

The Dance on the Feet of Chance:

Handling Uncertainty and Managing Risk in the Fuzzy Front-end of Innovation

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TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
ABSTRACT.....	7
THESIS CERTIFICATION.....	9
LIST OF TABLES AND FIGURES.....	10
ACKNOWLEDGEMENTS.....	11
GLOSSARY OF ABBREVIATIONS.....	12
AUTHOR’S PUBLICATIONS RELATING TO THIS THESIS.....	13

CHAPTER 1 MANAGING RISK AND HANDLING UNCERTAINTY IN INNOVATION – PROBLEM DEFINITION AND INTRODUCTION TO THE STUDY

1.1	PREFACE: RADICAL UNCERTAINTY AND THE MANAGEMENT OF RISK.....	14
1.2	COLONISING A UTOPIAN FUTURE BY RISK MANAGEMENT?.....	21
1.3	SCHÖN’S SCHEMA.....	32
1.3.1	CONFLICTING VIEWS OF PROFESSIONAL KNOWLEDGE.....	33
1.3.2	THE COLLAPSE OF TECHNICAL RATIONALITY AND THE CRISIS OF CONFIDENCE.....	34
1.3.3	BEYOND THE STABLE STATE.....	36
1.3.4	SCHÖN’S EXISTENTIAL ORIENTATION.....	39
1.3.5	THEORIES-IN-USE AND ESPOUSED THEORIES.....	42
1.3.6	THE REFLECTIVE PRACTITIONER.....	43
1.3.7	THE PROCESS OF METAPHOR.....	44
1.3.8	A SCHEMA BASED ON SCHÖN.....	45
1.4	THESIS STRUCTURE: THEMES AND TOPICS.....	48

CHAPTER 2 THE ‘RIBBED BALLOON’: A ‘GENERATIVE METAPHOR’ FOR INNOVATION-IN-PRACTICE

2.1	INTRODUCTION.....	53
2.2	THE NATURE OF GENERATIVE METAPHORS.....	57
2.2.1	CONSERVATIVE AND RADICAL FUNCTIONS OF METAPHOR.....	58
2.3	DEFINING INNOVATION.....	62
2.3.1	TECHNOLOGICAL INNOVATION AS A PROTOTYPE FOR SOCIAL PROGRESS.....	63
2.4	METAPHORS OF INNOVATION.....	66
2.4.1	ECONOMIC METAPHORS: AN EVOLUTIONARY WAY OF SEEING INNOVATION.....	68
2.4.2	MANAGERIAL METAPHORS: A RATIONAL WAY OF SEEING INNOVATION.....	78
2.4.3	SOCIOLOGICAL METAPHORS: A SOCIOPOLITICAL/CRITICAL WAY OF SEEING INNOVATION.....	97
2.5	THE NEED FOR MULTIFACETED YET ACTIONABLE MODELS.....	110
2.6	A NEW GENERATIVE METAPHOR: THE RIBBED BALLOON.....	114
2.7	SUMMARY.....	137

CHAPTER 3 RECONSTRUCTING RISK: FROM MANAGING RISK TO HANDLING UNCERTAINTY

3.1	INTRODUCTION.....	139
3.2	A BRIEF GENEALOGY OF RISK.....	140
3.2.1	THE SCIENTISATION OF RISK.....	142
3.3	THE SOCIAL CONSTRUCTION OF RISK AND ITS MANAGEMENT.....	148
3.3.1	HEROIC FIREFIGHTING.....	149
3.3.2	SYSTEM ACCIDENTS.....	150

3.3.3	HIGH RELIABILITY AND MINDFULNESS.....	152
3.3.4	CULTURAL THEORY OF RISK.....	154
3.3.5	GOVERNMENTALITY AND NORMALISATION.....	157
3.3.6	RISK SOCIETY.....	161
3.3.7	THE NEW CONSERVATISM.....	164
3.4	SOCIAL RECONSTRUCTION OF RISK AND MANAGING RISK: THE HANDLING OF UNCERTAINTY.....	166
3.4.1	KNIGHTIAN UNCERTAINTY.....	170
3.4.2	DEFINING UNCERTAINTY.....	170
3.5	APPROACHES TO THE HANDLING OF UNCERTAINTY.....	173
3.5.1	HANDLING UNCERTAINTY BY HINDSIGHT.....	174
3.5.2	HANDLING UNCERTAINTY BY SELECTIVE INATTENTION, REPRESSION AND REJECTION.....	177
3.5.3	HANDLING UNCERTAINTY BY REFRAMING, RECONFIGURATION, AND REORGANISATION.....	182
3.5.4	HANDLING UNCERTAINTY BY CONSOLIDATION AND SPECIALISATION.....	187
3.5.5	HANDLING UNCERTAINTY BY REFLECTION AND INQUIRY.....	191
3.5.6	HANDLING UNCERTAINTY BY FANTASY AND FOOLISHNESS.....	194
3.5.7	HANDLING UNCERTAINTY BY DIALECTIC.....	197
3.6	CONCLUSION: TOWARDS A REFLECTIVE PRACTICE OF MANAGING RISK.....	199
3.6.1	RATIONAL PRACTICE OF MANAGING RISK.....	200
3.6.2	REFLECTIVE PRACTICE OF MANAGING RISK.....	201
3.7	SUMMARY.....	206

CHAPTER 4 APPROACH AND METHODS: A NARRATIVE RECONSTRUCTION OF CRITICAL EVENTS

4.1	INTRODUCTION.....	211
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4.2.1	FRAMING THE RESEARCH PROBLEM AND FORMULATING A TENTATIVE FRAMEWORK.....	213
4.3	ENGAGING WITH THE DATA.....	218
4.3.1	THE STUDY’S CONTEXT.....	219
4.3.2	DATA COLLECTION.....	221
4.3.3	DATA RE-ANALYSIS AND INTERPRETATION USING CRITICAL INCIDENT TECHNIQUE.....	224
4.3.4	NARRATIVE RECONSTRUCTION OF CRITICAL EVENTS IN THE CRC PROGRAMME.....	230
4.4	SUMMARY.....	242

CHAPTER 5 COLONISATION AND CONVERSION: RISK SETTLEMENT AND RISK MANAGEMENT AT THE FUZZY FRONT-END OF INNOVATION

5.1	INTRODUCTION.....	243
5.2	CONVERSION PRACTICE: RISK SETTLEMENT AND RISK MANAGEMENT.....	244
5.3	RISK SETTLEMENT AT THE FUZZY FRONT-END OF CRC PROJECTS.....	251
5.4	PRACTICES OF CONVERSION.....	261
5.4.1	COPING WITH ANXIETY.....	262
5.4.2	FRAMING AND REFRAMING.....	270
5.4.3	THE PROCESS OF METAPHOR.....	279
5.4.4	REFLECTION.....	291
5.5	SUMMARY.....	300

CHAPTER 6 CONCLUSION

6.1	THESIS SUMMARY.....	306
6.2	CONTRIBUTIONS.....	307

6.3	GENERAL IMPLICATIONS AND SOME ISSUES IN IMPLEMENTATION.....	317
6.3.1	SOCIAL IMPLICATIONS.....	326
6.4	AFTERWORD AND RECOMMENDATIONS FOR FUTURE RESEARCH.....	328
	REFERENCES.....	331

Abstract

Corporations have problems dealing with the indeterminate aspects of innovation, particularly in the early ‘fuzzy front-end’ of the process. They have difficulty in reflecting upon and handling uncertainties of innovation; often exhibiting a ‘dynamic conservatism’ or a set of ‘defensive routines’ that inhibit inquiry about such contentious issues. They prefer, and are better equipped to operate within the ‘language of investment’ than the ‘language of invention’. In the language of investment, corporations select an environmental niche, and attempt to program and fabricate its future according to rational, stable assumptions and formulations. This view is closely bound to a utopian image of risk management as a tool able to objectively map, measure, and monitor future uncertainties that govern the behaviour of the chosen niche. By seeking a close and clear fit between risk management solutions (means) and the dominant factors that determine future threats and opportunities to the niche environment (ends), corporations attempt to master risks and colonise the future through an orderly process.

It is the argument of this thesis that this approach is only good when targeting and ‘solving’ well-defined problems of risk management and innovation within an intellectual terrain that has already been intellectually ‘set’. It fails to systematically recognise, reflect upon, and improve the effectiveness of the complex and creative task undertaken in the prior stage of ‘problem setting’ or ‘risk settling’. In contrast to this approach, it is argued that in ill-defined, unique, and uncertain situations, ‘problem setting’ or ‘risk settlement’ are the key primary activities, and ‘problem solving’ or ‘risk management’ only secondary. This study, as its strategic objective, seeks to juxtapose these contrasting views and develop an integrated conceptual framework capable of supporting a reflective practice amongst practitioners grappling with the interplay between ‘risk settlement’ and ‘risk management’ at the ‘fuzzy front-end’ of innovation.

This framework, strongly influenced by Donald Schön's scholarly work, takes the form of a set of concepts designed to synthesise, mobilise, and focus a wide range of academic literature on managing risk and handling uncertainty in product innovation. It informs reflections on professional practice through pragmatist/existential explorations of the role of metaphor in basic thinking processes as well as sociopolitical and psychological insights into the factors influencing how practitioners intuitively transform and translate uncertain, unmanageable realities into packages of manageable problems, *converting* uncertainty into manageable risks and rewards.

In seeking to understand, reflect upon and improve the way in which such a conversion process within the practice of risk settlement works, it is argued that it is useful to view it as having four dimensions: 'undertaking spontaneous and reciprocal reflections', 'coping with anxiety', 'use of metaphors', and 'use of frames and framing'.

The study applies this framework and understanding to an empirical study of risk management and product innovation in the Australian Cooperative Research Centres (CRC) programme. A narrative reconstruction of critical events occurring in a series of R&D projects in the CRCs is used to elucidate, elaborate, and illustrate the conceptual framework that has been developed as both a contribution to risk management thought and, at least in prototype, as a guide for reflective practice. The framework, and its illustration, is designed to support practical reflection on the complexities of 'problem setting', 'risk settlement' and the 'non-rational' character of 'generative metaphors' and the practice of 'invention'.

Thesis Certification

I, Hooman Attar, declare that this thesis, submitted in fulfilment of the requirement for the award of Doctor of Philosophy, in the Graduate School of Management, Macquarie University, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted to any other academic institution for qualifications.

Hooman Attar
September, 2009

List of Tables and Figures

Table 4.1	A List of Currently Operating CRCs
Table 4.2	Eight Good Governance Principles in CRCs
Table 5.1	Practices of Risk Settlement and Risk Management
Figure 2.1	S-curve
Figure 2.2	Stage-gate Model of Product Development
Figure 2.3	Stages in Stage-gate Model of Product Development
Figure 2.4	Criteria in Stage-gate Model
Figure 2.5	Development Funnel
Figure 2.6	Timing and Impact of Management Attention and its Influence
Figure 2.7	One Dimensional Views of Technology
Figure 2.8	Two-dimensional Views of Technology
Figure 2.9	Three-dimensional Views of Technology
Figure 2.10	Maslow Ring
Figure 2.11	Product Innovation as Ribbed Balloon
Figure 2.12	Timing and Difficulty in Engineering Design
Figure 3.1	Risk of 'X'
Figure 3.2	Linear Model of Risk Management
Figure 4.1	The Development of a Conceptual Framework
Figure 4.2	The CRC Model

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Glossary of abbreviations

AMMCOE	Australian Metals Manufacturing Centre for Excellence
ANT	Actor-Network Theory
CAD	Computer-Aided Design
CAM	Computer-Aided Manufacturing
CIT	Critical Incident Technique
CRC	Cooperative Research Centre
CSIRO	Australia's Commonwealth Scientific and Industrial Research Organisation
DFM	Design for Manufacturing
FFI	Fuzzy Front-end of Innovation
NPD	New Product Development
OPP	Obligatory Point of Passage
PDMA	Product Development and Management Association
PhD	Doctor of Philosophy
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
QFD	Quality Function Deployment
R&D	Research and Development
ROP	Rite of Passage

Author's Publications Relating to This Thesis

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