



## READER'S RESPONSE TO "THE DOWNSIZING DILEMMA"

The "Systems Thinking Workout" scenario we posed in the February issue focused on the potential pitfalls of downsizing—and referenced some of the rare companies that do everything they can to avoid laying off workers even during tough economic times. Ed Gullekson from Organization Development in Boeing Commercial Aviation Services sent in a provocative response, in which he encourages us all to look beyond traditional organizational boundaries when considering the impact of cost-cutting measures.

**A**s a long-time reader of *The Systems Thinker*, I was interested in the article "The Downsizing Dilemma." We at Boeing have been laying off people, as has been announced publicly. Of course, it would be nice to not do so, because we know that there are costs to laying off (in addition to money), such as loss of experience and intellectual capital, decreased "bench strength" for succession planning, decreased morale, and productivity loss by those who remain in the organization. In the "Systems Thinking Workout" scenario, you referred to the ability of one of our customers, Southwest Airlines, to cut costs by delaying the purchase of new

airplanes. Because that action has a serious impact on airline suppliers, including Boeing, I suggest that we must look at the system beyond the bounds of each company to fully understand the larger dynamics. The buck must stop somewhere or else move again and again, affecting companies all along the supply chain and ultimately the economy as a whole.

Maybe it goes like this: When travelers don't spend money on airplane tickets, airlines end up using fewer airplanes and other supplies, such as fuel. If they decide to delay or cancel buying additional airplanes and other supplies, their vendors end up with a glut of high-ticket items and may feel they need to downsize. The vendors in turn buy fewer raw materials and services, and so on. When enough people in related industries are out of work, it may ultimately depress sales of airplane tickets even further.

Clearly, Boeing didn't sell the airplanes destined for Southwest at the scheduled time, so what does our organization stop or delay in response to the reduced revenue? And what do our suppliers stop or delay? On the other end, what happens to the

money that travelers didn't spend on airline tickets?

It is a huge system that is part of the whole economy. I suspect we don't look at this system from a broad enough perspective, except as economists. So as much as I would like to not have layoffs, it may be that we have to look at the shifting of resources, such as people, in the economy to better understand the impact that doing so might ultimately have on us all.

I wish I had answers, but I only have more questions. If anyone has done research on this larger issue, please publish their work.

In the mean time, I sign off as: Perpetual student of systems in our complex world . . . ■

—Ed Gullekson

Ed Gullekson describes some interesting, systemwide dynamics in this response to our "Systems Thinking Workout" challenge. We encourage you to map these loops or others related to the complexity of downsizing and its impact on a supply chain and fax your diagrams to (781) 894-7175 or e-mail them to [editorial@pegasuscom.com](mailto:editorial@pegasuscom.com).