

Total Respect Management (TR M): A Systemic Management Approach in Aligning Organisations towards Performance, Safety and CSR

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Abstract

Total Respect Management (TR M) is a systemic approach and an integrated management system to proactively reach performance, safety and CSR in organisations and teams. Being a systemic approach entails it takes the whole system into account and acts on those elements in the system that generate fundamental and sustainable change in order to achieve specific goals. When safety and corporate social responsibility are important to an organisation, associated values and their supporting beliefs need to be embedded and become deeply rooted into the organisational culture. Such a situation can only happen when the mental models present in the organisation, from top to bottom, are aligned with these values and beliefs. The reason is that these mental models will determine how systems will be structured, how they function and how they eventually produce outcomes and results. The most important instrument to influence mental models in organisations is dialogue.

Keywords: Total respect management, Leadership, Safety, Corporate social responsibility, Risk Management, Performance management, Sustainability, Dialogue

1. Introduction

Respecting people, profit and planet. This is how one could summarise the approach of Total Respect Management (TR M) which is explained in this paper. It is constituted of the combination of leadership (respecting people), management (respecting profit) and excellence (respecting the planet) in order to get desired performance and results.

Leadership plays an important role in establishing and aligning individual visions, missions, ambitions, values and beliefs in organisations, and turns it into an organisational culture and identity. How one perceives the world, which focus one develops and what is important to a person or the organisation, will be reflected in the mental models that will drive and determine which objectives are important to individuals and to the organisation. Once objectives are clear and established, leadership, as a process, shifts into management as a process. Management, as a process, acts in order to pursue these objectives and aims to reduce the uncertainty involved. Therefore, management, as a process, will always be risk management, because the only purpose of management actually is to reduce uncertainty in pursuing objectives. It is mainly done by taking informed decisions and act accordingly.

As soon as risk, the effect of uncertainty on objectives (see also ISO 31000, 2009), is managed, which means it has been assessed and treated, (risk) management converts into a continuous improvement process, which ideally should aim at excellence and go beyond customer expectations. Aiming for excellence leads towards enhancing both the objectives themselves and the management of their associated risks. It gives rise to optimum results as the creation of value will grow, while waste and losses will be diminished.

Obtaining optimum results is paramount for any organisation in our society today, certainly if one cares for the planet and its people. Optimum results are certainly not obtained by looking and aiming for short term maximisation of profit. As most often, short term gain is in contrast to sustainable solutions, which habitually require investments beforehand, reducing the profit in the short term. Short term profit maximisation is frequently based on ill-conceived cost cutting by reducing efforts and needed investments. As a result it takes away value from society, certainly when safety and/or CSR issues are not considered important enough.

The TR M approach further elaborated in this paper, is designed to reconcile short and long term profit. It is a holistic approach which seeks sustainable profit in the long run, resulting in increased value for people and society as well as a planet safeguarded for the future. It is a method to reach optimum solutions, which will also require efforts in advance, but requires less resources and obtains better results in the longer run. Today this is a difficult choice to make, but TR M is able to help in making this decision.

Specifically, TR M is a balanced combination of leadership, management and excellence. It will achieve CSR and safety in organisations as these concepts align with the ideas and mental models at the heart of Total Respect Management. In a more practical way, TR M is a method that spreads out throughout any organisation as it works by a combination of aligned leadership, an application of ISO 31000, employment of the theory of learning organisations and finally the use of the so-called KARAF® model for continuous improvement and excellence. (Blokland & Reniers – 2013)

The blend of these elements and the implementation of this seemingly simple reasoning is far from easy. Alignment and leadership development in organisations are complex matters, which require a thorough understanding of existing mental models, systems and structures in the organisation that needs to be aligned. It also involves a deep commitment to learning at the organisational level, in order to change perceptions and improve results.

Nevertheless, the crucial factor to create an environment where such a development is possible, is a profound understanding of the value and concept of “respect” and also of its most prominent tool to be used: dialogue. Because the level of dialogue present at all levels in an organisation is a key leading indicator for the future level of success. Likewise this is also true for success in safety, corporate social responsibility and ultimately performance and profit. This paper will attempt to explain how respect, dialogue and the elements of TR M fit together, why they lead towards optimum results and why dialogue is such an important aptitude, needed to get optimum results.

2. A “Systemic” Approach?

For Total Respect Management, the notion “systemic” points to a holistic approach, extended throughout the whole system of an organisation or enterprise, including its environment in the large sense of the word. A systemic approach avoids reaction to symptoms of events happening, but instead seeks to discover the underlying systems, structures and their associated mental models, in order to understand how the whole system produces its results. In order to change results, it is not enough and often wrong, to directly react to events. Reacting to events and the visible symptoms of underlying structures and systems can even aggravate situations and problems, as the fundamental dynamics remain intact and resources are spent without effect or sustainable results.

Figure 1 illustrates how it is possible to look from a systemic perspective towards reality, and what approaches are used on the different levels of reality. Visible facts are events happening. This is usually where most efforts are spent in relation with safety: people immediately reacting to unwanted events. Sometimes this is necessary. When a fire occurs you will have to extinguish it as soon as possible, before it causes too much damage. However, when fires happen more than once, over time, trends and patterns can be discerned. Understanding these visible trends can help to anticipate and can aid decision-making to take precautionary actions in order to be ready to react. But even more important is to ask why these fires occur. What is the system that causes the fires to start? How does the structure of that system facilitate the fires to occur? And what mental models give rise to the dynamics and structure of the system that causes fires to happen? It is only at these less visible levels of awareness and understanding that the real causes of fires happening can be found and effective changes can be implemented. Regeneration of mental models, redesign of structures and the reframing of systems is the needed change in improving organisations towards desired and sustainable results. (Bryan et al, 2006)

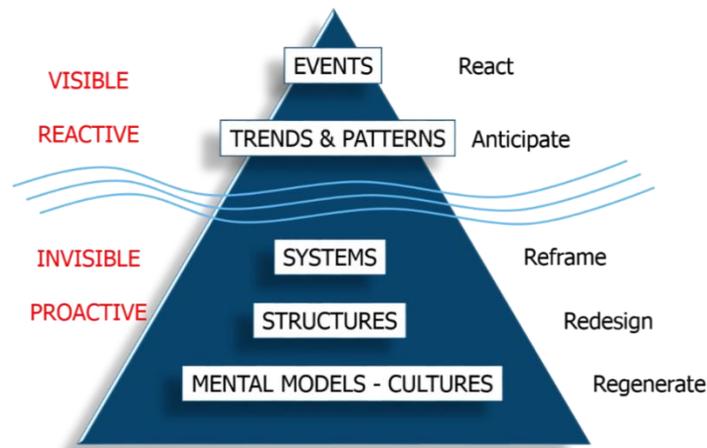


Figure 1. A systemic viewpoint on reality (Bryan et al, 2006)

2.1 The Cynefin Framework

‘Systemic’ indicates a holistic view on reality. The Cynefin framework describes reality this way, delivering a clear view on ones environment in its largest sense. The framework divides reality in four specific domains, each domain related to the degree of complexity of the reality one finds him or herself in. Figure 2 displays the Cynefin framework.

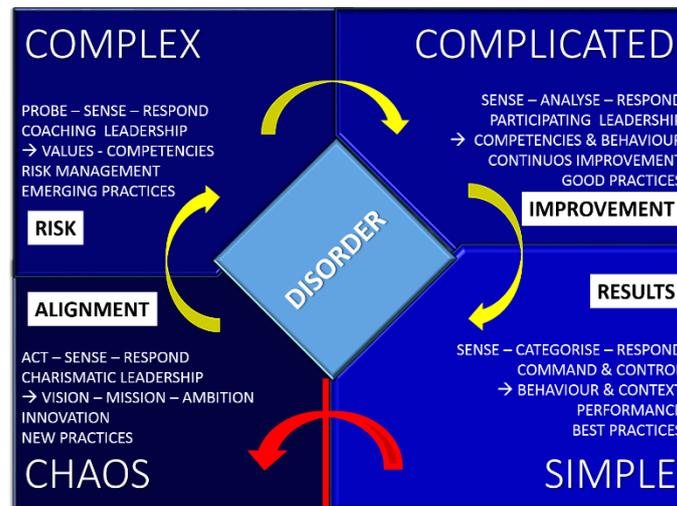


Figure 2. Cynefin framework (Kurtz, Snowden, 2003)

The lowest degree of complexity is found in the ‘simple’ domain. This domain is characterised by the fact that cause and effect relationships are ‘one on one’ and easy to discern. The second domain is called ‘complicated’. Here, relationships between cause and effect are not so clear, but with some effort, they can be determined and studied before they produce outcomes. The first two domains are also referred to as the ordered domains as a certain order can be established. A third domain deals with cause and effect relationships that cannot be established beforehand, but which can only be distinguished after the effects took place. This domain is the ‘complex’ domain. Finally there is the domain of so-called ‘chaos’.

In this domain, one is unable to establish any cause-effect relationships. Therefore these two last domains are also referred to as being the unordered domains. A fifth domain, named 'disorder', is meant for the moments where one cannot determine in which of the four domains one is. (Snowden, 2010)

Reality itself is always a mix of these domains, with issues reflecting varying degrees of complexity. This mix is unique for every person and only depends on one's quality of perception. The closer your perception approaches reality itself and the better understanding of one's reality, the more one moves towards the simple domain. On the other hand, the more understanding is lacking and perception is deviating from reality, the more one digresses towards chaos.

The borders between the domains are flexible and depend on how one learns and sees reality. Each individual will have to deal with different domains and the corresponding boundaries will shift when understanding grows.

The Cynefin framework's value resides in the fact it prescribes a set of behaviours and practices, which are appropriate for a given domain. For example it provides insight on how to think and act in order to move from chaos towards the understanding of reality in the simple domain.

Chaos first requires one to act, then sense what happens and consequently to respond with appropriate action. When this is the case, one creates a form of order in the chaos and it allows to move towards the complex domain. Here, in the complex domain, it is important to probe first, then sense and finally respond to what one has sensed. Once into the complicated domain, one can sense, analyse and respond accordingly. Finally, in the simple domain, one has to sense, categorise and respond. (Kurtz, Snowden, 2003)

Another insight the Cynefin framework offers, is the kind of leadership behaviour which is needed in the different domains of the framework in order to get the best results. In chaos, charismatic or tyrannical leadership is needed. As in chaos, one requires clear concepts and directions in order to create structure and meaning. As soon as this is achieved, one will have to deal with complexity and this requires a different attitude. Here leadership is a more supportive kind of leadership (paternal / matriarchal), focused on coaching and development. This allows one to develop and move from the complex towards the complicated domain. Here, one requires less attention in the form of coaching, but gradually, as one's self-leadership develops, there's need for the support and possibility to participate in decision making itself. So, in the complicated domain, participative leadership is the most appropriate way to conduct leadership. Finally, in the simple domain, only command and control is required. Simple concepts don't allow for much room of interpretation, nor does it provide the freedom the other domains possess. (Blokland & Reniers, 2013)

2.2 Cynefin and Total Respect Management

Total Respect Management is a systemic method and approach, covering all aspects of organisations which continuously enhances ones perception. It takes ones perception from the domain of chaos, where the quality of perception is low, towards the simple domain, where

everything is clear, in order to be able to take informed and adequate decisions. TR³M fits remarkably well with the Cynefin framework and covers all domains of this framework.

Leadership is the most prominent process to be used when chaos is present. It starts with having or developing a vision and a mission, expressed in a clear ambition. This allows leaders to deal with chaos, because a clear ambition, grounded in a broad vision and specific mission, can be translated into specific objectives and a strategy to pursue this ambition. It is the action to start, and to improve as the quality of perception increases. When people in organisations can be part of the leadership process and get a clear vision, mission and ambition, in line with their own aspirations, this will be well received and recognized as a form of respect. It will give them a sense of commitment and importance which will drive their performance. Therefore, well developed strategic objectives provide for direction and lead away from chaos into the domain of complexity.

Once leadership determined the ambition and strategic objectives, the management process becomes the most important aspect in leading organisations. In the complex domain, one can probe reality to identify risks, analyse risk, evaluate risk and consequently deal with the uncertainty affecting the objectives by proper risk treatment. For Total Respect Management, management is about reducing the uncertainty regarding objectives in order to make sure objectives are reached. Therefore, all management should be considered as being risk management. The (risk) management process will further enhance the quality of perception, linking risk and objectives, which allows determining in which way objectives will be pursued. When this process is well understood, one can take more risk, while reducing the risks run to a strict minimum. In other words the management process allows to increase the benefits and reduces losses, which results in higher value creation, respecting profit.

When management has determined the course of action regarding specific objectives, in line with the vision and mission of the organisation, one moves from the complex into the complicated domain. Here, further analysis is needed in order to understand how existing structures and systems produce the outcomes and results noted. How does the organisation fit into the larger perspective of the planet and what positive effects can be created, as well as which unwanted results and waste can be reduced. Continuous improvement is the process that is needed in order to pursue excellence. Systems thinking and understanding of larger complex systems is required to improve into the right direction, taking into account the larger reality and move towards respecting the planet. In this way, the quality of perception further increases and allows Total Respect Management to lead organisations into the simple domain and towards the execution of best practices and excellent and sustainable results. So, TR³M is a holistic approach which permanently covers all areas of the Cynefin framework, as it totally respects all specific requirements of these areas. (Blokland & Reniers, 2013)

3. Leadership, Respecting People and Dialogue

3.1 Leadership Principles

Total Respect Management specifies a set of rules, one can follow in order to reach the desired levels of leadership. One could consider these rules as being the ‘TR³M guiding

principles regarding leadership'. While these rules are the result of reflection and experience (Blokland & Reniers, 2013), the importance of these rules have also been recognised by various authors.

Develop a shared vision with your stakeholders on the external and internal context of your organisation.

According to Collins (1996), great companies understand the difference between what should never change and what should be open for change, between what is genuinely sacred and what is not and that this rare ability to manage continuity and change is closely linked to the ability to develop a vision. Additionally, in his book "The Fifth Discipline" (1990), Senge explains why it is important to develop a shared vision in creating learning organisations. Vision is a well-known concept for organisations, nevertheless, according to Senge, visions are often just the ideas imposed on the organisation by one or a few individuals and at best command compliance. A shared vision however, is a vision that many people are truly committed to, as they recognise their own vision in it. When this vision is inspiring and connects to higher ambitions, it uplifts people's aspirations as work becomes part of pursuing a larger purpose and creates a common identity. (Senge, 1990)

When organisations are able to create a shared vision among stakeholders, it is a firm basis for making sense and framing the organisations actions and decisions, giving energy rather than demanding energy when changes have to be made. Though, vision is often a misused and underestimated concept as it is often considered as a person's or organisation's view on future desired results. In this way it can be a dangerous concept, as wishful thinking can take the upper hand in building this kind of vision when the quality of perceptions is low. In TR M, vision is about what one actually sees. What has been seen in the past, what one sees in the present and what one sees coming for the future. It is the desire to make the future according to the inspiring purpose that binds together people in and around the organisation. In this way, building a shared vision is about increasing awareness and improving the quality of perception of the organisations stakeholders. Once one sees what is coming up in the future and how this affects the greater purpose, it becomes automatically clear what the real mission is and what goal(s) need(s) to be pursued.

Know your mission, know your goal(s) and express a clear purpose.

"Companies that enjoy enduring success have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world" (Collins, 1996).

When a clear purpose is distinctly expressed and embedded in a shared vision, it becomes easier to discern which changes and decisions are necessary to stay on track in executing a mission and pursuing organisational goals.

Develop a clear strategy on how to reach your goals, how you will fulfil your mission

A clear mission is to be translated into organisational goals and developed into a strategy, explaining how to achieve these goals. Aligning behaviour and tasks in the organisational processes with the corporate objectives is the aim of this principle and a very important step towards organisational performance. In their article "Mastering the management system" Kaplan & Norton state that most organisations underperformance is due to a breakdown between strategy and operations. Often the breakdown occurs right at the beginning, with

companies formulating grand strategies that they then fail to translate into goals and targets that their middle and lower managers understand and strive to achieve (Kaplan & Norton, 2008)

Communicate your strategy and vision in a clear and easy to understand way towards yourself, your collaborators and other stakeholders as appropriate.

It is not enough to develop the right strategies. Knowledge and understanding of the chosen strategies, aligned with the shared vision and purpose, also needs sharing and alignment within the organisation. Even when companies do formalize their strategic objectives, many still struggle because they do not link these objectives to tools that support the operational improvement processes that ultimately must deliver on the strategy's objectives. (Kaplan & Norton, 2008)

Actively listen to yourself, your collaborators and other stakeholders.

“Sensemaking is not about truth and getting it right. Instead, it is about continued redrafting of an emerging story so that it becomes more comprehensive, incorporates more of the observed data, and is more resilient in the face of criticism. As the search for meanings continues, people may describe their activities as the pursuit of accuracy to get it right. However, that description is important mostly because it sustains motivation.” (Weick et al., 2005)

If a leader wants to make sense, it is important to be aware of collaborators and stakeholders knowledge and perceptions and to incorporate these into the organisations stories and strategies. When one recognizes ones contribution in the story, it is much easier to become part of it. However, it is equally important as a leader to stay genuinely yourself and integrate your own perceptions and knowledge in the whole.

DECIDE! Immediately if necessary, after consultation if possible.

The ability to decide and take responsibility for ones decisions is what separates the leader from the rest. In today's complex world, it is inevitable for leaders to consult with their stakeholders if they want to take informed decisions on complex matters, as there is too much knowledge available and needed for just one person to know. However, when time is up and action is needed, true leaders show the ability to decide quickly and accept the consequences of their decisions.

Behold integrity and take up your responsibility! Walk your talk! Be honest and just towards yourself, your collaborators and other stakeholders.

Talk the walk and then also walk the talk is paramount if a leader wants to inspire followers. Never ask from someone else what you don't ask from yourself when you lead people. It is an important sign of integrity if you do as you say and accept the consequences of these actions. If not, one will very soon find out and lose confidence and trust in the leader, and this is something that will always generate loss in performance.

Be respectful towards yourself, your collaborators and other stakeholders.

Respect in the way TR M sees it, is giving the right and dedicated attention to someone or something. A leader has to look after him/herself first in order to be able to provide the best

leadership possible for the people he or she leads. Likewise a leader has to give the right attention to collaborators and stakeholders. This respect will allow people to share their thoughts and feelings with the leader, which in turn allows the leader to listen carefully. (Blokland & Reniers, 2013)

Be flexible! The most flexible system is the best performing one!

Exploitative innovation is essential for generating short-term results and due to the more certain outcomes it has been the primary focus of many firms. However, firms need to explore new options in order to be ready for future changes in the environment and to ensure long-term survival. Ability to pursue both explorative as well as exploitative innovations simultaneously is referred to as organisational ambidexterity (Paliokaitė & Pačėsa, 2014)

Be empathic. Don't deny your own feelings and have sympathy for your collaborators and other stakeholders.

In her book *Molecules of emotion* (1998), Candice Pert explains how thoughts and feelings generate molecules in our body that can either make us healthy or just have the opposite effect. In the same way thoughts and emotions can either make an organisation thrive or enter a downward spiral of doom. Leaders need to be receptive for this and understand what is driving these thoughts and emotions, starting with one's own. Effective leaders have a high degree of emotional intelligence and it allows them to outperform leaders lacking this ability. Self-awareness, self-regulation, motivation and empathy, together with social skills are the components that indicate emotional intelligence and which allow leaders to excel. (Goleman, 2004)

Have compassion and understanding for yourself your collaborators and other stakeholders

Leading people is also taking into account that mistakes will be part of the job. Human error is a given. Allowing for "honest errors" and providing room for learning and improvement is what this principle is about. In learning organisations, error is feedback and an opportunity to improve.

Comprehension and execution of these eleven guidelines by all leaders and managers in organisations, will enable them to increase awareness and the quality of perception in their organisation, as they will be able to communicate and answer the most prominent "why" questions of stakeholders. The most important tool to be used to abide by the above principles is dialogue. Dialogue offers an opportunity to genuinely exchange ideas and develop a common understanding and vision on what is. It is also a sign of mutual respect when this is possible.

3.2 Leadership Process

Figure 3 shows how individuals can become aligned with the organisational purpose(s). This model is based upon the model of logical levels of awareness of Robert Dilts and Gregory Bateson, adapted to aligned leadership in organisations. The model is recognised and used worldwide by a variety of practitioners on a variety of issues. The logic of the model is

explained hereafter.

The highest level of awareness is reached when an organisation or an individual is aware of ones vision on the world and how this affects ones mission, as the mission is the task one sets to close the gap between what can be perceived as the future to be and what one desires the future to be. When an organisation and its stakeholders can share a vision and mission, it will become important to express the level of ambition and the level of impact one wants to have when executing ones mission. Visions, missions and ambitions are mental models that will build structures and systems that will create results. Vision, mission and ambition will also determine which values are important and which convictions will support or hinder the tasks at hand. Therefore values and convictions are also important mental models that will drive performance in a more direct way, as they will impact the much more obvious levels of awareness.

Skills, Capabilities and competences will only be developed when the mental models on higher levels of awareness support them. Furthermore behaviour can only be produced when supported by the needed skills and in the end, behaviour will shape the context and environment which leads to results. The better all these levels of awareness are aligned, the easier one achieves his mission and ambition.

The process of aligning and harmonizing the different levels of awareness can be considered the TR M leadership process. (Blokland & Reniers, 2013)

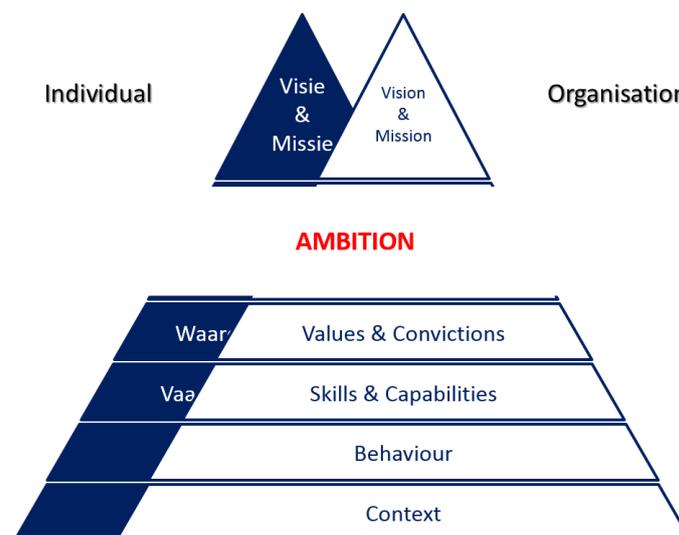


Figure 3. Aligned leadership process (Blokland & Reniers, 2013a)

Respecting people is the key to success when applying the TR M principles of leadership and aligning mental models in organisations. Without respect, it will be very difficult to build trust and trust is needed to get people to believe and to communicate openly. Without trust, it is very hard to have a dialogue with stakeholders, needed to develop and enrich a shared vision, mission and ambition. (Blokland, Reniers, 2013)

3.3 Leadership Development Framework

The above model shows the importance of aligned leadership in organisations. In order to develop leadership, Total Respect Management also proposes a leadership development framework (see Figure 4). This leadership development framework (Blokland & Reniers, 2013) also fits with the Cynefin framework. At each domain it holds the desired level of leadership and the purpose of the framework is to align people in the same way the quality of perception increases.

New on the job, one is a bit in chaos and unaware of what is happening. Here it is important to provide information on why things are done as they are done. It is the moment to align the vision, mission and ambition of the newly arrived.

Once awareness and understanding have increased, one is to develop skills in what needs to be done and learn what is important and what not, to competences and learn more.

In the next quadrant, one is already experienced enough to operate skilfully and autonomously. Here learning is aimed at becoming proficient and able to lead oneself and others.

Finally, the skilful and confident person will be able to execute autonomously any task and assignment in his or hers field of expertise without further effort and to execute the best practices as established by the organisation. (Blokland & Reniers, 2013)

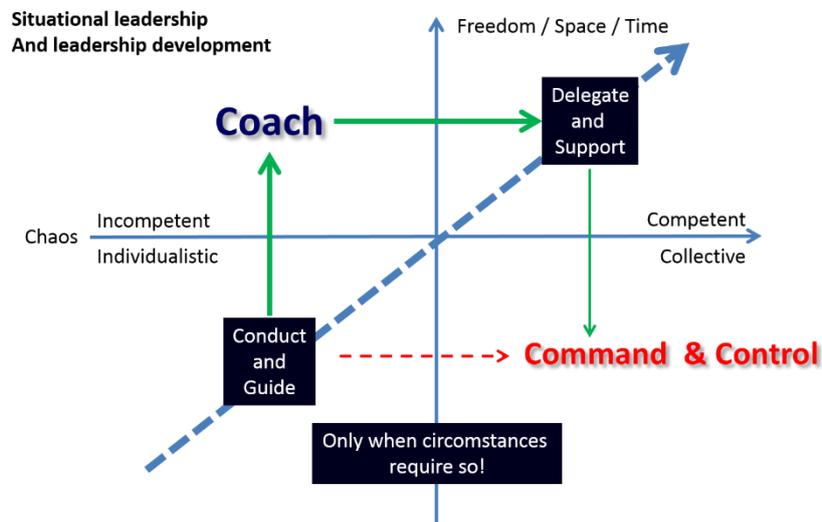


Figure 4. TR M Leadership development framework (Blokland & Reniers, 2013a)

4. Management, Respecting Profit and Dialogue

When leadership is aligned in organisations, objectives are clear to stakeholders. However, risk is the effect of uncertainty on objectives. Therefore, objectives need to be developed and managed accordingly. For TR M, all management is risk management and thus it adopts the international standard for risk management, ISO 31000 as the most appropriate way to manage (risk). ISO 31000 considers any effect of uncertainty on objectives, which means that also positive effects are anticipated and pursued. This integration of both sides of risk is what ISO 31000 separates from earlier and more traditional ways of risk management, where

solely the negative effects were considered.

4.1 Risk Management Principles

ISO 31000 consists of three pillars: 11 principles, a Framework and a Process (ISO 31000). Following principles are also the overarching TR M principles.

(Total Respect / Risk) Management:

- **creates and protects value**, which means it demonstrates improvement and achievement of objectives regarding health & safety, security, compliance, public acceptance, corporate social responsibility, environment, governance, product quality, quality of service, reputation and many other aspects that represent value for an organisation.
- **is an integral part of all organizational processes**. It is not a stand-alone activity that is separate from the main activities and processes of the organization. TR M is part of the responsibilities of management and an integral part of all organizational processes, including strategic planning, all project and change management processes and it can also be used in daily operations at the executional level.
- **is part of decision making**. Total Respect Management helps decision makers to make informed choices, prioritize actions and distinguish among alternative courses of actions. It helps to allocate scarce resources and develop optimum solutions.
- **explicitly addresses uncertainty**, as risk management is an integral part of TR M and it therefore explicitly takes account of uncertainty, the nature of the uncertainty, and how it can be addressed. Management addresses uncertainty, no matter the level of uncertainty.
- **is systematic structured and timely**, because TR M is a systemic, timely and structured approach to the management of risk. It contributes to efficiency and to consistent, comparable and reliable results. The more aligned and spread throughout the organisation, the more effective and efficient it will be.
- **is based on the best available information**. The inputs to the management process are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. However, decision makers should inform themselves of, and should also take into account any limitations of the data or modelling used or the divergence among experts.
- **is tailored** as it is aligned with the organization's purpose, the external and internal context, the risk profile, different risk attitudes & different measurements.
- **takes human and cultural factors into account** and recognizes the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organization's objectives.
- **is transparent and inclusive** due to an appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the organization, it ensures that

management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk and performance criteria.

- **is dynamic, iterative and responsive to change.** TR M continually senses and responds to change as external and internal events occur, context and knowledge change, monitoring and review of risks take place. It also acts when new risks emerge, some risks change and other risks disappear.

- **facilitates continual improvement.** Organizations should develop and implement strategies to improve their management maturity alongside all other aspects of their organization. TR M specifically addresses this with the KARAF process as an integral part of TR M.

These principles are important mental models to incorporate into the organisational culture. When these principles are present at all levels of the organisation, they are yardsticks against which the actual performance of the organisation can be monitored. (ISO 31000, 2009)

4.2 Risk Management Framework

To implement ISO 31000 in organisations, it requires the mandate and commitment from the highest levels of the organisation. The same is valid for TR M, safety or CSR. When important concepts are not supported by the top of organisations, there will be a lack of alignment and results will be suboptimal. Total Respect Management provides a comprehensive framework which is able to encompass and integrate ISO 31000 in organisations. The ISO 31000 framework represents a kind of Deming cycle and is meant to help integrating risk management at all levels of the organisation. It works with a policy, describing the mandate and commitment and an implementation plan which is gradually executed and continuously improved. Figure 5 schematizes this reasoning.

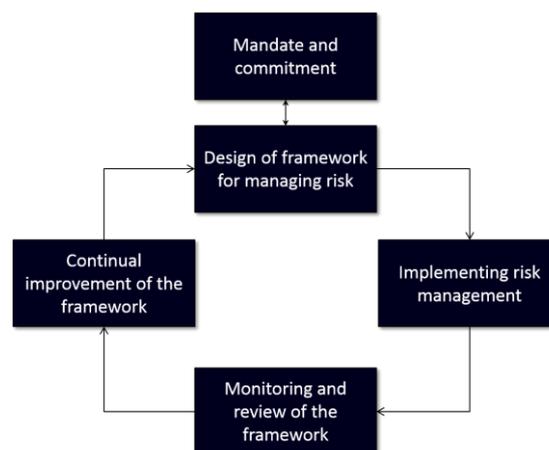


Figure 5. The ISO 31000 risk management framework (ISO 31000)

4.3 Risk Management Process

At the heart of risk management is the risk management process, as it is shown in Figure 6.

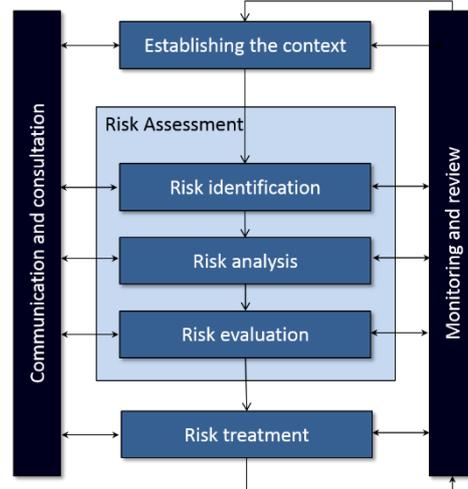


Figure 6. The ISO 31000 risk management process (ISO 31000)

Total Respect Management is completely aligned with ISO 31000. It means TR M embraces the ISO principles and uses the risk management process to optimise risk and increase profit. Understanding context and engaging in a stakeholder dialogue is the starting point to discover risks related to the organisations objectives. TR M and ISO 31000 look at both positive (opportunities & strengths) as well as negative (threats and weaknesses) risks. The purpose is to expand the first and to reduce the last, as showed in Figure 7.

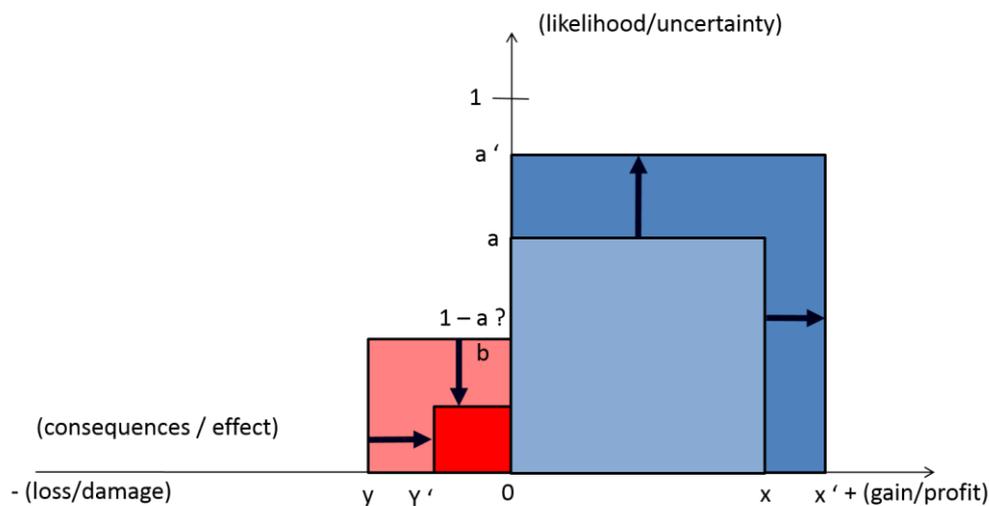


Figure 7. Risk management (Blokland & Reniers, 2013a)

Communication and consultation, both help in establishing and understanding the context and discovering related risks. This is best served when communication is in the form of a respectful dialogue, where all stakeholders have no objection whatsoever to express their opinion. When objectives are clear, one can start with optimising achievement of these objectives, by identifying risk, analysing the possible effects of uncertainty on the objectives and evaluate what these effects can bring about. When this process is followed, one can determine what to do and also what not to do.

For example, when context and stakeholders indicate cars need to be environmentally acceptable, this opens up opportunities to start producing electrical cars or develop methods to find and exploit sustainable energy sources. However, producing electrical cars or the investment in new technologies, brings about a whole set of new threats and vulnerabilities that need to be addressed. Seizing the opportunity means also doing what is needed to tackle issues on batteries, range, availability of charging capacity and so on. (Blokland, Reniers, 2013)

When leadership provides answers to the “why” question, (risk) management provides the answers to the “what” questions. It is constantly aiming for what needs to be done to achieve objectives and what needs to be done to optimise risk in all its facets. When action finally is planned, the last step is to monitor and review what has been decided. Each time expanding knowledge and learning about new risks that need to be addressed.

Looking at the process, it is obvious that dialogue is again a very important tool in getting things right. In the same way as is the case for leadership, it builds upon respect for people involving stakeholders in the setting of the context, assessing risk and risk treatment, but also in the monitoring and review of the implemented measures. Once again the level of mutual respect and trust, will determine the level in which dialogue is possible and brings the right information, crucial to improve risk for the organisation. The level of dialogue present in organisations therefore is an important leading indicator for future profit and success.

5. Excellence, Respecting the Planet and Dialogue

Where leadership and management give the answers to the “why” and “what” questions, continuous improvement and excellence will provide the answers for the “how” or “how to” questions.

The last P to respect is our Planet. It is not the most obvious one, but evenly important as the two other P’s, Profit and People. In fact every P is of the utmost importance. Without People, it is difficult to do anything. Without Profit, there is no point in having an organisation and without a prosperous and healthy Planet, everything will become extremely difficult. The three P’s fit together and you can’t separate them if you want a systemic approach towards entrepreneurship and the functioning of organisations. (Blokland, Reniers, 2013)

As indicated earlier, respecting the planet is by answering the “how” questions. Once the “why” and “what” questions have been answered, it is answering the “how” or “how to” questions that will lead to the desired results and achievement of objectives. How organisations execute what they have decided upon is often based upon available skills, know-how, capabilities etcetera. It is the result of organisational cultures, habits and often also a lack of knowledge.

But how is it possible for organisations to have an impact and build-up sustainable and lasting solutions that respect the planet? There is only one way and this is aiming for excellence. Only truly excellent products and services will allow organisations to become sustainable and help to respect the planet. (Blokland & Reniers, 2013)

Effective, efficient, qualitative, productive, safe, ergonomic and ecological solutions, products and services are what people want. These factors are the benchmarks for excellence and it is what the world needs today. Often these characteristics are treated in separate ways. Safety is the domain of safety specialists, efficiency is for efficiency guru's, quality is in the hands of the quality manager, etc... resulting in a silo approach, missing the synergy of integrated solutions.

Presently, all these seven aspects of excellence are essential ingredients of managing organisations and they should be understood by every manager. Together they provide for excellence and sustainability. Understanding these characteristics of excellence and how they relate to a company's products and services, will show **how to do what one does** at all levels of the organisation. (Blokland & Reniers, 2013)

As indicated in the Cynefin framework, continuous improvement is an element of the complicated domain and a systemic approach requires to understand how results come about. Certainly when results are less convincing and not fulfilling expectations. Results are the ultimate indicators of performance. The more results are considered at higher levels of abstraction and awareness, the more leading they will be. As an example, behaviour will predict certain outcomes, while the presence or lack of certain skills will be an indication of possible behaviour. Likewise, the presence of certain values can be an indication of specific competences and skills. The better organisations are aligned, the easier it is to predict performance by indicators at higher levels of awareness.

5.1 Excellence as a Result

End products and services are the results in the simple domain of the Cynefin model that are the reflection of the instant performance of an organisation. These outcomes are the result of how things are being done, what competences have been used, what values and convictions played a role and which ambition was present in achieving the objectives. In the same way, the results are the consequences of systems and structures, resulting from the mental models at the heart of these systems, determining the dynamics in the system. Besides the continuous improvement present in the leadership and management processes, these results also require continuous improvement, in order to further optimise the use of resources and creation of value.

Total Respect Management defines seven characteristics that reflect the use of resources and the creation of value. It represents the level of excellence in products and services.

Quality – Effectiveness – Productivity – Safety – Efficiency – Ergonomics – Ecology

The first three characteristics determine performance, whereas the latter four determine sustainability. However, these seven elements depend on each other to reach their effect. It is important to respect all seven at the same time if excellent results have to be achieved. (Blokland & Reniers 2013)

5.2 Excellence as a process - The KARAF® model

Excellence is also a process. Total Respect Management proposes a process based on the

KARAF® model (see Figure 8). This model is universal and can be used to improve anything or anyone. It describes the necessary and sufficient conditions that have to be met in order to improve. In total there are seven conditions that form systemic loops, which will allow improvement when applied.

The first two conditions, which act on a higher level of importance, are in fact *attitude* and *reality*. These are two conditions that will influence the five underlying conditions, who will provide the actual improvement. These five conditions are *Knowledge*, *Action*, *Results*, *Analysis* and *Feedback*. Together they form the acronym KARAF®. In this acronym you can relate *Attitude* to *Action* and *Reality* to *Results*. Results are always a part of reality and also the way action is taken is the attitude with which one acts. Both conditions are of the utmost importance in this model. It is how the human factor is linked with improvement.

As shown in the model and indicated before, the conditions *attitude* and *reality* operate on a different level. In the model, this is illustrated by the ring that connects all of the underlying conditions. These are the elements to be looked at first, if improvement is to take place. To understand the importance of these two conditions, one has to be aware of the fact that reality as such is out of reach for each and every individual. Individuals only have what they perceive as being reality. It means each and every individual has a specific knowledge and idea about what one could call reality as it is.

This perceived reality can be close to reality as it is or it can be far off. It all depends with which attitude one approaches reality. Optimists see the opportunities, whereas pessimists see the threats. Pro-active people see the things they can do to take action, others see the obstacles that will prevent them from doing something. In the end the two conditions reality and attitude will influence each other in a permanent closed loop.

The model is a toolbox, which can be packed with a wide variety of tools, each time differently, depending on what is required to obtain improvement. The model is just like a carafe. Each time it can be (re)filled and used. The model stays the same, but the content can vary and can be adapted to the task at hand. Therefore, the model is universal in space and time. The KARAF® model is similar to a "black hole". It is a magnet for – and absorbs – all other "improvement" and "excellence" knowledge. (Blokland & Reniers, 2013)

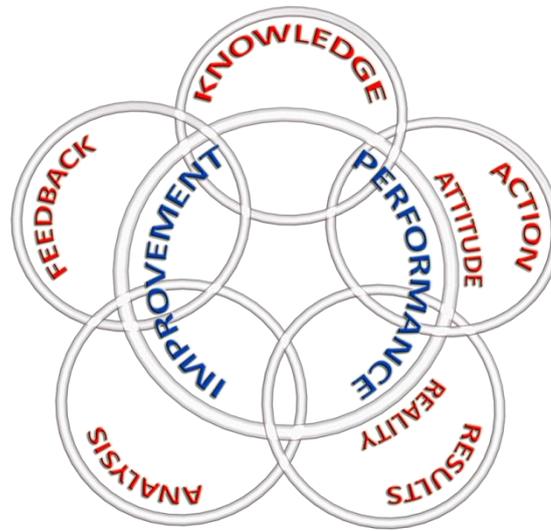


Figure 8. The KARAF model (Blokland & Reniers, 2013a)

Knowledge has to be considered in the broad sense of the word. It incorporates academic as well as empiric knowledge, conscience as well as unconscious aptitudes. Acquiring the appropriate knowledge, adapted to what needs to be improved, is a first condition to be met in achieving improvement. Looking for the appropriate knowledge and a better use of knowledge already available, will therefore be paramount.

Action comprises everything that is related to what one does or refrains from doing. Not only what we do or don't, but also how we act and with which attitude we tackle things, is an important area of influence on performance. To act with the right attitude is a second condition that has to be fulfilled. Knowledge remains without effect, if the condition of action is not met.

Results is the part of the model which focuses on the consequences of our endeavours. A correct depiction of the results and a profound understanding of reality is of the utmost importance to assess correctly these consequences. When this condition is not met, it is possible that the knowledge is not adapted to the situation and therefore the actions and attitudes can lead individuals and organisations in the wrong direction.

Analysis is a crucial part of the improvement process. It allows us to detect where improvement is necessary and possible. Analysis has to incorporate all elements of the model. With *results* and *reality* as a starting point, it is vital to check if *knowledge*, *action* & *attitude*, *analysis* itself and *feedback* are effective and efficient, and if they are tailored to the requirements. When this is not the case, it is difficult to attain a structured and continuous improvement process. Analysis, in any case, will lead towards new and extensive knowledge and expertise regarding the issue to be improved.

Without proper *feedback*, even a scrupulous analysis will become useless. Feedback, to some extent, is the collection of information coming from third parties. However, it is also the integration of this knowledge, together with the know-how resulting from analysis, into our

basic knowledge and abilities upon which improved actions and attitude will be based. Feedback makes sure that efforts to improve become effective improvements and it is needed to make these improvements lasting. (Blokland & Reniers, 2013)

The process drawn from the model is presented in Figure 9. It is a specific form of a Deming cycle, taking into account the mental models of individuals.

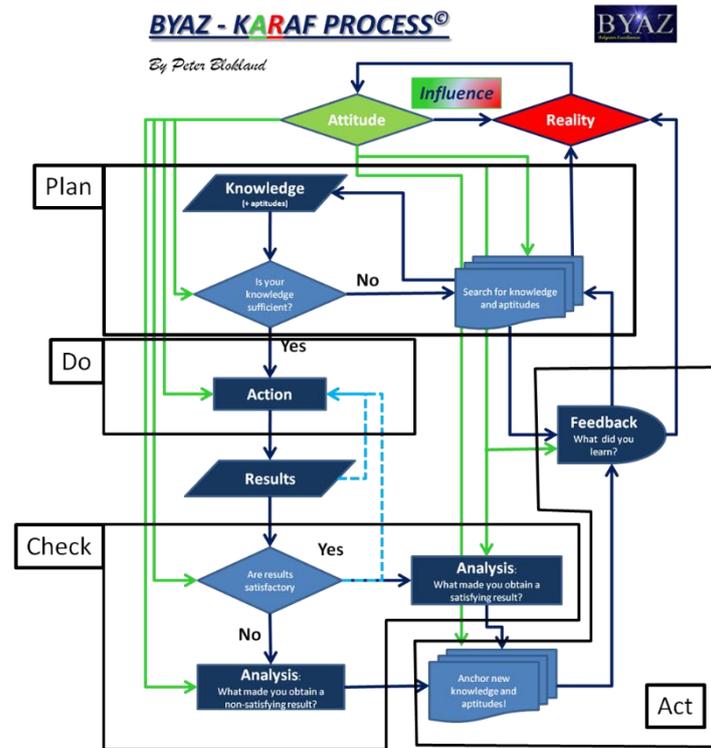


Figure 9. The KARAF process (Blokland & Reniers, 2013a)

Correct information and the right attitude are important to a successful use of this process. Once again dialogue and respect are important factors to obtain the right and adequate knowledge.

6. Education

Although much of the above mentioned knowledge and practices are present in organisations, only few succeed in building corporate social responsible businesses that excel in performance and safety. This should not come as a surprise, as in general educational systems are more focused on the transfer of specific and well defined parts of knowledge, lacking the systemic, holistic view that is needed today. Furthermore, managers and leaders in organisations mostly grew up in the industrial age, where leadership and management were almost synonyms and hierarchy was really important. They grew up in a context where dialogue was not a standard practice. As a result most organisations still focus on the acquisition of expert knowledge in very specific and narrowed down topics in order to cope with organisational challenges in a silo and stand-alone manner, lacking the integration of the non-obvious elements of the problems at hand.

This industrial view of management and leadership is no longer valid for the complex adaptive systems that organisations are today. This understanding is also inadequate in educating organisations, because it does not address the systemic nature of the complex social relationships among people who need to practice leadership today, nor does it accurately accommodate their purposes, motives, and intentions. (Rost & Barker, 2007)

Instead, policy makers will need to develop educational programs that favour the development of a systemic view, where human interactions lead to deeper understanding and handling of root causes in the issues to be addressed.

In their article on storytelling and the role of strategic leadership, Boal & Schultz (2007) state the following: *“In practice, strategic leaders achieve balance in a number of different ways; as part of complex adaptive systems, they are agents that guide the interactions of other agents and transfer particular kinds of resource flows. Specifically, we argue that in creating complex adaptive organizational systems, strategic leaders channel knowledge (by altering interaction patterns) about organizational identity and vision (by promoting dialogue and organizational narratives)”*. In essence, storytelling (organisational narratives) is also a form of dialogue, where the leader listens to the organisation and responds to what is needed in order to achieve organisational goals. Actually, the same applies throughout the organisation for as far leadership is concerned. It means developing dialogue and narrative skills in organisations is important when dealing with complex adaptive systems.

7. Conclusions

The systemic approach which TR \mathfrak{M} proposes, starts with leadership. It increases awareness and through dialogue, aligns stakeholders with the mission and vision of an organisation by dealing with the “why” questions first. Consequently, the risk management process reduces uncertainty and provides an answer to what the organisation has to do in order to pursue its objectives. Finally a process of continuous improvement determines and adapts how the organisation will act in pursuit of its goals.

For every process and step of the way dialogue is an important tool for leaders and managers in order to respect people, profit and the planet. Therefore, the level of dialogue present in organisations is a leading indicator in determining whether objectives such as sustainable performance, safety and CSR can and will be achieved by the organisation.

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