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The core premise is straightforward: everything performs a function, and how we choose to perform those functions creates competitive differentiation. By learning to see beyond surface-level assumptions and questioning the fundamental purposes behind our business practices, organizations can transform their approach to innovation and strategic thinking.

Executive Summary

In today's rapidly evolving business landscape, organizations face unprecedented pressure to innovate while maintaining operational efficiency. This white paper explores how a simple coffee cup can serve as a powerful metaphor for understanding the perceptions, assumptions, and habits that constrain organizational thinking and creative abilities. By applying Outcomes-Based Thinking (OBT), a technique that strips away the facade of habit from any subject, businesses can unlock new perspectives, drive innovation, and create sustainable competitive advantage.

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Introduction: The Power of Perception

Consider a simple story: A little girl was told by her parents, "never open the cellar doors for you would see things you are not meant to see." One day, while her parents were away, the little girl opened the cellar doors. What did she see?

Most people answer with Christmas presents, spiders, or darkness. But the truth reveals a fundamental flaw in our thinking: she saw blue skies, birds, green grass, and sunshine. She was living inside the cellar and opened the door to look out.

This cognitive trap illustrates a critical business challenge: we are prisoners of habit, confined within walls of perceptions, assumptions, and ingrained practices that limit our ability to see innovative solutions and opportunities.

The Business Context: Why Status Quo Is Not Viable

To a large degree, most business leaders and employees operate within self-imposed constraints. Our brains have developed neurological channels that govern how we think, act, and behave in professional contexts. These mental models, while efficient for routine operations, become barriers to innovation.

The modern business environment compounds these challenges:

1. Information Overload: With ubiquitous access to real-time data, we skim the surface of what we need to know
2. Speed Over Strategy: The pressure to outpace competition forces a bias toward action over thoughtful analysis
3. Financial Myopia: Relentless demands for quarterly performance drive short-term thinking

Bain & Company study revealed that 86% of executives want to be more innovative in managing their businesses, yet lacking proper tools and processes, they default to cost-cutting strategies to manage profitability.

As one insight notes: "To do business differently, managers must learn to see differently. Seeing differently means learning to question the framework through which we view competition, competencies and business models. Maintaining the status quo is not a viable option."

Functions and Outcomes-Based Thinking (OBT)

Imagine looking at any business situation—involving your company, competition, customers, employees, products, services, or technology—and seeing what everyone else sees, but thinking what nobody else has thought. This is the promise of looking through a lens of functions and Outcomes-Based Thinking.

Core Principles of Functions

Using functions is built on four fundamental principles:

4. Everything performs a function: Products, services, processes, technology, and methods all serve specific purposes
5. Present state represents choice: How we operate today simply represents how we elect to perform functions
6. Functions are universal: Functions that exist in your company are the same that exist in competitors—differentiation comes from execution
7. Functions are expressed as verb-noun combinations: The lowest descriptor of anything is function, which is expressed as an action verb and measurable noun.

The Pen Example

To understand this technique, consider an ink pen. What is the pen's overall purpose for existing or its function? Most would say "Make Line." But thinking deeper, a pen is actually a physical extension of your hand and mind. Its function could also be "Convey Thought" or "Visualize Thought."

The use of functions immediately strips away the facade of perception and habit about the pen. Not only does this profoundly impact our creative process and solution space, but it also fundamentally changes how we define value for the customer.

The Coffee Cup

Now, let's examine our coffee cup. When asked its function, audiences invariably respond "Hold Coffee." But let's systematically examine the coffee cup:

- • What is the function of the handle? Create Leverage
- • Why is the base flat? Avoid Spills
- • Why are the walls thick or insulated? Prevent Burns or Protect Consumer
- • Why do we hold coffee? To Facilitate Consumption

The logical relationship of these functions reveals that a coffee cup's overall function is not to "Hold Coffee" but to "Facilitate Consumption."

Functions to Outcomes

An outcome is a simple, but bold and even provocative statement of aspiration expressed in approximately ten words. The best outcomes create discomfort because the bump up against or even break through those assumptions, perceptions and comfortable habits that we take for granted.

Every function can seed an outcome and conversely every outcome can be broken into one or more functions. For example:

Verb-Noun Function	Outcome
Facilitate Consumption (Coffee Cup)	It's effortless to ingest coffee
Cut Grass (Lawn Mower)	The length of the lawn is uniformly maintained
Visualize Thought (Pen)	Thoughts are easily understood by others

The Innovation Experiment: Beyond the Coffee Cup

The Experiment

Consider a simple experiment involving three teams asked to design a new coffee cup:

Team 1 receives an actual coffee cup and 20 minutes to generate ideas.

- Result: They return with incremental improvements—stronger handles, better insulation—limited by the constraints of the physical object.

Team 2 receives only the words "Hold Coffee" and 20 minutes.

- Result: Freed from the physical cup, their ideas expand into mugs, thermoses, and even wearable or collapsible containers.

Team 3 receives the phrase "Facilitate Consumption" and 20 minutes.

- Result: With this higher-order function as their guide, they produce visionary concepts—self-heating beverages, aroma-based energy delivery, even caffeine-infused textiles.

This experiment illustrates a critical insight: how we define a function directly shapes the scope of our creativity. The broader the definition, the greater the potential for innovation.

Beyond the Coffee Cup: A Business Analogy

Just as we may limit our thinking by viewing a coffee cup merely as a container, organizations often define their purpose too narrowly. We might assume our business exists to "sell products" when, in reality, it exists to "enable customers." These unseen assumptions quietly confine creativity and strategic growth.

Identifying True Business Functions

To uncover these hidden limits, apply Outcomes-Based Thinking by asking:

- What functions do our products truly perform?
- What is the real purpose of our services?
- What higher-order outcome does our entire enterprise deliver?

When leaders pose these questions across teams, the diversity of responses often exposes misalignment and reveals untapped opportunities. Many organizations discover that their perceived business identity ("We Hold Coffee") obscures their actual function ("We Facilitate Consumption"), with significant strategic consequences.

Breaking Through Organizational Constraints

Businesses, like the coffee cup, operate within invisible boundaries shaped by habits and history. Without reframing our lens, we risk optimizing the past instead of inventing the future.

As one observer noted, "The important gives way to the urgent; the future goes largely unexplored, and organizations devote themselves to the capacity to act rather than the capacity to think." These operational reflexes reinforce constraint rather than challenge it.

Catalyzing Organizational Energy

Every company holds vast reserves of unused potential energy. The challenge is converting that potential into kinetic energy—focused action that drives meaningful innovation and growth.

The innovation formula integrates three essential ingredients:

- • Knowledge: The collective expertise within the organization.
- • Experience: The accumulated lessons that shape current capabilities.
- • Imagination: The capacity to see beyond precedent and envision new possibilities.

Knowledge and experience explain how we arrived here, but imagination determines where we go next.

Once we have reframed our function, how do we operationalize this new perspective? Three specific tools help bridge the gap between abstract thinking and concrete execution.

The Innovation Imperative

In an environment defined by relentless disruption, organizations can no longer treat innovation as a side project or a slogan. It must become a core discipline, rooted in how leaders think, decide, and allocate resources every day. Three truths, in particular, demand attention:

- • The status quo breeds obsolescence. Markets, technologies, and customer expectations are moving targets. When competitors are continuously improving products, experiences, and business models, "doing what we've always done" means delivering a relatively worse offering every year, even if you are internally consistent and efficient. Over time, that gap compounds: your value proposition becomes less relevant, your brand becomes associated with "yesterday's solution," and

talent, partners, and customers gravitate to organizations that are visibly evolving. In fast-moving industries, staying still is functionally equivalent to moving backward.

- Efficiency and cost control are not substitutes for differentiation. They improve how you deliver, not why customers choose you. Leaner operations can protect margins and buy time, but they rarely create new demand or loyalty on their own. If a competitor offers a meaningfully better outcome—faster, easier, more personalized, more integrated—customers will accept a slightly higher price or overlook minor inefficiencies in exchange for that value. When strategy over-rotates to cost cutting, organizations often hollow out the very capabilities (R&D, design, experimentation, talent development) that determine future relevance. You cannot shrink your way into market leadership; you have to give customers a compelling reason to prefer you.
- Sustainable innovation arises from structured methodology, not random creativity. Complex organizations cannot rely on sporadic "lightbulb moments" to stay competitive. Ad hoc brainstorming might produce occasional wins, but it does not reliably translate into a portfolio of testable ideas, clear priorities, governance, and execution. A deliberate system—shared language, defined processes for discovery and experimentation, explicit investment criteria, feedback loops, and learning mechanisms—turns innovation into a repeatable capability instead of a personality-driven event. Structure does not kill creativity; it channels it toward strategic outcomes, ensures that promising ideas are not lost in the noise, and makes it possible to scale innovation beyond a few visionary individuals.

Just as redefining the coffee cup from "holding coffee" to "facilitating consumption" unlocked entirely new possibilities, redefining what your business is and does can unlock entirely new futures. The real risk is not in imagining too boldly, but in clinging too tightly to a familiar cup while someone else reinvents the entire experience of what it means to take the first sip.

About the Author

Mr. Wilt is an accomplished business leader and engineer with more than 40 years of experience spanning manufacturing, operations management, and business consulting. He began his career in hands-on product development, engineering, and operations, gaining a deep understanding of how complex organizations run and create value. Driven by a passion for innovative thinking, he has devoted his career to helping individuals, teams, and enterprises—from the C-suite to the frontline—create what is truly new and transformative. As a consultant, he has partnered with senior leaders at many of the world's most recognized brands to solve their most complex strategic and operational challenges.

He is the author of Outcomes-Based Thinking, a technique that links long-term vision (the North Star) with practical, executable roadmaps. Today, he combines this methodology with Generative AI to "human proof" organizations and equip leadership teams to make confident, high-stakes strategic and operating decisions.

Mr. Wilt is the Founder and Managing Partner of Boldarc Advisors, a firm focused on translating North Star aspirations into executable strategies and measurable results, delivering meaningful gains in both top-line growth and bottom-line performance.