Design is linked to growth

'Design thinking' is a mindset that challenges traditional market wisdom and looks at a company's product or service solely in terms of the customer's viewpoint, reports **MINT KANG**

MENTION design to the average manager, and he or she will probably think of aesthetic design: layout, artwork and other components of what we are more used to calling the "soft" creative arts. They are to a business what the icing is to a cake – pretty and expected, but not entirely necessary. But according to one of the world's top management thinkers, design cannot be divorced from business growth. Or more properly, the concepts and mindsets involved in design are essential to the development of a business.

"It often feels as though you're boxed in by your customers and your competitors, and it's hard to break out of that box," says Roger Martin, dean of the Rotman School of Management at the University of Toronto and one of the most influential design advisors in the world according to a 2010 *BusinessWeek* list.

The issue, he explains, is that companies tend to adhere to conventional market wisdom – pre-conceived models of what customers want, what sells and what should be done for the company to achieve success. But these models may not actually be the best way of succeeding. Instead, he says, companies should take the way of thinking used in aesthetic design and apply it to business. He dubs this "design thinking": a mindset that challenges traditional market wisdom and looks at a company's product or service solely in terms of the customer's viewpoint – not the viewpoint as the company may assume it to be, but the viewpoint acquired through observing the customer's actual daily life.

As an example, he cites the animal feed industry in his home province of Ontario: traditional market wisdom lists two key market criteria, namely the feed-to-meat conversion ratio and supply reliability. Manufacturers would therefore concentrate on producing higher-quality feed and making their delivery more efficient. One entrepreneurial company decided not to follow these traditional standards. Instead, the owner went down to the ground to find out what farmers looked for in their animal feed supply. "He heard that they don't like having to keep checking the bins to make sure they're ordering the feed on time,"

says Mr Martin, who was in town this earlier this month for a CEO Breakfast Talk organised by Spring Singapore and Singapore Polytechnic. "So he went back and came up with a new product."

The "product" was actually an expanded delivery service whereby the company took over the responsibility of keeping farmers' feed bins stocked. Then, building on that, the company collaborated with the local agricultural university to develop a feeding structure that produced the best feed-to-meat conversion ratio, and implemented that for the farmers through its service. It had essentially achieved the two market criteria, but in a way that offered its customers real, increased convenience. Overnight, its market share almost doubled.

"It's all about going deeper into the customer's life, understanding more holistically what the customer wants, finding out what irritates the customer and coming up with a way to make that irritating thing go away," says Mr Martin.

Design thinking in building a brand

With its customer-centric focus, design thinking can be applied to any number of business issues, ranging from building a brand, finding a market niche or even hiring the right people. "Your brand is what you do, not what you desire other people to think of you," says Mr Martin. "You have to go and observe what the customer needs. If you want your customers to accept your product, don't make them do it themselves as that will slow down the adoption cycle. Take responsibility for the adoption instead of pushing it to customers."

There are a few common pitfalls in the process, however. One is overestimating customer preferences and over-diversifying the business as a result. "Corporations tend to think their customers like breadth more than those customers actually do," says Mr Martin, referring to the pressure for companies to broaden their product offerings and introduce more and more new product lines. "Companies tend to underestimate the cost and the effectiveness of complexity. Don't believe that it will make your customers any more happy or loyal to you unless there is something about those new products which actually matters to them. Unless you can really show that the customer loves and really wants the extra product line, don't do it."

Another potential pitfall is too much reliance on market research, because when asked for comment, consumers tend to either over-indicate price sensitivity or give inaccurate feedback. "They make something up because they just don't know, meaning that most market research is just totally wrong," he says. In his view, the only way to get genuine customer feedback is for the company to observe the customer's daily routines and what really affects them. "Don't make them process too much. Don't make them be logical and rational. Just let them emote and see what makes them happy or sad. Don't try to make them design your product for you; that's your job."

Design in hiring talent

In today's job market, it can be difficult to find the right person for the job – and that, says Mr Martin, is because the approach used by most companies is outdated. "Treat them like customers, as if you're offering a product rather than a job: and this product is gainful employment," he suggests. "Try to understand, deeply and holistically, their needs. What need do we fixate on in jobs? Salaries? Today's young people care about meaningful work and corporate responsibility."

The answer to human resource challenges, he says, is

to understand how a job can be changed – exactly like a product offering – to be more attractive. Whether it is in terms of remuneration, work environment or organisational culture, the key thing for companies to remember is not to let their approach be defined by conventional market wisdom.

This, not too coincidentally, is an issue faced by companies seeking to hire and retain designers and design-oriented people. Speaking at a talk held at Singapore Polytechnic, Mr Martin recounted how designers had told him that they felt as if they were working in a hostile environment, one which wanted them to be creative yet penalised them for it.

"Many corporations try so hard to create innovation and are unsuccessful," he says. "What this says is, there's a problem in the way organisations think and make decisions that stifles innovation inadvertently."

Getting design thinking into your business

The main obstacle to innovation is that when organisations invest in it, they tend to do so in small and unimportant ways, observes Mr Martin; window dressing, so to speak, rather than anything which actually impacts the business in any way. Part of the reason is fear of change

and the risk that it will bring; another part is the misunderstanding that design and innovation are expensive.

"A common misconception is that design thinking is for bigger companies and that it is a costly investment," says Choy Sauw Kook, assistant chief executive at Spring Singapore. "On the contrary, design thinking drives innovation in SMEs and reduces their market risks by creating more desired and user-centric solutions. SMEs that embrace design thinking tend to innovate more often and more successfully."

Quite a few SMEs have, in fact, adopted design thinking already, going by the statistics from Spring Singapore's Design Engage programme. Since its launch in late 2008, more than 600 participants and 70 companies have joined the programme, and feedback indicates that something is working for them. "They are now more confident, equipped with a deeper understanding of their customers and design tools to meet business challenges," says Ms Choy.

In any case, Mr Martin's view is that design thinking is not very far away from what entrepreneurs already do. "You wouldn't have a product if you hadn't found something that customers need and come up with an answer," he points out.

Mr Martin: *Warns against overestimating customer preferences and over-diversifying the business as a result*