

INNOVATION BY DESIGN

It all sounds so easy but implementing design thinking successfully takes more than sending your staff to a workshop and waiting for the good ideas to start flowing.

STORY THEO CHAPMAN



Design thinking has become a hot new trend that is the secret to successful business performance, its proponents argue. They say design thinking allows a business to attain a kind of nirvana where it produces innovations to products, services or business systems that are of value to customers as a matter of routine.

But even those who evangelise design thinking don't necessarily have a clear view of what it is, or how to do it.

The problem with design thinking, says Sam Bucolo, director of the Design Innovation Research Centre at the University of Technology, Sydney, is that companies send their staff on three-day workshops but don't put in place the structures needed for great ideas to become products and services. If the business process doesn't change that, newly stimulated creative energy gets stifled.

Design thinking as a transformative process will only work if the chief executive drives it because, Bucolo says, "you can't change the culture in a business from a department".

"Design thinking is the design of the process; anyone can learn that," he says. "Design-led innovation is how you take that thinking and apply it to your business. Because we're dealing with a mindset shift, we need both top-down and bottom-up approaches."

Centor, a Queensland-based window and door manufacturing company, was an early adopter of design-led innovation.

"It has been transformative to what we do and who we do it for; it changed the basis of our competition and it put all my staff on the same page," Centor CEO Nigel Spork says.

On paper it all sounds simple enough. It's just a matter of mastering the five core principles: clarity of purpose; become your market; be a disruptor; integrate your business model; and own the change experience.

"The problem," Spork says, "is that no one is offering you solutions; all they're saying is, 'Here are some tools'. It's easy to say you walk down a defined course when in reality it's nothing like that."

SELF-EVIDENT PRINCIPLES

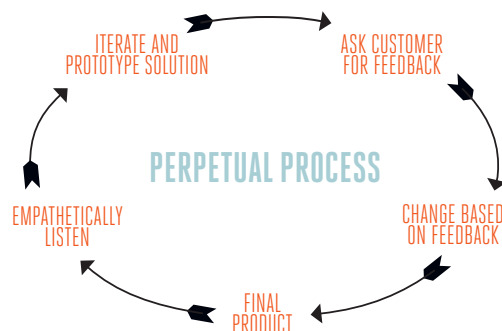
The first two principles seem self-evident; after all, what company doesn't know what its purpose is or who its customers are?

"[When we began the change process] we got eight executives in a room, gave them a piece of paper and asked them to write down who our customer is," Spork says. "We got eight different answers. I would suggest that most companies cannot describe who their customer is. At least not in a way that is useful."

Once you have identified your customer (usefully), the next step is to learn how to listen to what they want. This, too, sounds blindingly obvious but the recent woes of supermarket titan Woolworths show this is not a given. In the March quarter, Woolworths reported that same-store sales growth in food and liquor rose just 0.2 per cent while group sales went backwards for the first time in 20 years. "Our customers were telling us that our prices weren't where they needed to be ... our customers were telling us that our availability wasn't as good as it could be," CEO Grant O'Brien told *The Australian Financial Review* in May. "We lost a bit of sight of the customer in the latter part of 2014."

Listening is not about working out which of a customer's problems can be fixed with your product or service. It's about understanding what a customer is really looking for, which might not be solved by anything you have to offer. If you don't have the solution, you need to work out if you can come up with one.

At Centor, this listening process led to radical change. "[Before we got to know our customers] we had only made door hardware and what we now do is make integrated doors



— a completely new class of door," Spork says. "Our company purpose is to connect people with the outside. [To do that] you have to remove all the visual distractions, all the locks and hinges and latches and things, which as a hardware manufacturer you want to feature because, hey, I'm proud of my hardware.

"So we had to conceal the hardware and design the entire door to do so. And then you say, 'When you open the doors what do you do about mosquitoes?' And, 'If I build a house with lots of glass, it's like living in a goldfish bowl, so how do I design blinds without messing with the architectural aesthetics?'"

"All of these issues we'd never looked at, and we had no idea if it could be done."

To allow such a dramatic change, Centor had to rethink its entire business. "We had an audit process done and there were a couple of things [pointed out] that were just wild disconnects. When you looked at them in the cold light of day, you had to say we'd never have designed the business this way; it just ended up like that," Spork says.

"We designed our strategy in the most public place that we could: on the coffee room wall of the Brisbane plant. As it changed over the months, everyone could put a Post-it note on it and comment on the work that was going on. Everyone was hugely supportive of it."

A clear definition of your company's purpose and the creation of structures to support innovation will only deliver benefits if the business's leader doesn't need to have all the answers. It's a change Spork has embraced.

"I [used to be] part of every decision [so I could] steer the company along a common path. Now we have that path nailed to the wall and it has '20 years' written on the top of it," he says. "We haven't held a management team meeting in four years because the whole

point about team meetings is to resolve operational conflict and keep things on the straight and narrow."

AT INFOSYS, A CORE COMPETENCY

Perhaps one of the largest scale switches to design-led innovation is being rolled out by Indian consulting group Infosys. CEO Vishal Sikka is inculcating design thinking to 176,000 people in offices in the US, India, China, Australia, Japan, Middle East, and Europe.

"Design thinking comes couched in many ways and people misunderstand design thinking as the use of a specific tool or a specific process," says Sanjay Rajagopalan, Infosys head of design and research. "It's about certain types of behaviours: an empathetic view of the world, framing the problem and rapidly iterating and experimenting."

"At Infosys ... we are treating it as a foundational capability, a core competency."

Infosys has a comprehensive on-boarding program. "We have a massive campus at Mysore ... with about 15,000 residential interns," Rajagopalan says. "We bring in every new entry-level recruit to the company for six months of training, which is unique in this industry and probably unique in the world."

"What Vishal has done is to bring in the next-generation tools, so we have started a design thinking class."

UTS's Bucolo has focused on change in the Australian manufacturing sector by broadening his Queensland work via the state government-funded Ulysses Design Integration program. He works with companies including Centor, Gourmet Garden Herbs and Spices, Haigh's Chocolates and Sebel Furniture.

He is also the convenor of the Design Integration Network, established in 2012 under CSIRO and UTS "to provide a forum to develop and promote the value proposition of design-led innovation and, by doing so, promote access to world-class design integration programs, education, skills development and research opportunities".

"You can work for a company one-on-one but it's a long process to get scale around the concept of design-led innovation," he says. "So the notion of working with sectors is what Australia needs to reconfigure, where some sectors will have comparative advantage." **BOSS**