field of SD(F).

Evolving the state of SD(F) I believe also requires clear definition and distinct name without reference to any method.

Only then can will we be able to separate the field from a method,

This frees us to encourage members of the field to develop new methods an use other methods they find appropriate,

I believe this is essential to enable us to expand our ability to better investigate, hypothesize and theorize about the object of inquiry to the field.



What does this imply as to the role of the Society.

- Well, if we determine that there is no field of SD(F) then the role of the society should be to promote the method until it becomes so ubiquitous that the reason for the existence of the society goes away.
- If on the other hand we are convinced that SD(F) does exist then the role of the society should be to
- 1) Formalize different terms for both SD(F) and SD(M). This is crucial as so long as they share the same name it is implicit that SD(F) can not adopt other methods.
- 2) Define both SD(F) and SD(M) independent of each other. In other words neither definition can make reference to the other.
- 3) Establish a process for evaluating the use of other methods in the field of SD(F).

This may require us to bifurcate the journal into providing separate coverage of the application of SD(M) to other fields and the application of other methods to SD(F).



How then can we define SD(M)

I would offer the following definition:

"SD(M) is a method by how one can model process structures and analyze their behavior through the investigation of how resources flow, accumulate and interact in the system, over time, in dynamic interdependent feedback loops."

I would argue that SD(M) as a method can now be applied to any field of study that wishes to study the:

inherent process structures, and

model the dynamics of how process systems operate under certain conditions, historical or projected.

Now some of you may wish to advance your own definitions of SD(M) and I would encourage that provided that your definition:

a) Uses a distinctly different term for SD(M) that does not reference SD(F).b) Provides an operational definition for SD(M) that does not reference SD(F). It must be field neutral.



Can we define SD(F) independent of SD(M)?

Defining SD(M) was much easier by comparison.

- We can not take the easy route of claiming the SD(F) is the field of studying the dynamics of systems. That to me is attempting to lay claim to be the study of every thing, something that is best left to religion.
- We really need to consider what makes SD(F) so unique that it qualifies as a field unto itself.

This means we need to consider:

- a) That perhaps it is not particularly unique and it does not qualify as a field
- b) It is also possible that the field already exists, albeit under another name. For now lets call that possibility SD(AN)



If SD(AN) does exist, then it likely uses methods other than SD(M) and it may not yet use or may make only limited use of SD(M).

I will grant you that this is a very challenging question to consider for if SD(AN) does exist substantial issues may serve to prevent current practitioners of both SD(F) and SD(AN) from agreeing that they are pursuing the same field of study.

Both sets of practitioners would have to agree to learn and employ the method(s) of the other,

One group may have to admit to giving up the name by which they currently use to refer to their field of study.

The inertia in the self-concept mental models held by the agents of each group may be too strong to overcome consolidated rationalization of the fields.

At the 2004 Palermo conference there was a call for SD(F) to be considered as an applied science of strategy. This suggests one candidate for SD(AN). However I am concerned that that might prove to be to limiting in scope for what SD(F) can be.



To really get to the heart of the mater one needs to consider what are the attributes of fields of study and specifically scientific fields.

Here is what I would suggest should be the essential criteria

Object of Focus - A field of study needs to have a focus of inquiry, an object or domain of investigation.

Properties & Theories - Fields of study exist to investigate and understand a specific set of characteristics, attributes or properties of some object of inquiry so that theories can be postulated concerning their behavior.

Methods - Fields of study in general use a multitude of tools and methods to investigate the properties in question.

The tools/methods do not define the field and quite often find applicability to other fields of inquiry. Fields of study should be broader than the use of single tool and must remain open to the inclusion of new methods that demonstrate their utility to the investigation.

Practitioners typically name their profession from the field, not the tools employed.

Purpose - The intent may be for pure science or it may be for applied science so that the properties, once revealed, can be exploited in some fashion for the purpose of creating value or synthesizing information.

Fundamentally, one must be able to clearly state the purpose for why we investigate *this object* and *these properties* as only if we understand the intent can we evaluate the utility of the methods employed.



What then is the object of inquiry and the set of properties that SD(F) purports to investigate? Why is this useful, what is the intent?

I think we can best consider this by investigating how, where and why SD(M) has been applied.

I would suggest that

SD(M) has primarily been applied against the object of bounded systems (organizations) within their environment.

SD(M) is used to investigate and model the attributes and properties that involve the use, consumption and creation of resources (tangible and intangible) in process system structures.

Why has SD(M) been applied?

Seek to understand how process system structures influence the behavior of the system. But that alone is not enough. Our focus is clearly more than just the connection between structure and behavior.

We also seek to anticipate how the organization may behave in the future, given these properties and the environment and thus develop strategies to reallocate, add to and/or change the properties so as to effectively, and in a controlled fashion, adapt the future behavior of the process so that the system can remain viable, evolve and produce itself.

Seek to understand how systems emerge, self-organize, produce themselves, evolve and interact dynamically over time with their environment. so as to assess and insure the sustainability of the system.

Now some of you may wish to expand upon this or perhaps even narrow xxxxx



Let's try to distill this down:

SD(F) is the field of studying process system structures and how they use, consume and create resources (tangible and intangible) as they emerge, self-organize, change and interact dynamically over time with their environment.

The intent of SD(F) is to assist the organization to understand these properties so that its past behavior can be explained and provide the means to anticipate future performance so that it can adapt to insure its sustainability.

To simplify this even further I would say that:

SD(F) is the science of viable emergence and sustainable dynamic adaptation of self-organizing systems.



We have now arrived at independent non self-referencing definitions for SD(M) and SD(F).

We have different terms for each, at least in the abstract.

We have decoupled the method from the field and the paradox is broken. Both can now positioned separately and can evolve independently.



I would now propose an initial set of methods and theories that would be appropriate to the field of SD(F).

These are methods and theories that I have found useful when endeavoring to investigate, understand and explain the properties of the *viable emergence and sustainable dynamic adaptation of self-organizing systems*. I could not do my current job today without them.

I would welcome the suggestion of other methods and theories.

However in preparing such a list one needs to consider the set of heuristics I have just laid out. It begs the question, does this set of tools overlap with or maybe even form the primary set of methods to another field?

In other words does SD(AN) exist?

Practitioners of the field of Organizational Cybernetics would quickly recognize most of these tools listed above. For the most part they are tools developed as an outgrowth of the evolution and splintering of the field of Cybernetics over the last 50 years.



Goldstein, Bechtel and R. Richardson have suggested that many of these methods that are now finally starting to come back together to be applied together.



Now some of you may disagree with the definitions that I have arrived at. You may wish to expand, contract or change the scope of the definitions and I would encourage you to do so.

The intent of my paper is not to review and propose the best operational definitions for these terms, but rather to provide a dialectic approach that allows us to abstractly consider the method and the field as distinct concepts.

This enables us explore the utility of separating the two and develop a process for arriving at distinct operational definitions.

I propose this as I believe that the current self-referential entanglement between the method and the field by the System Dynamics community is untenable as it directly:

constrains the development and evolution of both SD(M) and SD(F) by its current

practitioners

limits the acceptance rate by other fields to adopt SD(M), and

discourages discourse with others who might otherwise rationalize their study of SD(AN) as equivalent to the study of SD(F) and thus consider the utility of SD(M) in their work.

If we are to advance as a society and realize our strategic aims in advocating and evolving both SD(M) and SD(F) then we must mature past this self imposed boundary that constrains us and expand the solution set.



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