FOR IMPACT:
GENERATE SNOWBALLS, DON'T SELECT SNOWFLAKES!

Funnelling vs Layering
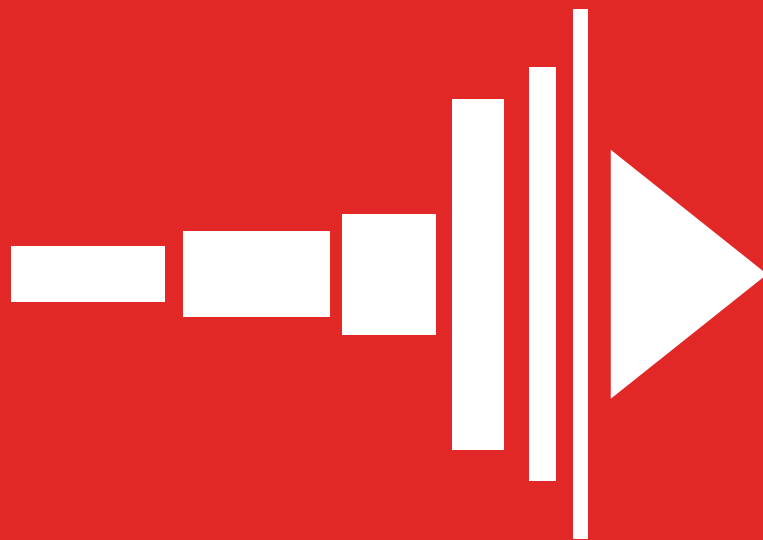
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Funnelling versus Layering

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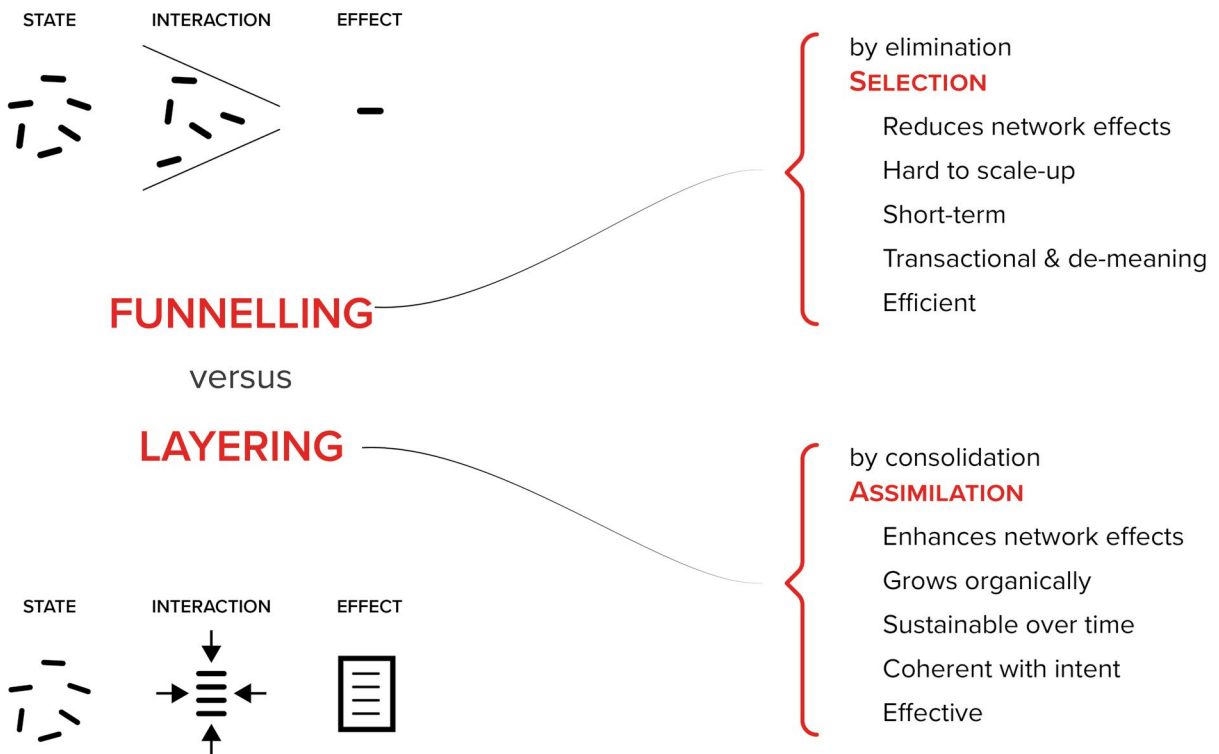
Funnelling versus Layering

Acceleration of effects and scale of impact are a function of Layering not of Funnelling. Though this might appear self-evident to anyone with a minimal understanding of complex system dynamics, it is not a widely held view. It is certainly not the practice when structuring commitments to action and determining the allocation of resources and/or articulating purposeful and meaningful intents.

In fact, the dominant practice across all decision making systems where resilience and renewal are pursued is one that privileges the efficiency of leanness and prioritisation, the Funnelling down to simple and single commitments reliant on short term quantitative modelling that seeks to remove and avoid uncertainty. And yet, robust and effective decisions can only be so where the presence of uncertainty is acknowledged, where intent is pursued through adaptive and generative strategies, and where the forms we commit to and design leverage system dynamics and grow organically.

The richness and the quality of the elements at play is a key factor of success in all generative efforts. That richness needs to be supplied or recognised so that assimilation, concentration and consolidation produce the effects of Layering. Layering makes sense of learning experiences that are designed, of pragmatic knowledge that is compressed and released. It is an effect of dynamic accrual, of a pelleting that produces an organic thickening, a coming together around attractors, a scaling up through molecular composition of the forms with which we seek impact effects.

In Axilo we have observed over the years the dominant over-reliance on paradigms of innovation and investment that are influenced by stereotypical "venture capital" models of project evaluation and resource commitments, of "return" effects that are implausibly pre-determined and glibly measured in strict quantitative terms, mostly financial. What suffers because of this dominant approach is the capability to structure choices and make commitments that have genuine transformational effects, to support the discovery and the rich supply that comes from a broad range of well designed options, to sustain impact intents and purposes over time.

Quantitative modelling, financial evaluation metrics, processes of selection and prioritisation as predetermining factors in the commitment to action and to the allocation of resources have severely affected renewal efforts across all systems, from small startups to global institutions, and have thus impaired our collective capability to address the problems for which we seek impactful solutions.

We have seen this affect innovation efforts, reducing, de-meaning, funnelling down renewal and transformation intents to inconsequence:

> "There is an imperative to innovate echoing across social systems, markets, organisations, lecture theatres, design labs and beyond. There is also a blindness to this effort, a hit-and-run inefficiency seldom questioned. To reduce the uncertainty of outcome, renewal intents seek and apply Funnelling and evidence-based processes of innovation. What they reduce is the very stuff of which innovation is made: dense diversity, dynamic and open exchanges, creativity, serendipity, experimentation and learning.

> The effect is an overwhelming reliance on opportunistic and incremental developments of current value propositions: a tactical, and often very wasteful, innovation activity lacking the relevance and rigour of a robust strategic rationale. The paradoxical consequences of this approach are strategic single-mindedness, operational short-termism, the burrowing and the modesty of innovation efforts." [Axilo, CHÔRA Blueprint]

So, we are determined to bring a difference in the way investments in innovation and commitments to system transformation are made. Here we open up our thoughts to a broader community of institutions, organisations and people for a new model to be brought to bear where there is an interest to accelerate the effects of actions and increase the scale of impact . We propose to tackle - and hopefully weaken, if not significantly undermine - the Funnelling paradigm that we see constraining efforts and ultimately reducing effects. We do so by introducing the concept of Layering, that we oppose to the dominant Funnel model: we intend to be bold in our opposition, in the hope to stir the waters, to harness new energy in developing alternatives, and so that we may see some change.

In Axilo we know that the framework, processes, tools and system models that we have developed support Layering and enhance its effects, and we believe that where these capabilities are appropriately applied they produce significantly better outcomes from investments and actions. We will be working with organisations, institutions, researchers and practitioners to redefine the boundaries of what is possible and establish terms of reference more appropriate for leveraging human system capabilities and dynamics: our objective is to accelerate effects and magnify impacts.

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Interaction & Effects

At the point of decision making and of commitment of resources one is in most instances presented with a number of extant projects, activities, initiatives, the legacies of past intents and ongoing efforts. We can take this situation to be the initial state that is shared by both approaches, Funnelling and Layering, even though there is a clear qualitative difference between a state that is the effect of deliberate, rigorous and intent-led design, and a state that is merely the effect of a haphazard occurence of a multiplicity of single point actions.

As those experiences are made present and laid out as objects of attention, the quality of our interaction will eventually determine whether the approach adopted produces a narrow and lean outcome, or a broad and rich one. Will we be observing then which snowflake makes it through the funnel, or will we be forming a snowball from the snowflakes available?

FUNNELLING	LAYERING
by elimination	by consolidation
Selection	Assimilation
Reduces network effects	Enhances network effects
Hard to scale-up	Grows organically
Short-term	Sustainable over time
Transactional and de-meaning	Coherent with intent
Efficient	Effective

Funnelling

Interaction

The standard way in which a Funnelling approach interacts with the materials at hand (projects, experiences, proposals, ventures, etc.) is to establish an evaluation term of reference and engage in a competitive bidding or assessment. Each is evaluated on individual merit, and those that "perform" better pass to the next stage (if this is an iterative process, which often it is not).

Some level of qualitative value is brought to this process by integrating the decision making with a prioritisation scaling, though in practice any qualitative priority is unlikely to subvert a quantitative evaluation. To which we might add that the processes by which institutional, corporate and organisational priorities are determined is anchored mostly to financial objectives or measurable indicators of performance.

Effects

Effects produced by interaction where a Funnelling approach is applied are those of "elimination" produced by Selection. This is ultimately a competitive landscape, where prioritisation and individual case value are the terms by reference to which a reduction is brought to bear on the initial state of complexity.

What decision makers are reliant on here is primarily the capability that an action/project has to model and thus make manifest in a reliable way what its outcome will be measured, usually in financial terms and over time. And here is the challenge: the "business case" rationale is only valid at the level of the individual instance.

Where the projects are innovative and/or explorative, or where the context in which they are being experienced is uncertain and highly volatile, the possibility to quantitatively model outcomes is a fallacy. One that we are drawn to as honey, for it comforts us to think that we know what the effect of a decision with respect to a single action will be.

The decision making bias is so strong, that it leads to acceptance of unreliable projections, and furthermore the competitive outcomes is a function of how well a forward looking narrative has been articulated, or rather how well does it conform to the bias expectations.

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Layering

Interaction

Layering assumes a dynamic portfolio approach, a system level boundedness of underlying material. When interacting with this material the form it assumes emerges from the rationale with which it is addressed. This is an intent, a will to impact with the material and on the material. A progressive, iterative, extractive sensemaking activity then re-forms, re-designs, renews both at the level of portfolio and at the level of individual elements in that system.

The quality of the interaction works at whole system level, forming and constantly reforming, applying pressure and design to increase the internal cohesion of the elements through connectedness and generative efforts, allowing the system to learn its path to organic growth whilst feeding the intelligence outcomes both within the system to consolidate it, and outside to evolve it.

Effects

The effects produced by the more dynamic and designerly approach of Layering are primarily of consolidation of the underlying materials. This consolidation occurs as formed by an aggregative assimilation, a "coming together" with respect to system attractors, to emergent and recognised features that build momentum, cohere, increase speed and effects, move toward outcomes whilst gathering pace and increasing scale.

The effects one is leveraging here are those of rich and dense organic ecosystems, of tightly bound interdependence. Diversity is deliberately sought, seeded, fostered, so that it can furnish "matter" to the forming and discovering of solutions.

The expansive effects of this approach are not dispersive, their complexity is not a complication, but rather aggregates around intents and concentrates on outcomes. Here the variety of elements at play is a generative carrying noise, not a disturbance. Clearly, for these effects to be induced, managed and leveraged, a set of deep designerly and strategic capabilities are required, to act as creative of the system and a synaptic structure to its evolutions.

Funnelling

Reduces network effects

In the end, the effect of a funnelling interaction is a significant reduction of complexity and the determination of a simple object for action and commitment of resources.

Where network effects are sought, and it is hard to see where this would not be the case when impact is the goal, this outcome is dependant on the number and the diversity of the elements at play, and the degree of intensity and interactive dynamics that are produced. A lean system is, from this perspective, a poor system that will neither seed difference nor multiply connections.

Layering

Enhances network effects

Networks will not form or expand without density, richness, breadth. Where these conditions are funnelled away there will be no access to the effects that networks can produce. Layering requires that the initial arrangement of the Portfolio be sufficiently populated by a diverse constituency of elements, so that generative interactions can occur and so that the consolidation is constantly fed with a supply of coherent new elements attracted to the momentum that is being generated.

The deliberate design of cross-fertilising effects, of exchange and integrated outcomes is what ultimately builds up to a core density of assimilated experiences, and it is at this stage that the system will begin to generate scaling and exponentially growing outcomes.

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Funnelling

Hard to scale up

Much of the mythology associated with the start-up model is with respect to the inherent growth potential. What this view does not recognise, though, is just how complex and difficult the pathway to scale is from very small to big.

Unfortunately, the bias is alimented by what is newsworthy, i.e. the stories of success that are, in fact, remarkable on account of their singularity and improbability. These are not the standard, and the standard is in fact a story of struggle, transformation, change in purpose and most often demise.

Layering

Grows organically

An organic evolutionary dynamic of growth that "follows" the paths that a context gives and makes possible has a greater outcome and ultimately one that it is easier to achieve as not reliant on single efforts discovering their transformational way to ever bigger selfs.

This requires a molecular approach to the generation of scale and the production of impact effects, and a system capability to generate the internal fastening, a sap that nourishes and holds together the elements, the liquid binding that enables intermolecular bonds to occur and build scale and density. The capability required is a blend of design, learning and sensemaking, intelligence formation, argument articulation and solution modelling.

Funnelling

Short-term

The reliance of the Funnelling approach on the "business case" argument to determine selection assumes that the evidence-based modelling is projected over time. This has always been problematic, and of course the heart of financial modelling in general. Furthermore, time is accelerating, which in real terms means that it is contracting in our experience of change. What this means is that it is increasingly more difficult to project outcomes over time, and the higher level of uncertainty that this produces means that the decision making effects tend to extract value within an ever shorter time frame. This breeds short-termism in the misguided assumption that by doing so you manage risk.

Layering

Sustainable over time

What needs recognising about "time" is that it is contracting in our individual and social experience. The principle implication of this is that our uncertainty thus escalates, and the longer the time frame we wish to apply the higher the level of uncertainty given the diminishing value of our modelling tools. This demands that we no longer assume as possible, however desirable it might be, to predetermine an outcome (the time scale of which is reducing rapidly), but that we adopt a genuinely pragmatic approach that leverages our experience and intelligence of contextual dynamics and constantly adapts objectives, plans and outcomes whilst remaining coherent to intents. We are confident that this assures a longer time frame to any pursuit of intent and outcomes, eventually.

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Funnelling

Transactional & de-meaning

The short-term effects identified above are also a function of a financial determination of value that is endemic to most decision making. ROI measured by direct financial outcomes has become the dominant paradigm of decision making validation and commitment, to the point of closing down any more articulate, and appropriate, identification of intent and outcomes. The experience is that most evaluation and reflections about action are very transactional and ultimately de-meaning, simplistic and only occasionally and fortuitously impactful.

Layering

Coherent with intent

The world of "business case" Funnelling is a world that is ruled by objective rather than intent, and thus clamps down on generative entrepreneurial possibilities in a pursuit of easily measurable outcomes, disciplined by quantity rather than quality, by fact rather than meaning, hoping to "keep" things simple rather than working to "make" them simple. It is a world where "fit" is measured, and used to eliminate, reduce, control, secure.

Complexity, though, is managed through abstraction, and meaning is ultimately what induces human systems to come together, articulate a collective intent and pursue its effectuation. Coherence with intent, and coherence of intent with context, are the fundamental requisites for impact. Where human agency must be assumed, especially where system transformation is expected, identifying and generating intent, designing the learning positions that will discover pathways, aggregate resources and model forms of effectuation is a necessary condition, and it is what will ultimately generate impact.

Funnelling

Efficient

There is no question about this being, in the moment, the most efficient way of disposing of the decision making process and responsibility. Funnelling and its corollary of quantitative evaluation and financial modelling of outcomes is easy, can be construed as self-evident and "neutral", and allows a very drastic reduction of complexity. It is efficient, and thus privileged by systems that are looking for "quick wins", fast and secure outcomes, enforceable control mechanism, rigid execution guidelines.

Lean intellectual efforts typically produce poor outcomes: when the effects of venture capital approaches to innovation are measured over time and across big whole systems it is highly questionable that this chasing of efficiency produces the outcomes that are needed and desired.

Layering

Effective

Effectiveness stems of the pursuit of qualitative outcomes, and it assumes a capability to form decisions, engage and lead in the articulation of intent and in its execution that is inevitably more articulated than the mere pursuit of a reductive efficiency. It requires human, intellectual and technical capabilities that are 'difficult", that emerge over time and on account of experience, that assume an investment in development. Impact effects, and the system transformations that are needed, call for a high order of capability, and therefore for ingenious system models that can make those capabilities readily available. In Axilo we believe that we have the ontology for such a system, a Strategic Innovation Space[FORM]: in our view this model brings platform dynamics and efficiency gains to the pursuit of transformational impact in the world.
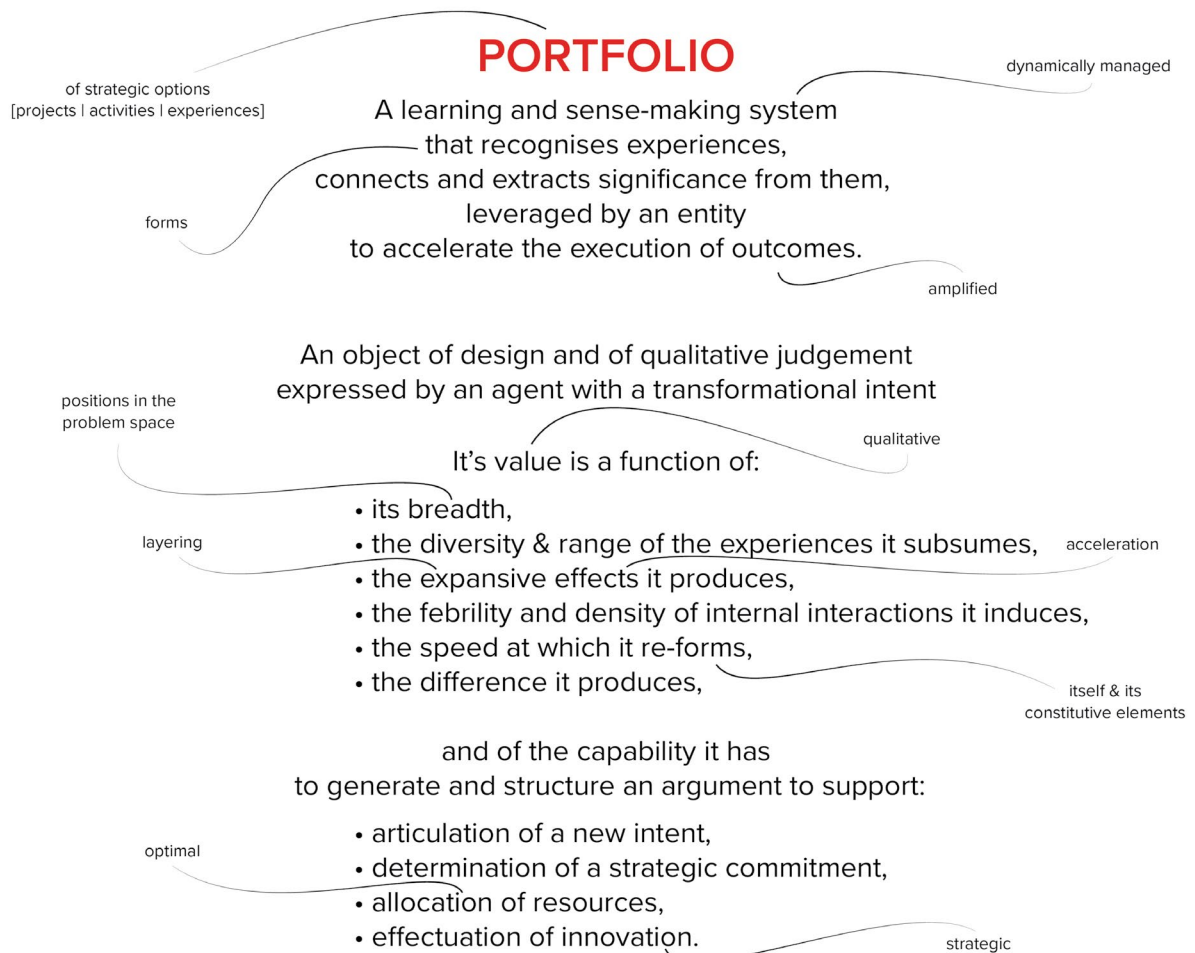
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Portfolios accelerate

It is baffling to us, and frustrating, to observe and experience the degree to which individual and collective cognitive biases rule the spaces where resources are committed to the pursuit of intents: it sometimes seems as though a sudden freezing of the brain couples with a closing of the eyes to the surround dynamics and the fundamental and unavoidable uncertainty they generate. As technology spikes the speed and the apparent randomness of changes in context, our response must learn to evolve, recognise the futility of obsolete paradigms and metrics, and embrace approaches and actions that are most effective in supplying richness and density of experiences. We will draw from these intelligence and we will form options, structure renewal intents and commit to actions that are coherent with intent and context, and impactful in the generation of outcomes. It is obvious, to us, that a Portfolio approach to articulate intents and structure impactful actions is necessary, and it is indispensable where Layering effects are sought.

By Portfolio in Axilo we mean a dynamically managed learning and sensemaking system that forms and recognises experiences (projects, programs, activities, strategic options), connects and extracts significance from them, that is leveraged to accelerate effects and induce whole system transformation and impact. The qualitative value of a Portfolio is a function of the density of positions it creates and holds in the problem space, the febrility of the internal interactions it induces, the difference it produces, the speed at which it re-forms, the effects it makes happen. This assumes an inherent strategic capability to articulate new intents and to determine commitment, optimal allocation of resources and adaptive effectuation pathways.

Impact, in a world where the very dynamics of change are changing, requires a constantly generative effort, a capability to form possibilities and induce system dynamics that ultimately will give our intents and actions the necessary scale and speed of effects. In this new world, the reduction of options driven by a concern with efficiency and short-term outcomes exposes us to a substantive lack of effects. Generating options, holding them, and effectively leveraging them demands a capability, and in Axilo we are confident that this is what we have and cultivate. Inherent to that capability is a creative effort, and here we know that the creative act, whether its object is material or intellectual, demands a supply of elements present to the "maker" in its surround and reach, a spatiality that constitutes the fluid, dynamic "soup" from which forms can emerge and, by doing so, structure, attract, consolidate, progress and "make be". And in Axilo we know those spaces can be modelled and their utility rendered to generate and accelerate impact: they are Strategic Innovation Space**FORMS**.

Our capability to make a Portfolio of snowflakes, and by applying pressure in its formation and to its evolution induce in the system a snowball effect, is what will ultimately make a difference. Knowing how to create spaces and furnishing them with a capability to generate options with which to develop transformational Portfolios is key to engaging and leveraging complexity, managing uncertainty, designing the change dynamics and expanding growth and impact: layering experiences, consolidating their learning outcomes, extracting intelligence with which to design action and accelerate effects is what we think can and should happen.

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PORTFOLIO

of strategic options
[projects | activities | experiences]

dynamically managed

A learning and sense-making system
that recognises experiences,
connects and extracts significance from them,
leveraged by an entity
to accelerate the execution of outcomes.

forms

amplified

An object of design and of qualitative judgement
expressed by an agent with a transformational intent

positions in the
problem space

qualitative

It's value is a function of:

layering

- its breadth,
- the diversity & range of the experiences it subsumes,
- the expansive effects it produces,
- the febrility and density of internal interactions it induces,
- the speed at which it re-forms,
- the difference it produces,

acceleration

itself & its
constitutive elements

and of the capability it has
to generate and structure an argument to support:

optimal

- articulation of a new intent,
- determination of a strategic commitment,
- allocation of resources,
- effectuation of innovation.

strategic

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