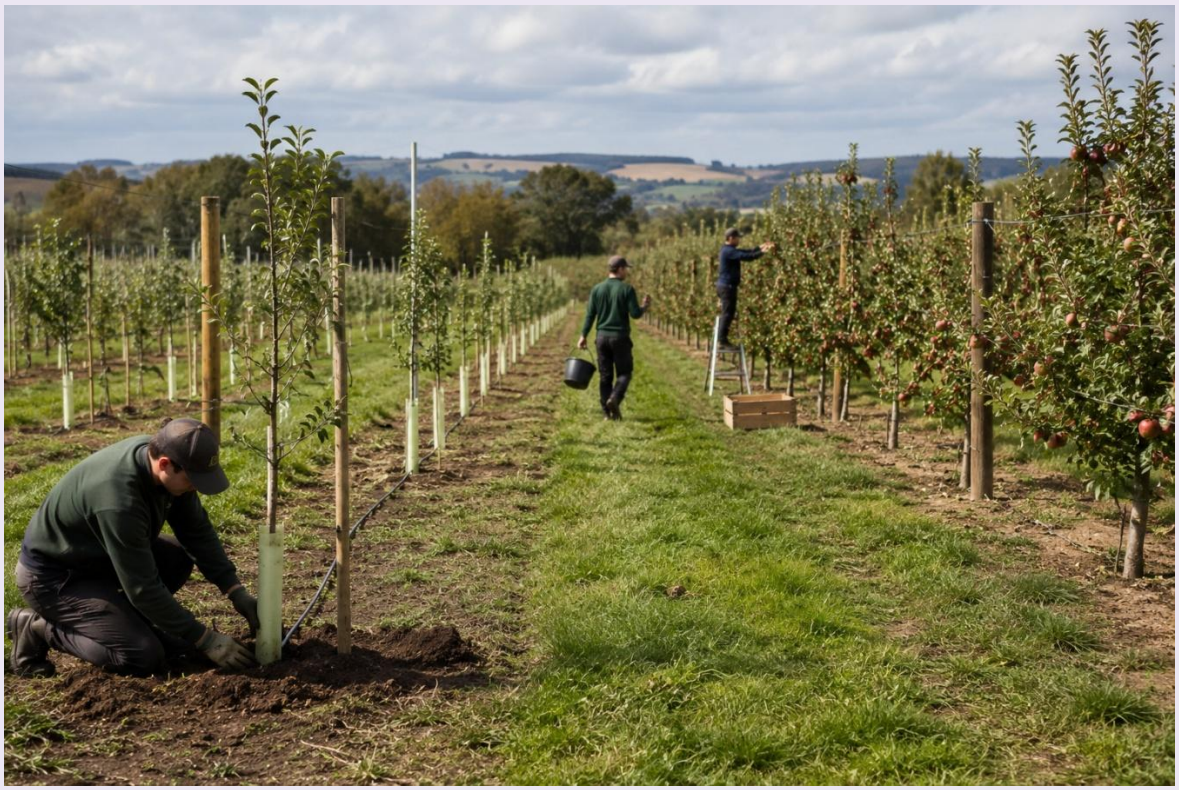
SST 37 – Potential



A farmer decides to plant a new orchard. The work requires considerable effort. Land must be prepared, young trees purchased, irrigation systems installed, and protective fencing erected. The costs are significant and there will be little immediate return.

Several years will pass before the trees produce substantial quantities of fruit. During that time, the farmer must continue investing time, money, and effort while receiving few visible benefits.

Some neighbours question the decision. They point out that the orchard is costing money rather than generating it. However, the farmer understands something important. The purpose of the orchard is not to improve today's harvest. It is to create future opportunities.

By planting trees today, the farmer is increasing the range of possibilities available tomorrow.

The same principle applies to organisations, communities, businesses, and nations. Training staff, investing in infrastructure, conducting research, supporting innovation, and developing new capabilities often produce few immediate benefits. Yet these activities create the conditions that make future success possible.

This future-oriented capacity is known as Potential.

Formal Description

Potential refers to a system's capacity to generate future opportunities, capabilities, and developmental possibilities. It reflects the extent to which a system is creating the conditions necessary for future growth, adaptation, and improvement.

Potential is concerned not only with present resources and capabilities but also with the ability to develop new capabilities, opportunities, and resources over time.

Plain English Explanation

Many people naturally focus on present performance. They ask questions such as:

- How much are we producing?
- How much money are we making?
- How well are we performing today?

These questions are important, but they do not tell the whole story.

A system may be performing well today while quietly undermining its future. A company may reduce staff training to save money. A government may postpone infrastructure investment. An organisation may rely on a few experienced volunteers without developing future leaders.

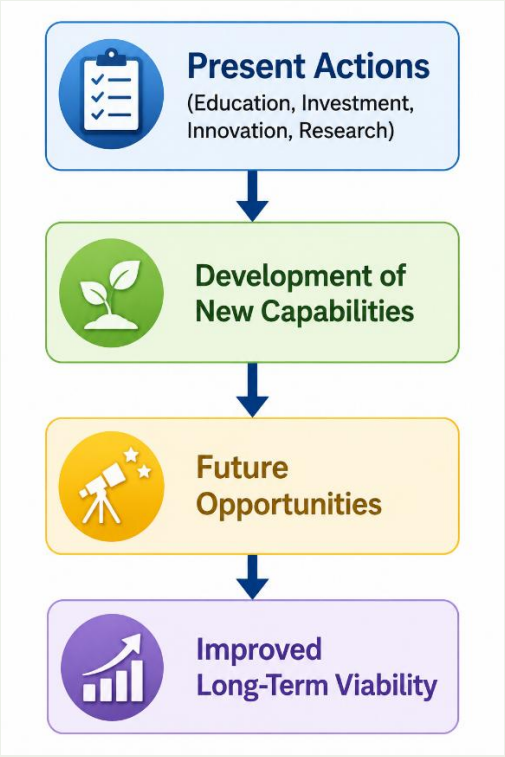
For a while, everything may appear to be working. However, the system is gradually consuming capabilities, resources, and opportunities that it is not replacing.

Potential focuses on the future rather than the present. It concerns the system's ability to create new opportunities, develop new capabilities, and expand the range of possibilities available to it.

Education increases potential by developing skills and knowledge. Research increases potential by creating new understanding. Investment increases potential by creating new resources and capabilities. Innovation increases potential by generating new ways of solving problems.

A system with high potential continually creates opportunities for future development. A system with low potential gradually becomes trapped by declining skills, ageing infrastructure, limited innovation, or a lack of investment.

For this reason, declines in potential often occur long before more visible signs of decline become apparent. Problems may not be noticed until years later when the consequences begin to affect performance.



Example 1 – Education
A country invests heavily in schools, universities, apprenticeships, and scientific research. The immediate benefits may be limited, but over time these investments create a more skilled and innovative population.

Example 2 – Business
A company develops new products and trains employees in emerging technologies. These activities increase costs in the short term but improve the company's future competitiveness.

Example 3 – Community
A local community creates youth programmes, leadership development schemes, and cultural initiatives. These activities help develop future community leaders and strengthen long-term resilience.

Provenance and Links
The importance of future capability development appears in economics, management, systems science, and evolutionary theory. Human capital theory emphasises education and skills development. Innovation theory highlights the importance of research and entrepreneurship. Systems theorists have long recognised the importance of maintaining the conditions necessary for future adaptation.

Within the Systemic Diagnostics framework, Potential represents one of the four primary viability dimensions. It focuses attention on the creation of future opportunities and capabilities rather than current performance alone. This helps identify forms of decline that may remain hidden until their consequences become more visible.

Practical Exercise

Think of an organisation, business, community, or nation that you know reasonably well.

1. Identify three activities that help create future opportunities.
2. Identify three indicators that might suggest declining Potential.
3. Explain how a system could appear successful today while experiencing declining Potential.
4. What investments could improve the system's future opportunities and capabilities?