



# SIX FUNDAMENTAL LAWS OF ORGANIZATIONAL SYSTEMS

By Geary Rummler and Alan Brache



Understanding performance requires documenting the inputs, processes, outputs, and customers that constitute a business. It is interesting to describe an organization as a culture, a set of power dynamics, or a personality. However, it is essential at some point to describe what it does and how it does it.



Organization systems adapt or die. The success of the survivors depends on the effectiveness and speed with which they adapt to changes in the external environment (customers' needs, competitors' actions, economic fluctuations) and in their internal operations (rising costs, inefficiencies, product development opportunities).



When one component of an organization system optimizes, the organization often suboptimizes.



Pulling any lever in the system will have an effect on other parts of the system. You can't just reorganize, or just train, or just automate, as if you were merely adding some spice to the stew. Each of these actions changes the recipe.



An organization behaves as a system, regardless of whether it is being managed as a system. If an organization is not being managed as a system, it is not being effectively managed.



If you pit a good performer against a bad system, the system will win almost every time. We spend too much of our time "fixing" people who are not broken, and not enough time fixing organizational systems that are broken.

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