

LIVING SYSTEM LIFE AND WORK THE NEW PATTERN FOR *SUCCESS*

A Series of Presentation/Discussions
To Explore Critical Issues
For Your Life and Your Business

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Part 1 - 3 **4 Mega-Forces – Nature of Living Systems**

Begin Part 1 - 3

Now I need to share with you some critical background knowledge in the new Human Psyche System stage pattern, so you can better grasp what I have just said about **Mega-Force 1** and what I am about to say about **Mega-Force 2**. I want to make a few comments about what Living Systems are like so you are better able to contrast them with the Linear Systems that surround us.

Slide 2 – Nature of Living Systems

Living Systems, especially those that relate to human affairs, are dramatically different from non-living, linear and relativistic systems. I give you here only a brief panorama so you grasp the main ideas – To help you develop a new Living System Mindset. In Part 4 of this seminar series, I develop with you the Principles of Living System Life and Work based upon what I introduce you to now.

1) Inherent Bi-Polarity

Everything about Living Systems exists as pairs of complimentary opposites. All system characteristics operate as pairs of bi-polar opposites. Not one pole or the other – Not Either-Or – But BOTH. These poles are mutually essential and supporting opposites in dynamic, cyclical interaction. This is a new concept that does not exist for linear systems and only partly exists for relativistic systems.

For Living Systems, a Paradox is Reality – Not to be solved, but to be lived. Linear system characteristics are about separate things. In other words, linearity is about separate, independent, mutually exclusive poles – NOT about BOTH poles in dynamic relationship and cooperation as is the nature of Living Systems.

A good example – Order & Chaos – A healthy living system organization has a proper mix of both order and chaos in dynamic interaction. Order and chaos are mutually necessary. They support and enable each other. A human system, like an organization, with insufficient order is undisciplined and directionless – With insufficient chaos it becomes rigid and unable to innovate or create.

For linear systems, Order is the good pole and Chaos is the bad pole. The objective is to maximize order and minimize or eliminate chaos. For Living Systems, neither Order nor Chaos are inherently bad poles – Both are essential in balanced dynamic relationship.

Another example – For linear systems, freedom and control are mutually exclusive. The presence of freedom means the absence of control and vice versa. Linear systems live only on the conscious operating plane of reality. They have no underlying plane of reality. Living Systems on the other hand live on more than one plane. For living systems, freedom on the operating plane can result from control on the underlying plane. They are mutually essential and enabling. Freedom and control are for a Living System a bi-polar pair of mutually opposite but supporting and enabling characteristics. Such thought is nonsense for the linear system mindset.

An excellent example Living System bi-polarity is how our e-mail systems operate – Freedom for the user and voluntary rigid control underneath through protocols. You are

free to write any e-mail you wish and send it to anyone on you mail list – However to be able to do this you are voluntarily agreeing to be bound by the control of underlying rules in the software code. The underlying rigid control enables the freedom on the operating plane of sending and receiving e-mails.

2) Underlying “Morphic Fields”

A critical part of the bi-polarity of Living Systems is underlying guiding fields, called “Morphic Fields”. Therefore, all Living Systems exist on more than one plane of reality – The Operating plane of conscious world events and the Underlying plane of normally unseen guidance called the “Morphic Field” plane that guides the pattern of conscious events on the operating plane. We are indebted to Dr. Rupert Sheldrake for the concept of Morphic Fields and Morphic Resonance among living systems. I discuss his work and give you important references in Part 4. In the meantime you may wish to visit his fine site at <http://sheldrake.org/homepage.html> .

The most fundamental living system in our life is the Human Psyche System. The psyche’s underlying Morphic Field is our Unconscious. The psyche’s Conscious involves our operating plane awareness of daily events. Our unconscious is the normally unseen pattern of guidance for our conscious life events. Such thinking is inconsistent with conventional linear concepts of psychology.

Linear System life and work exists only on the Operating Plane – There is NO underlying Morphic Field plane. Living System Life and Work exists on BOTH the Operating Plane and the Morphic Field Plane with both planes in dynamic interaction. This has profound effects on how Living System leadership and organization operate – Especially in the areas of innovation and creating.

Living System Science is based on underlying protocols, or Principals, that guide what happens on the operating plane. It is the Science of Underlying Patterns that move in cyclical waves. The future of business leadership and strategy is based upon recognizing

these underlying wave cycle patterns of human living systems as individuals and organizations.

I emphasize that Linear Systems Science has NO underlying Morphic Field patterns. Therefore, linear approaches to leadership and strategy are limited to surface events on the operating plane. They are blind to the larger issues of human affairs on the Morphic Field plane of reality.

3) Function in Cyclical Waves – Not Linear Trends

Living systems move in bi-polar wave cycles that are qualitatively similar from cycle to cycle – But, quantitatively the cycles can be quite different. Living System wave cycles do not have exactly the same period, amplitude or structural details.

A good example is the bi-polar evolution process of Living Systems. One pole of the evolution process is gradual, almost linear development within one quasi stable stage pattern. (This is what is known as Darwinian evolution) The other pole is discontinuous non-linear transformation leaps from one stage pattern to another in the system's evolution sequence. So a Living System evolves in cycles of slow development within a given stage (called Intra-Stage Development) followed by a rapid leap to the next stage (called Inter-Stage Transformation). This is how living cells grow and divide – It is how an embryo grows and then leaps to its next stage – It is how we all evolved before we were born – It is how our Human Psyche System evolves after birth – It is how our organizations evolve also.

The Human Psyche System's evolution process I just mentioned is a bi-polar wave cycle – Gradual development within a given psyche stage followed by a transition leap to the next stage. For humans this progresses from Stage A to Stage B and so on to where the leading edge of mankind is now – Transitioning to Stage A', the Living System Stage of human life and work.

Mega-Force 1, as I have said, is the discontinuous transformation leap in Human Psyche System evolution from Stage F into Stage A’.

4) Organize as Nodal Networks

Living Systems organize as networks of nodes. Each node is a living sub-system. This means that the nodes are themselves smaller living systems – Not just functional components as in linear machine systems.

Living Systems can self-organize and evolve, but only consistent with the next two Principles below – 5 and 6. This means that Living Systems can self-organize and evolve only if they are:

- at least partly Open (Principle 5) and
- In the right kind of relationships with their environments (Principle 6).

Today’s transformation in human leadership and organization depends on nodal network character. The most effective organizations for good or evil have nodal network form – For example, the World Wide Web network of the Internet for Good – The Cells of a terrorist network for Evil.

5) Open System in Dynamic Interactions

Living Systems must be at least partly open and in dynamic interaction and communication with their environments. There is no such thing as a closed, independent Living System.

This is in stark contrast with Linear Systems that can be, and often are, closed relative to their environments. Their life can be independent of other systems and their environments. Linear system science is the science of closed systems with independent variables. The 2nd Law of Thermodynamics is one of the most famous examples of conventional closed system science.

Linear system independent corporations in direct competition is one of the principles of conventional business – It is often called the “Free Market”, whatever that is. Living systems can’t be independent – They are inter-dependent. They are inherently cooperative and collaborative, if they are to be healthy. If a Living System becomes isolated it decays, and then dies. The prominent financier George Soros is saying such things about economic and geo-political systems to the horror of some conventional financial and business minds.

6) Embedded in Enabling and Nurturing Environment

Living Systems can exist only when embedded in enabling and nurturing environments. The properties of Openness and Interaction are necessary, but not sufficient by themselves. The Openness and Interaction must also occur in ways that are both enabling and nurturing, or the living system cannot survive and grow.

For human living systems, this means that linear system organization, its vertical hierarchy structure and its command-and-control management are improper for superior human performance for people whose psyches are evolved beyond Stage E linear pattern. There you have the base reason for the leadership and organization crises today.

This explains why the Stage E pattern of life and work used to be so successful when the most highly productive people were evolved only to Stage E. But when leading-edge people evolved beyond Stage E pattern, its leadership and organization pattern started to decline in importance. Key examples are GM, Microsoft and the old AT&T.

7) Never at Equilibrium

Living Systems are never at equilibrium. They always function away from it. Equilibrium in anything is not a valid goal for a Living System. In fact, the most dynamic and creative human systems operate far from equilibrium near the threshold of a discontinuous leap.

Equilibrium or end-point objectives are obsolete and dysfunctional ideas for a Living system business. This fact drives conventional linear managers crazy. They find it nearly impossible to be in “conventional control” of such an organization and its people.

The goal for linear systems is to achieve equilibrium. The “Quest for Equilibrium” in everything surrounds us today – In accounting, finance, business, public affairs, personal life and everything else.

I emphasize – Equilibrium is not a desirable, or possible, goal for a Living System – It means death. A proper dynamic Goal is Resilience. Resilience is the ability to endure instability and persist near the borderline between dynamic-stability in one stage and leaping transformation to the next stage. How to do this in practice is at the core of the art and science of Living System leadership and management. It is an art and science that leading-edge persons are just beginning to learn. Of course what I have just said may sound like non-sense to linear, equilibrium seeking business systems. It is not for those who have achieved the Living Systems Mindset.

8) Optimal Size for Nodal Sub-Systems

Human living systems have optimum size limits for their nodal sub-systems. The smallest sub-nodes should be about 12 or fewer persons. An example is the US Army Special Forces “A Teams” of 12 men. The largest sub-nodes should be about 150 persons. An example is the size of business units in the W.L Gore & Associates organization.

These numbers have been known for centuries from wise experience – Recently they are being validated by network theory. If business units get much above 150 persons they begin to “linearize” and lose their former effective human qualities as they degenerate into inhuman bureaucracies.

9) System Analysis by Underlying Wave Patterns

Living System analysis focuses first on understanding the qualitative cyclical patterns of the underlying wave cycles – The Morphic Field wave cycles. Then, when the underlying waves are understood, it is possible to make sense out of the complex pattern of events on the operating plane of daily experience. This also sounds like non-sense to the linear psyche.

What we discussed in *Mega-Force 1* and discuss next in *Mega-Force 2* is exactly this point – Understanding the underlying wave cycles first. For *Mega-Force 1* the underlying wave cycles are those of Human Psyche System stage evolution. For *Mega-Force 2*, the underlying pattern is the Kondratieff Wave Cycle.

By knowing the structure of Human Psyche System evolution through its Stages from A to A' we can understand the coming specifics of Living System leadership, organization, operations and entrepreneurship. Part 2 of this series focuses on how mankind through history and we through our own lives have evolved stage by stage up to the current transformation to Stage A', the Living System stage. Then we can see where the current transformation came from, what it is and where it is taking us.

By understanding how the underlying wave pattern for economics, finance, business and markets evolves we can understand and make accurate predictions in those areas. That is what *Mega-Force 2* – the Kondratieff Wave Cycle – is about. I introduce it in the next section and I devote Part 3 to its details.

Living System analysis is in stark contrast with conventional quantitative analysis so popular in our linear system world. The proper quest is first to perceive the underlying Morphic Field cycles and their pattern. Then we can perceive how the Operating plane patterns of events will probably develop over time unless they are being purposely distorted by man-made actions on the Operating plane. This process has long been used informally by perceptive leaders using intuition. Now it is being developed into a formal bi-polar process of Qualitative and Quantitative analysis for economics, finance, business and markets.

10) Power Law Statistical Distributions – The “Long Tail”

This is Really a Shocker! The properties of Living System networks, like the Internet, have statistical distributions that are dramatically different from those of linear systems. They are called Power Law distributions.

What is this difference in distributions? Let me explain it this way. Linear system properties have peaked distributions like the well known Bell curve. It has a peaked value for a system property and sharply falling values on either side of the peak. Every MBA student knows this. However, most MBA students are not yet studying Living System networks and their economics.

The point is that Living System network properties have No Peaks in their values – No most probable values. The value distributions for their properties fall off continuously from some initial value according to what is called a Power Law function. Let’s skip the mathematics and get to the bottom line.

Why do we care? Because this difference in distributions between a Living System and a linear system has astounding practical consequences – It turns conventional mass marketing, business strategy and even productivity improvement thinking upside down on their heads.

For example – If the system property we are interested in is sales volume per product, then for a mass market linear system business we perceive and can reach only a few percent of the total sales potential – Relative to the total sales potential that can be reached by a Living System network business model.

When the Power Law distribution is plotted on ordinary graph paper you get a curve with a “Long Tail”. If you plot the curve on Log-Log paper you get a straight line curve sloping down to the right – But I promised you no math.

Yes, you heard me right. A network business relative to a linear system mass marketing business can have a much higher sales potential – That was never seen before and never reachable before. These effects are found to be in the range of twice to more than 10 or even a 100 times the sales potential for a properly networked business rather than a linear system business.

Please note that when I use the term Network Business, I am not talking about “Multi-Level Sales” – That is something totally different. Now let’s look at a famous example of Power Law Distributions commonly called the “Long Tail”.

Slide 3 – Long Tail Marketplace

This is a Long Tail curve for Sales of products whose distribution can be embedded in a Living System network, like the Internet. Let’s assume the products being sold are books. Plotted vertically is the number of books sold of a given title. Plotted horizontally is the distribution of the number of books sold for a given title. This curve shows a very few titles have very large sales volume and the sales per title drops off continuously – Sharply at first and then ever more slowly, forever.

This example shows that a few thousand book titles give 50% of the total sales and millions of titles give the other 50% of sales. The top sellers are what can be handled in physical stores (linear system mass markets) and the low volume “non-popular” sellers are handled through a network (these are Living System niche markets). For this example the total sales potential is twice what can be seen or reached by linear mass marketing. The millions of low selling books were not previously believed to be a real market. It is.

Slide 4 – Long Tail Economics

Here we have an example of Long Tail economics. For a linear system business model with physical store inventory, the normal Pareto distribution of 20% of the products bring 80% of the sales and nearly 100% of the profits is valid. But if the business has Both physical store inventory and network sales inventory, then for this example the Long Tail

sales involves 10 times the number of products, but at much lower sales per product they still bring in significant sales and profits.

Now you see that the Long Tail turns much conventional business opportunity thinking “Upside Down”.

This section has given you ten Principles of Living Systems to introduce you to their dramatic differences from those of conventional linear systems that surround us. It should help you to develop the New Mindset. I used some Living System Principles to explain *Mega-Force 1* – The World Human Transformation. Next I will do the same thing to introduce you to *Mega-Force 2* – The Kondratieff Wave Cycle. It should be getting clearer to you that what lies under the New Pattern for *Success* is emerging human understanding of the nature of Living Systems.

End of Part 1 – 3