# Two Loops

Working with Transitions

Overview

The Two Loop model is a nonlinear theory of change based upon the ideas of living systems. It provides us with insight into the simultaneous growth and decline processes that are underway within a system during a transition period. In this way, it provides a heuristic for us to better try and recognize and connect the past to the future during a change process. It likewise gives us the possibility to try and come to some consensus about where we might be as a group in this process of change and the best actions to take at different stages. This guide will be of relevance for anyone involved in a complex organizational change process, i.e. systems changers.

Origins

The Two Loops Theory of organizational change is a model of change that tries to describe nonlinear emergent processes of change within complex organizations. It is a model inspired by looking at the growth and decline cycle of living systems. Margaret Wheatley & Deborah Frieze from The Berkana Institute first pointed to this model in their paper where they demonstrated a key dynamic at the heart of every organization transformation, how: "As one system culminates and starts to collapse, isolated alternatives slowly begin to arise and give way to the new."
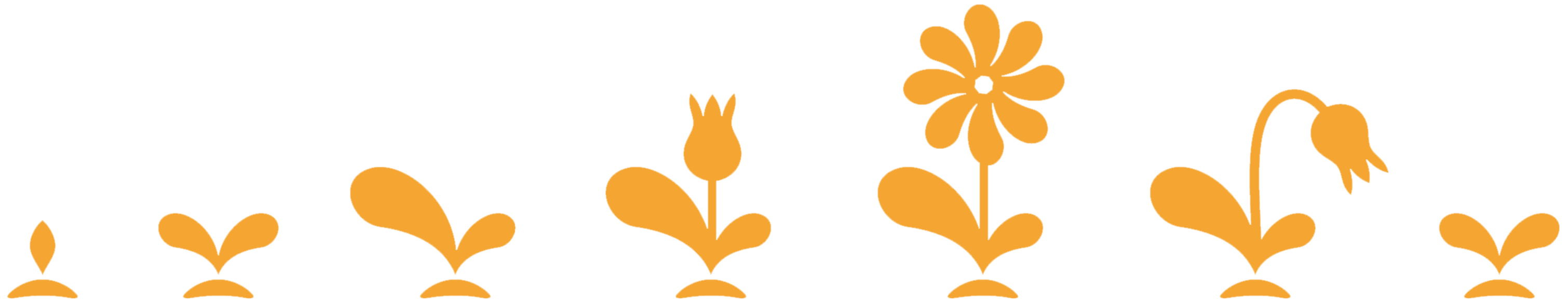
Nonlinear Change

As with all living systems they are born, they grow, peak and then start to decline, i.e. they have a lifecycle. In contrast, our more mechanistic view of the world is that something can just go on operating indefinitely and if there is a problem we can always intervene and fix it. This may be true for a machine but unfortunately we bring this same kind of thinking to our organizations, when in fact organizations are more like living systems rather than machines; they change in a nonlinear process, similar to that of the growth and decay of ecosystems. This simple insight can turn out to be quite powerful and help us to avoid common pitfalls that stem from a linear mechanistic view of the world.

Tip from Transformational Learning Opportunities

"Any effort to extend the growth of a human system, especially a purposeful one like a modern business organization, automatically and spontaneously activates both the growth side of the "organizational life cycle" (i.e., germination, innovation, maturation, and rejuvenation) and the death side of this cycle (i.e.stagnation, disintegration, and decomposition). Even a simple "single element" change effort, no matter how small and self-contained, inevitably leads to the need to deal with both the living and the dying aspects of an organization transformation."

Two Sides

The Two Loops Model highlights how we need to look at both the growth and the decay sides of transformation. If we want to launch a successful organization transformation effort, we need to support the disintegration cycle and the germination cycle in the overall process. It highlights a key issue that our job as systems changers is not all about creating the new, it is as much about helping the existing system decay with dignity so that the new system can emerge.

Invested Stakeholders

With complex systems we never really get to start from a clean slate, when changing systems there is a massive weight of highly invested stakeholders that have the mass of resources and expertise. These people have dedicated their lives to building up the existing system, it's structures and processes and we are now trying to challenge that way of working while at the same time we need to move those resources to the new pattern. We are navigating the loss of a system that maintains the way of life for many people, at an organizational level or a sector level we're asking people to do things that are uncomfortable and difficult for them.

Inclusive Change

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First Loop
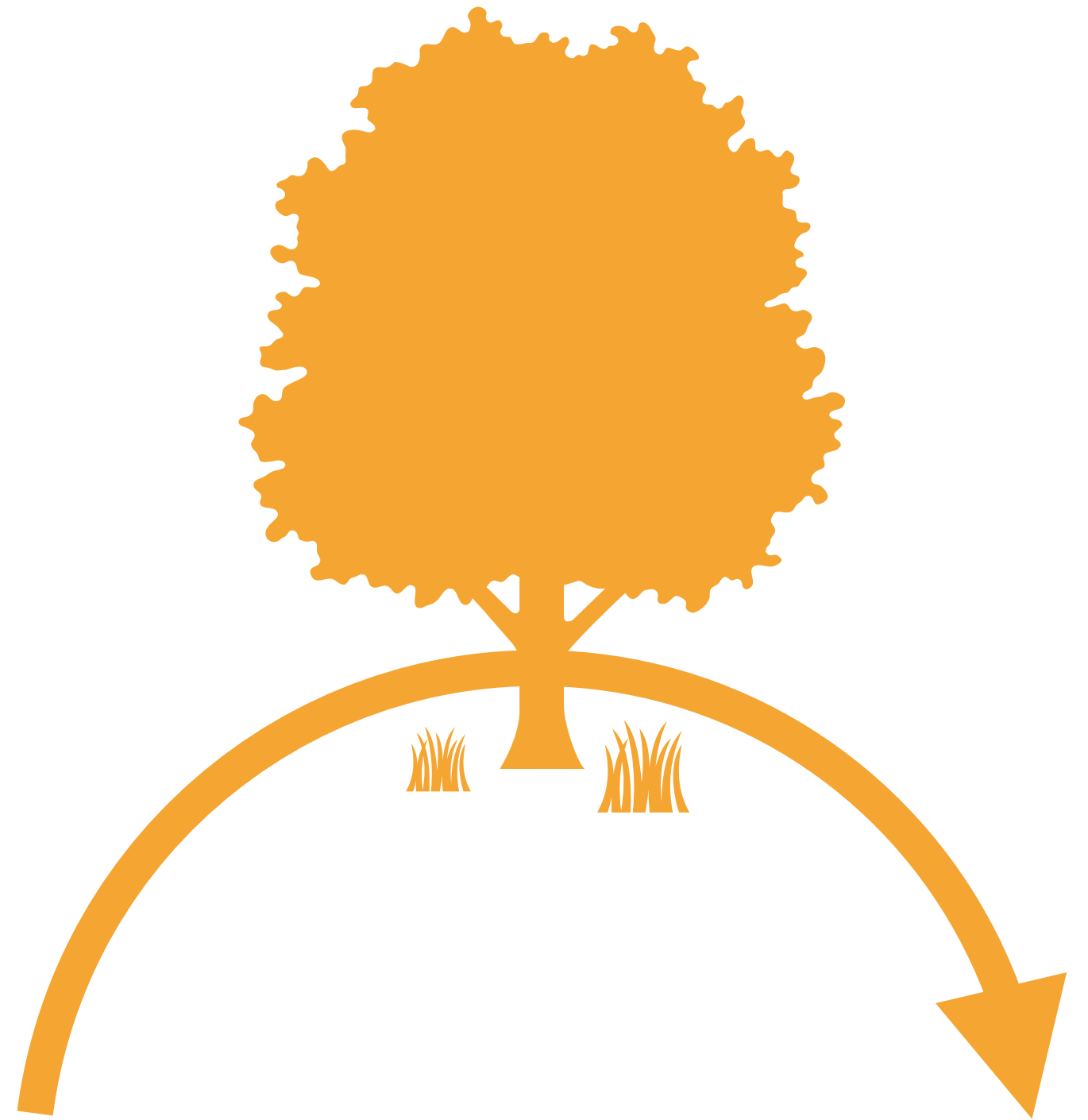
Loops

The model as a whole describes two "loops." The first of these is used to represent the growth and subsequent decline of the existing incumbent systems. The second loop is used to represent the new emerging next generation of this system.

Discontinuous Change

The model as a whole describes the transition or process of nonlinear change from the old system to the new. By nonlinear we mean that it is discontinuous, there is no linear set of steps that will take us from the old to the new. Instead, there exists some phase transition that engenders a qualitative change in the process of getting from the old to the new.

Rise Loop

Looking at the first loop we can see its rise, peak, and fall. In this initial rise phase, something is being brought into the world and it needs what we might call "stewarding." It needs leadership, new structure, resources, and fostering.

Establishment

As this pattern develops and reaches its ascendancy the system becomes the dominant mode of organization - the "establishment." Those in the system become increasingly locked into a dominant paradigm that describes the world and the centrality of their place within it. At the peak is often a false sense of permanence, a delusion that things will go on getting better ad infinitum, with little imagination for any other possibility.
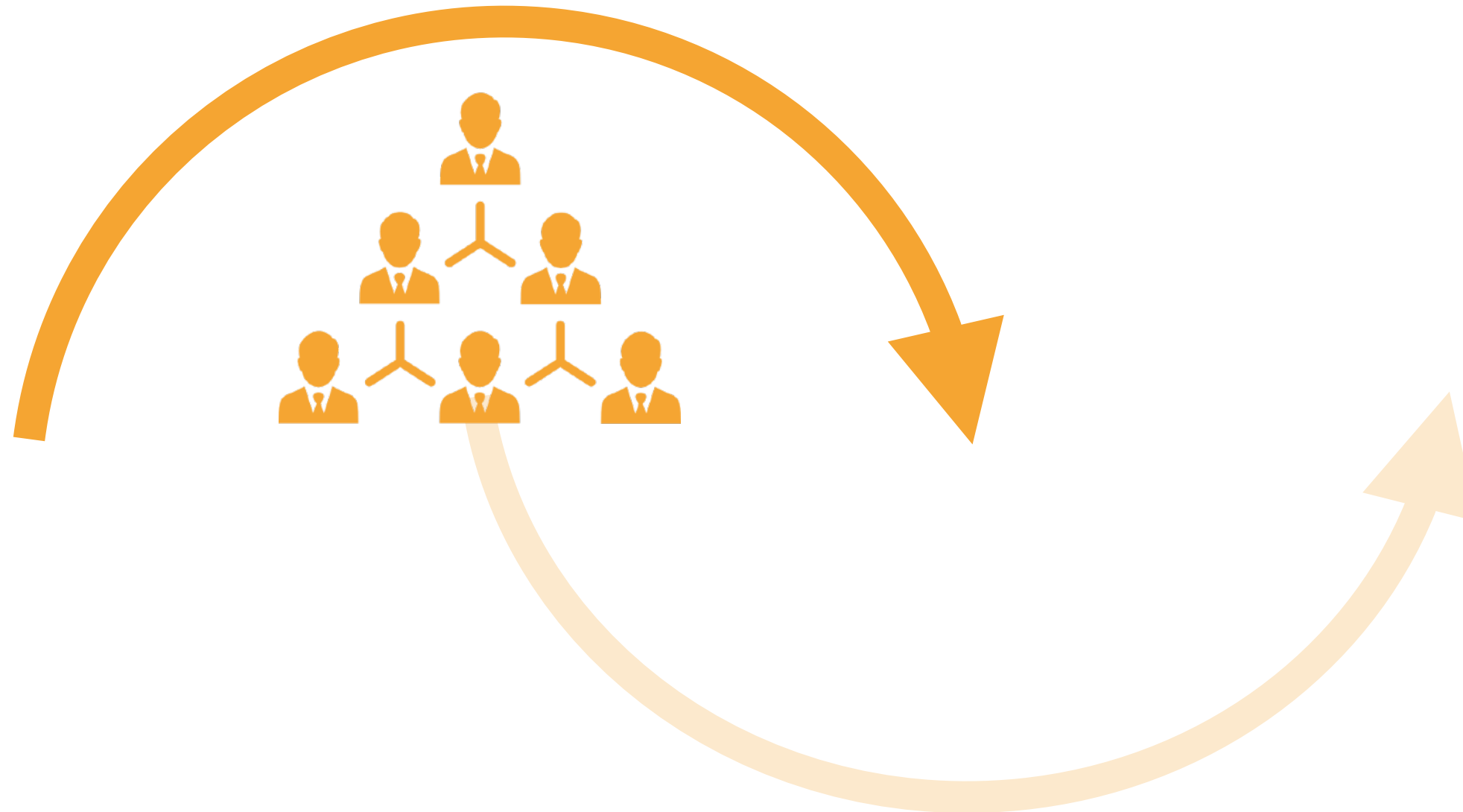
Peak

At the peak of the old system, those farther from the center with an impartial view may well see the system is about to enter into decline. At this point, there may be the signs of the first divide in the system between those assuming things will continue as such forever and those that start to plan for its demise.
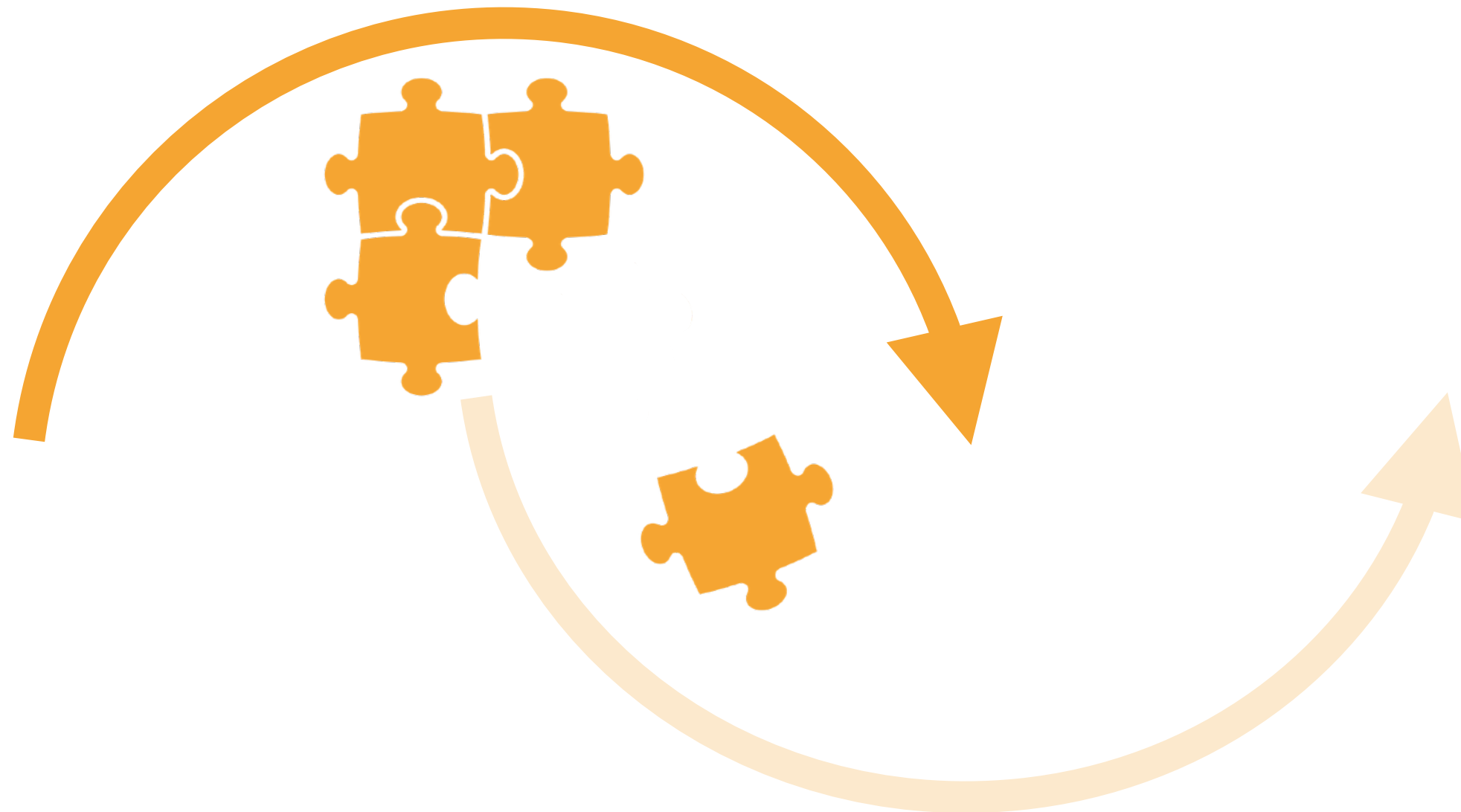
Delusion

As time progresses and the system declines, those wedded to the regime will continue under the assumption that nothing has changed as the gap between their belief and the underlying reality widens. One could point to countless examples of this in business and politics, the providers of the mainframe computer could not see the personal computer coming, dictators claiming their reign will go on forever just before their downfall.

Decline

As the system enters into decline what is now needed is hospicing, this requires attending to the emotional and spiritual needs of the individuals or organization, helping them to develop alternative narratives that lets them accept reality and let go of the past. However, hospicing capacity will be limited if the system is still in denial.

Decomposing

Finally, when an organism or organization dies it needs to be decomposed, meaning that the resources that it contained for its operation need to be released back to the broader system for the generation of the new pattern.
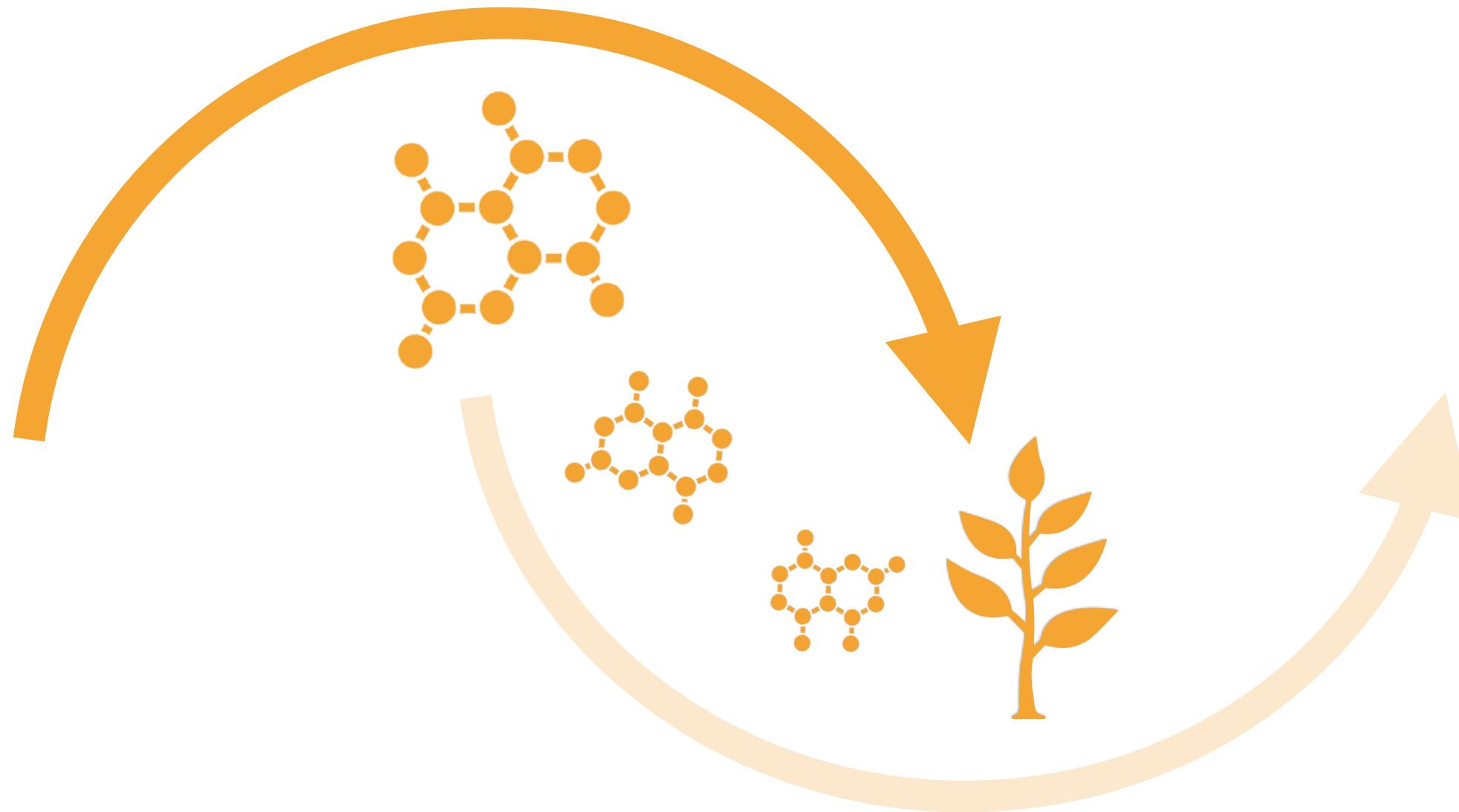
Resistance

The fulfillment of this process takes a great effort of leadership as it involves letting go of the past and giving over to the future system, giving up one's power, control, and resources to a new pattern of organization. This is something that we rarely see in organizations on a large scale, more often we see denial, resistance, and fighting before acceptance of the new.

Second Loop

Second Loop

In transitions something new is always born, however, it may look very different from the old. What is important is that we try to grasp the full scope of change and not limit our imagination or ambitions.

Alternatives

Sometime around the peak of the old system new alternatives to the dominant approach emerge. Outside innovators are there because they saw the decline of the old and left, or maybe because they have always been left out, or because they represent a younger generation - not condition by the old logic - who have grown up into a new set of possibilities that simply make sense to them.

Emergence

During a transition the centralized structures that supported the system in the previous regime become no longer functional, they can no longer be depended upon to deliver the required solutions to problems that extend beyond their level of structural complexity. In the face of such problems, they appear at best paralyzed. In order for the system to maintain its level of functionality or evolve into a new form, new functional structures have to emerge out of the distributed parts. These transitions often involve a new vision as this provides the context within which previously unassociated members and organizations can self-organize to develop new structures.

Latent Capabilities

Previously latent functions and capabilities become revealed and become critical to the organization's futures success - unlike during a normal period. Due to this increased importance of the latent distributed capabilities in the organization the history of the organization becomes even more important. It is the choices the organization made in the past that brought it to its current state that come to matter. For example, were all the sub-optimal "misfits" pushed out of the organization? The ones that are now most needed to regenerate it.

Distributed Organization

Without dependence upon the legacy centralized organizations new capabilities have to emerge out of distributed self-organization. As standard centralized structures become increasingly discredited within the mainstream what was previously marginalized domains and capabilities are recognized as increasingly important. Fringe, informal, self-organizing networks emerge and have increasing influence in a turbulent world, marked by exponential change, surprising shocks, and extreme events.

Networks

It is when the pioneers of the new innovations start to get connected to each other that an alternative starts to emerge and they begin to give rise to a new pattern. Networks form when people search for each other to meet their personal needs. Places emerge where people inspired by the new innovations can connect informally to follow their interests. Throughout history, these places have taken many forms, the Greek forum, Florence Italy, Parisian cafes, the night clubs of Berlin, Silicon Valley, or the online communities of today.

Communities of Practice

However, a network of such kind is not going to create a sustainable long-lasting or influential organizational structure, as it is too diffuse and incoherent to challenge the prevailing paradigm. It's not enough just to come together to satisfy personal needs, at some point, there has to eventually form something in the center, a coherent pattern of organization, which is bigger than any one person's interests. This often takes the form of what we call a "community of practice." When networks are nourished by something that is held at the center, the new system becomes sustainable. When participants trust and work together for a common cause this is where resources need to start to move from the old regime to nourish the new.

System of Influence

What happens at the very end of a living and dying cycle is that the new finally becomes a system of influence. It becomes a system of influence when it illuminates to the old system a new way of being. This is the point at which almost everybody will start to move towards the new pattern which has to now be strengthened and scaled to support this demand.

Connecting Past & Future

Theory of Change

The Berkana Institute's theory of change, in general, suggests that change emerges in human systems out of a spontaneous series of local actions. These actions link either organically or purposefully in ways that facilitate the development of integrated networks of relationships aligned in the pursuit of mutual interests and goals. Although this process is emergent and thus can not be directly controlled it can be guided and they provide insight as to how to nurture the formation of the new.

Supporting the Alternatives

The Berkana Institute describes their approach to developing the new as being about, naming, connecting, nourishing and illuminating. They try to name the pioneers so as to make them identifiable. Connect them so that they will become something more than their individual initiatives. Nourish them by giving them the resources needed to develop. Illuminate by showing to others that this represents a viable alternative.

Naming

Connecting

Nourishing

**Illuminating**

Name

Connect

Nourish

Illuminate

Naming

Naming the pioneers so that they are identifiable and recognizable serves the function of them being able to find each other. A term like "sustainability" or "distributed" manufacturing enable us to place tags on our interests and find others with similar tags so as to congregate. Just this act of naming is a way of starting to create new structure and order.
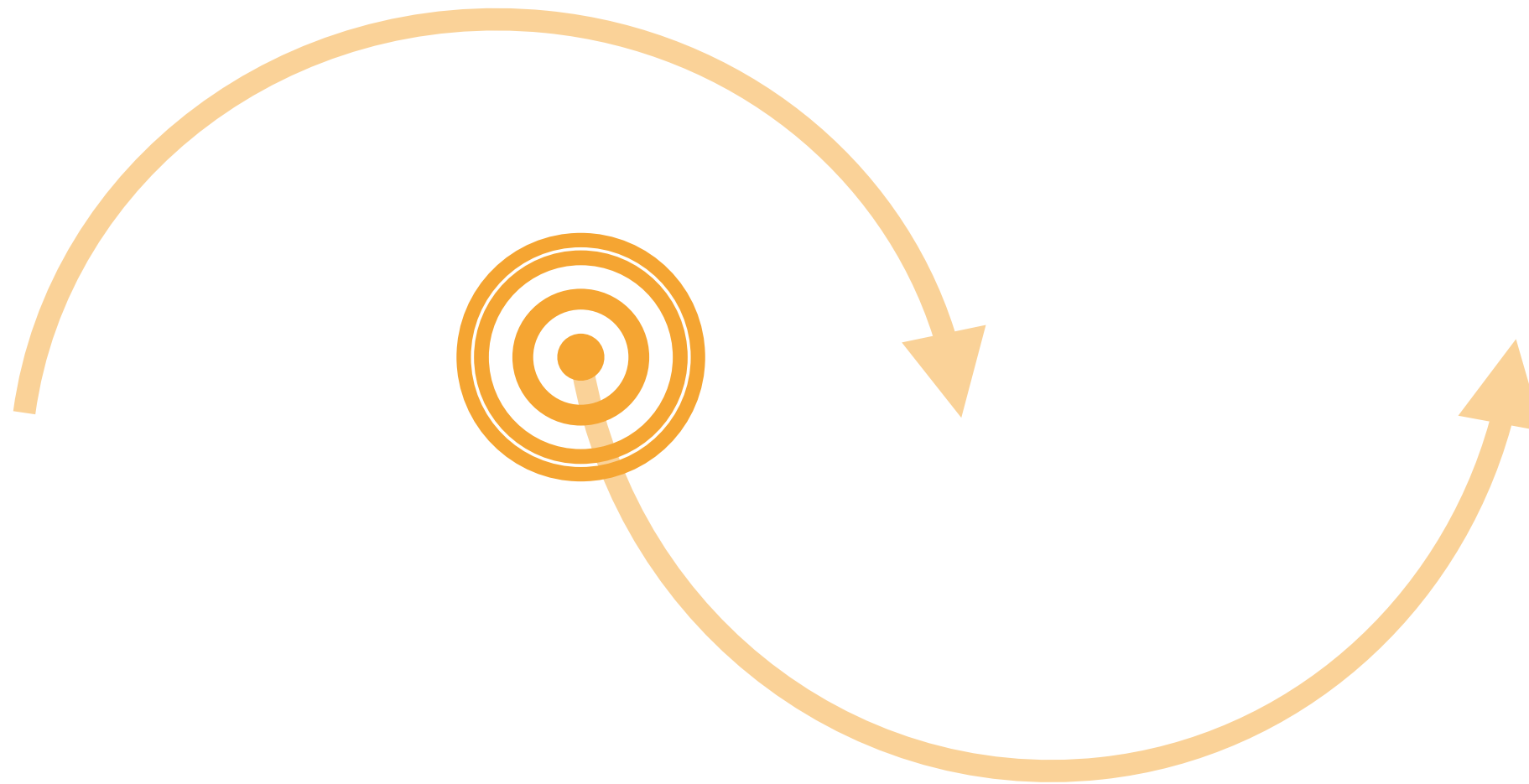
Connecting

With naming people can find each other and as they start to learn from each other they start to connect. Networks form as people are free to bring their interests and agency. The purpose and structure at this stage still resides with the individuals as they choose to join or leave at will.
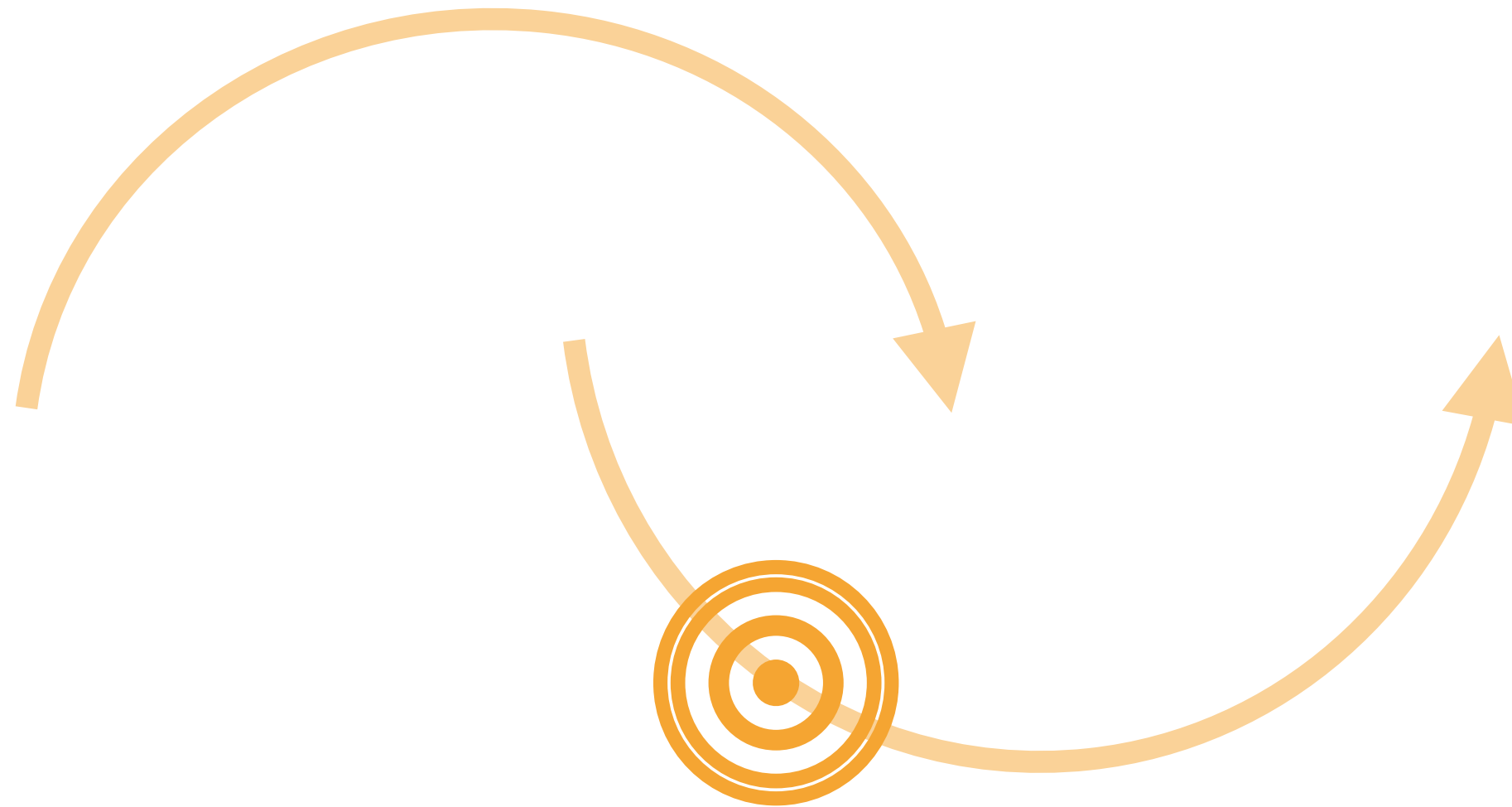
Nourishing

Most networks are quite transitory and fade away over time, but some times if we continue to nourish a network then we may get something more; a community of practice. Communities of practice are ways that we can start to stabilize the new formation. The difference between a network and a community of practice is that the community of practice has it purpose outside the agency of any of the actors, there is now something to hold it together that needs nurturing. There is something more than the individual parts, as shared purpose and agency form things start to stabilize with structure.
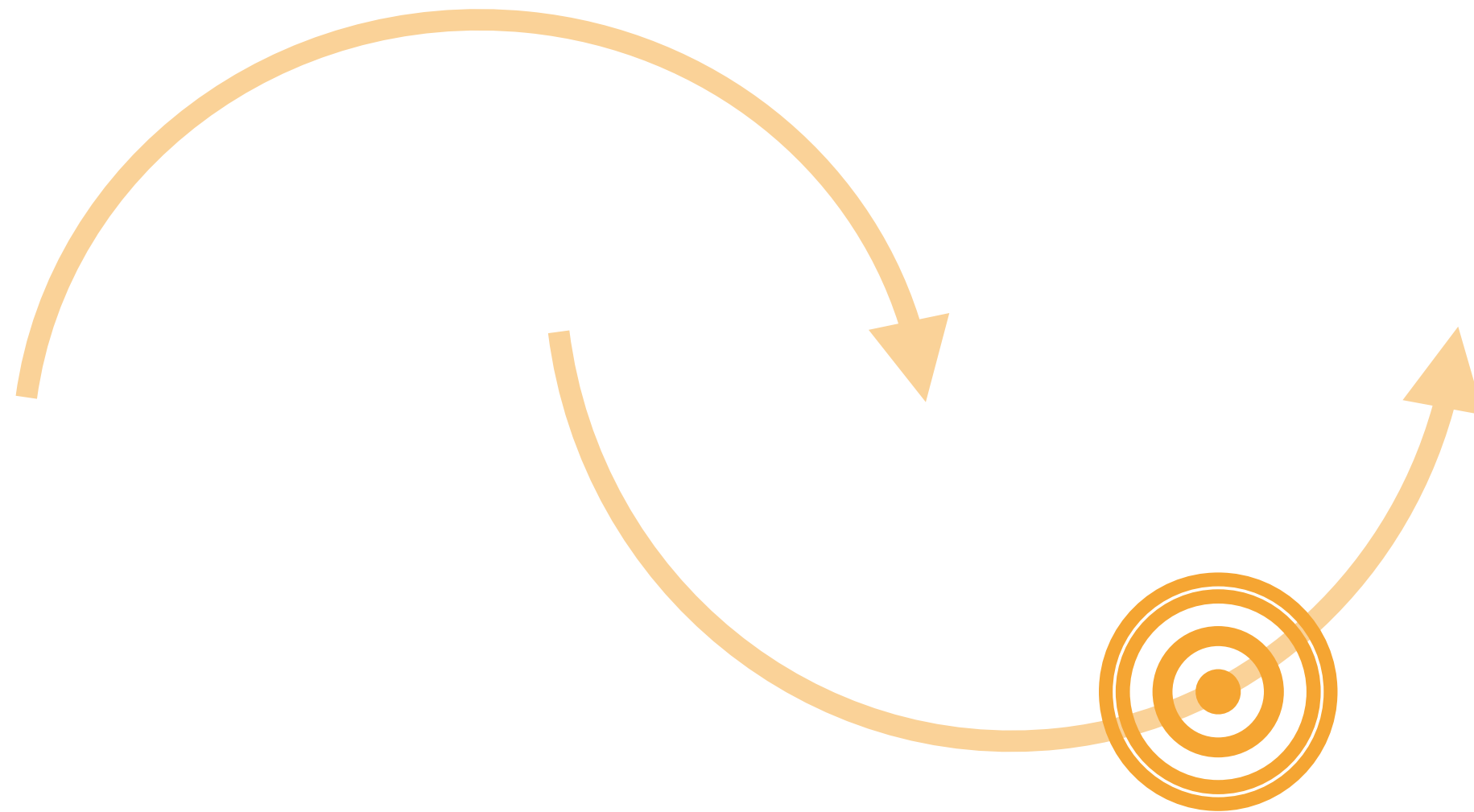
Illuminate

Systems of influence arise when the new paradigm is so well formed that anyone can now easily and relatively effortlessly transition over to it; what defines it is that it is "effortless". A system of influence is a system you participate in without even thinking about it, we don't need to spend all our time thinking about how the electric grid works we can now just easily plug into it without thinking; it has become the default paradigm. The aim now is to illuminate the new paradigm so that people can move to it as early and as quickly as possible. To get people from the old to the new pattern we have to illuminate it and tell the story about how it is useful and "the future".
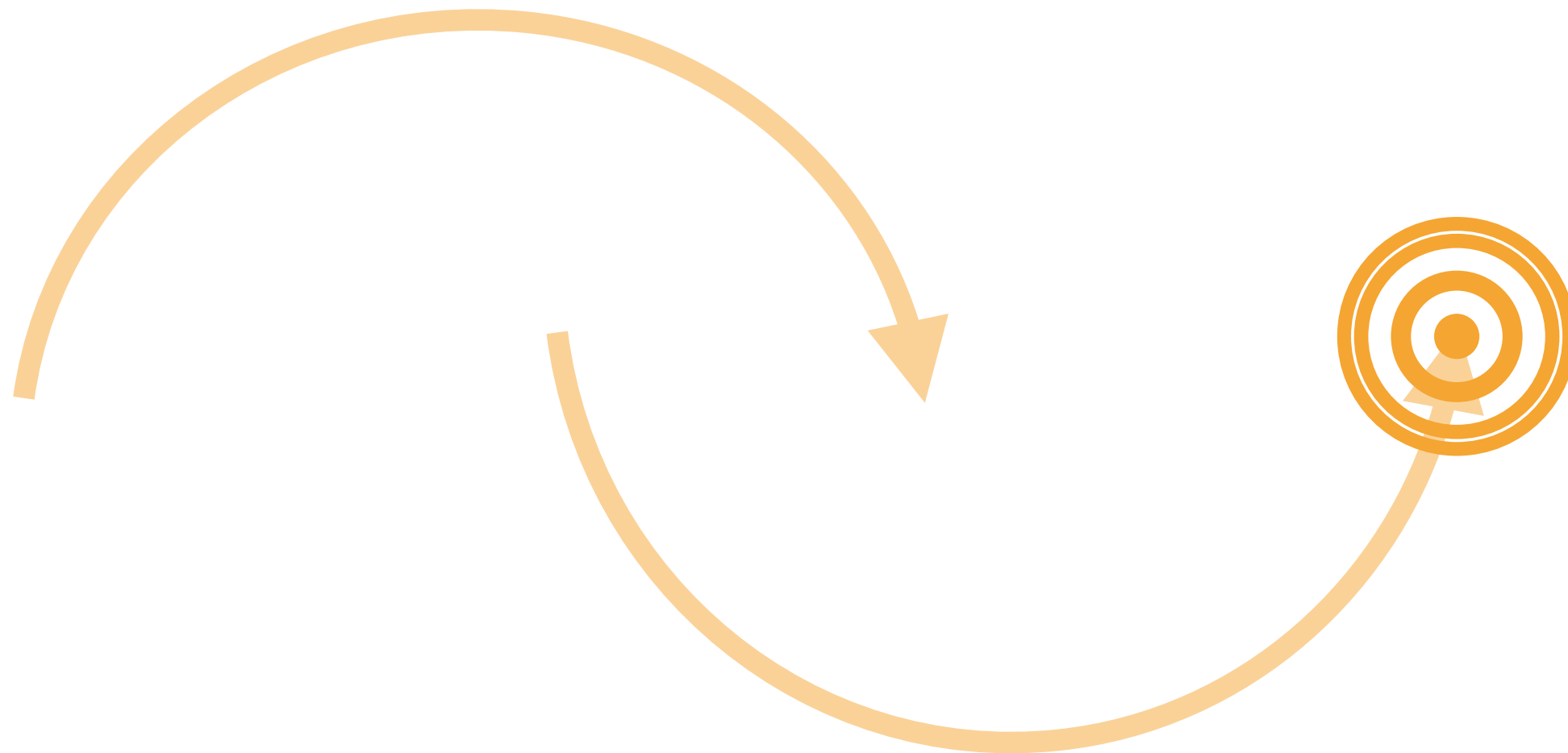
Key Activities

Continuity

There is a big gap between when the new system will be ready to support the operations of the organization and the disintegration of the old. It is important to note and keep in mind they are paradigms and different worlds - the old will not recognize itself in the new for a long time, if ever.

There are inevitably a lot of people who are going to get damaged and disrupted in the process of this change. Some of the most difficult, but most important transformational work involves the integration of the simultaneous living and dying that has to take place among an organization.

It is not so difficult to stay in the old and ignore the new, or vice versa just move ahead to the new and ignore the old, as always the complexity arises at the intersection. Real meaningful and sustainable change is holistic, not partial, in this case, it means taking into account the two paradigms, where we recognize the interdependence between them. Aspects of the old have to be continued but re-created.

Tip from Charles Leadbeater

"The future belongs to those who conserve old systems and combine them with new solutions, instead of just rushing along into the new."

Collapse and Disruption

The collapse of a system is rarely a good thing as it leads to outright chaos and destruction of the system's core pattern. What we want is to use disorder to disrupt those inert patterns that need to be while building something new that will support the continuation of those aspects that need to be continued. If the old system dies before the new systems gets going you get "Dark Ages." That's what the Dark Ages were, we didn't use the Roman infrastructure we destroyed it so there was nothing to build on. The barbarians destroy the existing infrastructure so they had to reinvent the wheel, quite literally.

Inertia

There is a key consideration for our systems change strategy that emerges out of the three horizons model. That is the question of how much do we work with the existing system, introducing innovation that extends it into the new, versus building something to disrupt the old. Do we adopt strategies that are symbiotic with the existing system or do we develop solutions that are largely mutually exclusive with the current regime; but likely easier to work for lack of "baggage".

The level of inertia - complete resistance to change - can be seen to represent the degree to which we should work with the new model versus working with the old. Thinking this through is important as it will tell us where to apply our resources, which battles to fight, which aspects of the system we leave to die and which aspects we work with to regenerate. This is never an easy question and an ongoing process of enquiry.
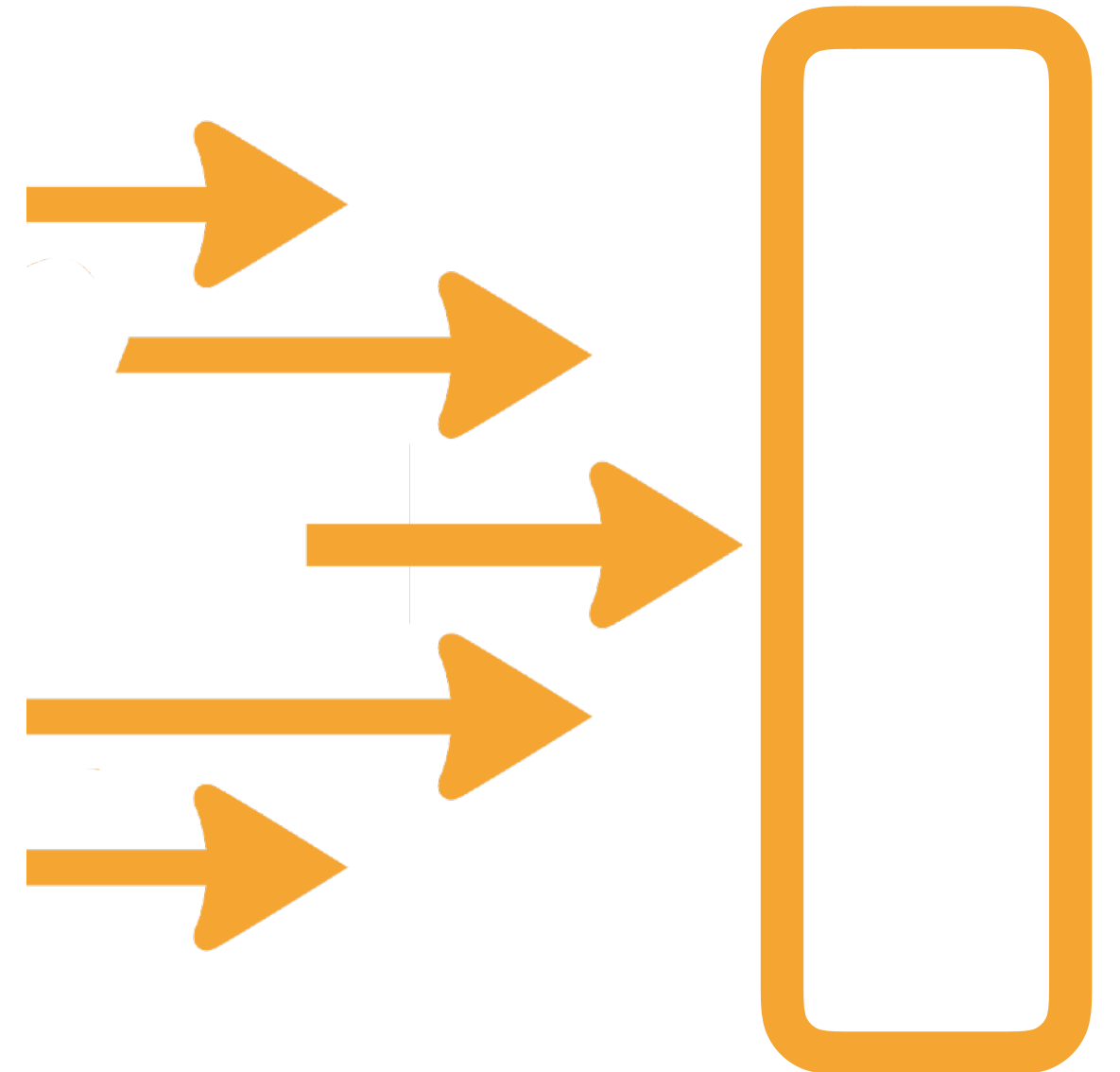
Incumbents

Incumbent leaders have come to the top of their organizations over the past decades and to get there they must be experts in the world that surrounds them. However, during a transition, the world that we need to prepare for in 10 and 15 years will look very different and required different assumptions and thinking. Thus these people are likely to be the most wedded to the old system and least competent at understanding the emerging future, and will likely lack the imagination to be able to bring the new world into reality.

When the finance company Canada Life moved to using PC in the 1980s, it was the board of directors that were the last to get wired up with a computer. There was one whole floor for the directors that remain without computers for four years after everyone else in the organization had them. The higher up in the organization the more that is at stake in moving to the new, and the more you have to be convinced that the new system is of value.
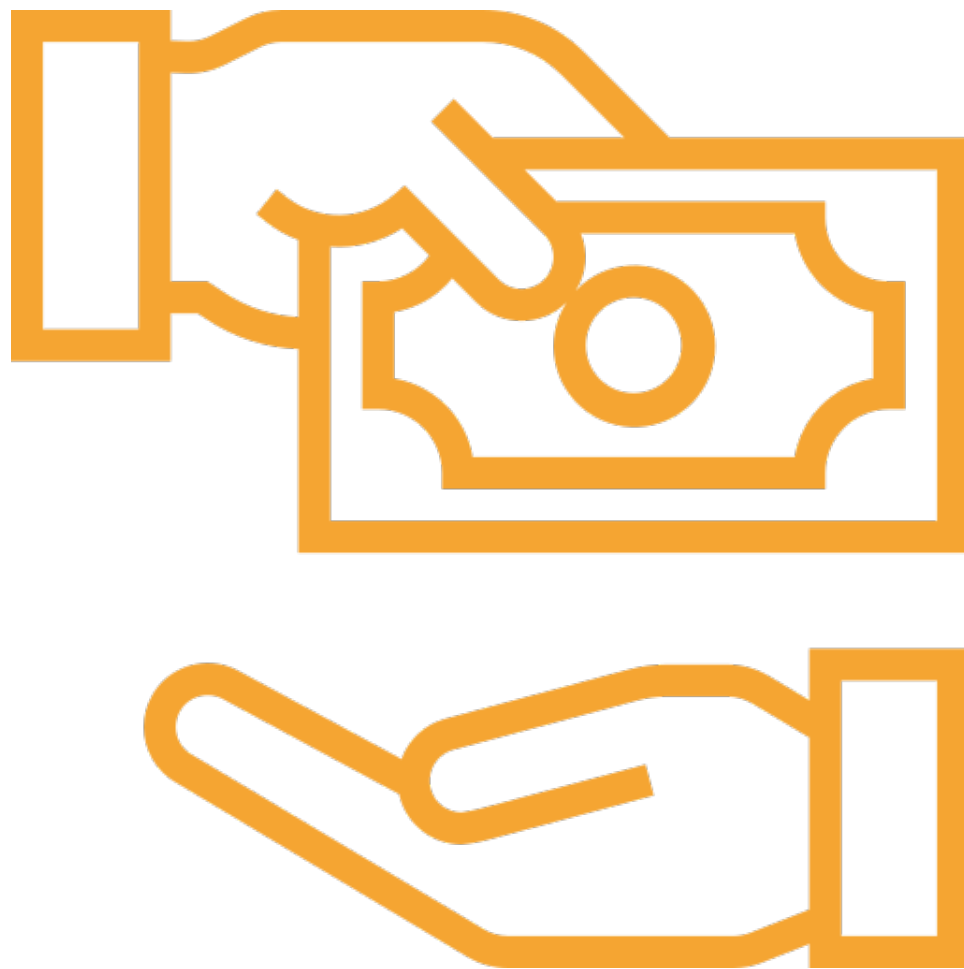
Key Activities

It's important to note that we need people who are working on different parts of the two loops. The work of creating the new is dependent on someone being willing to hold together the existing. Bridges are built in both directions from the old to the new and from the new back to the old. To do this key roles and activities have to be performed. In this process it is important to keep the whole system in mind. Many different people, performing the required roles, providing their experience and knowledge is what enables a successful transformation.
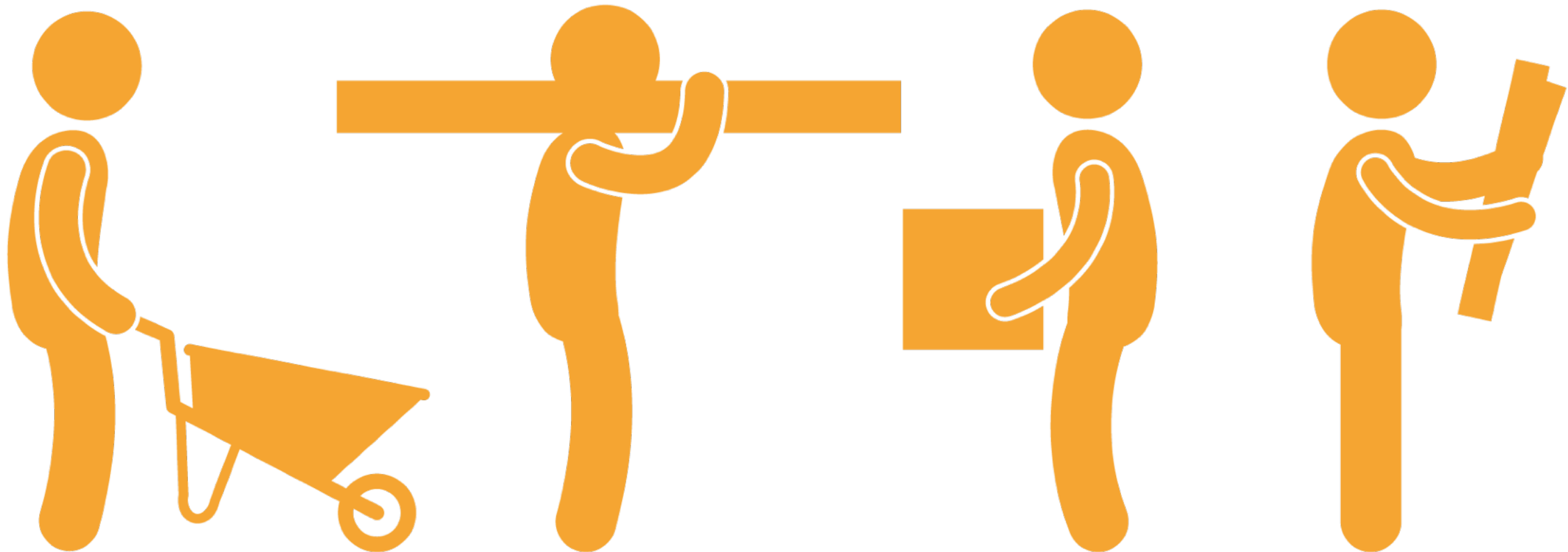
Key Roles

There are three separate, connected, important domains of work

Stabilizing

Stabilizing the old while letting go of what needs to go

Innovators

People creating the new possibilities

Bridging

People building bridges which illuminate the new.

Questions

Two Loops can be used as a basic framing with many groups. You can mark out the two loops on the floor with ropes or tape, then ask people to go stand on the loops where their work is. Ask them in their current role where are they active now on these two loops? How do you need the people working in other parts of this model? How can we enable each other? Then we can start a discussion. First turning to the person nearby and sharing about each other's work experience. Then a talk about why it is important that people are working on different stages of the loops.
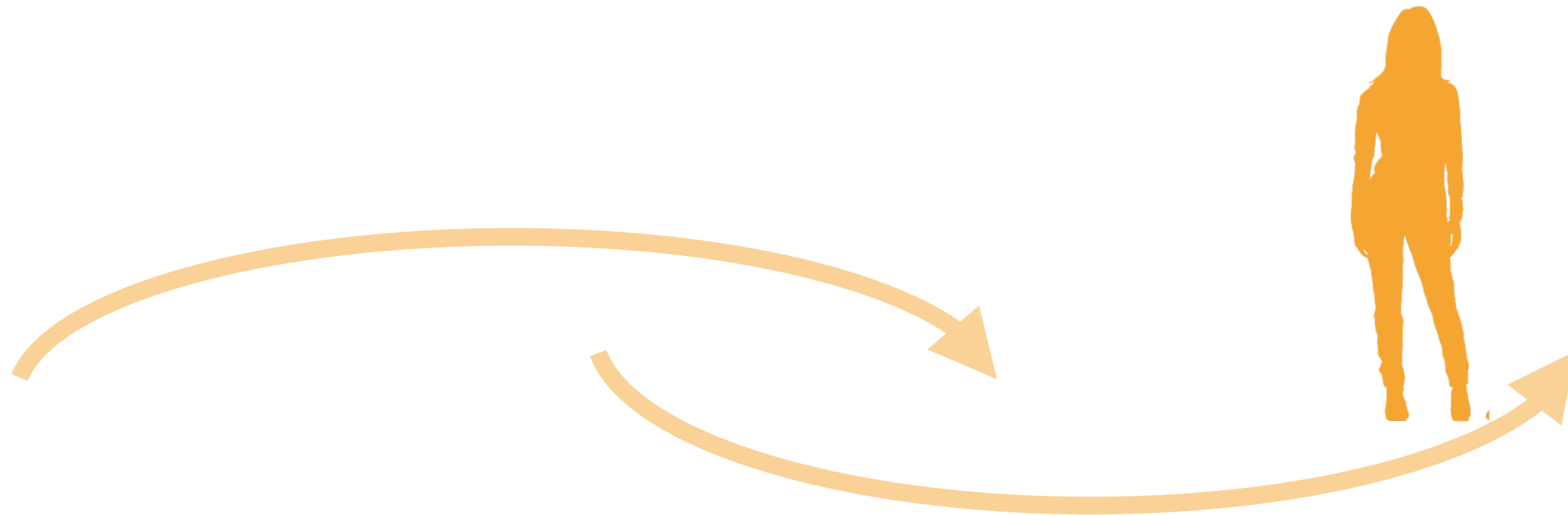
Existing System

The people who are working in the old paradigm are holding a safety net that is supporting us. We may wish to change our political system or our energy system or food system, but for the moment we still require its daily functioning. It gives the possibility for us to be working on something new to supersede it rather than all our energies being consumed on reinventing the wheel.
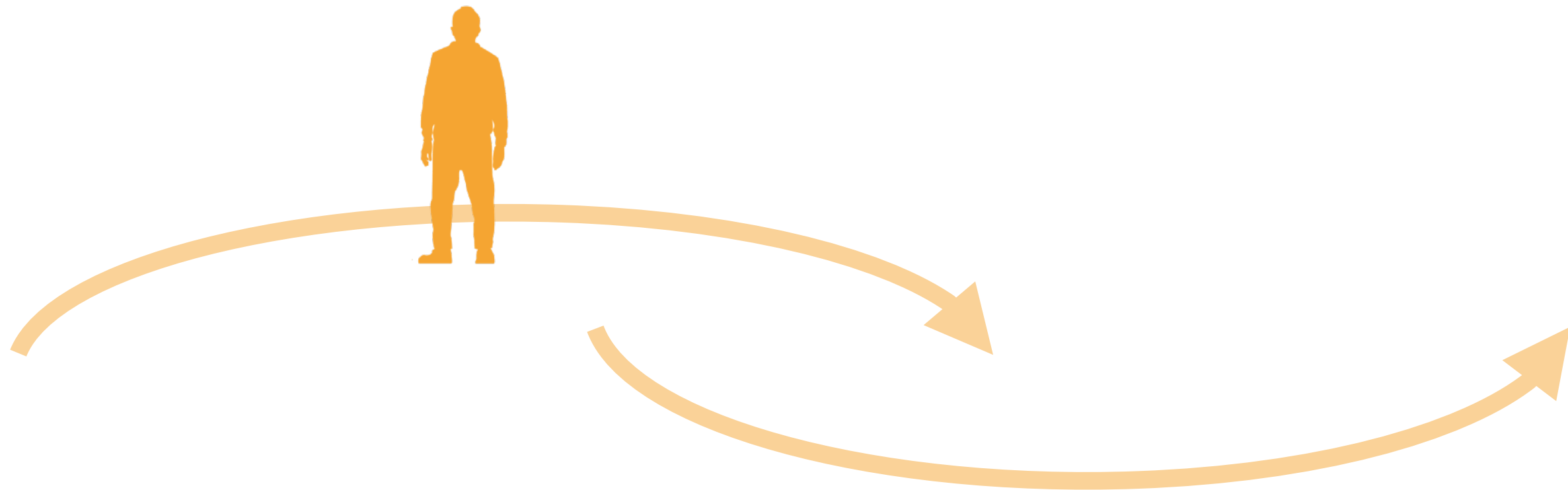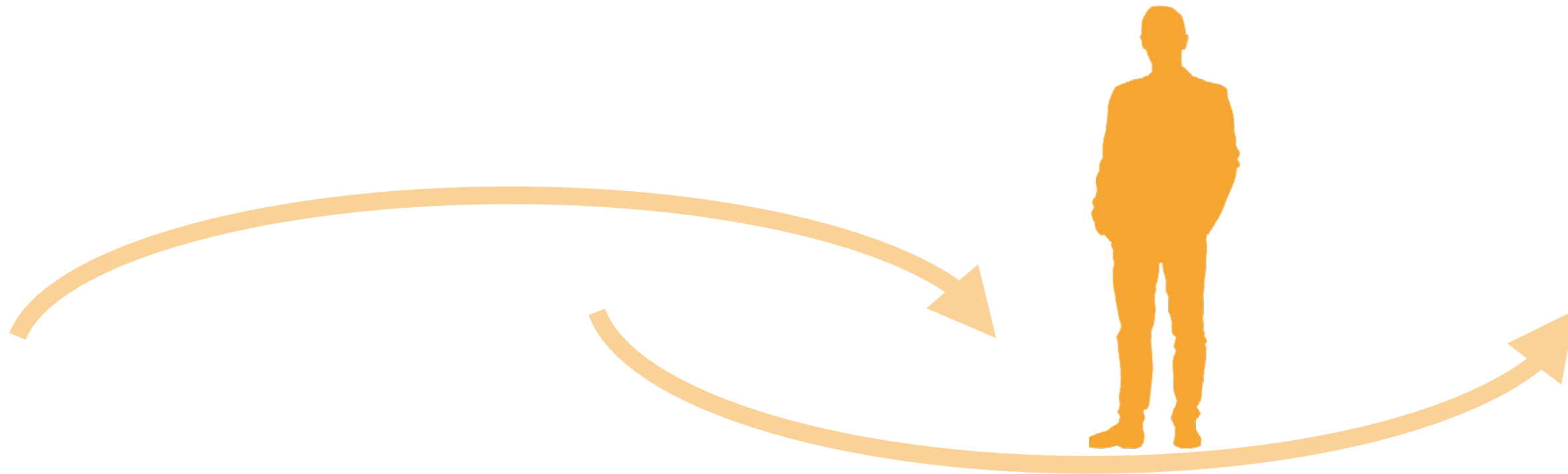
New System

The people who are inventing new systems are paving the way to the future. They are important because without them there would be nowhere for us to go to. It is they that provide the alternative.

Bridge Builders

The people building the bridges between the two loops are demonstrating that the new alternatives already exist and it is time to move forward and make the transition before the old systems collapse.

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