

Seeds of Excellence

Growing Your Business

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*Components herein are adapted from the Holistic
Management Decision-Making Framework®.*

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Table of Contents

I.	A Story	4
II.	Part I:	
	Your Business as a Whole	12
	Thinking in Wholes	13
III.	Part II:	
	Acting as a Whole	22
	Growth	23
	Why a Tree? Your Purpose	24
	What <i>Type</i> of Tree?	
	Your Whole	27
	What <i>Kind</i> of Tree?	
	Your Ideal	32
	Two Ways to Grow	40
	<i>With Intention</i> : Creating	
	Your Ideal Business	43
	Double Check	45

<i>In Response: Adaptation and Evolution</i>	57
Management Guidelines	65
IV. Tools Available	68
V. Finances	72
The Weak Link Elaborated	73
VI. A Note About Parts	81
Checking Progress	84
VII. Final Words	89

“The world operates in a series of functioning, overlapping wholes, whose qualities cannot be predicted by studying any aspect in isolation; one has to see the whole first.”

- Jan Christiaan Smuts, naturalist and philosopher

A Story

I sit on a wrought-iron chair in a crowded patio cafe and overhear a neighboring conversation between two women. It goes something like this:

“Here is a photograph of a tree. What do you see?”

“A tree.”

“What kind of a tree?”

“It looks like a maple tree.”

“What else can you tell me?”

“I'm not sure what you mean. It's on a piece of glossy photo paper and it's four by six.”

“No, what about the tree?”

“It looks like it was taken in the summertime because the foliage is so thick and green.”

“That's better. Can you look at that photo and envision that tree in all the forms it takes during the course of the year?”

“No.”

“Can you look at that photo and envision all maple trees?”

“No,”

“Can you look at that photo and envision all trees?”

“You've got to be kidding.”

“Can you look at that photo and envision the wind blowing through the branches, the feel

of the wood and leaves, the smell of the forest, all the colors and shapes and sizes of all trees?”

“You're weird.”

“Can you envision the qualities of trees, of peace and strength and regeneration and beauty?”

“Of all trees or the maple?”

“All trees. Everywhere.”

“That's impossible.”



One woman in this story is able to see beyond the piece of paper in front of her eyes. She knows the photograph is a representation of all trees, in all seasons, as well as the qualities that a tree expresses. All trees. In all seasons. Not just the maple, and not just the photograph. She sees the tree as a whole, and furthermore sees the overlapping wholes that affect the tree and that are affected by the

tree. She sees the connection among trees, and the connections among a tree, grasses, the air, animals, people and life.

She has an insight into the world around her that allows her to make decisions considering the broader implications of her actions.

The other woman has not yet developed this capability, and her behaviors reflect her perception.

We empathize with the woman who struggles to see the connections within the forest. She sees the single tree, and cannot visualize many of the connections within that tree, even superficially. She does not note the interrelationships within the forest, including the flow of minerals, nutrients, water, sunlight, etc. When planting a seedling, she might conceptually know that it needs water, nutrients and sunlight, but could not care for it appropriately.

The first woman, with a broader perspective, would be able to identify what type of tree she wants—the shape, size, variety, coloration—and she could significantly help change

growing conditions for that tree. She understands that, while there is a need to give it water and fertilizer, the tree also needs healthy insects for pollination, deep soil that allows the water to slowly infiltrate it, certain wind conditions, birds and animals—all of which contribute to a healthier forest, and therefore a more robust tree.

Think of your business as a tree in a forest.

Within the forest—the business climate—we continually strive to balance market forces, financial obligations, the work environment, temperament of staff and employees, client relationships, etc. The balance can be so complex that we usually do not know the impact that one or two actions will have on the other aspects of the business. In fact, we can rarely even conceptualize it. We spend most of our time working to keep the scale level while attempting to grow the business in fits and starts, especially over the long-term.

Furthermore, even if we want to think more like the first woman, we are so conditioned to think like the second, that we don't know how

to shift our perspective. Our greatest intentions to grow a truly healthy and vibrant business often remain an aspiration. We are not accustomed to knowing how to nurture our tree in the ways that best benefit the tree - including its surroundings, the soil, and other trees, plants and animals in the forest. In order to nurture our tree—our business—in the best way possible, we must first see the impact and significance of developing a broader perspective. Then we need a skill set that helps us to act out that broader perspective.

In nature, a sapling struggles for survival against uncountable odds. Even after it is well established, it must adapt to changes in weather, humidity and competition. Genetically, the sapling knows what it is supposed to be. The ability to withstand the challenges and obstacles of growth, and then being able to thrive as an adult tree is a different matter altogether. This internal ability to change and adapt is similar to the difference between being able to read something that makes sense and being able to put into practice what you have read. The

bridge from theory to practice is vital, and takes practice and thought.

This book is about both, developing a theoretical perspective, as well as adjusting your thinking and behaviors to give it form in your day-to-day activity.

Layout of the book

The following pages have two essential components. The first part addresses *why* you would think as a tree within a forest when creating the business you want, balancing social, economic and environmental needs, now and in the future. We will talk about the significance of knowing what you are managing and why, and conceptualize your business as a whole—just like the tree. Answering ‘*why?*’ is a bit academic, but necessary in order to set the stage and to foster a desire for changing your perspective.

The second addresses *how* you can better grow the business by generating more profit, increasing harmony at the work place and accomplishing the purpose of the business. You can decide to take actions that you know

are simultaneously socially, economically and environmentally sound in the short and long term.

Part 1:
Your Business as
a Whole

Thinking in Wholes

"There is a kind of communication that doesn't begin by denying wholeness. If we say here are mine, and here are yours, we have already denied it. Perhaps we could communicate in the spirit of the whole. That means I am not trying to tell you what I think, you are not trying to tell me, but rather together we are trying to discover how we are going to think together."

- David Bohm, physicist

A Tree

Let's step into the opening story for a moment. Picture what a tree in a photograph in the summertime might look like. It doesn't really matter what kind of tree it is—it could be a maple, a pinon, a spruce.

A tree does not operate in isolation. There is a continual flow of inputs—things that come from other sources and are necessary for the healthy circulation, photosynthesis, transpiration, and other processes of a tree. A

tree needs carbon dioxide, nitrogen, water, insects to pollinate its flowers, animals or wind to distribute seeds, soil for support, and a host of other inputs. A tree also gives things to others in its community, such as oxygen, moisture, shade, shelter and protection. These outputs contribute to its healthy surroundings, ultimately nurturing the tree itself.

One tree serves as a resource to others, while at the same time it is dependent upon its relationships with others. A healthy forest is created from the competition for nutrients, animal activity, diversity, changes in weather, etc. The forest as a whole is a macrocosm of the tree. It is a larger system, a larger whole.



Now substitute that tree with your business. Seems a little odd, but that's what you need to do. Your office, your business, is the tree.

What are the components of your business—what are you managing?

We can identify the parts easily enough. But let's not start there. If we start there, we become myopic. Let's focus on your business as a whole.



And your business in context.

Take some time to think about who you depend on. Think about the relationships

involved with your business. There are people that affect your decisions such as your vendors and suppliers, advisors and consultants, competitors, regulatory agencies and others. There are also people affected by your actions, such as your agents, employees and their families, and your community.

We are beginning to touch on the vast series of functioning, overlapping wholes, of which your business is but one. Yet, your business affects and is affected by the actions of all of these wholes. The relationships you have with all of these *must* be addressed when working to grow your business.

Visualize the overlapping wholes, noting the smallest wholes in the business: the individuals involved. As you move out, include functions and enterprises within the business, a satellite office, a corporation, various interest groups, towns, cities, and counties, families of people involved, the environment, and beyond.



“Everything starts with understanding the nature of wholes, and how parts and wholes are interrelated. Our normal way of thinking cheats us. It leads us to think of wholes as made up of many parts, the way a car is made up of wheels, a chassis, and a drive train. In this way of thinking, the whole is assembled from parts. This is a very logical way of thinking about machines. But living systems are different.”

From Presence, by Senge, Sharrow, Jaworski and Flowers

For decades people in Western civilization have been wrestling with the concept of wholeness. People strive to understand how to view the world as it is—a complex web of relationships. This perception of relationships is as true for the natural world as it is for businesses seeking to understand complexity and to aptly and effectively deal in and with such complexity.

When you think about relationships and wholeness, you begin to understand the need to address relationships first and foremost.

You innately know that managing and leading a business as if it were *one whole entity* will achieve greater harmony among employees and co-workers, foster creativity and innovation within the business, and increase productivity and profit.

Yet, we are so used to thinking about ourselves as separate and apart from others, that no matter how much we read, we struggle to actually behave as if we were interdependent. We find it difficult to balance the social, economic, and environmental nuances that affect and are affected by our daily actions.

By thinking and understanding that your business and office operate as a whole, you can excel. By understanding *how it can act* as a whole, you will excel.

Use this booklet to help grow your business, your tree. You will need it in the beginning to understand what you want to become and how to create this *with intention*. You should use it again as you make choices *in response* to outside influences that affect your growth.

The following *Part 2: Acting as a Whole* is an explanation of how to think in wholes, and how to act accordingly. The ideas expressed are adapted from Holistic Management, a decision-making framework amalgamating many concepts and thought patterns that delve into systems thinking and our own ability to deal with complexity. Some of the words herein are directly from Holistic Management, some are slightly altered for clarity in this particular context.

In this section you will be asked to write down several things. It will help if you do so as you read through the booklet. Take these ideas to heart and use what you write in conjunction with the ideas presented within this booklet, so you can act as a whole. Relate the concepts presented to your own business.

Part 2:

Acting as a Whole

Growth

Establishing yourself as a successful business requires considerable dedication to developing a deep and broad root system that will support you through times of scarcity, severe competition and seasonal business cycles. This includes first knowing:

- I. what you are growing toward, i.e. why you are in business;
- II. what *type* of tree you are, i.e., what you are managing; and,
- III. what *kind* of tree you want to be, i.e. what you would like your lives in the business to be.

Why a Tree?

Your Purpose

Things like mission, vision, and destination statements attempt to act as guiding forces for a business or organization. These are supposed to be the mirror that you hold up, so that when you are faced with a major decision, you can ask yourself, “is this in line with the mission?”

Yet, in all probability these statements are created by a few individuals and carefully crafted for public consumption. They are handed to new and old employees and end up hanging on a wall in perpetuity. These are also part of the brand of the business, as are a logo, design templates, etc.

In order for these efforts to truly be effective, everyone within the business must understand and accept them. Gather your staff and team and discuss how to open the door to effective communication. Discuss the purpose of the business together. Do not simply expect that

others will fully understand, embrace and implement your ideas.

Without a solid understanding of what you are trying to accomplish, decisions and goals can be unclear. You have probably worked for companies that started with one intent, but through a series of events ended up taking actions in direct opposition to that original intent. Know your reason for being in business. Give language to your purpose. Share the purpose with others within the business so they have a context that will help them understand the decisions you make and guide them in their own actions; in the absence of that context, actions may be confusing and misunderstood, creating internal conflict and divergent behavior.

For instance I as a business owner may have a lofty intent of affecting sustainable consciousness in my community, as well as in the business. I feel that my business could be a vehicle to help forward this cause, and take actions accordingly. However, if the staff that work with me are not aware of my deeper motives, they will not understand why I do

certain things. They will become confused and possibly resentful.

Be clear about where you are going. Talk with your staff, and come to a consensus about the purpose of your business.

Writing activity: With your staff and others in your team, independently write down the answers to these questions: “Why do we exist as a business?” Go beyond the obvious. Now ask, “As a business, what do we want to have happen?” Get as raw an answer as you can, and work to strip away layers until you are satisfied.

Keep in mind, this is meant for internal purposes, so don’t worry about carefully crafting the words. It is not meant to be a mission statement or vision for public display.

What *Type* of Tree?

Your Whole

Your business is you, your staff, employees, others influencing your actions, vendors and suppliers, money, your office, the Internet, etc. All of this tells you what *type* of tree you are. Knowing who and what are part of this whole will help you recognize who should be at the table when you make particular decisions. This will save time, repetition and aggravation. You will also have a better grasp of key relationships and the vast set of resources available for growth.

The whole of your business is made up of three categories and the relationships among them. The categories are: Decision-Makers, Resources, and Money.

Decision-Makers: In the traditional sense, we think of decision-makers as the CEO, owners, and senior management. Here, we have to think of decision-makers as the people who make the *day-to-day* decisions of

the business. These people interact with the clients, customers and suppliers. Their lives within the business, their personal welfare, and the business's success depend upon these interactions. Also included in this group are those who exert control over the direction of the business, such as a partner or an investor. When you work long and hard developing a strategy, you need some assurance that those with veto power are included. These people are the decision-makers. They may include staff, yourself, and others.

Resources: There are others external to the business that affect or are affected by decisions you make and actions you take. There are also non-human resources that you depend upon. Collectively, these human and non-human resources make up your resources. These may include, a board or panel that makes policy for an industry, the families of your staff, the greater community, consultants, the Internet, your office/location, signage and marketing tools.

Money: Lastly, you use one resource for every action: money. Because this is used universally,

it requires a separate category heading. This includes all sources of money that you have or expect to have in the near future, such as money from sales, investments and loans.

Describing the Whole Under Management, i.e. what you are managing, helps to organize your thoughts and gives you an idea on paper of what your tree includes, rather than trying to recreate the list of interrelating components during times of stress or crisis.

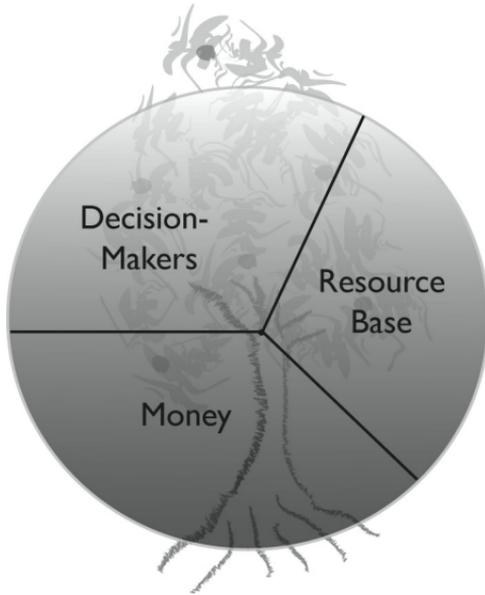
Doing this exercise with others in your business (ideally that should include everyone in the Decision-Makers category) will force you to determine who needs to be at the table and in which situations. This will save costly repetition or misdirection. You may also uncover people and things that you had never thought of as Resources, or identify someone who should be in your decision-making circle, but was always considered separate. Individuals' functions between the categories Resources and Decision-Makers are fluid. Sometimes a Decision-Maker becomes a Resource, and vice-versa.

Writing activity: Below are the three components of your Whole Under Management. Write down the details under each.

Our Decision-Makers are:

Our Resources include:

Our actual and potential sources of Money available to us include:



Your Business as a Whole

What *Kind* of Tree?

Your Ideal*

Once you know what *type* of tree you are, you need to identify what *kind* of tree you want to be. In other words, what do you want your lives to be like within the business?

The following will guide you in visualizing your Ideal, known in Holistic Management as your Holisticgoal. You will write a description of the Quality of Life you want in the business, what you need to do to create that Quality of Life, and a description of what conditions must be like in the future to sustain that Quality of Life.

Whether you can proactively plan for all contingencies, or if you have to periodically adapt to unforeseen changes in the business environment, you should have the description of your Ideal business—what you would like to become—forefront in your mind, and work toward creating that Ideal. A description of

your Ideal will become the litmus test for your decisions, showing you if you're heading in the right direction or if you need to adjust management, rethink how you use business tools, or make other changes to alter your course.

This is a group exercise that should include all staff and those with veto power. It is important that you invite others into this discussion of the Ideal as you add staff, or anytime others enter into your Decision-Making circle. Set aside an uninterrupted block of time to fully engage everyone and make sure that everyone is heard.

Quality of Life: Ideally, what do you want your lives to be working in the business?

Think about the deep values that you have and that you share with others in the business. Values are those beliefs that drive your actions in all areas of your life. Values are formed from the time you were born. They come from your parents, your school, your religious persuasion, etc. Values are so important that you seek environments in which you can

experience and express those values with frequency.

For example, do you want to express integrity? Must you express integrity in order to keep your place in the market? What about financial success? Think about the interactions within the business and your relationships with those that you noted in your Resources.

Writing activity: Write down a description of your Quality of Life, based on your deepest values.

Remember that you are dealing with wholes, and that your desired quality of life should express what you want in social, economic and environmental terms.

Creating It: What do you need to create in order to produce and own this Quality of Life?

For example, what do we need to do and how do we need to behave to be financially successful? For some, “generate profit” would suffice; others would be more comfortable

adding, “through sales as well as sound financial prioritization and spending.”

Writing activity: Write down a description of the things that you need to do in order to produce that Quality of Life.

Don't worry about numbers, quantities and how-tos. Just answer the question: “What do we need to do to create that Quality of Life?” Be sure that each descriptor of the Quality of Life has a corresponding way to create it.

Keeping it Healthy: Lastly, we have an interest in enhancing everything we need and use in order to do business well into the future, including our relationships with others. *What must we and these Resources be like 100 years from now in order to sustain our Quality of Life?* Think about your current Resources. Project what those resources will need to be like and how you need to behave to support and enhance them while growing your own business. Include a description of the natural environment, because no matter what your

business, you are dependent upon the health of the land and water.

Writing activity: Write a description of what is needed for the longevity of your business. What **MUST** conditions be like to sustain your Quality of Life?

Keep in mind how *you have to behave* and what your Resources *must* be like. Try to think 100 years out, not just the time until you plan on retiring, as generations to come have to live with your current decisions.

When you have finished, your paper will look similar to the following example. This is simply an example. It should generate additional thoughts. It is based on someone else's values; elements of it may or may not ring true to you.

Your Ideal -

Quality of Life: Within our business we want to be happy, comfortable, at peace, secure and successful; we want challenge and reward, to have an up-beat, thought-provoking and stimulating atmosphere; we want a warm, at-home feeling, an atmosphere expressive of love, balance, creativity, energy and simplicity.

Creating It: In order to create this Quality of Life, we need to...Work interdependently; engage in a learning process; foster a culture that demonstrates creativity, timeliness and inclusion; have respect for one another; be knowledgeable; act with professionalism; create an overall feeling of magic and abundance.

Keeping it Healthy: In order to sustain this Quality of Life, we must have sound information-gathering systems; mindful and aware buyers and sellers; product consistent with our values of integrity, honesty and vitality; healthy land and water.

Revisit what you have just written. You have described the Quality of Life you want in your business, identified what you must do to create your Quality of Life, and described what you will need to ensure that it can be regenerated for years to come.

Use this as your guide. With sincere input from those in your Decision-Making circle, you have a powerful tool. This tool is what you use as a checkpoint against which to measure the decisions you make and the actions you take.

For example, a real estate agent from Company A takes a listing for a piece of property based simply on the need to fill a quota. Another agent from Company B, remembering the Quality of Life their office described, refused the same listing because it would not contribute to the agency's Ideal. The agency had discussed the fact that the listing encouraged poor water quality through an antiquated leech field and also discouraged a healthy, walkable community.

In another example, a local coffee roastery is approached to wholesale coffee to a new 'bikini bar' in a neighboring community, and happily provides samples and a marketing packet to try to win the business. Another roastery is also approached, but understands that that this may compromise some of its values and perceived image, as well as affect the image its own employees may have about the company. Simply vying for the business may take the company away from its desired Quality of Life; it would actually erode positive relationships and word of mouth within the community and present an undesired image of a lack of integrity.

Two Ways to Grow

Once you develop your roots, you must thicken the bark, strengthen the trunk and send out photosynthetic leaves. You must create the framework so that you can appropriately plan your growth and be able to adapt to change. You must now go from *thinking in wholes* to *acting as a whole*.

As we consider how to create a new business from the beginning, or to reorganize an existing operation, understand that there are only two reasons to knowingly take action; there are only two ways to grow. One is consciously, *with intention*. The other is *in response* to internal or external circumstances.

The first thing you need to do is figure out which of these two is currently motivating you to act. Either you are acting *with intention* or you are acting *in response*. The great majority of the time, we act *in response*. This is how we are accustomed to behave. We are very good at adjusting our actions according to the situation around us. This idea is exactly what

Sir Isaac Newton meant in his First Law of Motion: basically, you continue along a straight path until something causes you to deviate. Contrary to our best hopes, we are not well practiced at using foresight and planning. We have not learned to review our current path to see whether we are actually heading in a direction that will create the kind of life we want. When we do and can take action accordingly, we are acting *with intention*.

Some reading this may think, “reactive” versus “proactive,” but most of the time when people think they are behaving proactively, they are still acting *in response*. To dispel confusion and to discern which way you are behaving, ask yourself the following questions:

1. *By taking action, what do I want to have happen?*

3. *Why?*

4. *What is the situation that is creating the desire for me to take action?*

While most often people adapt and evolve *in response*, let's assume that you truly want to create your Ideal business. You will have to make decisions and take actions that intentionally move you toward the Ideal you described.

We will look first at how you can create the Ideal business *with intention*, and then look at how you can behave *in response* and still act as a whole.

These sections will be useful as you develop a new business, and also for continued management throughout years of operation. You will develop greater clarity about *what* you are doing and *why* you are doing it, as it relates to the purpose of your business and the values that drive those within the business. Over time, you will inherently think and act as a whole, and the distinction between *in response* and *with intention* will become a non-issue.

With Intention: **Creating Your Ideal Business**

Use the Ideal

Exceptional businesses see the inherent value of maintaining customer and social relationships. They capitalize on harmonious interactions with clients and others they believe have an impact on their business. These businesses carefully spend in ways that generate additional wealth, and intentionally buy supplies from vendors who strive to manage their financial, human and natural resources soundly. These are all noble actions and can be seen as being done *with intention*.

However, in most cases, these actions are not driven by a picture of the desired Quality of Life of those within the business. If consistent and aligned with a description of their Ideal business, these actions are more potent.

In order to do things *with intention*, focus first on what you want in the business—the Ideal.

Create a strategy based on foresight and vision rather than acting because of changes that occur in the market and at work. Then double-check to be sure that growth is happening in the way you want it to.

In other words,

Be clear about your purpose and know what you are managing.

Identify what you ideally want your lives to be like in the business, what you need to do to create that quality of life, and what your resources need to be like well into the future to sustain your business.

Run through what you would normally do in a business as you prepare your business plan, annual strategy and marketing plan, or prioritize expenses. Then *double-check* your strategies and plans to determine whether they will enhance or detract from your Ideal.

Double Check

Below, you will find seven simple questions that you can ask yourself in order to double-check whether any decision you make or action you take will lead you toward or away from the Ideal business that you described earlier.

These seven questions should be used only after you carry out the steps that precede your decision or action, such as cost-benefit analyses, consultant advice and expert opinion. For example, you might be thinking about running a new ad in the local newspaper. In this scenario, you might find out the cost for various sizes and coloring, research print deadlines, phone graphic artists for bids on design and layout, gather information from others in the office for copy and content, consult with peers or a corporate office to make sure the ad fits with the Brand, etc.

Then, run through the seven questions quickly and concisely without putting too

much emphasis on any particular one. If you can't answer these quickly, chances are you need to revisit some assumptions surrounding the decision or action; you might need to clarify the intent behind an action, gather more information, and bring different people to the table.

Only some of these questions will apply to any particular decision or action. Asking all of these demands that you look at each situation and its effect on the *whole of your business*, from the financial to the ecological and social significance of an action. Over time, these questions will become second nature.

These are described here and will be visited again in the section *In Response*.

The Testing Questions

1. Cause & Effect

Ask: Are we dealing with a problem that needs solving or are we dealing with a symptom? If we take action, will we be addressing the problem or a symptom of something deeper?

This question is asked first in order to confirm that you are acting consistently with your Ideal. This question simply encourages you to think about whether you are addressing the root cause of a problem or merely a symptom. You want your actions to address the deepest level of a problem and not just act as a Band-Aid.

2. Weak Link

Given the complexity of a business, we have to split the Weak Link question into three questions: Social, Ecological and Financial. The principle of the weak link states that a chain is only as strong as its weakest link. You

want to identify what that link would be and give it the resources necessary to strengthen it.

Social Weak Link

Ask: Have we considered and/or addressed any confusion, anger, or opposition this action could create with people whose support we need in the near or distant future?

Take care not to create confusion or anger, or generate opposition, either from people within the business, or from clients, regulatory agencies, neighbors, etc. Any of this will hinder your business.

You also want to be aware of whether things are stagnant in your business or stunting your growth. If things do not improve within your business over a significant period of time, you may find that you have a logjam—something that plainly blocks forward progress.

Conditions that create social logjams may be: lack of communication, negative attitudes, lack of effective input and feedback, eroding relationships among Decision Makers and important people within your Resources, etc.

Ecological Weak Link

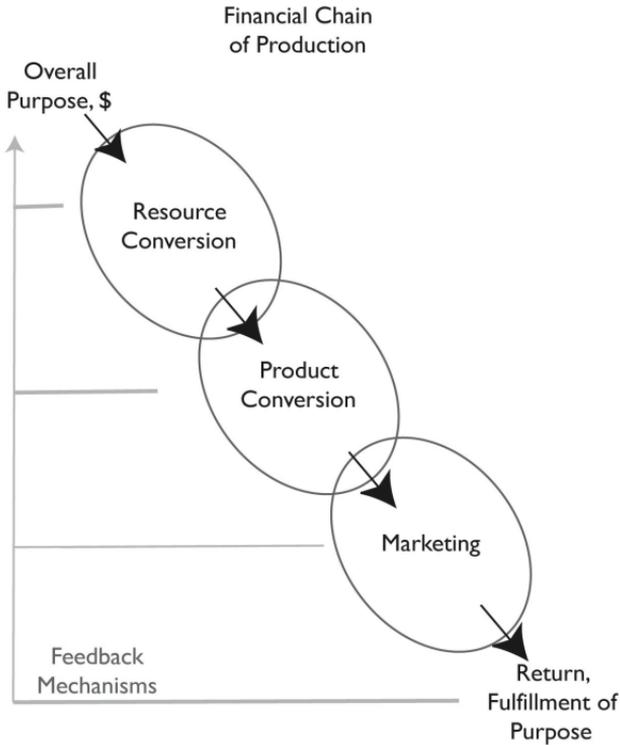
Ask: Does the action you may take directly affect the water cycle, mineral cycle, flow of energy, or dynamics of the ecological community? Are there externalities and indirect consequences of your action on any of these, and will these consequences lead you toward what you have described in your Ideal business?

You should keep the ecological weak link in mind for everything that you do. First, because everything you do somehow affects the environment. And, second because by asking about the environment directly, you will keep it and the effects that you have in the forefront of your mind. Perhaps you are considering a new enterprise that would create undue stress on quality of the groundwater. Maybe one way to give back to your community includes volunteering to pull a noxious weed. Ask yourself about its habitat and why it thrives. Visit alternatives to spray, harrowing or fire as solutions. Or, question the indirect effects that you have by driving your car, the inks and paper that you use, the electrical demand in your office, etc.

Financial Weak Link

Ask: Does this action accurately divert resources to the weakest link in the chain of production?

The profit your business generates comes via a Chain of Production that starts with an initial investment, your purpose, etc. (see the figure below.) In each link of the chain, you convert raw resources—human and non-human resources—to something useful, then develop and enhance a product or service, and finally market the product or service to both generate profit and fulfill the purpose. The three links include: Resource Conversion, Product Conversion, and Marketing.



Financial Chain of Production, from initial Investment and Purpose to Fulfillment of that Purpose and Generating Revenues.

At any one point in time, the chain will have a link that is weaker than the others. If you do not put some of your time and money into reinforcing this weak link, the chain will break and you will have a crisis on your hands. The Financial Weak Link question asks you to identify which link in your chain is indeed the weakest so you can prioritize your time and money most effectively. Once your current weak link has been identified and strengthened, your business will need to divert resources to the newly exposed weak link.

Within a business, there may be one or more income-generating enterprises. Each of these enterprises will have its own chain of production and it is important to identify the weak link in each chain and anticipate what that link may be for the upcoming financial year.

This question is again detailed later in this booklet, starting on page 73.

3. Marginal Reaction

Ask: When comparing more than one possible action, rank these actions according to their contribution to fulfilling your purpose and creating the Ideal business.

This question is used when comparing various possible actions. Determine which action(s) provides the greatest return, in both money and time. In other words, rank the options according to which provides the biggest contribution to your Ideal business. Which options give you the biggest bang for your buck?

4. Gross Profit Analysis

Ask: When comparing multiple income-generating enterprises, which will do the most to cover overhead within our business?

This question is used when comparing two enterprises, each a separate money-making business within your business. It provides clarity on which program will bring the most

income above and beyond the additional expenses of that program or operation.

5. Energy and Money: Source and Use

Ask: Does this action require non-human energy or money? Is the energy and money being used in this action derived from the most appropriate source? Will the energy/money be used in the most appropriate way?

This question is used whenever you are dealing with energy or money. You should double check that the intended sources and uses of either the energy or the money do not overly tax what you need 100 years from now to keep your business healthy, or set you up for financial hardship now or in the future. Some critical things to think about with this test are the addictive and/or cyclical nature of purchasing on credit and our petroleum dependency. Also, think about the repercussions for consumptive use of money or energy.

6. Sustainability

Ask: If this action is taken, will it lead toward the Future Resource Base we have described?

This question is used for every potential action. So often decisions are made based on short-term gains without enough understanding of the long-term consequences of the action. As best we can, we need to be aware of the effects our actions are having on social, economic and environmental influences surrounding us. Present day circumstances may periodically demand that an action be taken that jeopardizes our future health; however, we must make these decisions understanding what potential impacts they will have. Making these educated choices also allows us to identify and counter negative impacts before they set in.

7. Society and Culture

Ask: Considering the answers to all of the above questions and our Ideal business, how do we feel about this action now?

This question has been described by many as your “gut instinct.” Now that you have looked at this action through social, environmental and financial lenses, how do you feel?

This test allows you to rely on your intuition; even if every other test fails, you can still make an educated choice to move forward. The added value of having gone through this process is that by the time you reach this question you will have a solid understanding of where this decision or action is taking you, both positively and negatively.

In Response: **Adaptation and Evolution**

In nature, a single tree can be affected by variables—such as weather, climate changes or fire—that impact everything in the forest no matter what the individual tree or group of trees is doing. The tree is also affected by other variables that result from its own growth characteristics and the competition for resources from the trees around it.

Just as in nature, competitive forces external to the business will affect your standing in the marketplace. Additionally, the interactions of personnel, your own false assumptions and miscalculations, and other factors internal to the business will force you to adapt to your situation.

In the late-2000s, declining coffee production caused the worldwide green coffee market to climb dramatically. Some roasters and cafes sought alternative, ‘traditional’ marketing techniques to boost their business, while

others turned to blossoming social media potential and others varied their pricing structures. Still others took a 'business as usual' approach. None of these approaches is correct and none is wrong. The point is that companies were *responding* to influencing variables and adjusting their management accordingly. Many of these companies looked to the actions of their competitors and developed new strategies depending upon what they were doing. A domino effect ensued, which helped to evolve the entire industry. Similar examples span every industry.

This example demonstrates the adaptation and evolution that resulted from declining coffee production worldwide. Within local markets and the business itself, there will be other forces that cause you and your business to adapt. For example, you might notice more creative ads put out by a competitor, new packaging or product trends, a shift in trends toward organic or shade grown, tighter regulatory controls by an independent certifier, changed attitudes among staff or others affiliated with your office. In these or thousands of other instances, you will adjust

your management in order to successfully grow your tree.

And in each of these situations, you should acknowledge simply that you are acting *in response* and confirm that, whichever action you take, whatever decision you make, it will lead you toward your Ideal. Be sure that the action fits with how you want your lives to be within the business.

In order to ensure that you are heading toward your Ideal as you adapt and evolve as a business, ask yourselves:

What is the situation?

This should take a relatively short amount of time, but could take longer if the situation is very complex or if there are numerous disparate opinions.

You now have a choice. You can follow the normal, reactive approach to problem solving, in which you identify the decision to be made,

look at alternative courses of action and select the one you—at the time—feel is best.

Or you can be more thorough, ensuring that you are accounting for your own social, economic *and* environmental success in the short- and long-terms. You are clearer about the potential consequences of the action you take. You know whether you will embark on something that may support or may jeopardize the resources you need for future growth. You do not take action simply because it makes economic sense, or because of social impact. You imagine possible effects from multiple perspectives.

When you have defined the situation, ask yourselves, “Why did this happen?” The situation you have just identified will be, in most cases, a superficial issue. Run through the following steps 1–3. These are presented in the gray box with an explanation that follows.

Step 1: Know the Cause - After identifying the situation, what is its cause?

Step 2: Frame the Situation- By addressing this situation, what do you want to have happen?

Step 3: Prioritize Options - What alternative courses of action exist?

How do the alternatives compare when placed against the Testing Questions?

Which is the best alternative overall as it relates to the Ideal business?

Step 1: Know the Cause

Approach the situation as a simple cause and effect relationship. The great likelihood is that by choosing to address the situation as presented without sincerely looking deeper, you will be addressing a symptom of an actual problem. Work diligently to break the situation down further. Remember that there are countless variables affecting your business and you may not have accounted for all of them. The deeper you go, the greater

assurance that you have reached the root cause.

Now give it some context.

Step 2: Frame the Situation

By addressing this situation, what do you want to have happen? What would you really like as a result? You have spent a good bit of time thinking about why you are in business and what you want your business to ‘look,’ ‘feel’ and ‘be’ like. How does addressing this situation lead toward fulfilling the Ideal you have described? Is there one particular aspect that this situation would address? Give the situation a frame—a context for your actions based on what is important to you and necessary for longevity.

Step 3: Prioritize Options

Now revisit the root cause. What else might address this root cause? By addressing the situation you originally described, will you be affecting the root cause of any problem that may exist? Think of the options available that would:

- a) address the situation;
- b) address the root cause of a problem;
and,
- c) take you toward your Ideal.

List these out.

Ask yourself the following questions, which are a simple rephrasing of the Testing Questions described earlier. Remember, some of these questions will only apply to certain situations.

Which option will forward our efforts the greatest? Rank them.

Where do we need the focus for our business? Is it in converting our raw resources? Creating or enhancing our product or service? Marketing? Which option(s) addresses this greatest need?

If you are considering a new enterprise as a part of your primary business, what is the projected gross profit, and how does that compare with other enterprises?

Think about the source and use of the energy that you will need, as well as what you need in the future to keep your business healthy. Which option sources and uses energy

most appropriately for your business, balancing long-term vitality and short-term demands?

Where will you get the money for each option? Is it an addictive source, such as credit? Is it a consumptive use or one-time use, or a cyclical use?

Are you addressing any anger, confusion, or opposition, or will you be creating any?

Do these options contribute to the resources needed in the future to remain healthy, as you described?

Lastly, which option seems the best fit?

You now have a sense of how your situation fits into the context of your business, and you can move forward by confidently developing a sound strategy.

Use these as a starting point.

Management Guidelines

You will also want to familiarize yourself with a few Management Guidelines.

The Management Guidelines provide a starting point from which to align functions of your business as well as to diagnose issues within your business. Understanding these guidelines will also enhance the effectiveness of any feedback mechanisms you have in place. When you set up operations or periodically review progress, visit the following four guidelines. These are useful to keep in mind as you establish protocol, note inefficiencies, and generally make, test and monitor actions and decisions that take you toward your Ideal business.

Organization and Leadership

What is the structure of the business? Are there multiple wholes within your business that you need to identify and be aware of? Do you have a clear sense of what the purpose of each enterprise might be, as well as the

business in general? Who reports to whom, and what is the most appropriate mode of communication vertically as well as horizontally among personnel? Does your hierarchy appropriately reflect your business and the behaviors that best support it?

Learning and Practice

Have you been appropriately trained in the brand and business philosophies? Have your personnel been trained? Has there been appropriate training and follow-up in the supporting management systems, such as an office management program? Do personnel practice the systems and processes that have been outlined and agreed upon? Can you see the agreed upon behaviors in action?

Marketing

Do marketing efforts reflect your office and the image that you want to portray—both internally and externally?

Time

Is time being used effectively and efficiently? Are priorities clear and sufficiently detailed? Is there an effective mechanism for tapping into personnel's vast and distinct backgrounds and experiences? Is there appropriate trust among personnel to encourage self-analysis and correction, or to turn to others for guidance when appropriate? Are personal goals and expectations clear and concise? Are these visited and adhered to? Do people need assistance determining priorities?

Our Available Tools

Regardless of whether you are acting *in response* or *with intention*, at some point, you will need to take an action or make a decision. There are very limited categories of tools available for use, relative to the business world. Keep these in mind as you move forward and as you check your progress (described beginning on page 84).

When we take any action we employ one or more of the following four tools:

Money and Labor

No action can be taken without someone to do it or without money to pay for the efforts. One or both of these tools are needed for every action. These tools draw directly from the Resources we described in the beginning of this process.

Human Creativity

This could be the most necessary and most underutilized tool within business. Human creativity is key to using all other tools effectively. This is where our capacity for innovation stems: the development of

additional services or products, the honing of a marketing approach, alternative approaches to client relations, etc. This tool calls for continual learning and an internal entrepreneurial spirit and capacity. This internal spirit speaks to an earnest desire to seek solutions that go beyond normal behaviors and the formal knowledge of business and industry.

Technology

Technology is the most regularly used tool, and is essential to any business. Of course, it can create a level of dependency when not used appropriately with human creativity. In many small businesses, this tool is generally employed in the following forms: computer capabilities, the internet, database and office technologies, video, camera and other forms of multimedia, office supplies, service delivery and transportation, some limited production and manufacturing, packaging, and display.

Communication

Imagine what would be accomplished if there were no people involved. But, there are. You

must communicate with clients and customers, suppliers, employees, superiors, brokers, family members, advisors and consultants. The methods you choose to express yourselves vary based on your audience and your purpose. Additionally, what you hear and how you hear it depends upon myriad circumstances. It is therefore important to understand pros and cons of various ways of verbal and non-verbal communication and approaches to listening.

Furthermore, each of us has certain default behaviors and ways of communicating and listening. Understand the default behaviors for people within your business and the potential impact on the business. Strategize the most effective way to work with clients, suppliers, and others in your Resource pool, as well as the best structure for periodic meetings and retreats.

Finances

The Weak Link Elaborated

Think about productivity in your office as a Chain of Production. Within this chain, you begin with the purpose and investment money, then harness your own and your team's education, intellectual capital and capacities. Turn these components into a product or service that you are selling, market that product or service, and finally reap the financial rewards and fulfillment of your purpose. These elements make up the links in the Chain of Production.

If you do not put some of your limited resources to reinforcing the weak link, the chain will break and you will have a crisis to deal with, or your business will wither. Therefore, resources need to be allocated to those areas that strengthen the weak link. Once strengthened, divert resources to the newly exposed weak link. Monitor the Chain of Production using various feedback mechanisms to ensure that your resources are efficiently and effectively going to the appropriate area.



Within a business, there may be one or more income-generating enterprises, such as a retail

space, wholesale distribution, etc. Each of these enterprises will have its own Chain of Production; it is important to identify a weak link in each chain for the upcoming financial year.

The Links

The three links in the Chain of Production are detailed below. These are guidelines and general descriptions of what would be contained within each link.

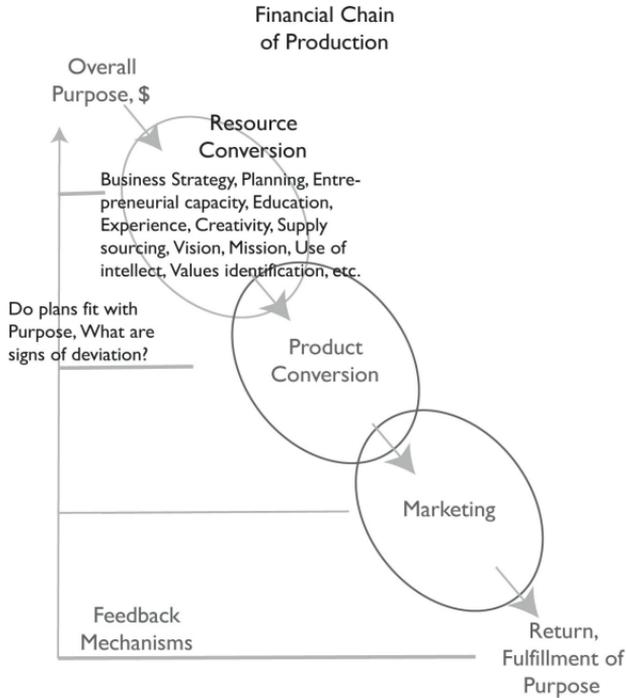
As this is a process, there will be overlap among the links and the distinction between each may not be clear. For example, if you feel that something should be in the Product Conversion link rather than the Resource Conversion link, then put it there. Have a dialogue with the Decision-Makers in your business. Come to an understanding among yourselves where things would lie, and decide which link is the weakest for this year. Now you can confidently take actions and make decisions with this in mind.

Understanding where you are weakest is especially important when prioritizing

finances, as described below. You can highlight a sub-category of each of these, if that will help you. Just get yourself thinking about each of these links. This weak link should become an expense priority when planning annual expenses, as detailed in *Holistic Financial Planning(**)*.

Link I: Resource Conversion

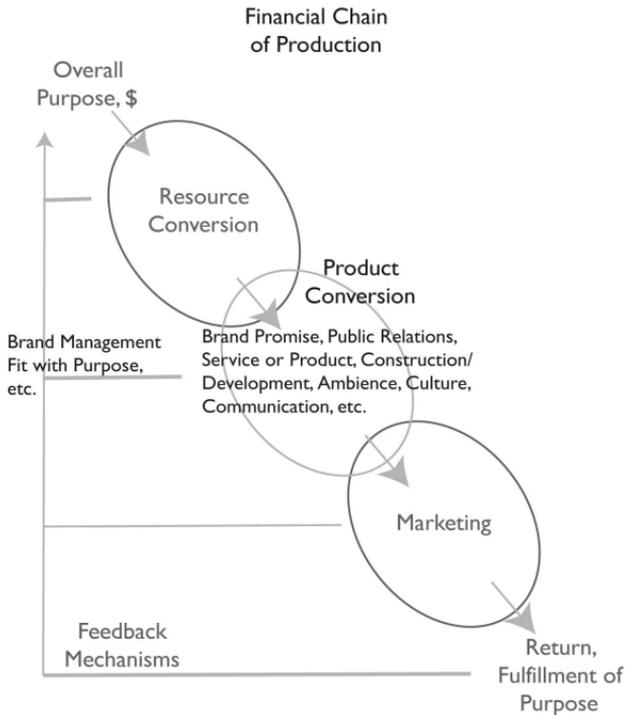
Here, you refine your raw resources and capabilities; a business will have certain core capabilities that you must harness to improve your product or service as well as enhance customer relations. Within this link, you may include: the people on the “team” (staff, owner, investors); training; the Brand; communication among staff, brokers and people in your resource base; particular titles, certifications, and/or licenses; financial responsibility and capability; your team’s expertise, etc. Refer to the following graphic.



Link II: Product Conversion

Here, you convert your refined resources to create a product or service that is truly representative of who you are and what you are trying to accomplish as a business. Within this link, you may include: your Brand

Promise, client and public relationships, the Culture that is the living model of your brand; operations; policies and procedures; listings (marketing to the seller), the ‘feel’ of the office, etc. Refer to the following graphic.

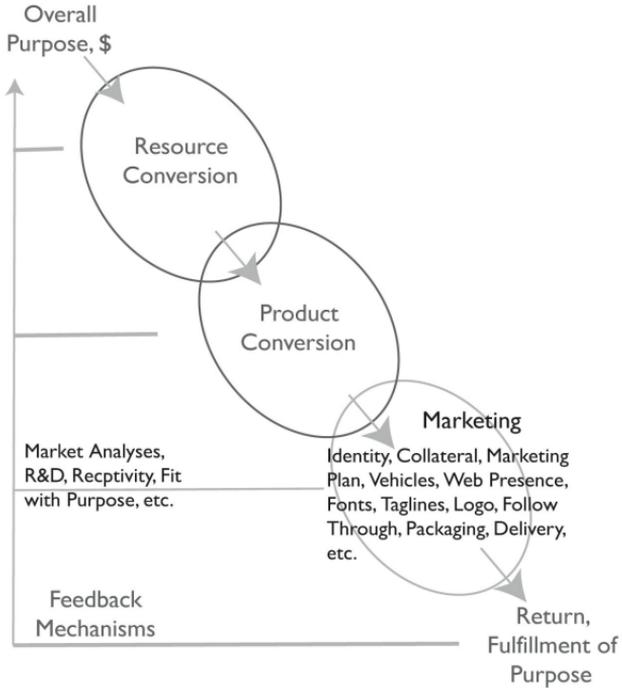


Link III: Marketing

Here, you package what you have and who you are and present it to the world. You become a topic of conversation in living rooms and coffee shops. You sell your service and product. Within this link, you may include: your marketing plan; advertising; your web presence; marketing to the buyer; outbound logistics; pricing; staff and client interactions; the ‘greeting’ in the office, etc. Refer to the graphic below.

This is a unique way to look at financial planning. There are also complementary ways to view expenses and prioritize spending. If you would like additional resources to advance progress to your Ideal, please refer to the comments on Holistic Financial Planning in the final page of this document.

Financial Chain of Production



A Note About Parts

Notice, we have not addressed the individual elements of a business. In a tree, we know that the phloem and xylem pass nutrients and water up and down the trunk, and the pistils and stamens perform their unique reproductive functions within the tree's flowers. But we look at the tree as a whole first, then examine its unique properties.

The world operates as a series of functioning, overlapping wholes. An individual is the smallest "whole" within a business, followed by departments, divisions, the business itself and the extended community. Engage the people in your office in a dialogue about how they each need to behave in order to grow the business toward the Ideal that they have all created together. Just as the business needs to create certain things to produce the Ideal, each individual person and department can and must contribute.

Each of the unique elements of your business is a *whole*. Each department, program, enterprise and individual can investigate and set their own values, can choose or agree upon an Ideal, and can measure decisions

using the Testing Questions. They also rely upon each of the other elements of the business for their own success.



Conceptualize Wholes within Wholes, as depicted in the above graphic.

Checking Progress

Regardless of whether you are acting *in response* or *with intention*, you must check to see whether the tools you are using and the strategy you have created is actually bringing about the intended results. You do not want to wait too long to check. Acknowledge the possibility that you have not accounted for all influencing variables, and that you may need to adjust your plan.

Ask yourself what would show you that an action you take is heading in the right direction, or the wrong one.

You will engage in an ongoing and vital process. Rather than wait to assess *how well you did*, as we often do, *look for the first signs of deviation* from your plan.

When you drive a car, you are always noting where the road will turn and adjusting the position of the steering wheel accordingly. You know certain road signs indicate an approaching curve and that changes in the

coloration of the road indicate a wet or icy surface, and you adjust to the changes accordingly. Imagine if you had to drive a car just by feel—if you had cardboard on the windshield and could only look at the rearview mirror to determine how well you had been doing! At each turn, you would correct the steering wheel as soon as you hit the gravel on the shoulder, sending the car careening to the other side of the road. Over time you either continue in this precarious fashion, or crash.

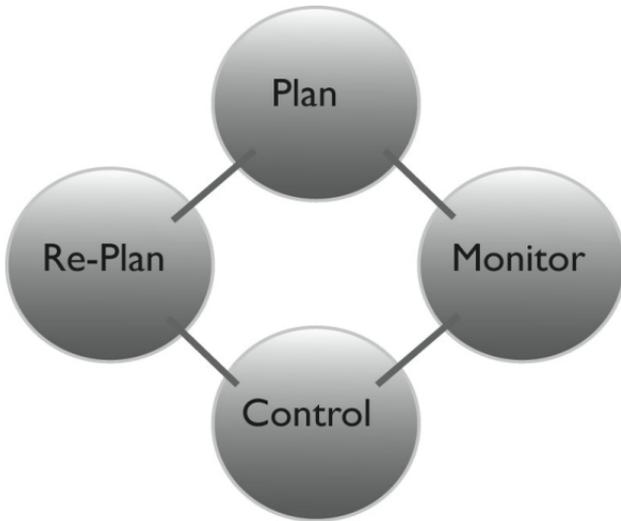
A simple and continuous feedback loop is described in the box below.

Plan your strategy.

Monitor the first signs that you may deviate from your plan.

Control for these deviations - assign a person to adjust their behaviors, adjust the marketing approach, etc.

If you see that you will significantly deviate from plan and the direction will be counter intuitive, Re-plan.



Keep in mind that you will always have to balance which particular aspects of your Ideal business you are focusing on at any point in time. There will be times that social, economic and environmental elements do not align perfectly. At other times you may be unclear about the ramifications of a particular action within your Ideal.

Revisit any given situation to be sure that you have noted the root cause and are addressing it as best you can under the given circumstances.

Be sure that you are clear on the purpose of the business.

Take action, but with the knowledge that if there are, for example, negative environmental consequences, you are aware of them and can work to improve your processes over time. The same principle applies with decisions that may be financially or socially uncomfortable.

Final Words

With practice and diligence, we can see the qualities of all the maples, of all the trees, everywhere. We can imagine the wind blowing through the branches, the feel of the wood and leaves and the smell of the forest.

The second woman in the opening story struggled with connections and relationships. Had she owned a business, she would have focused on profit, perhaps tried to boost productivity, maybe dealt with some human resource needs. All of these are vital. But in isolation, they are out of context of the whole: the social, the economic, the environmental, all together.

Wholes within wholes.



We must be aware of our relationships—from our personal interactions with clients, to the way the business affects our families. Even our choice of office supplies has an impact, on us and on the environment. The resources we use come down the supply chain to our

business, and the impact that our business has on the environment is perhaps the most misunderstood and overlooked. The common belief is: our business is not dependent on the land, so how could the environment possibly have anything to do with us? The truth is that in order for businesses, communities, towns, cities, etc. to survive they need to have a complete understanding that all actions we take are tied to the environment.

We are either directly affected by, or are directly affecting the environment with our actions. Where does our water come from and where does it go once used, how do nutrients cycle, what animals and plants surround us, how we get the energy needed to fuel our technology or fuel our bodies?

You must be aware of basic environmental relationships, just as the concept of wholes within wholes.



Be well aware of what *type* of tree you are, what *kind* of tree you want to become, and how you double check to see that you are making progress—that you are growing in the right way.

Think about your motivation for action. Is it *with intention* or *in response*?

Strive to do things that are *truly* sound, meaning that they are socially, economically *and* environmentally sound—now and in the future.

Plan your finances and spending based on the Ideal. Plan your spending to target the weak link, the logjam, and expenses that will generate new wealth.



Envision the connected causal relationships that your actions affect, and try to predict how others' actions will affect you and your business.

Recognize relationships.

Know who should be at the table, and when.

Involve people who are working on the ground—the people who may be better informed.

Place on a pedestal the relationships you have to water, to land, and to other natural systems around you.

Understand that you may not have accounted for everything, and maybe things will not go according to plan. Look for those suggestions.

Think in wholes. Act as a whole.

Like a tree.

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This document, written and compiled by Joel Benson with support of the Glen Douglas Group and Pinon Real Estate Group, is used by permission of Joel Benson. The original document was created in cooperation with Jane and Doug Pinto of the Pinon Real Estate Group.

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**The term “Ideal” is known as a “Holisticgoal” in Holistic Management. The terms “Ideal”, “Creating It” and “Keeping it Healthy” were selected herein for instructional purposes and may be referred to as a Holisticgoal, Forms of Production and Future Resource Base, respectively, when talking specifically about Holistic Management.*

***Holistic Financial Planning is a component of
Holistic Management. More information on this
approach to financial planning and other training and
materials can also be acquired by contacting
Paratu Institute
(www.paratuinstitute.com).*

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