

REINVENTING STRATEGIC INNOVATION

Create Deep Change

Kees Dorst
Rodger Watson
Barbara Doran
& Contributing authors

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PROLOGUE

STOP FIXING THINGS!



CLEANSING THE DOORS OF PERCEPTION

The writer and anthropologist Amitav Ghosh has famously said that the climate crisis is a 'crisis of imagination': if we can't imagine the impact of climate change there is no real incentive to act. That is what is holding us back.

These are wise words, but we would go a step further and say that this is not just a crisis of imagination, but a crisis of perception. The very world we see around us and take for real, isn't - what we see is just the surface. What is happening on the surface is the result of complex underlying processes. If we want to act wisely, we need to PUNCTURE the bubble of superficial 'reality', go beyond the symptoms and dig deeply to discover the underlying relationships and dynamics that actually matter. That is Reality with a big 'R'. (We will see later (in §4.1) that this a pragmatist definition of reality: 'real' is what you need to see and understand in order to engage with the world productively, to shape effective actions).

This means that a lot of what we see on the surface of the world is NOT REAL. How can that be?

This is a pattern that we will see time and time again, in this book. Examples will be drawn from right across society, from the private, not for profit and public services.

If we are not able to go beneath the surface to understand what a problem is actually about, we are powerless to resolve it. The underlying processes are undeniable and real, but we have the tendency to ignore them, and 'fix' the problem by reacting to whatever shows itself on the surface. In doing so we keep dealing with problems on a case-by-case basis, even against evidence that this strategy isn't working; the problem patterns keep repeating because the underlying causes are never touched. In this book we will map out a way to deal with the deeper reality, and how to create a space for deep change in our organizations and societies.

But first, we need to stop fixing things.

To quote William Blake (1790):

'If the doors of perception were cleansed every thing would appear to man as it is, Infinite. For man has closed himself up, till he sees all things thro' narrow chinks of his cavern.'

We have known this for a long time, but it is now more than ever the time to act on it. This book shows HOW.



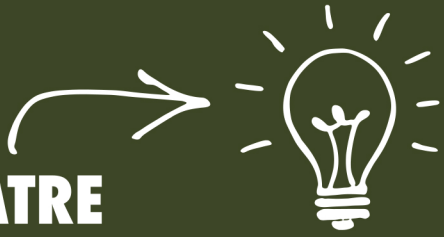
An example:

A water company had an issue with people not paying their bills. It responded to this reality in the way all amenities companies do: if people don't pay their bills they get sent a reminder, and then another one. The scenario then escalates to sending letters with ever increasing fines, to the point of sending a debt collector - which almost never resulted in retrieving the money people owed. Ultimately, the customer would be disconnected from the water supply. On face value, this is a reasonable course of action.

That is, until the water company went deeper into the matter and realized that from the perspective of the customer, the water bill is probably the last one you don't pay: water is vital to life. So if you can't pay for water, you must be defaulting on lots of other bills too, and be in real trouble. This set them on the path of thinking from the lifeworld of the people and the communities they are servicing. They were shocked, and rightly so.

They also realized that the lifeworld problem was bigger than just the water company, and organized a 'vulnerability round-table' with other amenities companies (electricity, gas), banks, insurance companies and communication companies, about how people experiencing hardship can be supported rather than punished. The vulnerability round-table led to the founding of Thriving Communities Australia, a not for profit organization that enables collaboration across multiple sectors including business, academia, government, NGO's and people with lived experience of vulnerability. In the end, engaging with this deeper reality has not only helped these amenities to stop adding to the hardship of people, but it also resulted in more bills being paid. Being a good corporate citizen who seeks to understand the lifeworld of their customers, is not only good for their customers, it is good for business.

MOVING BEYOND INNOVATION THEATRE



One of the failure modes in efforts to tackle deep problems is that these problems tend to show up in the context of our organizations. So naturally, we try to create a response from the organization as it is, by innovating on that level, through a 're-organization'. But in this case, innovation as we know it falls short.

What do we mean by 'innovation' in an organization? The word is heavily overused, on the verge of meaninglessness. This leads to a confusion between fundamentally different kinds of innovation. Innovation literature points to a golden ratio of innovation investment across a portfolio comprising of three distinct innovation modes; 70% towards optimizing, 20% towards expanding, and 10% towards transforming (Nagji & Tuff, 2012) (more in §2.7).

There is a fundamental difference between the practices, methods and tools needed for optimization, expansion and transforming, but often these three types of innovation are conflated. What we often see is that the language around innovation in an organization is couched in terms of missions, visions and radical shifts in thinking, but the tools and techniques applied are really the 'safe' ones that can only really be expected to lead to optimization.

Or, as the manager of the innovation unit at a major bank put it to us: *'what we are doing here is merely **'Innovation Theatre'***.

This pretense of transformational innovation without intending to actually change can become an obvious lie in an organization. This leads to cynicism, mistrust and 'innovation fatigue': people become despondent, they just lose faith that anything can ever change at all. This introduces significant risk to the organization.

In a complex and changing environment the organization will not last long if it is stuck like this, let alone be in a position to navigate complex environments and realize strategic innovation. The use of the wrong innovation strategies and tools can also be the result of an honest misdiagnosis of a problem situation - underestimating the depth of the issues at play, and therefore starting out with the wrong methods and practices. Any organization that finds itself desperately stretched in staff and finances might seek to 'fix' this by creating more efficiency in their processes. This will lead to much bigger problems down the line, as the fundamental issues are not touched.

In the case of the huge societal challenges ('transitions', see §4.4) we are talking about in this book, the problems have deep roots. As organizations, we need an extra shot of what Nagji and Tuff have characterized as their '10%' transformational innovation. In fact, that may need to be 20-30% or even more when a sector is to reach tipping point and actually on the verge of transitioning to a new way of working.

In this book we will see that in order to do this we require a different kind of logic than is often prevalent in organizations. Renowned strategic management scholar Gary Hamel (1998) points to what he calls '*strategy development's "dirty little secret"; that within strategy development, there actually is no articulation of a creative process that can lead to new strategies*'. These so-called innovation strategies claim to be grounded in solid analysis, every step of the way... but... how can that work? If organizations only use reductive and analytical ways of thinking, they are simply not capable of creating new responses to their challenges.

In Chapters 1-2 we will outline the type of thinking that is needed to move beyond innovation as we know it: the creative intelligence, logic, practices and structures to support this new type of Strategic Innovation.

In Chapter 3 we explore 21 case studies, drawn from our own community of practice, to illustrate the new strategic innovation in action. We will see in chapters 4 and 5 how we can move beyond the 'Innovation Theatre' that inhibits the real change from happening.



IT IS NOT WHAT YOU THINK, BUT HOW YOU THINK



We realize that the above may not paint a particularly cheerful picture of the situation we find ourselves in. We are trapped in a 'Comedy of Errors' and have to find a new way out... (or actually, perhaps not a Comedy of Errors but a Greek Tragedy, in which humans are whacked about by forces they cannot understand - and that they will only understand towards the end when, in the catharsis, it is all too late).

But why is it so hard to create progress in the face of the big challenges we face?

Our answer would be that the nature of the challenges we are dealing with has shifted, that there is fundamental mismatch between our normal ways of approaching problems and the new very open, complex, dynamic and networked challenges facing us today. What trips us up is that on the surface, the world looks pretty much the same, but the underlying dynamic has changed fundamentally. Problems are not what they used to be, and we are finding out the hard way that Business-As-Usual doesn't work anymore. Because the world has become more connected, it needs

to be approached in a completely different way; Normal cause-and-effect reasoning (the idea that 'one thing' leads to 'another') that is the basis of normal problem solving goes out the window in this brave new networked world. Doing 'one thing' sets a network of reactions in motion that is hard to grasp and to predict. If you try to resolve such open, complex, dynamic and networked problems by normal everyday problem solving you end up confused, running around in circles, and just getting more and more stuck - as we see in the Care Futures example (§3.1).

When problems move from being very complicated to truly complex, our ways of addressing them should shift accordingly. In really complex systems newness comes from the emergence of order (rather than goal-directed creation), change is achieved through influencing the system (rather than implementation of a plan to 'solve the problem') and a new state of relative stability can be created through creating vitality (rather than striving for an immutable, stable structure).

There are no solutions.

A key misdiagnosis we should step away from is the idea that these problem situations can be resolved through acquiring more knowledge (and that when you know everything about a problem, it magically is 'solved'). In this case, more research is NOT needed. This may sound odd, coming from academics, but the big deep issues we are facing are problems of practice, of how we think and approach issues, not a knowledge problem. Looking at the Care Futures Lab (§3.1): we already know about the troubles that the Care sector is in. We need to find a way to shift the issues so that new paths to progress open up, and practices from many disciplines can be harnessed to move to impact. What we don't need is more research into the details of what is wrong with the current system. That is obvious; the current system was created in a completely different world, with different realities and assumptions. No one would create the Care sector as it is now. It is simply not fit-for-purpose and needs a complete re-imagining.

The good news is: this CAN be done, as we will demonstrate this time and time again in this book. We already have the practices we need, but they need to be freed up from their disciplinary silos and be used in a new transdisciplinary way (§1.2).

The bad news is: basically, we are the problem. We need to fundamentally change the way we think, and that is quite a journey. In this book we are taken along by remarkable people from across many sectors that have been on this journey with us. Central in this book are their stories, the case studies of their projects. What they show, as the next generation of strategic innovation leaders, adds up to the change we need.



THE ANATOMY OF THIS **BOOK.**



This book is written for thoughtful, reflective practitioners that are ready for these big and deep challenges. We hope it can be the start of your journey towards new thinking and doing, or, if you count yourself as already part of the change we need, this can help you to also develop new practices as a Strategic Innovator and Game Changer.

This book presents the elements that we found useful, and shows some of the dynamics that need to be created to bring them together. Central in this book are cases by seasoned practitioners showing how this works, in a huge diversity of sectors right across society - we will see examples from (in alphabetical order): Advertising, Care, Corrective services, Education, Insurance, Leadership development, Regional transformation, Service design, Social enterprise, Strategic consultancy, Transport infrastructure, and much more sprinkled through the chapters. This is important, because practice leads at every step of the way. And real-life impact is the only thing that counts.

The structure of the book is quite open, to do justice to the fact that everybody will have to create their own journey through this space. We hope to mirror the complexity and show the richness of what becomes possible when you

engage deeply with the challenge of deep change in this way. This book is not a cookbook centered around one model (it is more like a smorgasbord, or a tapas menu), and it is open-ended, propositional.

It is the culmination of an almost 20-year body of work. Some elements of his story have been published along the way by these authors in academic books (Design Expertise [2008], Frame Innovation [2015], Deep Change [2025]) and in practice-oriented books like Designing for the Common Good [2016], Notes on Design [2017] and Creative Reboot [2021]. The thinking has also been brought together in the curriculum of a transdisciplinary masters for innovative professionals (see §5.3).

As this is not an academic treatise, we have kept the theory elements short (but hopefully clear), taking just two pages per concept/ theory - for those who like to dig deeper, the references will lead to much more background on all of these, in books and papers. The Chapter 3 case studies that bring it all together are the absolute core of this book. They are a fountain of inspiration in themselves. But the models and theory are the vital connective tissue that empower the reader to create their own strategic innovation practice.



Figure 0.1 The anatomy of the book

To help with navigation, we have used different styles to highlight the different layers of text:

- The theory chapters are kept very brief; most concepts and models are introduced in just two pages, to allow the reader to navigate the book in their own way.
- The tools/exercises and workshops to explore and apply these concepts and models are given space at the end of their chapter.
- The theory, methods, tools and cases in this book are roughly structured along the categories in figure 0.1.

To return to the journey metaphor: through its open structure, the book furnishes a landscape of elements for the reader to make sense of, be attracted by, connect in new ways, make your own, and add to. In doing so, we are laying down a landscape while walking through it. Our motivation to publish this book now is because we see that this next generation of strategic innovation is urgently needed. Thank you for being on the journey with us.

Sydney, Eora Nation

Kees Dorst
Rodger Watson
Barbara Doran
& fellow travelers





CHAPTER 1

EMBRACING CREATIVE INTELLIGENCE

SEEING DIFFERENTLY

We are only human. We come to a new situation with what we have: our knowledge, skills, life experience and wisdom.

If a new situation is very different from what we know, we can use metaphorical thinking ('this is like that') to make sense of it, somehow. This means we are never a blank slate: we always perceive even a completely new situation in a particular way. In the terms that we will use in this book: we ALWAYS have a 'frame'.

That is a fact a life. This may get problematic when we are then using our thoughts to shape action in this new context. And a real problem, the kind of problematic situations we talk about here in this book, ALWAYS requires a shift away from the current way of thinking that led it to be formulated in a certain manner.

To move forward, we need to change the perception of the problem situation.

We will see that time and time again in this book; the case examples and the central case studies in chapter 3 and 4 can even be characterized in this manner:

People that did not pay their amenities bills in time were sent reminders for ever increasing amounts

... UNTIL...

the Water Company realized that if people in such financial strife cannot afford the basic amenities they need help, not prosecution (see the Prologue).

Alcohol-related violence in an entertainment district was suppressed through tough 'Law and Order' measures

... UNTIL...

seeing the situation through the lens of a 'music festival' led to the creation of an environment that supports a vibrant nightlife (see §4.2).

The professional systems to support health and wellbeing were struggling to cope with the demand for services

... UNTIL...

citizens organized themselves to support the people in need of care in their neighborhood (see §3.1).

We need to always and systematically question the assumptions behind the current ways of thinking that have led to the problem being formulated in the way that it is now. This may seem an extra and unnecessary step ('why don't we just get on with it?'), but it is crucial if we want to find new ways and create progress. Furthermore, if they remain unquestioned, these assumptions are the major source of risk for the intervention we come up with.

Much of this book will be dedicated to showing processes that help us delve under the surface of the problem-situation-as-it-presents-itself and rigorously question what we find there.

This is not easy, and also not always a very comfortable process: changing our way of seeing requires some force because we are creatures of habit. This personal reluctance seems to become amplified in organizations (this inability to shift, even if we want to, is called 'path dependence'). The current way of seeing the world and thinking about it is hardwired in our organizations, sectors and disciplines.

So, how can we shift from an old reality and truth to a new reality/truth? We basically have to throw everything at this that we have...

For example:

- We can set out to first puncture the current paradigm, calling the conventional wisdom into doubt. This is what we will see in the case study of §3.14, where Phil Hugill starts to make explicit what the 'cultural residue' is that keeps the prison system from innovating, even in the face of overwhelming evidence that a different approach would yield better results for society.

- Often, in this book, we will invite people to reconsider the current ways of doing things by reminding them of the core values that in the end drive everything that we do; the deep human values that we realize in our lifeworld. In §4.4, a deep understanding the lifeworld of the farmers shows how we can unlock the agricultural crisis in the Netherlands.
- This then leads us away from transactional ways of organizing ourselves to more informal, fluent, relational ones to create space for deep change.
- A key feature of these spaces is that it is better to have several frames operating in parallel.

This may seem very confusing at first, but it does make one so much more flexible and ready to take on any challenges the world might throw at us. In an open, complex, dynamic and networked world there are multiple essences that we need to keep our eye on, pragmatically choosing which ones should prevail in the current situation.

