

The use of Systems Thinking and System Dynamics as Tools for Business Excellence and Knowledge Management.

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This paper builds on the paper presented by this author at the 1998 international system dynamics conference, concerning the use of systems thinking and system dynamics as tools to support value based management and balanced score cards. The underlying theme then, as now, is the idea of using systems thinking and system dynamics to support the current focal points of business practise.

Many organisations are practising some form of business excellence programme. The origins of these programmes in management practice are in the quality circles of TQM and in academia in the use of action research. The ideas are also similar to those associated with developing internal communities of interest in systems thinking, business learning and knowledge management practice. The core concept is to involve teams of managers from different parts and different stratum of organisations in a continual process of improvement of dialogue, communication and business performance. Teams come together to solve important improvement issues and then disperse to be later reconstituted to solve other issues.

Clearly, there is a need for teams to undertake focused and rigorous methods, which will leave a lasting impression on the issue addressed. A glaring vacuum exists in candidate methods for this process. Typically methods used still centre on the now outdated and simplistic tools of TQM.

This paper will use current consultancy experiences to demonstrate how systems thinking and system dynamics can satisfy the role of supporting business excellence programmes. The role is twofold. Systems thinking and system dynamics not only cast light on the issues studied, but also fulfil a role missing in most knowledge management applications, which is to provide a way of sharing and transferring tacit knowledge between individuals, teams and organisations.