STRATEGIC NOTE · ORGANIZATION DESIGN

Seeing the whole.

Why systems thinking has become a leadership prerequisite — and what two of the boldest live experiments, Bayer and DBS, are teaching us.

BAYER · AUTONOMOUS TEAMS	BAYER · LAYERS REMOVED	DBS · PARTNER APIS
~2,000 6–10 people each, 90-day cycles[2]	13 → 6–7 ≈50% fewer manager roles[3]	1,000+ with 400+ active partners

What systems thinking actually is

Systems thinking is the discipline of seeing an organization as an interconnected whole rather than a collection of parts. Its lineage runs from Jay Forrester's system dynamics at MIT to Donella Meadows' *Thinking in Systems* and Peter Senge's *The Fifth Discipline*, which positions systems thinking as the cornerstone of the learning organization, alongside personal mastery, mental models, shared vision and team learning.[2] Where conventional management focuses on events and individual performance, systems thinking shifts attention to **structure**: the feedback loops, stocks, flows and delays that produce the behaviour everyone is reacting to.[4]

Three ideas executives need to internalise

1. Behaviour follows structure. Most recurring problems — missed forecasts, talent attrition, slow innovation — are not personal failures but symptoms of how the system is wired. Change the structure and behaviour changes; leave the structure intact and even heroic effort regresses to the mean.[4]

2. Feedback loops drive every outcome. Reinforcing loops amplify (growth, trust, momentum — or chaos and decline); balancing loops stabilise (quality control, capacity limits, regulation). Healthy organisations design these loops deliberately rather than letting them form by accident.[1]

3. Leverage points are non-obvious. Meadows ranked twelve places to intervene in a system. The weakest are parameters and quotas; the strongest are the goals of the system, the mindsets that produced it and the power to transcend paradigms. Most management attention sits near the bottom of that list — which is why so many transformations underperform.[1,3]

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PART ONE · CONCEPTS, CONTINUED

From insight to operating model

Translating systems thinking into how a company actually runs requires leaders to redesign four things at once: the unit of accountability, the rhythm of decisions, the flow of information, and the mental models that govern what is considered "normal."[2]

Four design shifts

Unit of work. From functions and silos to small, cross-functional teams that own a customer outcome end-to-end. The system organises around value flows, not org-chart boxes.

Cadence. From annual plans to short cycles (quarterly OKRs, 90-day sprints). Faster feedback loops mean smaller, cheaper mistakes and quicker learning.[5]

Information flow. From upward reporting to lateral, real-time visibility — shared dashboards, open data, customer signal piped directly to the teams that can act on it.

Mental models. From "command and control" to "sense and respond." Leaders work on the system (designing structure, removing friction, coaching) rather than in it (deciding, approving, escalating).[4]

Common system archetypes

Limits to growth. Early wins create reinforcing momentum until a constraint — talent, infrastructure, regulation — quietly caps it. The leverage is in the constraint, not the engine.

Shifting the burden. Quick fixes (re-orgs, cost-cuts, hero managers) relieve symptoms while eroding the fundamental capability needed to solve the underlying problem.

Tragedy of the commons. Independent units optimising locally deplete a shared resource — engineering capacity, brand trust, customer attention — until the whole system suffers.

THE ARGUMENT IN ONE LINE

Most strategy fails not because the analysis is wrong, but because the structure of the organisation cannot execute it.

Two contemporary case studies — Bayer's Dynamic Shared Ownership and DBS's ecosystem-led "thriving" model — show what it looks like when a Fortune-500 company actually redesigns the system rather than the slogans.

WHY IT MATTERS NOW

Complexity is rising faster than hierarchies can route information. AI, regulatory pressure and shifting customer expectations punish slow decisions. The organisations that win the next decade will be the ones whose *operating model* can learn at the speed of their market.

Two diagnostic questions for leaders: Where in our system does a small, well-placed change produce the largest effect? And which of our current "solutions" is actually a quick fix that is eroding a deeper capability we will need next year?

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PART TWO · CASE STUDY ONE

Bayer: dismantling the hierarchy

When Bill Anderson became CEO of Bayer in mid-2023, he inherited a 160-year-old, 100,000-person multinational stalled by litigation, debt and a 12–13-layer hierarchy. In January 2024 the company announced **Dynamic Shared Ownership (DSO)** — a full operating-model rewrite intended to push 95% of decisions down to the people closest to customers and patients.[1,2]

SELF-MANAGED TEAMS	DECISIONS DEVOLVED	COACH SPAN
~2,000	~95%	15–30
6–10 people; customer- or product-owned[2]	previously made by managers[2]	up from 3–5 direct reports[2]

How the model is built

Team architecture. Front-line work is organised into roughly 2,000 *customer* and *product* teams of 6–10 people, each with direct accountability for an outcome. They are supported by *technical-expertise* teams (regulatory, scientific, engineering) and *enabling functions* that flow dynamically to the highest-priority work — Bayer calls this a *brand marketplace* rather than fixed departments.[3]

Cadence. Annual planning is replaced by 90-day cycles with continuous learning — what Bayer publicly calls a “bias for action.” Since November 2023 the Pharmaceuticals division has reported nine positive Phase III readouts, which leadership attributes in part to the new cadence.[4]

Leadership redefined. Layers cut from 12–13 to 6–7. Roughly half of management positions removed; ~12,000 roles eliminated, targeting €2bn in sustainable savings by end-2026. Former managers are reframed as *visionaries, architects, catalysts and coaches*, with 250+ full-time DSO practitioners and 1,000+ team-level champions embedded across the company.[1,3]

EARLY SIGNALS · 2025

Faster, leaner, but unfinished.

Bayer reports faster decisions, improved revenues and profitability, and higher engagement in 2025; Anderson and Chairman Winkeljohann told the 2026 AGM the company has “embarked on a clear path to thrive,” while warning the work is “not complete.”[5,6]

OPEN QUESTIONS

• Can a regulated pharma sustain quality and compliance with radically distributed authority? • Do 90-day cycles fit 10-year R&D bets? • How is shared P&L accountability really felt at team level?

Systems-thinking read

DSO is a deliberate redesign of *structure*, not motivation: it shortens feedback loops by collapsing the distance between problem and decision; it changes the unit of accountability from function to outcome; and it moves leverage from rules and approvals (low-leverage parameters) toward the goal and paradigm of the system itself (highest-leverage points). It is the closest a Fortune-500 has come to operationalising Senge’s learning organisation at scale.[5]

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PART TWO · CASE STUDY TWO

DBS: the bank as ecosystem

Where Bayer is rewiring authority *inside* the firm, Singapore's DBS Bank spent 15 years rewiring the boundary *around* it. Under CEO Piyush Gupta (2009–2025), DBS rebuilt itself into what Harvard Business Review called one of the decade's ten leading strategic transformations — a platform-first, API-driven institution organised to thrive as part of a wider ecosystem rather than a vertically integrated bank.[1,4]

OPEN APIS	ACTIVE PARTNERS	DIGITAL ROE
1,000+	400+	27%
world's largest banking API platform[5]	embedded into customer journeys[3]	vs 19% for traditional customers[4]

Platform architecture

DBS rebuilt its core stack around three principles: **cloud-native, modular microservices, and API-first integration.** Internal APIs decoupled product teams; external APIs opened the bank to partners, making banking *composable* — any service can be invoked, embedded or recombined.[1,5]

The 1,000+ API strategy

In 2017 DBS launched what was then the world's largest banking API platform with 150+ APIs; by the end of the decade it had passed 1,000, spanning loans, deposits, cards, investments and trade finance, with 400+ active partners.[3,5] A live example: through *DBS RAPID*, Haier's SME distributors get same-day digital financing directly inside their supply-chain platform — DBS becomes invisible inside another company's workflow.[2]

The 'POP' ecosystem playbook

DBS frames its ecosystem strategy in three modes: **Participate** on another platform, **Partner** on shared journeys, and **Orchestrate** as the platform itself — running marketplaces for cars, property, electricity and travel that originate the customer journey, with the loan or payment slipping in invisibly.[3]

Cultural operating system

Internally, DBS aimed to "become the D in GANDALF" — as intuitive as Google, as nimble as Amazon, as data-driven as Netflix, as design-led as Apple, as connected as LinkedIn, as social as Facebook. That benchmark drove agile squads, hackathons and a measurable *digital-value-capture* framework; in 2023 AI/ML use cases generated ~US$276m of incremental economic value.[5,6]

SYSTEMS-THINKING READ

Value emerges between the players.

DBS treats the ecosystem as the system. Each API is a leverage point: every new connection creates a fresh reinforcing loop — more partners → richer journeys → more data → better products → more partners. The bank optimises for *network value*, not just balance-sheet value.

BAYER vs DBS · ONE LINE

Bayer redesigns *internal* structure for autonomy. DBS redesigns the *boundary* for connectivity. Both are systems-thinking moves; the leverage point is just placed in a different part of the system.

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