WMM1 TASK 1

**RAHUL S  
INTRODUCTION TO SYSTEMS THINKING — D372**

**WMM1 — WMM1 TASK 1: APPLIES SYSTEMS THINKING BASICS**

**TASK INSTRUCTIONS**

**A. Analyze one of the given case studies from the attached "Case Studies" document by doing the following:**

Using the IcebergTool, write a summary of the analysis identifying key events, patterns, and the underlyingstructure that causes the identified events and patterns to occur.

**Key Events:**

Bramble of Wilde’s started with the small organic farm gradually growing in prominence and capturing the limelight. Furthermore, the business expanded rapidly due to high demand due to the initial take-off and also to meet demand, Calla and Alder leased more land and bought new equipment. Like icing on the cake, they optimized their rapid initial growth with credit cards and a mortgage.

Yet, the situation repeated, and as a result of fresh mortgage financing, the burden of debt increased by a large margin.

Due to a sharp increase in expenditure through debt servicing and new equipment, Calla needed to find another job that would help bridge the expenditure gap. The ultimate result of the financial stress was the formation of a vicious cycle, which not only threatened but were in fact a hurdle for the business to continue.

**Patterns Over Time:**

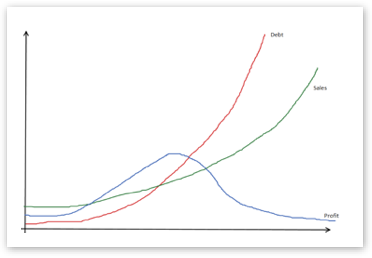
Wilde's initial success led to rapid expansion which fed the motives to increase more investments even through debt and other means. This increased reliance on debt to sustain growth. As a result, financial pressure increased as debt accumulated overtime. Furthermore, Alder and Call attempted to solve cash flow issues with more borrowing which again increased their debt standing for worse.

**Underlying Structure:**

The wasteful use of credit has been seen in the first stage of the expansion, since the infrastructure became more costly than the revenue-making places and this credit was not only expensive but also miss used, as it was sourced from the already down revenue. It is their owners' fault, who provided the big loss, due to the overuse of not their but the third-party's cash to uplift their quality of work. The most favorable method is the one that will push up the marginal demand with, therefore, the profit percentage. Evidently, the rate of the capital indebtedness as well as the position of company's business will not differ. No alternatives like debt restructuring and other backup plans such as capital deficit funds and other contingency plans, which could have the reduction of the waiting time for repayments or being the economic pressure would occur, were thought of by them. The management of the financial resources by them was very weak and lastly the strong debt repayment plan was absent, and that is the reason why they are in such a difficult financial situation.

**Choose the Behavior Over Time graph that best represents the patterns you identified using the attached Case Study 1 Graphs for the case study you chose:**

The most relevant graph to this case study situation is the one where debt rises, sales increase, and profit initially rises but then declines due to financial burdens.



a. **Discuss why the chosen Behavior Over Time graph best represents the patterns present in the chosen case study.**

The selected graph clearly shows that sales increased due to demand, leading to expansion at the initial stages. Then, the Debt rose because of financial decisions to lease land and purchase equipment to feed the aggressive expansion fueled by debt. As a result, the Profits that initially rose declined due to financial mismanagement and growing debt pressures.

**Write an analysis that discusses what the Iceberg Tool and Behavior Over Time graph reveal about the problem in the case study as well as the interconnections between the key events, patterns, and underlying structure of the system:**

**Analysis:**

The Iceberg Tool shows that the root cause of Wilde’s Bramble's financial instability was poor financial planning and over-reliance on external funding, mainly through debts and lack of firm debt repayment plans rather than sustainable growth strategies that could have saved the company from financial crises.

The Behavior Over Time graph depicts how reckless increase in production fueled by external loans, not clearly backed up by market analysis, while sustaining growth in the short term, led to a long-term decline in profitability as a result.

As for the interconnections between the elements, the events of rapid and reckless expansion through external debts due to short-term demand led to increased spending, which resulted in an unintended financial strain that cost the organization its financial health in the long run. Thus, without reinvesting profits into the organization to improve its services and product quality, Wilde’s Bramble went into a debt-borrowing cycle and struggled to manage cash flow due to financial short-sightedness.