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EXPLORING AND CONNECTING CREATIVE CULTURES AT BILLY BLUE

Demonstrating the value of design (thinking)



Design thinking: It's emerging but why isn't it mainstream?

by *Phil Hayes-St Clair, HSC & Company*

I AM AN ADVOCATE OF DESIGN THINKING. DESIGN THINKING, WHEN APPLIED WELL, DELIVERS TANGIBLE, FINANCIAL RESULTS. THE POTENTIAL FOR DESIGN THINKING TO IMPROVE THE PRODUCTIVITY OF BUSINESSES IS SIGNIFICANT. AND, THERE IS LITTLE DOUBT OF THE POTENTIAL FOR DESIGN THINKING TO IMPROVE PEOPLE'S LIVES, PARTICULARLY FOR THOSE LESS FORTUNATE.

I came to share my thoughts on design thinking recently while at dinner with friends. The conversation began with one person declaring that design thinking is clearly the way of the future, citing Apple as a key proponent and beneficiary of this way of thinking. Although some will consider Apple an anomaly given its success of recent years, it is a good example for many reasons, which begs the question – how can it be replicated? I'll come back to that point shortly.

It's the dialogue of that dinner conversation that I have been asked to share with you. With that in mind, these are my thoughts and experience.

DESIGN THINKING FOR ME STARTED WITH A GUY CALLED TONY

Design thinking was taught to me by (in my opinion) some of the best in the field and I practise it often. In fact I've built businesses using design thinking and in doing so I have been introduced to and overwhelmed by the prowess of numerous young designers – many of which have boasted great talent from the industrial, information and graphic design disciplines.

My design thinking journey began in 2003 with Tony Golsby-Smith, a visionary and founder of innovation firm, Second Road.

At the time I worked at Suncorp, a publicly listed financial services conglomerate. Tony's team was engaged to help us to rethink the way we built products and services to meet customer needs. With crystal-clear insight Tony explained to us the value of design thinking – I was almost immediately hooked on the philosophy. The Second Road team at the time included Brad Graham. Now a friend of mine, Brad is a geologist by trade who lives, breathes and espouses design thinking. He is the guy who ultimately taught me how to apply and (probably more importantly) to integrate design thinking into business.

The Second Road engagement was split into two parts.

The first part was to teach design thinking to staff so as an organisation we could become self-sufficient in the discipline. I recall almost everyone who attended design thinking classes walking away inspired – as if they had seen sunshine for the first time.

The design thinking methodology we were taught covered five phases

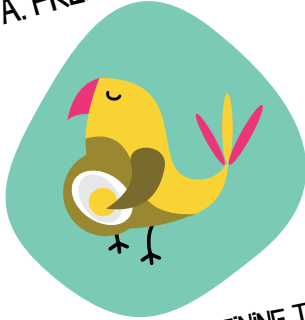
- a. Problem finding – Accurately defining the problem that needs to be addressed
- b. Discovery – Enquiring and learning from customers and users

- c. Invention – Generating a hypothesis that informed what we might build
- d. Prototyping – Drafting and building... and rebuilding... and rebuilding again
- e. Integration – Handing over to take design to launch and scale

The second part of the Second Road engagement was to implement its Strategic Conversation methodology as a way to make the annual strategic planning process more effective. For those who have been involved in corporate strategy processes, you will be familiar with the almost never-ending cycle of business silo-focused PowerPoint presentations. The Second Road conversation-based approach was well received. This was largely because it reduced the 'PowerPointing' and helped senior leaders to actually talk and discuss their plans, successes and challenges. This methodology is still used at Suncorp.

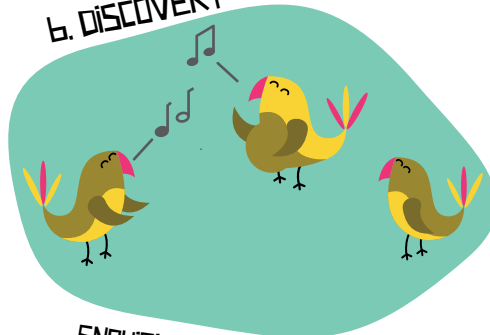
Suncorp believed in design thinking and invested in it. With a noticeable thrust from the then CEO John Mulcahy (an engineer by trade), Suncorp established a design centre of excellence that was charged with supporting people leading large projects that used the five-phase design thinking approach.

A. PROBLEM FINDING



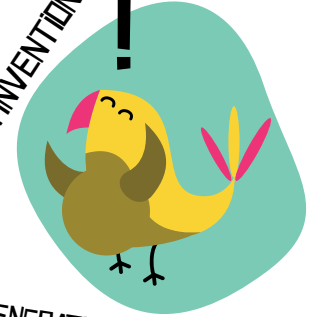
ACCURATELY DEFINING THE PROBLEM THAT NEEDS TO BE ADDRESSED

B. DISCOVERY



ENQUIRING AND LEARNING FROM CUSTOMERS AND USERS

C. INVENTION !



GENERATING A HYPOTHESIS THAT INFORMED WHAT WE MIGHT BUILD

D. PROTOTYPING



DRAFTING AND BUILDING ... AND REBUILDING ... AND REBUILDING AGAIN

E. INTEGRATION



HANDING OVER TO TAKE DESIGN TO LAUNCH AND SCALE

This team also facilitated ongoing design education and promotion of design thinking across the organisation.

The results of this two-pronged approach were positive, particularly the Strategic Conversation methodology.

The design thinking teaching curriculum made sense to many staff and experienced some success (in terms of implementing design thinking based projects) but probably not as much as expected. This experience is not confined to Suncorp. I have witnessed a similar 'less than expected' result at another iconic Australian wealth management business.

IF DESIGN THINKING MAKES SENSE, THEN WHY DON'T WE SEE MORE OF IT?

Today I am fortunate to wear a couple of different professional 'hats' in the business and philanthropy worlds. I often see opportunities to apply design thinking to address commercial priorities and complex social challenges. Having been exposed to design thinking both at an entry level and now as a (self-confessed) practitioner, I can't help but think that if design thinking is so logical, so easy to grasp conceptually, then why is it not more prevalent?

• I RECALL ALMOST EVERYONE WHO ATTENDED DESIGN THINKING CLASSES WALKING AWAY INSPIRED - AS IF THEY HAD SEEN SUNSHINE FOR THE FIRST TIME. •

A. DEFINING THE PROBLEM HELPS TO SET UP A PROJECT FOR SUCCESS



B. FAILING QUICKLY AND CHEAPLY IS A WHOLE LOT BETTER THAN FAILING AND SPENDING A SMALL FORTUNE

Take a minute to consider some of the benefits of design thinking.

A. DEFINING THE PROBLEM HELPS TO SET UP A PROJECT FOR SUCCESS

How many times have you seen a solution that solves only part of a problem (or worse still, misses the mark entirely)? Design thinking, according to Second Road and other similar methodologies, helps to ask the right questions to get to core of the issue – it doesn't rely on what people perceive or assume the problem to be. This means projects start on a more solid base and as I have heard many times before, if you can't define the problem, you shouldn't be starting anything.

B. FAILING QUICKLY AND CHEAPLY IS A WHOLE LOT BETTER THAN FAILING AND SPENDING A FORTUNE

'Failing' is a highly emotive term and people don't like doing it. A key benefit of design thinking is that it encourages continuous and small-scale prototyping. Prototyping means you can produce, test and refine products or services cheaply instead of going to the expense of a full market launch and then realising it doesn't meet a need and therefore doesn't sell.

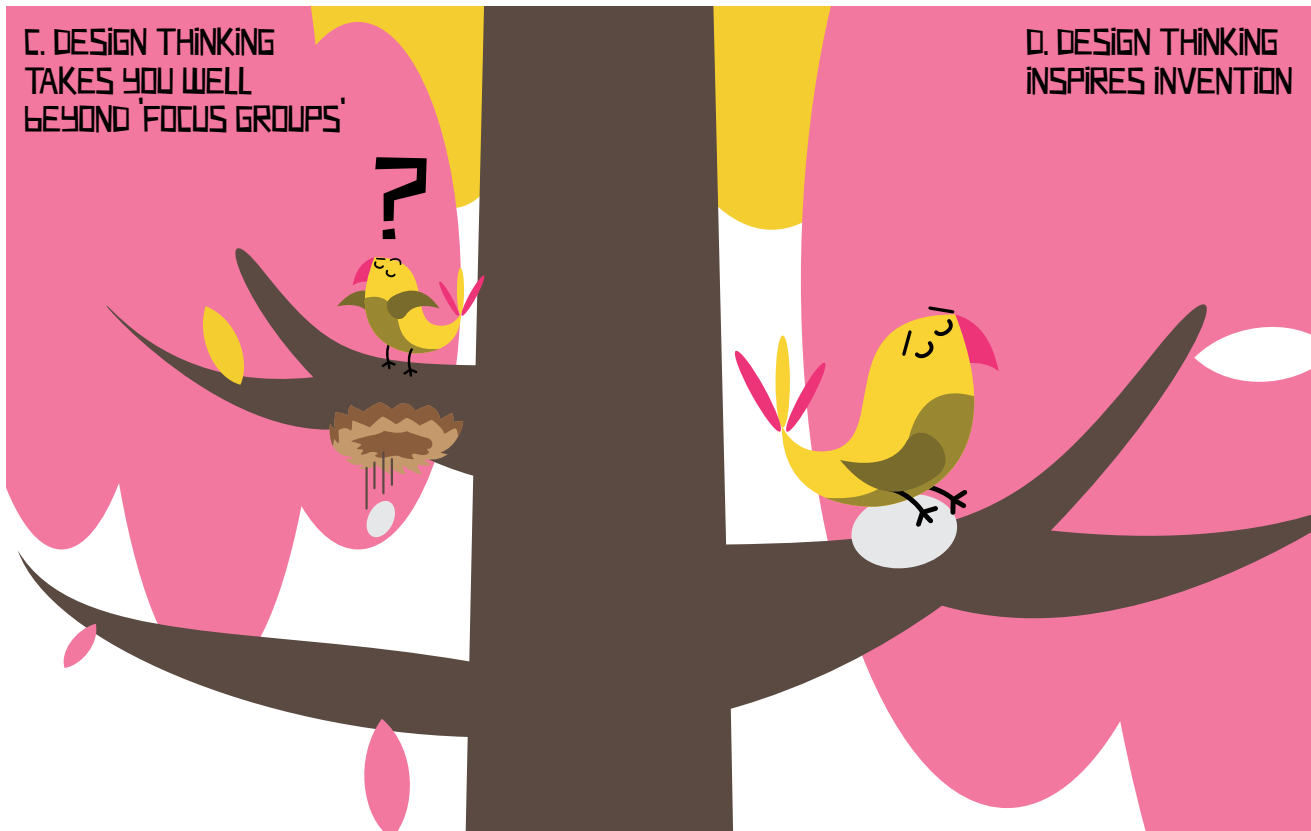
By way of example, two years ago one of my businesses identified a gap in the market to introduce an online platform to aid charitable foundations in the way they gave grants to non-profit organisations. We secured quotes from software companies for this design work (not including the launch). The quotes came back between \$130K and \$230K. Instead of investing in this, we used Microsoft PowerPoint to design pseudo screenshots, as they would appear in a

functioning platform. We used this approach as a way of creating a basis for engagement, conversation and continuous input.

This became our way of prototyping.

Apart from saving this business (approximately \$105K), the evolution of thinking that has occurred has been overwhelmingly positive. This is because those people who have participated in the prototyping are the same people who will benefit from the launched product and they:

- i. Can see what they will end up using and paying for
- ii. Have a sense of ownership as a result of contributing to its invention
- iii. Gain an appreciation that the launched product does not represent the end game, it represents a milestone that



C. DESIGN THINKING
TAKES YOU WELL
BEYOND 'FOCUS GROUPS'

D. DESIGN THINKING
INSPIRES INVENTION

will continue to evolve – this is particularly important to managing expectations and substantially helps in creating a team of advocates that can 'sell the concept' on your behalf and in your absence.

C. DESIGN THINKING TAKES YOU WELL
BEYOND 'FOCUS GROUPS'

I understand the commercial reasons that support using focus groups and they do provide some limited value. That said, is there anything more contrived than being paid, put into a room with complete strangers and observed through a one-way mirror? It is hard to believe that consistently meaningful or usable insight arises from focus groups.

Design thinking as an approach explores the behaviours and actions of humans (remember them, they'd be the customers!).

Designers refer to this practice of observation and enquiry as ethnography, a core component of anthropology. It appears to pay dividends with the likes of Apple Inc, Westinghouse and Procter & Gamble employing anthropologists to support the design of their products and services.

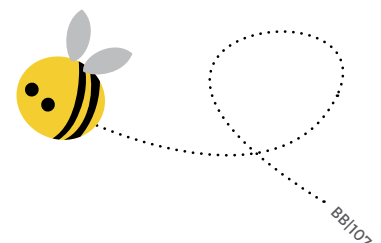
D. DESIGN THINKING INSPIRES INVENTION

Inventing new things engages and empowers people. Ironically, invention is not an act synonymous with corporate organisations or government, but it can be. At Suncorp we talked in terms of 'What if we ...'. It opened minds and exposed options we had never considered before.

So all of that is great but remain mindful, however, of the reasons why embracing design thinking can be difficult.

Anything new needs to be embraced in order for it to be successful. Many people I've spoken to have been surprised and even frustrated that design thinking has not advanced to become 'mainstream'. These people are:

- Designers themselves
- Consultants trying to encourage corporate businesses or government departments to adopt design thinking
- Employees of businesses who have been charged with moving their service-based business towards a design thinking culture.



Let's quickly examine the 'mature' business.

Mature businesses are usually innovation hungry and are looking for new ways to re-invent their products and services. Their maturity is often a result of the medium or long-term success of their products and services (and the legacy processes, behaviours and infrastructure that support them). So if these products and services have delivered historic value (i.e., profit) to the business, there needs to be a really good reason to change the way business is done.

In my experience, the linking of the value of design thinking to improving revenue or decreasing cost has been done poorly.

Consequently, my sense is that when people are able to consistently demonstrate that design thinking directly contributes to value (in both service- and product-based businesses), design thinking will make the leap from 'emerging' to 'mainstream'.

So how will you be able to tell that design thinking has achieved mainstream status? One positive symptom is that organisations will have a group of specialists (of design/commercial hybrids) operating within their businesses and government departments.

Emerging and growing businesses obviously suffer less from these legacy issues so there is opportunity to embed a design thinking culture more easily.

The key thing to remember in any case is that there will always be a tension between commercial priorities and design imperatives. A puritan approach (i.e., commercial only or design only) is likely to be unsustainable. This should never be ignored or be paid lip-service.

So are there any solid global points of reference? The short answer is yes.

As a starting point consider Philips, the healthcare, lifestyle and lighting company. It has embraced design thinking and

implemented an in-house program called High Design. Another respected destination is Darrel Rhea's innovation consulting and design research firm, Cheskin Added Value.

WHAT TELLS ME DESIGN THINKING CONTINUES TO EMERGE AND GAIN GREATER ACCEPTANCE IN AUSTRALIA?

Australia has continued to develop home-grown leaders and attract high-calibre overseas talent to drive design thinking. Opher Yom-Tov joined Gail Kelly's Westpac owned BT Financial Group recently. Yom-Tov is the former Shanghai office head of innovation powerhouse IDEO and anyone who meets him will instantly be impressed with his depth of knowledge and cunning understanding of how to make design thinking work.

Mike Priddis, founder of S&C Growth, is one of the young guns in Australia's design thinking arsenal. Priddis has worked successfully with many executives and applied design thinking to extract greater value from their businesses.

Second Road under the guidance of Tony Golsby-Smith continues to grow from strength to strength and Queensland-based design thinking outfits Tough Problem and 3rd View Consulting are adding to the groundswell of design thinking practice leadership.

These are the people I know of who are taking design thinking from emerging to mainstream.

My advice to any aspiring designer: Learn from these people.

My advice to any leader wishing to embrace design thinking: Talk to these people.

AND A LAST WORD ABOUT APPLE INC

It is easy to be wooed by Apple's products and services, record sales and rock star approach to marketing – all of these things

are outstanding (and I'm an Apple convert) but remember these things. Apple has:

- Invested significantly in ethnography and countless hours of pre-launch user testing (and then almost continuously evolved each of its product lines – do you know how many versions there have been of the iPod?)
- Been very smart in establishing and evolving base technologies that can be used across a wide product range which has invariably reduced manufacturing costs and increased 'new' product launch rates (and consequently sales)
- Inspired its engineers to invent and create new things
- Faced challenges in finetuning its supply chain (and one would have to argue it has done it successfully)
- At one point in the past nearly gone broke by over-innovating (remember the company fired Steve Jobs only to bring him back ... Good move.)

So in a nutshell, design thinking, when applied well, delivers tangible, financial results. 🍷

