Demystifying design thinking: becoming part of the movement

Design thinking has evolved from a niche specialism, appealing primarily to start-ups and entrepreneurs, and is now firmly on the agenda of large multinational companies, as well as the MBA curriculum. It offers enormous potential for innovation and competitive advantage — so how can organizations embrace design thinking and embed it into their operating model?

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96% of executives believe design thinking is critical to their company. Yet only **37%** have the relevant capabilities.

Source: EY survey conducted in collaboration with Forrester, 2016.

O n a cold evening in 2008, a pair of friends became frustrated while trying to hail a taxi on the busy streets of Paris. Thinking there has to be a better way to get a ride, they turned their attention to the development of an application that would transform the future of mobility. Their big idea, Uber, continues to challenge the status quo with a potent blend of design, business and technology.[1]

Start-ups and software companies were some of the first to embrace design thinking as a way to build an entire company. Today, PepsiCo, a US$100b plus company that's been in business since the 1800s, has also made design thinking the central driver of its strategy and culture. "'Design' has a voice in nearly every important decision that the company makes," says Indra Nooyi, PepsiCo CEO.[2]

Design thinking has become one of the most important advances in innovation and leadership: the top 10 MBA programs now include design thinking in the curriculum, top VC firms have brought design teams in-house and many of the top management consultancies have acquired design firms as well, including EY's acquisition of Bedrock in 2014 and Seren in 2015. A recent survey conducted by EY, in collaboration with Forrester, found that for 96% of executives, design thinking is very or extremely important to their company. Yet, only 37% said they have strong or expert capabilities to do so. This indicates a significant gap between vision and execution.[3]

So, how can an organization bring a spark of new life and thinking to its team with design thinking and leverage it to drive innovation and growth?

What do we mean by design thinking?

Design thinking is a philosophy and a mindset about truly putting customers first (internal or external). It's about collaborating across multiple disciplines and ways of thinking. It brings a deep sense of humanity back into the business processes of strategic planning, product development, marketing, customer service and employee engagement.

Early pioneers in design thinking brought the discipline to software development and then further into consumer product design. In market environments, where consumer tastes, competitive disruptors and technology advancements come quickly, design thinking is a way to stay bonded with consumers in what they want, to know the difference between a technology gimmick and a real advancement, and to stay ahead of new competitors.

Compared with the days when design thinking first came on the scene, the business environment has changed significantly. Virtually every market is moving at the same rate of change and disruption as software and consumer product companies. And design thinking itself is being reshaped by disruptors. The pace of innovation has been accelerated and simultaneously made more achievable

1. "Finding the way: creating possibilities for riders, drivers and cities," Uber website, https://www.uber.com/en-GB/our-story/, accessed 16 February 2017.
2. "How Indra Nooyi Turned Design Thinking Into Strategy: An Interview with PepsiCo's CEO," *Harvard Business Review*, hbr.org/2015/09/how-indra-nooyi-turned-design-thinking-into-strategy, accessed 16 February 2017.
3. The survey was conducted during Forrester's Customer Experience Forum (CXSF 2016).

by factors such as crowdfunding, rapid prototyping by 3D printing, virtualization of R&D processes, and the increasing ability to see and experience real-time changes and needs.

Any current definition and vision for design thinking today should include:

▶ **Diverse thinking:** Integrated teams and diverse mindsets of design, business and technology

▶ **Future-back and outside-in:** Drive all business decisions with a clear perspective of the future art of the possible and an external stakeholder view

▶ **End-to-end experience:** Relentless focus on advancing the full set of existing and potential interactions between customers, partners and employees

"Design has a voice in nearly every important decision that the company makes."

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- ▶ **Digital disruptors:** Integration of technology disruptors, such as IoT, robotics, consumer analytics and predictive modeling into all planning
- ▶ **Elastic teams:** An organization structure that centers on delivering value to customers and an ability to deploy and reorganize small cross-functional teams on demand to solve problems, launch new products, enter new markets or even innovate entirely new businesses
- ▶ **Agile innovation:** A complete business process and approach for rapid iterations of products, customer experiences or even the entire business

Seven essential steps toward creating a design thinking organization

Developing new ways of thinking and working requires intentional changes to how a company or team is lead and run. Some organizations believe that if they build innovation labs with pool tables and beanbag chairs, and start hanging out with start-up companies, then, innovation and design thinking will spread across the organization. The reality is that there is much more required in order to drive real design thinking that will accelerate growth and innovation results.

We have identified seven key steps that organizations can take to start the journey of implementing design thinking.

1. **Set a purpose for the team that is all about serving others**

   Design thinking requires empathy and an understanding of people as well as a clear sense of purpose. For example, a company might have as its purpose how its customers, employees or partners experience their interactions with the organization.

   Before jumping in to execute the next project or strategic planning process, companies should pause and think about whether they have a clear purpose – and if not, take the time to conduct some future-back and outside-in thinking. This critical first step of design thinking will inspire new ideas and instill a sense of urgency within the team that will pay significant dividends in the speed of innovation.

2. **Establish a team with diverse mindsets**

   It is important to take into account a wide spectrum of perspectives and experiences, and organizations that implement design thinking will typically create cross-functional, multidisciplinary teams that work collaboratively, from identifying a problem and determining actions to designing the solutions and executing on them.

   As an example, Uber's design teams consist of "psychologists; ethnographers, researching cultures across the world; scientists,

53% of software and technology companies have design thinking capabilities. Business and financial services companies have just over **40%** and manufacturing, only **38%.**

Source: EY survey conducted in collaboration with Forrester, 2016.

working with data sets to derive insights that help inform user experience; entrepreneurs to set strategy; and craftspeople guiding the aesthetics and building beautiful and usable experiences."[4]

3. Put yourself in the customer's shoes

A successful design thinking approach requires an understanding of how people live their lives and the holistic context in which they experience a product or service.

For example, Tesla realized that it was not enough just to launch a 100% electric vehicle – it would be critical to create an exceptional experience throughout the entire ownership life cycle. As a result, Tesla reinvented the whole process to include elements such as creating its own dealerships, having an online buying and "waiting" experience that surpassed any other luxury car maker, building rapid charging stations, and making "house calls" to customers' homes to perform annual inspections, firmware upgrades and other services.[5]

4. Develop a discipline that explores the art of the possible

Design thinking companies commonly hold brainstorming sessions, where team members can ask the right questions. In this context, everyone's idea is given a fair hearing, no matter what their level of seniority nor how practical it is.

For example, at Airbnb, the online community marketplace that connects people looking to rent their homes

with people who are looking for accommodations, considers ideation a key component of its solution development process. Ideation sessions are pre-planned meticulously by a brainstorming host, often in close coordination with a design researcher from the insights team, who use both research and the preparation of a number of different options to reframe the problem that needs to be resolved.[6]

Another example is Ideo, which worked with a traditional telecommunications company that had previously asked strategic questions such as, "How can we raise our customer's average monthly bill by 10%?" and "How can we minimize our customer service call times?" The team reframed the questions in human-centered terms such as, "How can we help busy families to stay connected?" and "How can we reward our most loyal customers?" This inspired richer and more innovative value-added solutions.[7]

Brainstorming sessions can feel unstructured, lacking focus and practical value. By creating a discipline around holding art-of-the-possible sessions, they can become a major driver of breakthrough ideas and a very effective means of engaging and motivating employees.

5. Co-create solutions with customers

Both in business-to-business and consumer environments, it is possible to co-create solutions with customers. What better way to understand their needs and what they might value

"Design thinking is a way to realize innovation. It´s all about human centeredness, hands-on approach, and iteration and learning."

University of St Gallen, Switzerland

4. "Design at Uber – From Pixels to People: How Uber designs for citizens in 450+ cities and on 6 continents," *Medium,* medium.com/uber-design/from-pixels-to-people-2a90dafac25d#.dokeg98x5, accessed 16 February 2017.

5. P. Tompkins, "The secrets behind Tesla's awesome customer experience," http://crosschannelconnection.com/2016/03/21/secrets-behind-teslas-awesome-customer-experience/, accessed March 2017; A. Dumitrache, "Tesla mobile service team makes house calls," https://www.autoevolution.com/news/tesla-mobile-service-team-makes-house-calls-11807.html, accessed March 2017.

6. "The Link between Data Triangulation and Brainstorming Facilitation: Design Thinking at Airbnb," *ThisisDesignThinking. net,* thisisdesignthinking.net/2015/05/airbnb-design-thinking-culture/, accessed 16 February 2017.

7. "Why Human-Centered Design Matters," *Wired,* wired.com/insights/2013/12/human-centered-design-matters/, accessed 16 February 2017.

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as a new product, service or overall experience, than to generate the concepts together?

DHL has embraced this concept: for example, to tackle the challenge of improving supply chains and logistics, DHL has hosted more than 6,000 hands-on workshops with customers in Germany and Singapore. One of the many inventions that community members co-created and tested out is the Parcelcopter, a test drone delivery service project based in Germany that reduces delivery times from around 30 minutes to just eight minutes.[8]

6. Adopt agile innovation and rapid prototyping capabilities

Successful design thinking organizations understand the term "fail fast," meaning that it's important to focus resources on the experiments and concepts that are achievable and will produce the greatest impact. As such, many have adopted the concepts of agile and DevOps software practices across many types of projects and strategic initiatives.

As an example, the San Francisco Opera (SFO) used design thinking concepts as it reimagined how to make opera more appealing to its audience and broaden its reach. SFO created various quick and inexpensive opera format prototypes and tested them out with customers to get their

feedback and reactions, using those insights to understand what worked and what didn't. This new way of thinking ultimately resulted in a first for the SFO: customers queueing around the block for shows.[9]

When General Motors (GM) started to build the 2014 Chevrolet Malibu, engineers at the company used 3D printing to save time required in prototyping parts for the vehicle. They built the parts out of liquid resin, taking days to build prototypes that engineers could see, touch and test – a process that would otherwise have taken weeks or cost thousands of dollars. This powerful technique was key in helping GM accelerate the development and evaluation of the updates and improvements to the sedan, and drastically cut down time to market.[10,11]

7. Establish fanatical support from executive leadership

When applied effectively across an entire organization, design thinking can have a profound impact on a company's operating model. But such changes cannot be long-lasting or effective without unflinching and visible executive leadership commitment. There must be a top-down executive commitment for design thinking to take root in an organization and generate the full desired benefits.

How do you get started?

Design thinking can be applied in stages. Creating a culture where inside-out business or technology development are blended with empathy, creativity and holistic thinking about total solutions will not happen overnight.

However, good design is often something that just needs to be experienced, not studied. Every person on the team should be exploring new innovative and digital experiences. Organizations could begin by taking a pressing business challenge and, with a full set of stakeholders, collectively reframe the problem purely from a customer's viewpoint – even invite customers to the session to co-create.

Design thinking at its best can blend design, business and technology together to produce more innovation and faster development of new products, services and experiences. It can open up a new level of creativity, motivation, leadership, humanity and fun at work. ∎

8. S. Milbrath, "Co-creation: 5 examples of brands driving customer-driven innovation," https://www.visioncritical.com/5-examples-how-brands-are-using-co-creation/, accessed March 2017.

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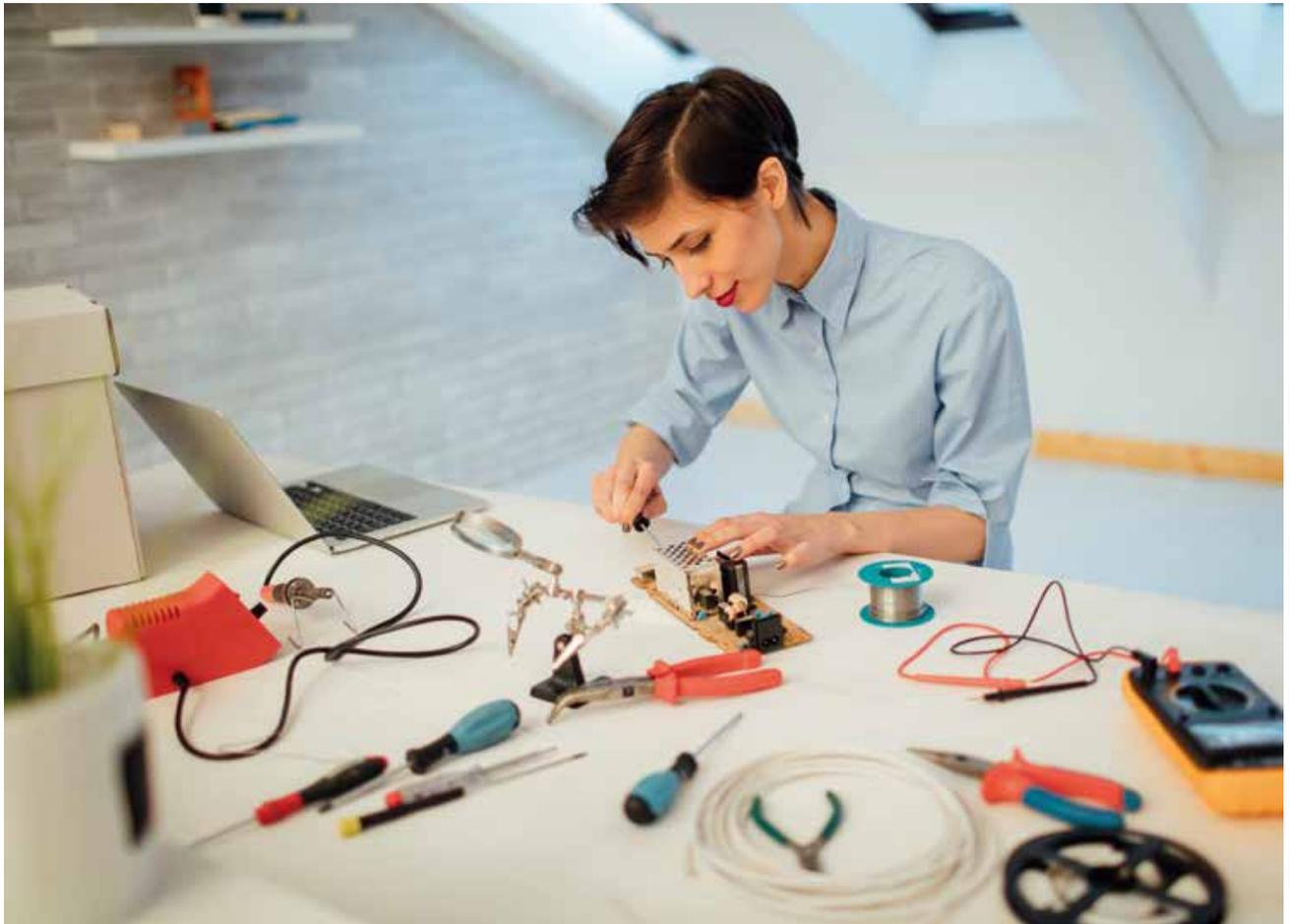
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