



## EBOOK FIVE

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# Ensuring Decisions are in Context



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Savory Institute  
885 Arapahoe Ave,  
Boulder, Colorado 80302, USA  
contact@savory.global  
<http://savory.global>

# Ensuring Decisions are in Context

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# Introduction

Up to this point this series of ebooks has concentrated on the framework that guides Holistic Management: identification of the whole to be managed; creation of the holistic context (ebook #4); the four ecosystem processes that serve as the foundation for all human endeavor and on which the holistic context rests (ebook #2); the tools for managing those ecosystem processes and the different effects some of those tools produce in brittle and nonbrittle environments (ebook #3). Now you are ready to begin making management decisions using your holistic context as a guide to ensure that you never lose sight of what is most meaningful to you in both the short and long term.

As you move forward with management you will develop plans that include goals and objectives and the tactics, strategies and policies for achieving them. Some of those goals and objectives will include *what you plan to do to create the quality of life your holistic context describes and the environment and behaviors that will sustain it and, if an organization, to meet your stated purpose*. The tactics, strategies and policies that help you achieve these and any other goals and objectives will come down to actions and those actions need to be checked to ensure they are aligned with your holistic context.

## THE CONTEXT CHECKS

Informed by your awareness of the four key insights, the ecosystem processes and their management, and the inspiration of your holistic context, you decide which tools to use and actions to take to achieve your goals and objectives. As always, you consider past experience, expert advice, research results, expediency, cost, cash flow, profitability, laws and regulations, and so on. In addition, you may consult the management guidelines, (covered in detail in chapters 32 through 37 of *Holistic Management, Third Edition*) before deciding how best to apply a tool or carry out an action.

Now, before taking any action you run it through seven basic checks that consider the social, economic and environmental impacts that may flow from that action relative to your holistic context. Your aim is to avoid actions that appear economically sound, but at the expense of the environment or the well being of people, or that are environmentally sound, but hopelessly uneconomic or damaging to human welfare. Above all, you want to avoid actions that, while they achieve your objective, are likely to produce undesirable consequences down the road.

## THE SEVEN CONTEXT CHECKS

1. **Cause and effect.** Does this action address the root cause of the problem?
2. **Weak link.**
  - **Social:** Could this action, due to prevailing attitudes or beliefs, create a weak link between us and those whose support we need?
  - **Biological:** Does this action address the weakest link in the life cycle of this organism?
  - **Financial:** Does this action strengthen the weakest link in the chain of production?
3. **Marginal reaction.** Which action provides the greatest return toward the goal for each additional unit of time or money invested?
4. **Gross profit analysis.** Which enterprises contribute the most to covering the overheads of the business?
5. **Energy/money source and use.** Is the energy or money to be used in this action derived from the most appropriate source in terms of our holistic context? Will the way in which the energy or money is used be in line with our holistic context?
6. **Sustainability.** If we take this action, will it lead toward or away from the future resource base described in our holistic context?
7. **Gut feel.** How do we feel about this action now? Will it lead to the quality of life we desire? Will it adversely affect the lives of others?

Each of the context checks are condensed into one or two questions you ask yourself prior to taking action. Some checks will not apply to certain actions, and can be skipped. Some checks will raise points you will again consider in other checks. The checking should take you minutes, rather than hours. Once you are more familiar with the checks and have internalized the questions, the checking will take you seconds and will become something you begin to do subconsciously.

## THE CHECKING PROCESS

When asked and answered in quick succession, the checking questions enable you to see the likely effect of any action on the whole you manage. Avoid dwelling on any one check to the point that you lose sight of the picture formed by scanning them all.

If the action passes most or all of the checks that apply, you should feel fairly confident in implementing it. If it fails one or more checks, you have several options:

- you may want to modify how you implement the action (or apply the tool),
- abandon it altogether, or,
- in some cases, go ahead anyway knowing that sooner or later you will have to deal with the reasons it didn't pass.

There are no rules on the order in which to ask these questions, except one: the Gut Feel check should always be last. Your answers to the questions asked in this check should reflect the impression gained after passing through all the others. As you become more familiar with the background information associated with each check you will automatically tend to order the checking according to the nature of the action being checked. If the action addresses a problem, for instance, you will tend to go to the cause and effect check first. If you fail this check, it is often pointless to continue.

Before long, you will instinctively know which checks apply to any action and which ones you can skip. Likewise, there will be times when your common sense tells you that, in light of your holistic context, a certain action is going to fail most of the checks, and you will modify it before going further.

## SPEED IS ESSENTIAL

As mentioned at the outset, speed is essential to the checking process. If you can't quickly answer "yes" or "no" to a question, simply bypass the check and move on to the next one. If you can't reach a conclusion after passing through all the other checks, then come back to the one or two you bypassed so you can give them more consideration. In most cases, you have bypassed a check because you don't have enough information to know whether the action passed or failed it. You may, for example, need to take time to diagnose the cause of a problem before you can answer the question asked in the cause and effect check. Or, you may need to gather actual figures, rather than estimates, for a gross profit analysis before you can pass this check with confidence. Once you have the needed information, run the action through the checks again and make a final judgment.

Don't worry that the speed of the checking will lead to an unsatisfactory result. You will be monitoring your actions to ensure they in fact achieve what you plan to achieve, and replan—and recheck—any time you veer off track. When an action involves an attempt to alter ecosystem processes in any way, you assume at the outset that, because it is impossible to account for nature's inherent complexity, the action, *even though it passes all of the checks*, could be wrong. On the assumption you are wrong, you determine the criteria you should monitor to give you the earliest possible warning of a need to replan. We'll come back to this subject, once we've covered all seven checks.

## CAUSE AND EFFECT

The cause and effect check carries considerable weight when taking action to address a problem. It enables you to winnow out actions that only suppress symptoms when you need to correct the cause.

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**The question you ask is:  
“Does this action address the  
root cause of the problem?”**

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This check helps you avoid a recurrence of the problem by first asking you to think carefully about what might be causing it. If the action under consideration addresses that cause then it passes this check. All too often we tend to address the symptoms spawned by a deeper underlying cause because the problem (symptom) is always visible. When cockroaches appear in the kitchen, we spray them first and then only sometimes ask what has caused them to show up in the first place. Quick fixes, such as spraying a pesticide, that tackle symptoms are very attractive, because they often remove the symptom right away, but they can also produce unintended consequences. In the case of the roach spraying, the poison used can harm roach predators that help keep roach numbers in check, as well as the people using the kitchen. And if the cause of the roaches' presence isn't addressed (keeping surfaces clean, sealing off entry points, etc.), the roaches (and the problem) return.

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**If the problem persists or  
returns, you haven't addressed  
the cause.**

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## IDENTIFYING THE CAUSE

Identifying the cause of a problem can be fairly easy, but it can also require considerable probing. In most situations, this is a relatively unstructured exercise. You merely pose and answer the same questions over and over again: What is

the cause of this? and when you have your answer, Well, what is the cause of that? You may have to ask this question three or four or more times, peeling away layers of symptoms, before you find the cause you should address.

If the problem concerns land or natural resource management (e.g., soil erosion, a plague of grasshoppers, increase in brush or weeds, or a decrease in the number of snow geese) look first to the four ecosystem processes for an answer. Then consider the tools (covered in ebook #3) that may have been used in the past. How they have been applied, and the degree of brittleness, will affect how the ecosystem processes are functioning now.

In general, the cause and effect check warns you to not implement an action unless you feel sure it addresses the cause of a problem, rather than its effects or symptoms. In an emergency you may proceed, but only in full knowledge of the dangers and only to buy time to rectify the cause.

## WEAK LINK

A chain stretched to breaking will, by definition, fail at the weakest link. At any moment in time every chain has one, and only one, weakest link that alone accounts for the strength of the entire chain, regardless of how strong other links might be. To strengthen a chain when resources are limited, one must always attend first to the weakest link. Other links, no matter how frail they appear, are nonproblems until the weakest link is fixed.

An undetected weak link can cause important undertakings to fail or to suffer from continual setbacks. Thus the weak link check helps ensure that your actions address the link that is weakest at any moment. The check applies in three different situations: social, biological, and financial.

## SOCIAL WEAK LINK

You, and the future you envision for the whole under your management, are linked by a chain made up of all the actions you will take to get

there. Any action that runs counter to prevailing attitudes and beliefs is likely to meet with resistance, creating a blockage that, if not addressed, will at some point become a weak link between you and the people whose support for your efforts is important, even vital.

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**The question you ask is: “Could this action, due to prevailing attitudes or beliefs, create a weak link between us and those whose support we need?”**

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If such a potential weak link is identified then it's important that you address it before you take action. Thus this question is not asking simply for a yes or no response but reminding you to address a potential social weak link before it becomes one. You want to ensure that as you move forward you do not inadvertently create disagreements that could have been avoided, or conflict or resistance that later hinders your progress.

## BIOLOGICAL WEAK LINK

In the biological context, the weak link check applies when you are dealing with populations of plant or animal organisms that have become a problem, either because they are too many or too few in number: the parasites infesting the farmer's sheep, the loco weed that invades the range, or the tortoise or owl threatened with extinction.

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**The question you ask is: “Does this action address the weakest point in the life cycle of this organism?”**

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Before we take any action to increase or decrease their numbers, we need first to ensure that it addresses the weakest link in the organism's life cycle. In doing so, we are likely to maximize the effectiveness of the action and to ensure the results will be lasting.

Every organism has a point of greatest vulnerability during its life cycle—a weakest link. Recognize this and you increase your ability to effectively decrease or increase that species' ability to recruit new members to its population. When action you are contemplating addresses that weak link, it passes this check.

## FINANCIAL WEAK LINK

Each year in conjunction with Holistic Financial Planning (see ebooks #6 and #7) you need to identify the weak link in the chain of production that stretches from the raw resources you work with to the money you receive for the products produced in each business enterprise. This chain has three links to which human creativity is applied: *resource conversion*, *product conversion*, and *marketing (or money conversion)*.

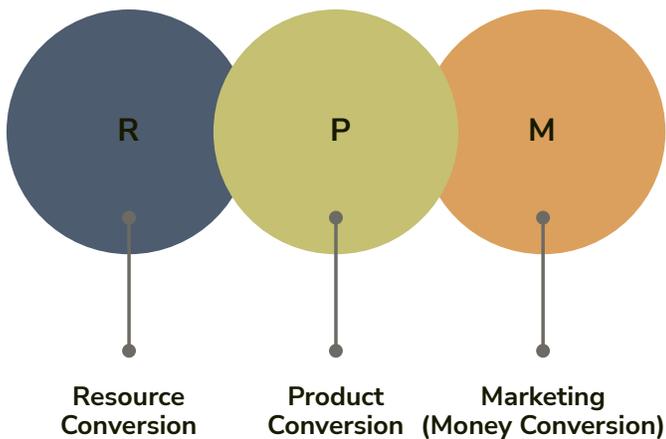
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**The question you ask is: “Does this action address the weakest link in the chain of production?”**

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In an agricultural business you are using human creativity and money to convert sunlight energy, the resource link, through plants into a saleable or consumable form. In the product conversion link, you turn the plants grown in the first link into a marketable form, commonly crops, livestock, or wildlife. In the marketing (or money conversion) link the products of the second link are marketed, and money is finally derived from the sunlight captured in the first link.

When strengthening the chain of production requires money, and profit is a goal, the proposed investments should pass the weak link check (by addressing the identified weakest link). Increasing investment in advertising (marketing link) will not profit a business that turns out a poor product (product conversion link) as much as improving that product would do. Only investment in the weak link will result in more profit at the end.



### MARGINAL REACTION

The marginal reaction check only applies when you are considering two or more actions that have passed the other checks.

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**The question you ask is:  
“Which action will provide  
the greatest return toward the  
goal for each additional unit of  
money or time invested?”**

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In other words, which action gets the “biggest bang for the buck?” No two actions can possibly give you the same return for each unit of effort (money or time) invested at that moment. So when resources are limited, you want to select the one from which you gain the most. In doing so you will end up spending less time or money, and achieve what you want more quickly.

In Holistic Financial Planning, you can use this check in conjunction with the weak link (financial) check to prioritize the actions you take to strengthen the weak link in your chain of production. It also helps you prioritize the time you spend on each endeavor. Since time is a finite resource, you want to make sure you maximize the return on every hour you spend.

In the end, however, this check is always a subjective one. It has to be, because you are comparing two or more actions that have passed the other context checks and selecting the one that yields

the highest return per dollar or human hour invested in situations often difficult to quantify.

### GROSS PROFIT ANALYSIS

The gross profit analysis check is mainly used in Holistic Financial Planning to help select those enterprises (products or services from which you derive income) that, after associated costs and risks have been factored in, produce the most income. The income from these enterprises has to cover your overhead costs and generate some excess for there to be any profit.

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**The question you ask is: “Which  
enterprises contribute the most  
to covering the overheads of the  
business?”**

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In the gross profit analysis check you simply look at the income likely to be derived from each enterprise and deduct the “additional money” you will have to spend to bring in that income. *The difference between money in and money out is the gross profit.* The additional money to be spent is that money you would not spend unless you undertook the enterprise. Through the analysis and comparison of many possible enterprises with this check, you are selecting the best enterprise, or combination of enterprises, to create profit and minimize risk.

While this check does not account for anything but money earned and spent, the technique still throws fresh light on many situations, and other context checks will help ensure other factors are considered in making your final enterprise selections. The ideal is to find the best enterprise or combination of enterprises in which all the technology and other tools pass all checks. It is the only check that requires the use of pencil and paper, and is somewhat more time consuming than the others. When considering new enterprises for your business, it is time well spent.

## ENERGY/MONEY SOURCE AND USE

While the gross profit analysis check helps you select enterprises based on profitability, there are other factors to consider. Not only the enterprise itself, but also the secondary inputs that support it, must pass the other checks that apply. This check examines both the sources and patterns of use of the energy and money used in production. We lump money and energy together because any action contemplated usually requires one or the other, and often both.

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The questions you ask are: “Is the energy or money to be used in this action derived from the most appropriate source in terms of our holistic context? Will the way in which the energy or money is used be in line with our holistic context?”

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This check helps you avoid;

- actions likely to lead you into an increasing dependency on, or addiction to, fossil fuels or any other inputs; and
- actions involving an addictive use of borrowed money on which you are paying compound interest.

## SOURCES OF ENERGY

In terms of availability, energy sources fall into two categories: those that are abundant or unlimited, and those that are limited in supply. Solar energy that is used to grow the farmer’s crops is unlimited and virtually inexhaustible; but the diesel used to fuel the farm machinery is not. We will eventually run out of secure and affordable supplies of all fossil fuels.

In terms of their effects on the environment, energy sources fall into three categories: benign, damaging, or potentially damaging. When you choose to walk or ride a bicycle instead of driv-

ing your car, you are choosing a more benign source of energy rather than a potentially more damaging one. So is a farmer who uses livestock to break down corn stubble in a field rather than using some type of machinery. Keeping in mind your holistic context, determine whether the source of energy you plan to use in taking an action is appropriate in your present situation.

## SOURCES OF MONEY

Money used to implement any action can be derived from either internal or external sources. Internal money comes from your earnings, what your business or land generates. Any time you can rely on an internal source, you are likely to be better off, but there may be many occasions when money will have to come from outside the business in order for you to move forward.

When the money to be invested is derived from an external source, you need to be wary of any strings attached to it. Money from a bank or other lending institution has interest associated with it, and in most cases that interest is compound interest.

External money can also be derived from the government in some form of cost share or subsidy program. This is a source of money that commonly becomes addictive, and its sudden withdrawal can spell financial ruin.

## ENERGY AND MONEY USES

In the second part of this check you are looking at how the energy and money will be used and whether it is appropriate in terms of your holistic context. Energy and money that are used to *build infrastructure* (e.g., buildings, machinery, fencing, transport, trained staff, a specific knowledge base, etc.), or used *cyclically*, where your money grows and energy renews with no further inputs, are preferable to *consumptive* uses that have no lasting effect. But many of your running costs, such as fuel for vehicles, or fees to your accountant, are consumptive uses and if the action passes most of the other checks it tends to pass this one.

What you want to avoid are addictive uses of money or energy. An addictive use is one that obliges you to take the same action again and again, possibly with increasing frequency and/or increasing cost. Examples include the use of chemical fertilizers or the overuse of credit cards carrying high and compounding interest.

## SUSTAINABILITY

The sustainability check asks you to consider the long-term environmental and social consequences of your actions relative to the future resource base described in your holistic context.

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**The question you ask is: “If we take this action will it lead toward or away from the future resource base described in our holistic context?”**

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This is one of the few checks that asks you to focus on a specific aspect of your holistic context. The future resource base describes the environment and behaviors that will be essential for sustaining the quality of life you desire for yourself and your descendants. Thus the sustainability check assures that actions you take to meet short-term needs also provide lasting gain—that they are socially, environmentally, and economically sound in terms of the future, as well as the present.

**Your Behavior.** No matter what type of business you are in, you need to consider how the perceptions of the people included in your future resource base (clients/customers and suppliers, extended family, advisers, and so on) are affected by the actions you take. If you have described yourselves as honest, reliable, and professional, you want to make sure that the actions you take reflect this behavior.

**The Environment.** If you are a land manager, the actions you take will generally deal with one or more of the tools covered in ebook #3. In this

check, you want to determine how the proposed action or tool is likely to affect the four ecosystem processes. Is it likely to move you toward or away from the future landscape you’ve described? If you are not a land manager then any actions you take should pass through this check if they involve the consumption of products or the use of technology because their production and use will tie back to the land and affect the functioning of the four ecosystem processes.

## GUT FEEL

The gut feel check is done last because it builds on the mental picture that has formed after passing through all the other checks. Where each of the other questions ask what you *think* this one asks how you *feel*. And that is in large part going to be based on the values reflected in the quality of life statement embedded in your holistic context.

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**The questions you ask are:  
“How do we feel about this action now? Will it lead to the quality of life we desire? Will it adversely affect the lives of others?”**

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An action may have passed all the other checks, but you may choose not to do it because it just doesn’t feel right. Or, although the action didn’t pass the majority of the checks, you still feel it’s the right thing to do right now. What is important in this latter situation is that because of what you now know, you can work to mitigate some, if not all, of the negative consequences or put a plan in place to transform them into positive outcomes.

This check also asks you to consider how an action could affect the lives of those outside your immediate whole—from the society you live in, to the greater society that comprises all humans. Pleasing everybody may seem impossible, but you can go a long way by embracing the holistic principle

that the health of your particular interest is not distinct from the health of the greater whole.

The gut feel check, more than any other, can be made only by the decision makers because it will be based on quality of life values that reflect the traditions, customs and culture you share. It would be close to impossible for anyone else to understand them as well as you do.

### A LAST WORD ON THE CONTEXT CHECKS

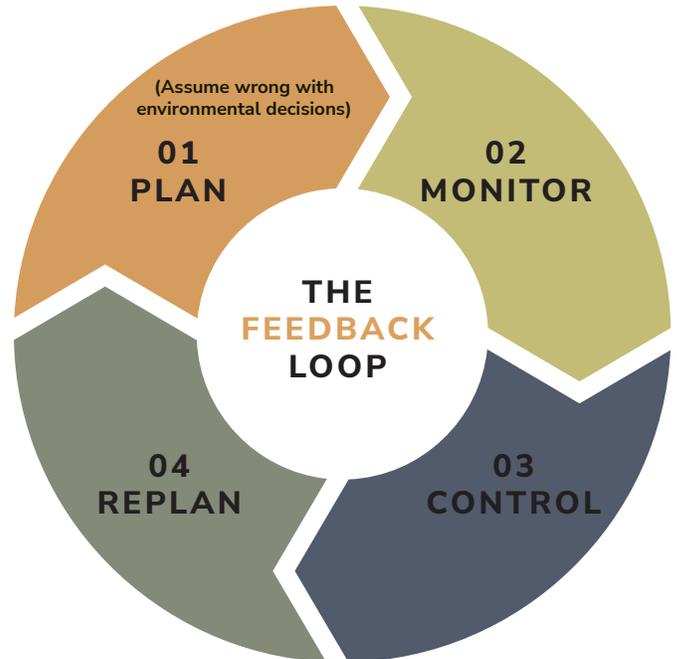
Using the context checks might feel a little awkward at first, but with practice the checking will become almost second nature. At the end of this ebook is a form you can use to help you get started. It also serves as a useful record you can keep on file and refer back to.

Given time and practice, the concepts underlying the seven checks will become so familiar that you will automatically take them into account before planning an action. You will start to look for the underlying cause of a problem before you even begin to consider potential remedies. Before you contemplate what to do about the borers eating your corn, you will look for the weak link in the borer's life cycle. Going into a preliminary financial planning session, you will already have calculated the gross profit on that enterprise you are so keen to develop.

When you've reached this stage, the checking really does go quickly, and it genuinely becomes nothing more than a final check to ensure the action you plan to take is sound and in line with your holistic context.

Yet even when an action has passed all of the checks, you may later find it was the wrong thing to do. This is why monitoring your actions, and their consequences, is critical.

## Monitoring your plans and actions



Monitoring is a continuous process in which you adjust your plans constantly to stay on track. Anytime you try something new that affects the environment assume you are wrong because of Nature's inherent complexity.

Once a plan is made, monitoring becomes essential because, even though the actions involved have passed all the context checks, events rarely unfold as planned. You monitor to look for deviations from the plan for the purpose of correcting, or controlling, them; this makes monitoring—and management—*proactive*. In far too many situations we merely monitor “to see what happens,” which leads to *reactive* management.

In any situation we manage, we should be monitoring in order to make happen what we want to happen—to bring about desired changes in line with our holistic context. The word *plan* becomes a twenty-four-letter word: *plan-monitor-control-replan*.

All hope of reaching any goal or objective without great deviation or waste depends on this process:

- Once a *plan* is made, it is then *monitored*. If results begin to deviate from what was planned, then control is instituted, and the deviation is brought back to plan. Sometimes events go beyond our *control*, or we fail to control the deviation, and there is a need to *replan*. The better we control the plan, the less we need to replan.
- In the Holistic Management framework, we depict this process as a loop because it is a continuous effort. Throughout the process you should be seeking indicators of change and responding to the feedback you receive, constantly adjusting your actions to stay on track. Ideally, you will shorten the loop by controlling deviations so quickly and effectively that there is no need to replan.

Anytime you try something new that affects the environment you should *assume you are wrong* and monitor proactively, making adjustments quickly if your monitoring shows adjustments are needed. Start with a clear idea of what you want to achieve and then ask yourself, “If I am wrong, at what point could I get the earliest possible indication?” That is the point you need to monitor in the simplest way you can devise.

The grazing and financial planning procedures described in ebooks #6 through #9 include guidelines for monitoring the plans you create, with the emphasis in each case on regular and timely monitoring and quick action to bring deviations back in line.

## HELPFUL HINTS FOR USING THE CONTEXT CHECKS

- The tendency to slip back into making decisions in the context of any immediate need or problem will always be with you—especially in emergencies. Take actions to deal with the emergency, by all means, but check each of them to ensure they are in line with your holistic context while also dealing with the emergency.
- When you are dealing with a problem, go to the cause and effect check first. If an action does not address the underlying cause of the problem, you will not solve it.
- The gross profit analysis check applies only when you are comparing two or more enterprises; the marginal reaction check applies only when comparing two or more actions.
- The weak link check applies in three different situations: social, biological, and financial.
- The gut feel check is based on your feelings about the picture that emerges after passing through all the other checks that apply and should be done last.

Remember that there is no tyranny in Holistic Management, nothing that you must or must not do. You may decide to implement an action that fails one or more checks, simply because you have little option at present to do otherwise. You at least know that the decision is not in line with what you hope to achieve in the long run, and that you have to do something about it. Finally, even when a decision passes all the checks, it could still prove wrong. You can't be sure unless you monitor what you have planned and respond proactively to any deviations.

## QUESTIONS FOR DEEPER THOUGHT

1. As you consider the whole you are managing, how can you engage the decision makers in managing holistically with you? What would motivate them to try this approach?

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2. List some of the various ways in which incorporating what you have learned will help you manage your resources better.

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3. Think about the products you produce in your business. Based on what you have learned about the financial weak link, pick an enterprise you are currently managing and determine where its weakest link is.

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## CONTEXT CHECKING RECORD

Proposed action/decision: \_\_\_\_\_ Date: \_\_\_\_\_

CONTEXT CHECKS	REMARKS	✓	✗
<b>Cause and Effect</b> Does this action address the root cause of the problem?			
<b>Weak Link—Social</b> Could this action, due to prevailing attitudes or beliefs, create a weak link between us and those whose support we need?			
<b>Weak Link—Biological</b> Does this action address the weakest point in the life cycle of this organism?			
<b>Weak Link—Financial</b> Does this action strengthen the weakest link in the chain of production? (Resource, product, money conversion)			
<b>Marginal Reaction</b> ( <i>comparing two or more actions that have passed the other checks</i> ) Which action provides the greatest return toward the goal for each additional unit of the time and money spent?			
<b>Gross Profit Analysis</b> ( <i>comparing two or more enterprises</i> ) Which enterprises contribute the most to covering the overheads of the business?			
<b>Energy/Money—Source</b> Is the energy or money to be used in this action derived from the most appropriate source in terms of our holistic context?			
<b>Energy/Money—Use</b> Will the way in which the energy or money is used be in line with our holistic context?			
<b>Sustainability</b> If we take this action will it lead toward or away from the future resource base described in our holistic context?			
<b>Gut Feel</b> How do we feel about this action now? Will it lead to the quality of life we desire? Will it adversely affect the lives of others?			
<b>Monitoring Criteria:</b>			