y ideas come from continued

the Design of Business: Why design thinking is the next competitive advantage
Roger Martin
Harvard Business Press
$50

Readability 3
Usefulness 3

WE ALL know those stories of monopolistic corporations that got stuck in the mud, kept doing what they had always done and failed to smell the winds of change – only to be blindsided when customers stopped buying their products or demanding their services. McDonald’s, IBM, Procter & Gamble, even Apple when Steve Jobs took his extended sabatical.

In each of these cases, the companies had honed their operations to a fine point, developing what Roger Martin calls an “algorithm” to achieve value-added outputs. This is a sure-fire route to profitability, as companies come up with products or services to solve a particular “mystery” – in the case of Maccas, the McDonald brothers knew there was something in fast service, limited-menu restaurants, but it took Ray Croc to come along and convert it into a rigorous formula that spread like a rash across the globe.

This process – the investigation of a mystery, the development of a heuristic to solve it, and the eventual creation of an algorithm – is the “knowledge funnel” that organisations use to create value. All too often, however, companies either settle at the middle stage, because the managers in charge of it understand how valuable it is to the organisation, and resist its further refinement, or exploit the algorithm until the mystery it was created to solve has changed. Martin, Dean of the Rotman School of Management in Toronto, believes “design thinking” can help companies to refine their heuristics into profitable algorithms, and to avoid getting so comfortable that when the world changes under them they are left running on air like the roadrunner off a cliff.

What's new

The Sixth Wave:
How to succeed in a resource-limited world
James Bradfield Moody and Bianca Nogrady
Random House $34.95

THE AUTHORS write that after five waves of transformative innovation beginning with the industrial revolution – which have each transformed society, economies and industry – we're into another. The fifth wave was dominated by information and communications technology. Moody, from CSIRO, and science writer Nogrady assert that this latest wave will be about natural resources, human resources and information. Responding to the challenges of sustainability and rapid population growth, humanity will finally break away from resource dependence.