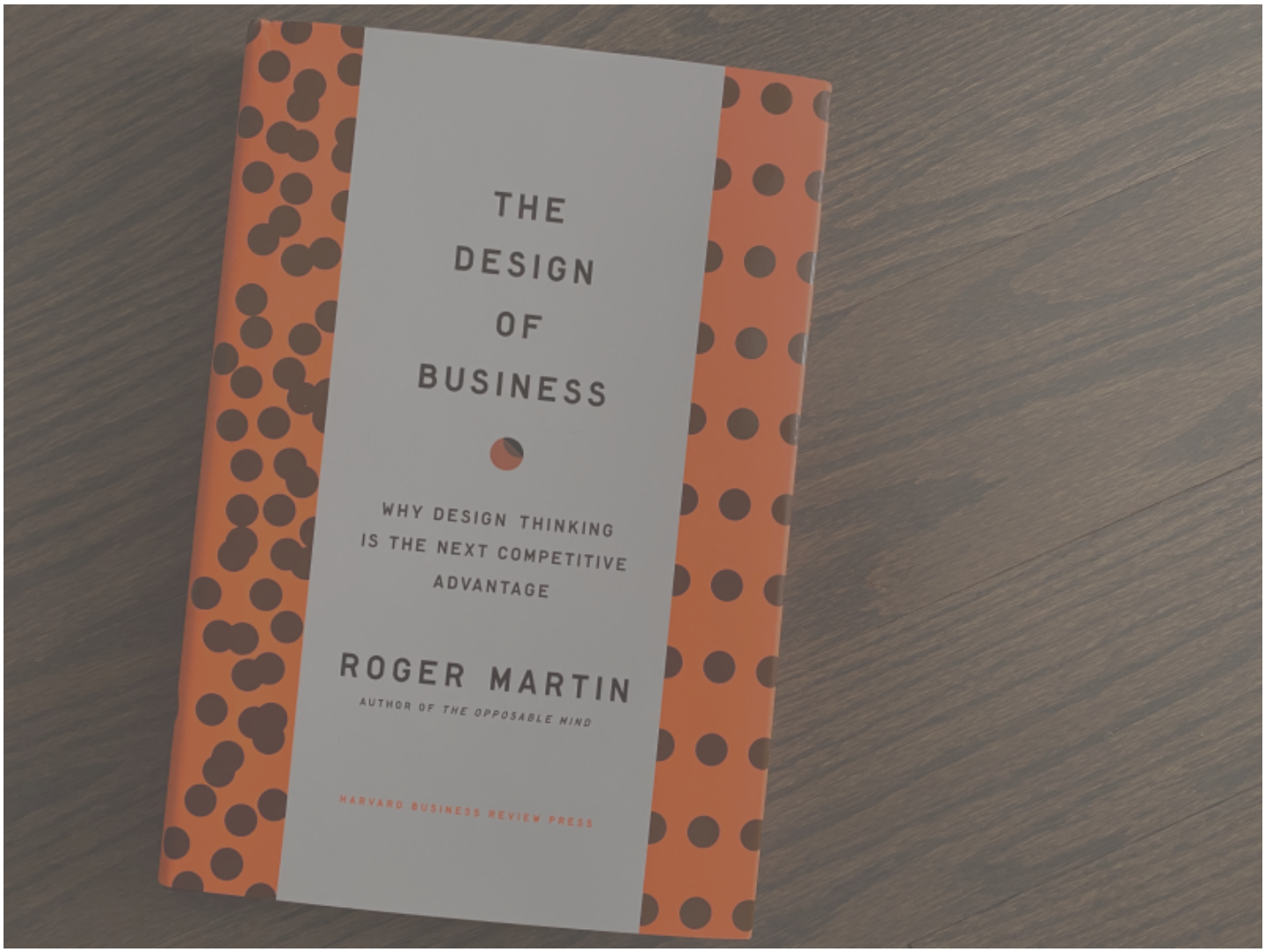
Twitter Thread by Franco Varriano ■■■■

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1/ Recently finished @RogerLMartin's The Design of Business. Here are some of my top takeaways ■ #startups #innovation #DesignThinking #StrategicDesign



2/ Innovation is about seeing the world not as it is, but as it could be. It's about exploring really "wicked problems" whose solutions can't be found in past experience or proven by data.

3/ "Design thinking" focuses on accelerating the pace at which knowledge advances from mystery (an unexplainable problem) to
heuristic (a rule of thumb that guides us toward a solution) to algorithm (a replicable success formula).

4/ Organizations dominated by analytical thinking are built to operate as they always have; they are structurally resistant to the idea of designing and redesigning themselves and their business dynamically over time. They are built to maintain the status quo.

5/ In organizations dominated by intuitive thinking, on the other hand, innovation may come fast and furiously, but growth and longevity represent tremendous challenges. Intuition-biased firms cannot and will not systematize what they do

6/ The most successful businesses [.] will balance analytical mastery and intuitive originality [.] Design thinking is the form of thought that enables movement along the knowledge funnel, and the firms that master it will gain a nearly inexhaustible, long-term business advantage

7/ Design-thinking firms stand apart in their willingness to engage in the task of continuously redesigning their business. They do so with an eye to creating advances in both innovation and efficiency - the combination that produces the most powerful competitive edge.

8/ The ultimate destination of algorithms as of the late twentieth century is computer code. Once knowledge has been pushed to a logical, arithmetic, or computational procedure, it can be reduced to software.

9/ the business that creates value only through exploitation will exhaust itself in due course. It can't keep exploiting the same piece of knowledge forever.

10/ Very few companies balance exploration and exploitation by continuously looking back up the knowledge funnel to the next salient mystery (or back to the original mystery) and driving across the knowledge funnel, in a steadily cycling process.

11/ The average manager has been trained and rewarded to look to the past for proof before making the big decisions.

12/ The answer lies in embracing a third form of thinking - design thinking - that helps a company both hone and refine within the existing knowledge stage and generate the leap from stage to stage, continuously, in a process I call the design of business.

13/ The velocity of movement through the knowledge funnel, powered by design thinking, is the most powerful formula for competitive advantage in the twenty-first century.

14/ CEOs must learn to think of themselves as the organization's balancing force the promoter of both exploitation and exploration, of both administration and invention.

15/ The design thinker, in the words of novelist Saul Bellow, is "a first-class noticer." [...] They build their capacity for the unique configuration of designs that transform their insights into viable business offerings.

16/ What organizations [...] often fail to realize is that while they reduce the risk of small variations in their businesses, they increase the risk of cataclysmic events that occur when the future no longer resembles the past and the algorithm is no longer relevant or useful.

17/ New ideas came into being, Peirce posited, by way of "logical leaps of the mind." New ideas arose when a thinker observed data (or even single data point) that didn't fit with the existing model or models.

18/ Its competitive advantage isn't based on cost leadership or differentiation or a particular resource. The basis of advantage is its speed of movement through the knowledge funnel, which produces perpetual advantage in both cost and innovation.

19/ Mysteries, then, are expensive, time consuming, and risky; they are worth tackling only because of the potential benefits of discovering a path out of the mystery to a revenue-generating heuristic.

20/ The main roadblock is the corporate tendency to settle at the current stage in the knowledge funnel.

21/ Dealing with wicked problems demands that attention be paid to understanding the nature of the problem itself. Problem understanding is central; the solution is secondary.

22/ Designers produce prototypes for feedback, but managers are accustomed to delivering final products.

23/ when the challenge is to seize an emerging opportunity, the solution is to perform like a design team: work iteratively, build a prototype, elicit feedback, refine it, rinse, repeat. The team uncovers problems and fixes them in real time, as the process unfolds.

24/ A tough design challenge could be one of the best retention tools a company today has for its best innovators.

25/ As companies get bigger and more complex [..] Senior management becomes more remote from daily operations. Instead of attempting to exercise judgment over a broader and broader domain, senior managers tend to create systems that substitute rules for executive judgment.

26/ The use of systems is seductive, as they both save time and reduce subjectivity. So it is no surprise that external actors, such as boards of directors and stock market analysts, pile on and ask for yet more systems and structures that promote consistency and predictability.

27/ Skills and sensitivities tend to grow and deepen in concert [...] you are inclined to build what you learned from the repetition into the next iteration until you develop a consistent technique. An improved technique sharpens your skill, making you faster and more accurate.

28/ A more expansive stance will lead to the acquisition of more powerful tools and challenging learning experiences, which will promote more tool acquisition and a more powerful stance.

29/ Integrative thinking is the meta skill of being able to face two (or more) opposing ideas or models and [...] generate a creative resolution of the tension in the form of a better model, which contains elements of each model but is superior to each (or all).

30/ The master who never tries to think in novel ways keeps seeing the same thing the same way. By the same token, originality without mastery is flaky, if not entirely random. The power is in the combination.

31/ From the middle, the design thinkers need to develop their skills in helping both reliability- and validity-driven colleagues to design right-sized experiments that productively turn the future into the past.