

By Tony Holsby-Smith

THE SEC ROAD OF THOUGH

A FRIEND OF MINE WITH A BACKGROUND IN MEDIA recently found himself in the role of CEO of a major government department. One of the first things he noticed is how abused the word 'strategy' is: everything has to be a strategy in order to get noticed. He was sure someone would have a strategy for visiting the restrooms. But the second thing he noticed was that no-one was actually thinking strategically: the more the word was used, the less meaningful it became.

It should not be like this. Strategy should be the process that enables organizations to create new futures and engage their people in exciting tasks. Instead, it mostly weighs an organization down with more data and inputs.

Arguably the strategy process is one of the weakest processes in most organizations. They are far better equipped with the tools for operational management and 'defending the status quo' than they are for inventing and shaping new futures, and there is a good reason for this: modern organizations exist at the 'delivery end' of the thinking life cycle, not at the discovery end.

Once an organization becomes mature and viable, it stabilizes

ideas into structures, and 'efficiency' becomes its overriding goal. But strategy is not about delivery and efficiency: it is about discovering alternative possibilities. Inherently, this will challenge the hypotheses on which the organization is built. Seen in this light, strategy will threaten the organization's stability, so the organization will immunize itself against it. The budget process is a practical example of how this 'immune system' works: it hardwires yesterday's assumptions about inputs and outputs into plans and commitments, and so habituates organizations into preserving the status quo.

We need a new approach to strategy that can unlock fresh energy and make it more innovative and less data driven. This is what design thinking can offer.

The Two Roads Story

The heart of the Two Roads story is that the western world bought the wrong thinking system from Aristotle. This ranks as one of the worst investment decisions our civilization has made, and it has led us into using the wrong toolkits for our enterprises



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How Design Offers Strategy a New Tool Kit

ever since. The thinking system we invested in was Aristotle's 'analytics', and we made the choice around the era of the Enlightenment which ushered in what we today call the Scientific Age. That decision has proven so sweeping that it now monopolizes what most people characterize as 'thinking.' Thinking processes are dominated by the culture of the sciences, and you get no better evidence of this than our universities, the home of thinking, where any subject must position itself as a science to be taken seriously. Traditional approaches to strategy sit fairly and squarely at this table of logic and Science.

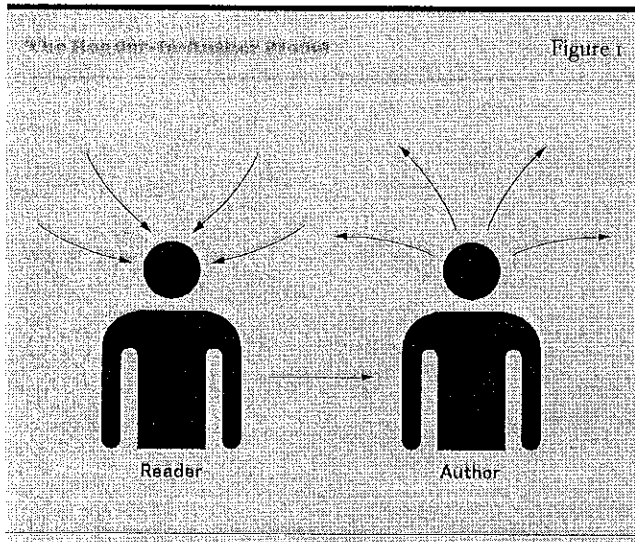
What few people realize is that Aristotle conceived two thinking systems, not one. We made the big mistake of just buying one, and allowing it to monopolize the whole territory of thought. We should have bought them both, and used them as partners. Instead we have only one thinking tool in our hands and we are using it for all the wrong purposes. Here is how it happened.

Aristotle was the first person to codify thinking into a system. He did this for a reason: he lived in perhaps the most dramatic social experiment of human history, the invention of democracy by

the Greek leader Kleisthenes around 450 BC. This political system did what no other had tried to do: it delivered decision making into the hands of human beings. Prior to that, regimes were governed by the king or the gods. That meant that no matter how sophisticated they might have been in terms of Engineering or Mathematics, they were not sophisticated about human reasoning, especially where decision making was concerned. Clearly, Kleisthenes' political reforms created a great need to codify the processes by which humans think and can arrive at 'truths.' If ever there was a do-it-yourself manual, this was it! Ordinary humans were playing god in Aristotle's Greece.

The Logic Road

In answer to this demand, Aristotle invented the great 'truth making' machine of logic, and he brilliantly described it in his books on the *Analytics*. The heart of the machine was the 'syllogism,' and it dominates the works: if $a=b$, and $b=c$, then $a=c$. This formula could take inputs and compute them into truth claims that were universally true and incontrovertible.



In one brilliant essay, Aristotle laid down the path for deductive reasoning that has dominated the western mind for the last 300 years. With it, we have built what I call the 'logic road,' and it carries pretty much all of our intellectual traffic these days. The reason for its appeal is not so much the method but what it offers – control and certainty. If I can pull apart any system into its working parts and then explain it in cause-and-effect relations, surely I will be able to fully know the truth about this system. That knowledge will give me control; there will be no surprises, and I will be in the box seat. And with control I will also get certainty: I can predict outcomes and guarantee results.

The logic road convinced us more than it convinced Aristotle. He was always uneasy about the inputs into the system. He was confident that his inference-making engine worked well, but what if we could not trust the inputs? He never answered that question to his satisfaction (consider the last two pages of his *Analytics* where he confronts this worry); but centuries later, two great minds conspired to apparently clean up the inputs question.

Firstly Galileo pioneered the use of numbers to represent reality. Rather than represent the data of the universe as fable or story, he turned all its mystery into numbers – cold, hard, concrete numbers. Then Descartes, who hated uncertainty and ambiguity, elevated Mathematics to the head of the table as 'the only true Science.' Descartes famously hated the 'soft' humanities and declared that only numbers were unambiguous and 'true.' With this they conspired to patch up the inputs question and thus 'logic' became apparently water tight.

The logic road underpinned the era of Science, which delivered us technologies and made the Industrial Revolution possible. The Revolution delivered us untold wealth and capitalism, and sitting at the end of this beneficial trail lays modern management and its strategic processes, deeply indebted to the logic road. But the logic road has run into all sorts of trouble, mainly because it has failed to deliver on its main promise of control.

I often say to management groups that I work with, "We have never had so much information available to us as we have today, so

who feels we have never been more in control of our world and our destiny?" Nobody does. So what has gone wrong?

The Second Road

For the answer, we can begin by going back to Aristotle. He was smarter than we were in rushing in and over-investing in his logic product. He significantly limited the application of his analytics engine to a certain domain of truth: he called this domain 'where things cannot be other than they are.' By this he meant the realm of Natural Science. If you have a truth question concerning the realm of nature or any realm where things do not change, by all means use the logic road. But he said that this domain was not the only domain for truth making. There was a second domain which he characterized in the memorable phrase, 'where things can be other than they are.' By this he meant the whole domain of human decision making, where we in fact 'play god' and determine alternative futures.

For this second domain, Aristotle conceived an entirely different thinking pathway that combined invention, judgment and decision wrapped up in a social process of debate. He called this process 'rhetoric' or 'dialectic', and I call it the Second Road to truth. Aristotle described it just as fully, as his analytic engine in various books including the *Rhetoric* and the *Topica*. The critical difference between the two roads is always best understood by the different domains of question that they address: rhetoric was the road by which humans designed alternative futures; analytics was the road by which we diagnosed what already exists.

As Richard Buchanan of Carnegie-Mellon University has brilliantly demonstrated in a series of landmark essays, design is the modern rhetoric. The significance of this cannot be overstated: if strategy is in fact a design process, it has been using an incomplete toolkit to date.

Human beings do not analyze their way into the future. In fact, we cannot analyze our way one inch into the future, for the simple reason that the future does not exist yet, so it is not there to analyze. Let me demonstrate this to you quite simply. At the heart of the logic road lies the idea of proof and empirical reasoning. This is hard wired into our culture by the common challenge, "Prove it!" If I cannot 'prove' a hypothesis, then I am undone.

Suppose I propose a dream for our organization in which I imagine an alternative situation, different from and much more desirable than the present situation. When management challenges me to "prove it!" I cannot do this, for the simple reason that my dream lies in the future and thus is beyond proof. Yet if I am so challenged and I reply, "Sorry I cannot prove it...but I believe it!" I would feel weak and defensive in most organizational cultures. The reason I would feel so defensive is that our whole paradigm is dominated by the analytic system – and it is out of this dominant thinking system that the challenge to 'prove it' flows.

The Power of Argumentation

If we cannot analyze our way into the future, how do we move ahead? The answer is 'by arguments,' and it is the art of

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argumentation that lies at the heart of the Second Road.

Arguments are the engines by which humans create alternative futures. The great Roman leader, Cicero, was an avid follower of Aristotle and quite possibly the greatest rhetorician of all time. He claimed that all human civilization was built on the pathway of rhetoric and memorably imagined uncivilized tribes arguing their way out of caves and into villages. Picture the first natives to start the argument:

"We don't have to keep sheltering high up in these caves forever. I reckon we can live happier lives way down by the river close to the water and our hunting grounds."

"So how do we do that, praytell, without freezing to death in the winter months?"

"Good question, but I have this idea – let's call it a 'hut' – which we could make out of the timber from old trees..."

"You are always dreaming, you fool...but the idea of huts has some attraction...take it further for me."

In that dynamic of argument lies the whole momentum of progress, according to Cicero: if Cicero's cave dwellers used Aristotle's logic road to improve their lives, they would still be there today analyzing the rock structures of caves. But they are not, because the human genius for argumentation enables us to craft alternative destinies.

Every strategy is an argument, every plan is an argument and every design is an argument. The concept of 'argument' opens a door onto a new landscape of tools and pathways to craft strategy and make it the 'design' process that it naturally is.

Following are three critical elements of the Second Road toolkit that have proven transformational for the managerial groups I have worked with. I name each with both a classical term of rhetoric and a modern term of management.

1. Agency (Corporate Intent)

The first element of a compelling argument is 'agency.' In the

scientific process, you aim to keep people out of it: we are taught to be 'objective' and not bring ourselves into the thinking process. This confines the scientific thinking process to being merely cognitive. In the Second Road, the opposite is the case: we humans become the 'causes' that create 'effects.' We must become 'agents' if we want to change things. This repositions strategy as an act of the will, not just of cognition. Strategy crystallizes the corporate will. This fundamentally changes how we view strategy: it is as much a matter of the will as the intellect.

However, most people don't feel like agents, and the modern organization does not help that feeling with its emphasis on compliance, hierarchy and command/control relationships. If we want to get people to design their futures, our first task is to emphasize their 'agency.' They must feel that the world is not an accident, nor is it 'determinate': it is putty in their hands and they are its authors.

There are two stances we can take into life. We can see ourselves as 'readers' in which case we believe that someone else 'writes' the text of life and our job is to read it. Ironically, the more educated we become, the more we feel like readers, since most education is framed in the analytic paradigm and literally enforces a disposition of 'readers' on the students. The alternative disposition sees us as 'authors': life is a canvas and our job is to write the story, not read it.

I ran a workshop recently for the leaders of a major newspaper organization with a great past but an uncertain future in the online world. They had pages of analysis before them, and most of it was depressing. We began the workshop by asking, "Do you believe that this organization has a credible future? Is it worth the effort of creating a strategy or do you feel that long term decline is really inevitable?" The question surprised them and evoked a spirited and open discussion for two hours. When we finished they agreed that there was a hopeful future, and it lay in nobody's hands but their own. They had moved from being 'readers' to 'authors.'

2. Possibility (Invention)

The second element of a compelling argument is 'possibility.' True design is the art of invention, not analysis. You cannot analyze your way to invention. So how do we do it? Whereas analysis is a process that works like a formula, invention is an art that works like a forge. We must melt down fixed ideas and views, allow them to swirl around and then shape them into new combinations. The process is one of immersion and emergence, not analysis. Sound strange to you? Watch a painter paint a landscape or a poet exploring ideas and you will see it happen in practice. This is design thinking at work. It does not work like a spreadsheet.

In my work I try to stimulate this kind of thinking by shifting the dynamic of the strategy process from documentation to conversation. Most strategic processes rely far too heavily on documentation; but documents were not made to generate ideas, they were made to codify and communicate them. Furthermore, documents are primarily an individualistic tool, not a social one. People write documents alone and they read them alone. Conversation is different: it is a melting pot of ideas – a living,

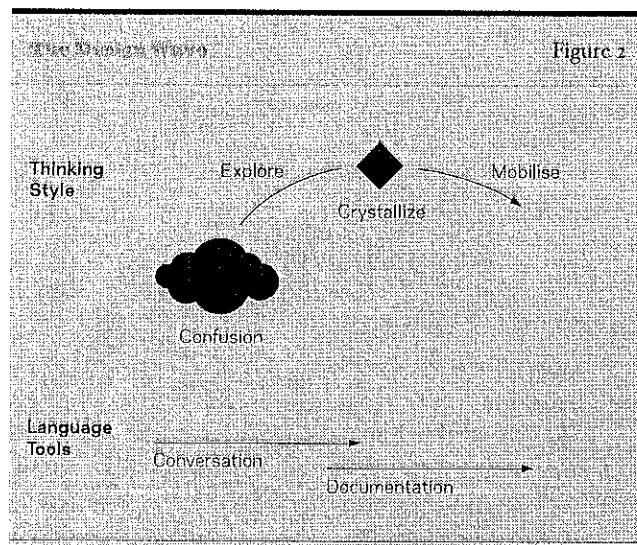


Figure 2

organic process. It is a perfect way to generate possibilities and create arguments.

My team and I have mapped the conversation process in an image we call the 'Design Wave™' (see Figure 2). Arguments are developed by advancing topics across this wave. Things start out foggy, but then crystallize as we transform confusion into arguments that can mobilize action. But conversations need some structure, or they will unravel and achieve nothing. We do this by using the *writing process* (rather than documents) to structure the dialogue. Good writers explore ideas by sketching them with maps and models. We create virtual design studios where groups start with a blank sheet and 'write' their strategy by a process of dialogue. We shape and guide the energy that the conversation creates by mapping and modeling in real time on an electronic whiteboard. This effectively transforms the group into designers who are using heavily right-brain tools of visualization, modeling and prototyping ideas.

If I could turn on a video camera and show you one strategic conversation that we facilitated recently for instance, you could have watched Australia's aboriginal leaders design a way forward for our indigenous community that aims to rewrite 200 years of sorry history. You would have seen the swirl of dialogue melt down fixed positions and transform them into new possibilities. Immersion and emergence happened before our eyes. The Second Road is not just theory for us; it is an art of action. And rhetoric was not a theory for Cicero and his friends. It was an art of action and design.

3. Persuasion (Community of Action)

The third element of an argument is 'persuasion.' In the scientific road, persuasion is not the goal – proof is. In the Second Road, persuasion is the goal because the aim of the argument is to mobilize people to create a new future. This has two significant consequences for strategy as design. Firstly the criteria of a good strategy changes; we cannot look for the 'right' strategy, we must instead look for the 'compelling' strategy. Good arguments

compel belief. The second consequence is that an effective strategy process will not just produce a 'plan', it will produce a community of action: that is our real goal. Nothing is stronger than a persuaded community: they will create alternative worlds.

A New Theory of Language

Underpinning this whole Second Road of rhetoric/design lies a fundamental new belief about the nature of language. In the analytic paradigm, language is descriptive. It is a tool to put labels on the world. Its role is passive: it merely enables communication. Little wonder that the analytic world has now passed the baton of power to Mathematics as the underpinning tool of trade.

The rhetoric road operates from a fundamentally different and emerging belief that language creates new realities, it does not just describe them. If I name a situation as 'hopeless', that will create hopelessness; if I name a situation as 'promising', that will create promise. In this view, language is an agent of design.

Design begins with language that creates proxies for alternative futures long before they exist in material form. Viewed that way, language is the raw material we use to create our current and future realities. The Second Road builds arguments or designs out of the playground of language; the first road of analytics has narrowed the whole playground to the skimpy perimeter of empirical reasoning and spreadsheets.

In closing

My work always takes me to groups facing uncertain, often troubled, prospects. They have a choice: 'keep operating as normal and let the future happen to us' or 'design our world.' In every case, a tool kit comprised only of analytic tools would have been at least inadequate, or at worst, counterproductive.

Design offers organizations a new paradigm of thought and a whole set of practices that can revolutionize how we 'do' strategy, and more ambitiously, how we build great organizations. The tool kit outlined herein does not stop there in its implications: it is relevant to the worlds of education, social design and human enterprise everywhere. **R**

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A longer version of this article appeared in the *Journal of Business Strategy's* special issue on design and business, which was co-edited by Dean Roger Martin and Jeanne Liedtka.