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Bestselling author of **THE INNOVATOR'S DILEMMA**

THE INNOVATOR'S METHOD

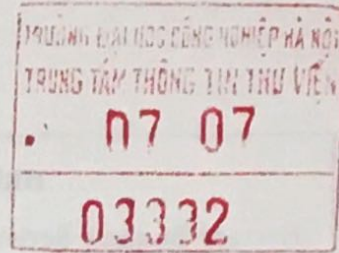
BRINGING THE
LEAN STARTUP
INTO YOUR
ORGANIZATION



NATHAN FURR
JEFF DYER

Coauthor of the bestselling **THE INNOVATOR'S DNA**

HARVARD BUSINESS REVIEW PRESS



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JEFF DYER

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Boston, Massachusetts

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The web addresses referenced in this book were live and correct at the time of the book's publication but may be subject to change.

Library of Congress Cataloging-in-Publication Data

Furr, Nathan R.

The innovator's method : bringing the lean startup into your organization / Nathan Furr, Jeff Dyer.

pages cm

ISBN 978-1-62527-146-4 (hardback)

1. Organizational effectiveness. 2. Management—Technological innovations.
3. Consumers' preferences. I. Dyer, Jeff. II. Title.

HD58.9.F864 2014

658.4'063—dc23

2014005467

ISBN: 978-1-62527-146-4

eISBN: 978-1-62527-147-1

The paper used in this publication meets the requirements of the American National Standard for Permanence of Paper for Publications and Documents in Libraries and Archives Z39.48-1992.

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Foreword

At some point soon, please take a trip physically or virtually to New York City, Hong Kong, Singapore, and Dubai. In New York, go to the intersection of 6th Avenue and 57th Street and start walking south, away from Central Park. On the left side you will see Rockefeller Center—a set of skyscrapers that were built in the 1930s. Then look to your right, where you will see a set of even bigger skyscrapers designed and built in the 1960s. These are masses of rectangles and right angles reaching into the sky, differentiated only by the type of siding that was used and whether they had sixty or seventy stories.

Then go to Hong Kong, Singapore, and Dubai and contrast their skylines with those on the Avenue of the Americas in New York. Most skyscrapers in these cities that have been built in the last fifteen years are unique to the world. Most are *very* attractive—and some are truly stunning. The curves, angles, accents, and statements are unique to each building. What has changed? Have the architects simply become more daring and creative? Are the architects in those cities simply better at design than American architects?

The answer: No. Rather, the software that architects have been using in Hong Kong, Singapore, and Dubai—and around the world—has become so sophisticated that if an architect changes an angle, adjusts the weight-bearing or a new curve in an H-beam, or adds a new type of weld to be used in an ornament jutting out on the 23rd floor, the software automatically recalculates the design of every other piece, showing what each one needs to do and where it must be placed to account for interdependencies mandated by the unusual element of each piece. The software's power to calculate all the interdependencies among the elements of these massive skyscrapers has yielded a set of rules that say "If

this, then that." These rules are not of the sort that say "Don't do this, because we have no idea what will happen." The rules of causality actually emancipate artistry in design.

The reason why skyscrapers designed in 1960s had so little differentiation is that there was little latitude for creativity: anything that was not a standard straight beam or a 90-degree angle was risky and very, very costly. Even the best architects struggled to come up with all the adjustments they needed to implement elsewhere in the structure to account for anything that was unusual.

So how does this relate to management? Historically, management is about "straight lines" and "right angles." The tools of traditional business planning—the "software"—that managers use today have helped them perfect the art of analyzing, planning, and executing when the problem is standard and the interdependencies are known. But innovation is about uncertainty and nonstandard processes—"curves" and "weird angles"—and the management literature and the tools we use have not yet caught up with the new kinds of problems that managers and innovators face. New "software" is needed—a new set of guidelines and rules—that managers can use for facing high uncertainty problems.

Furthermore, although most companies are laced throughout with interdependencies, most executives actually know little of what they are or how they interact. Some interactions in a company are static, occurring at a given point in time. Others are dynamic, doing their work over time. The reason why many executives and employees adhere to standard processes is that changes in interdependent processes are time-consuming, risky, and costly. Standard processes mitigate innovation, but many managers instinctively opt for less innovation nonetheless in their quest for order.

Executives face these paradoxes in part because so few researchers of business have achieved the comparable exquisite understanding of business interdependencies that software has brought to architecture. Many more of us must follow the lead of these few, because the impact these researchers have had on understanding systemic interdependencies of processes and organizational structure has been profound. For