

Thinking Ahead

Embracing Systems Theory to Transform the Investment World

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full conversation

The investment world viewed as a complex system

Although leaders may not have studied systems theory, their organizations are likely to contain the key ingredients of a system: elements, connectedness between those elements and a purpose. As a result, systems thinking can be utilized in a practical way to help organizations perform better. The investment industry can fall short by following the maxim “what gets measured gets managed.” In Roger’s view, the maxim can lead to an obsession with the measured over the meaningful, so investors miss out on unmeasured yet significant elements. We suggest considering both hard numbers and qualitative aspects to balance measurement and meaning.

Focus on simplifying complexity for effective action

Leaders are encouraged to understand the full complexity of their organizations, seen as interconnected systems, and simplify this knowledge into actionable steps. This requires bridging the gap between the complicated reality and simple, empowering actions. Technology like AI and data analytics can help parse, synthesize and summarize complex information, allowing human leaders to focus on applying their judgment, context and ethics to guide the organization. The key lies in balancing the need to deeply understand systemic complexity while also simplifying and engaging others to enable effective, systems-oriented action.

Embrace co-creation and collective problem-solving

We call for increased collaboration within the finance industry because the hardest investment challenges cannot be solved by individuals alone. Systems leadership involves engaging key stakeholders, understanding different perspectives and co-creating solutions through a collaborative process. Cultivating systems-thinking capabilities in the next generation of investment leaders will be crucial. This includes not just technical skills, but also the right mindset and collaborative abilities to navigate complex, interconnected challenges. Applying these systems-thinking principles can help investment professionals tackle the growing challenges facing the industry.

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