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:**

Wilde’s Bramble started as a small organic farm, gradually gaining momentum and fame. Moreover, the business expanded rapidly due to high demand due to the initial take-off, and to meet demand, Calla and Alder leased more land and bought new equipment. On top of that, they financed their rapid initial growth with credit cards and a mortgage.

As a consequence, again the debt levels increased significantly to cover the initial debts through mortgages.

Calla took an external job to supplement income as the revenue clearly didn't cover the expenses and debt repayments. Financial stress became a vicious cycle which further threatened the business’s sustainability.

**Patterns Over Time:**

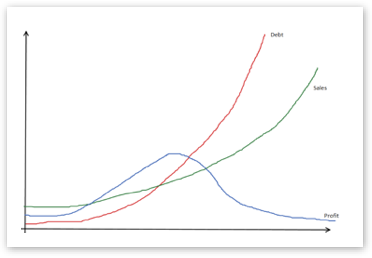
Wilde's initial success led to rapid expansion which fed the motives to increase more investments even through debt and other means. This increased reliance on debt to sustain growth. As a result, financial pressure increased as debt accumulated overtime. Furthermore, Alder and Call attempted to solve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

**Underlying Structure:**

The initial expansion was driven by demand without proper educated financial foresight, which led to unfortunate debt over buildup, which ate into the revenue streams and ultimately pushed the business into the crisis zone. The owners' significant error was overly dependent on external funding rather than reinvesting profits for better services and products, which would have naturally yielded more demand and profit margins. In addition, there were no contingency plans for financial risks they were about to take, such as debt restructuring and other backup plans, that could have saved them more time on repayments and economic burdens. They drastically mismanaged the cash flows and finally lacked a strong debt repayment strategy, pushing them into a severe 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 accurately depicts that the **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 **Profit**s 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.