INTRODUCING THE SYSTEMS ARCHETYPES: ESCALATION

BY VIRGINIA ANDERSON

The articles in this series introduce the storylines of each of the systems archetypes to help you learn how to recognize and apply their principles and lessons without the use of diagrams.

You may have seen or been involved in a situation where a minor incident quickly escalated into a major blowout before anyone even knew what was happening. Perhaps it's a little disagreement at a meeting that turns into an interdepartmental war. Or, it begins as a trivial problem with your teenager that blows up into a shouting match. Or, it's one country's efforts to build "defensive" weapons that leads another to build their own, which turns into the biggest arms race in human history.
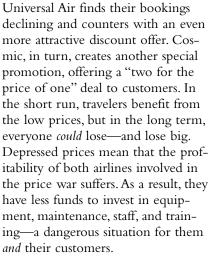
In a way, all of these situations are not too unlike how schoolyard fights get started. This image of a schoolyard fight captures the essence of the "Escalation" archetype: One kid makes a pejorative comment that the other counters with a sharp rebuttal. The next round of remarks is even louder and more entrenched. Each side sticks his neck out farther and farther; sometimes the onlookers even seem to egg on the mounting hostilities. Pretty soon, both sides are so far out on a limb that you can almost imagine the playground chant: "Fight! Fight! Fight!" Once things have reached a fever pitch, it is hard to see how anyone will be able to climb down from their positions.

In an "Escalation" situation, one party takes actions to counter a perceived threat. These actions are perceived by the other party as creating an imbalance in the system that then makes them feel threatened. So the second party responds to close the gap, creating an imbalance from the first party's perspective, and on it goes. The dynamic of the two parties, each trying to achieve a sense of "safety," becomes an overall reinforcing process that escalates tension on both sides.

Escalating Airfare Wars

This is the typical story of price wars among rival airlines. Cosmic Air wants to fill more of the empty seats on their flights, so they cut their fares. As passengers respond to the bargain fares, Universal Air finds their bookings declining and counters with an even more attractive discount offer. Cosmic, in turn, creates another special promotion, offering a "two for the price of one" deal to customers. In the short run, travelers benefit from the low prices, but in the long term, everyone *could* lose—and lose big. Depressed prices mean that the profitability of both airlines involved in the price war suffers. As a result, they have less funds to invest in equipment, maintenance, staff, and training—a dangerous situation for them *and* their customers.

"Escalation" dynamics thrive in a competitive environment, so—not surprisingly—they are pervasive in business. The usual logic that drives "Escalation" goes something like this: Whenever your competitor gains, you lose, and vice versa. That logic leads to all kinds of "wars"—price wars, advertising contests, rebate and promotion slug-fests, salary and benefits wars, labor versus management conflicts, marketing versus manufacturing department battles, and so on. And in the end, everyone loses. Yet the dynamic can also work in a positive direction, when the parties induce each other to compete to *improve* a situation. The challenge in any "Escalation" situation is to find a way to turn it around, so that it leads to good things for all the parties involved, rather than a downward spiral of destruction.

Diminishing the Threat

As an old saying goes, it takes two to have an argument (or a price war), but only one to stop it. This is good news for those who genuinely want to halt this dynamic, because unilateral action can break "Escalation" and rob it of its legitimacy. If one side stops arguing or lowering prices, the source of the threat diminishes, giving the other party less reason to keep arguing or lowering prices. Such unilateral "disarmament" can actually cause the structure to run in reverse. If one party changes its mental model of a situation, the other may follow suit, and the entire scenario can transform into a positive development. ◘

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YOUR THOUGHTS

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