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Developing Tangible Strategies

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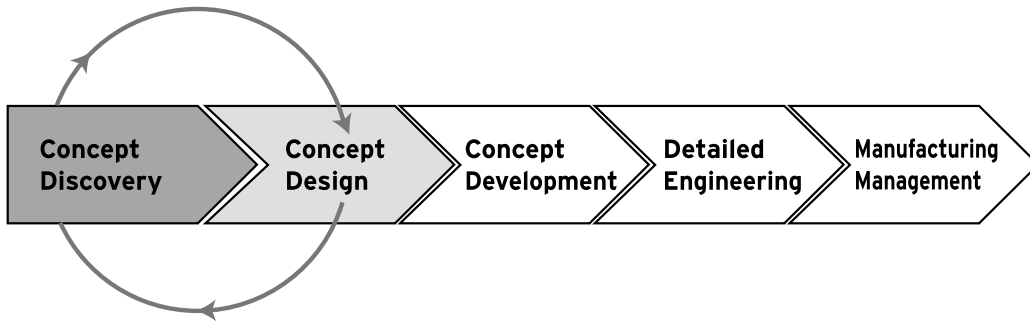
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Developing tangible strategies

by Laura Weiss



As businesses ponder where to put their resources to assure future success, they are increasingly turning to innovation firms to help sort out the options related to these long-term decisions. Laura Weiss presents a framework consultants can use to lead clients from “discovery” to “delivery,” a design-grounded process that becomes a pragmatic “innovation engine” by combining expertise in human, technical, and business factors.



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Today, almost everyone is familiar with the now-famous statement made in the late 1950s by former IBM CEO Thomas Watson Jr., that “Good design is good business.” That concept, a breakthrough in the post-World War II industrial era, was grounded in the belief that a commitment to design would help a good product to reach its full potential, presumably through increased sales of a more functionally robust and aesthetically pleasing object.

Today, Watson’s philosophy has proven sustainable, if no longer novel, and there is much contemporary evidence to that fact. The Polaroid I-Zone, with its creative reinterpretation of the simplest camera, has made instant photography relevant to a whole new generation of users (and became the number-one-selling camera

within months of its introduction).¹ Similarly, the Palm V, with its elegant reinterpretation of the Palm Pilot, made the high-tech functionality of its predecessor appealing to a much wider and more mainstream audience. Both products are strong examples of design making a difference to a company’s top-line growth. And yet, for every Palm V, there’s an Apple Power Mac G4 Cube or 3Com Audrey—products whose design boldness failed to save

¹ The I-Zone leveraged Polaroid’s instant-film technology, which contributed to its success. Yet, the company was disastrously late in joining the digital revolution—proving once again that good design is not always good business, if larger strategic issues aren’t being taken into account when new products are developed.

them from a marketplace failure due to either an inadequate understanding of target users, a poor business plan, or both. Good design, it seems, is not always good business if it is not pursued as an integral part of a wider set of activities that together enable the most successful innovations to happen.

But if Tom Watson's statement does not tell the entire story, it at least signals the beginning of a burgeoning design awareness that some 40 years later has been propagated by management evangelists such as Tom Peters, Gary Hamel, and many others. Design is now firmly part of the lexicon of innovation—the ultimate expression of applied technology, design, and business sensibilities. In a special 1999 issue dedicated

“Should we be designing a new widget, a new widget and service bundle, or something else altogether?”

to the topic of innovation in industry, *The Economist* proclaimed, “Innovation has become the industrial religion of the late 20th century.”² The article goes on to point out that innovation can manifest itself in ways that are not just limited to the production of a consumable product. Today's companies and organizations, driven by market dynamics, social and environmental issues, technological developments, and even government deregulation, view innovation as the perpetual “next frontier” and the key to achieving a competitive or operational advantage. As such, everything is now subject to innovation—not just physical objects, but also political systems, economic policy, ways in which medical research is conducted, and even complete “user experiences” (for example, a passenger's journey with Amtrak's new Acela service). It is no surprise, then, that the application of design sensibilities and skills now extends to innovations as varied as online interactions (Amazon.com's One-Click feature) and improved business processes (the application that enables that same feature). Both of these connect consumers and providers in ways that ultimately contribute to larger industry innovations.

Evidence of broader needs

As the quest for breakthrough innovation has increased, so too has the demand for consulting

services that can provide expertise and a fresh perspective. If these services are to provide value by delivering meaningful results, what exactly do their clients need in addition to superior design? The requirements are no longer limited to the “well-defined problem,” in which a project brief addresses a fairly well understood and presumably stable business context. Today, much bigger questions are being asked, which move beyond product specifications to broader, more challenging issues. Instead of asking the consultant to “design this new widget for me,” where the widget is already identified, a client might ask, “Should we be designing a new widget, a new widget and service bundle, or something else altogether?” The following is a basic typology of innovation challenges a provider of innovation services might typically encounter today.

The loosely defined problem: The client presents a preliminary business plan or a nascent product idea, without a clear business case. The client might ask, “Where, and how, should we be looking for breakthrough opportunities that address customer needs and meet our business objectives?”

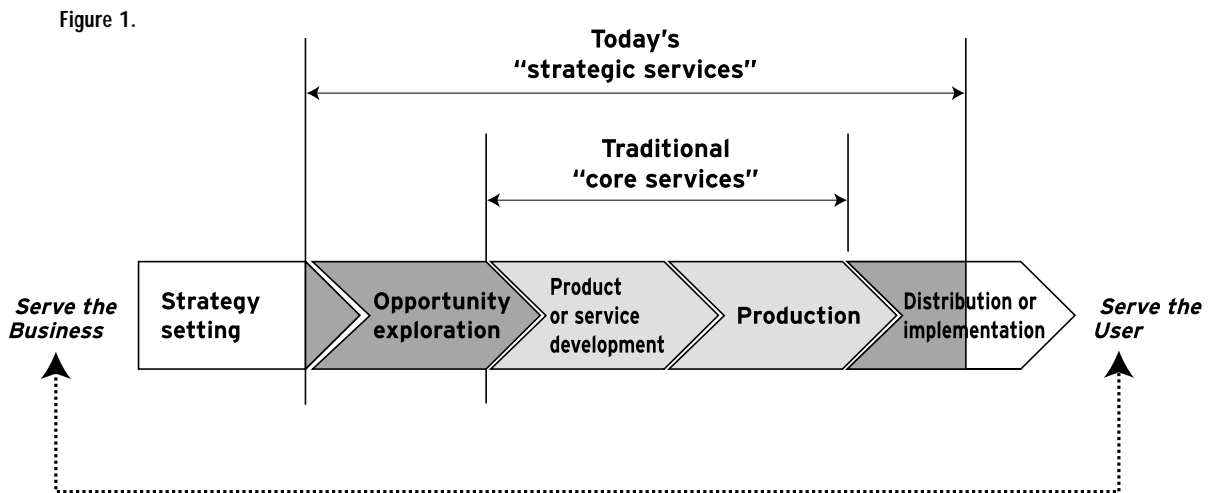
The too-many-options problem: The client lacks effective tools to select and implement the most promising option(s). The client might ask, “If we already know where we want to focus our business, how do we generate and select product or service concepts that will get us there?”

The technology investment problem: The client is seeking commercialization options or validation for investing in a new technology, new applications for an existing technology, or knowledge of external technology threats. The client might ask, “What is the impact of future technology on this product/service?”

The innovation void problem: The client would like to develop a more innovative and sustainable approach to its internal product development process. The client might ask, “How can we develop a vision of the future for our products so that we can plan and guide continued innovation efforts?”

Regardless of which challenge (or hybrid

2. Valery, Nicholas. “A Survey of Innovation in Industry.” *The Economist*, February 20, 1999.



Extending core services to strengthen the connection between business needs and user needs

version) has been articulated, the client's most immediate need is to identify an appropriate direction for the innovation effort before it can actually embark on it. Thus the demand for consulting services is increasingly focused on turnkey solutions that incorporate additional upstream and downstream activities that facilitate critical decision making associated with the earliest stages of new product and service development. Whereas traditional core services offered by design consultancies and others focus on helping clients do things the right way in terms of design, engineering, and manufacturing, now they are being engaged for "strategic services" to help them choose to do the right things in the first place (figure 1).

Enabling discovery, decisions, and delivery

Because innovation programs today are increasingly strategic, traditional design services must grow and develop the additional capabilities needed not only to serve clients more effectively but also to increase the likelihood that the results of their engagement will be a product or service that eventually gets to market as a truly successful innovation. In the summer 1999 *Design Management Journal*, IDEO's Tom Kelley argued that designers are well positioned to help companies seeking to unlock their capacity for innovation because they naturally take an inductive approach to the problem-solving process, and employ powerful visualization tools to communicate the results.³ Today, that theory is put into practice at consultancies like IDEO, whose

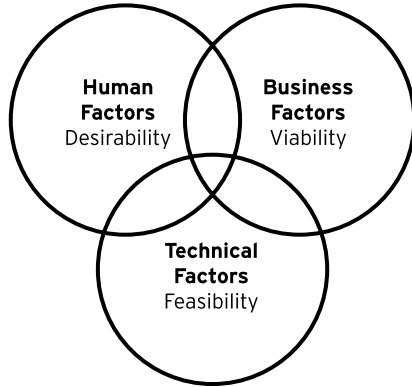
industrial design and engineering activities (along with the substantially critical roles of human factors and interaction design) are being expanded even further to incorporate the investigation of business factors. As discussed earlier, business issues have long been part of the innovation equation, but they have often been pursued in isolation and independently from the creative side. A more powerful approach, it can be argued, involves the *concurrent* exploration of issues associated with user desirability, technical feasibility, and business viability by an interdisciplinary team that utilizes design-based processes and communication tools.

The innovation engine

By leveraging expertise in each of the interrelated areas of human factors, technical factors, and business factors to address the client's innovation problem, the consultant can help lower the functional barriers that often restrict, rather than inform, breakthrough innovation within a typical business organization. For example, the elusive issue of *desirability* (or what motivates consumer behavior) demands an understanding of how people interpret and interact with the things they encounter in the world—including new technologies or even new business models. Exploring *feasibility* means understanding how those new technologies can be harnessed to

3. Tom Kelley, "Designing for Business, Consulting for Innovation," *Design Management Journal*, vol. 10, no. 3 (Summer 1999), p. 30.

Figure 2.



The innovation engine: Design sits at the intersection, as an enabler and the result of integrated capabilities.

make a nascent product or service concept come to life in a way that is meaningful for users. Finally, assessing *viability* means understanding whether embracing a new technology or supporting a particular user need is truly aligned with the organization's strategic objectives and competitive positioning. Undertaken together, these interdisciplinary activities fuel the engine that powers early-stage innovation in an equitable and mutually inspirational way (figure 2).

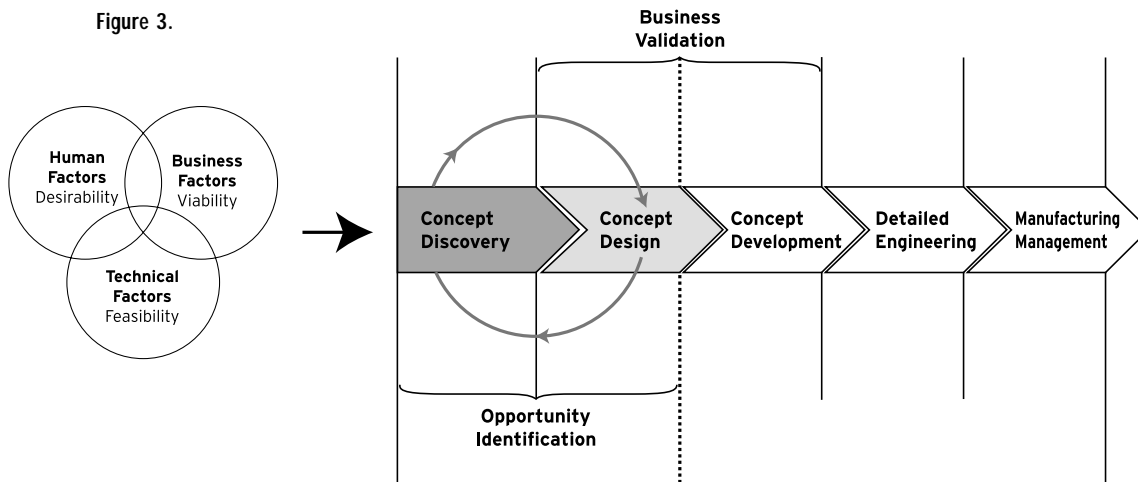
Design as interface

This kind of interdisciplinary approach starts to bridge a common gap between the client's own business analyses of these very topics, and the consultant's innovation and design processes. Even so, successful client-consultant collabora-

tion is often undermined by the lack of a common platform for effectively communicating during concept identification and development (figure 3). Driven by the innovation engine and leveraging design-based tools and processes, innovation initiatives can go beyond the discovery of new ideas to knowledge of how or if to implement them.

IDEO's recent work with a leading computer technology company is a good example of these ideas in action. The client's primary objective was to develop a strategic vision for its future Internet presence that was less reflective of its internal business structure and more reflective of user needs and goals. The desire to optimize the online user experience (and in the process increase revenues) is the subject of much "best practices" discussion today, as Internet technology continues to have a profound effect on the development and delivery of products and services. But it was the client's secondary objectives that provided some much larger and perhaps more significant challenges—the requirement that the creative vision also be aligned with business and brand objectives, and that it be a catalyst for cross-company evangelism and action (specifically the prioritization and planning of future development investments to make the vision a reality). The goal of making the client's business objectives relevant to the end user, and enabling the user's needs to influence the development of the client's business objectives, is particularly difficult for a traditional "technology push" enterprise. But it represents

Figure 3.



Early-stage conceptualization driven by the innovation engine.

an opportunity to demonstrate the power of integrating business, human, and technology factors at the earliest stages of an innovation program. A close collaboration with the client throughout the iterative cycle of discovery, decisions, and delivery activities was enabled by the deployment of design-based processes and tools (figure 4).

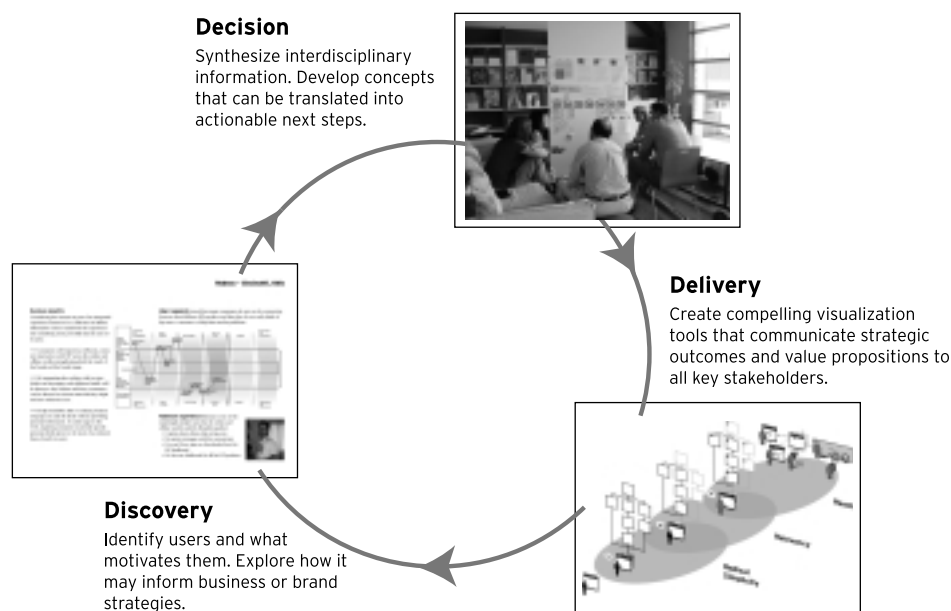
Discovery : The earliest stages of any innovation program involve contextual research. In this case, the client's program required the exploration of user groups (and the characteristics of their unique needs and goals), business objectives and systems (and the key stakeholders responsible for them), and industry and technical trends (and their impact on new products and services). An organic but highly collaborative process enabled the simultaneous consideration of the problem from these various points of view. The organization and synthesis of disparate user, business, and technical information was also stimulated by the development of visual frameworks within a shared team room (a dedicated project space that visibly displays all forms of work in progress) that mapped user personas onto various business constructs (for example, examining stages of the "total customer experience"). Compared with the more data-oriented analyses of

traditional customer and business research, the collective results of these discovery activities provided a visually rich catalyst for collaboratively setting the conceptual direction of the client's Internet strategy.

Decision : Making good use of the outputs of the discovery process in a way that establishes a strategic anchor and migration path for evolving the client's Internet presence was the next challenge. Because critical decision making is often a cross-company activity, it must transcend functional silos and different stakeholder agendas. The deployment of design-based processes and tools in a collaborative setting (such as a workshop) proved to be useful in generating ideas about, and gaining agreement on, the principles for the vision. In developing visual tools and interactive exercises for such activities, it is important to consider the style, format, language, and comprehensive-ness of the ideas communicated. Compared with more static decision-making methods, the tools used in this context became a common foundation for better-informed discussion and debate.

Delivery : Building on initial principles that set the direction for development, the vision was articulated in the form of a singularly simple graphic that compressed multiple,

Figure 4.



Design as interface: processes and tools

related concepts onto a single page. This kind of design iconography serves as a critical tool for evangelizing the program results. To be sustainable, it must also be easy to reference (that is, take up residence in the client's briefcase for impromptu discussion) and easy to comprehend (that is, speak to a variety of audiences). Compared with more-traditional analytical deliverables, design-oriented deliverables help continue the discovery process as the program undergoes more focused development and refinement.

Tangible strategies

The result of leveraging interdisciplinary capabilities with design processes and tools as interface is the client's ability to gain focus and move forward, convincingly, with a new product or service development program. It is too often the case that new innovation activities stall, in the words of a colleague, in the "Bermuda Triangle" that frequently seems to exist between the concept design phase and continued concept development. This juncture is typically where the greatest amount of internal selling must occur within the client's organization, or where the client's inability to determine an actionable next step becomes evident, resulting in a loss of momentum, haphazard choices, or the actual suspension of the entire innovation effort. Because innovation by definition is an activity that results in some kind of value-added *change* (organizational, operational, or experiential), making the transition from ideation to implementation is crucial.

In the case of the technology client described earlier, there had been two prior consulting engagements focused on developing a future vision for its Internet presence. The first was led by a top management consulting firm that delivered a substantial report that was analytically thorough, but which lacked a compelling user-oriented story or enough creative expression

of the proposed results to build momentum for further investment. The second was led by a design consultancy that delivered the creative big idea, but at a level of abstraction that didn't readily translate into actionable initiatives, and which didn't transcend disciplinary or functional boundaries. As suggested in this article, design can manifest itself in ways that go beyond product styling. And as a greater range of consultancies offer "strategic" services, design capabilities can be a differentiator in the discovery, decision making, and delivery challenges associated with an integrated innovation effort. The transformation of broadly creative concepts into "tangible strategies" grounded in the realities of a business enterprise can help migrate the best new ideas into the development pipeline and onto the market more successfully by demonstrating benefits to both users and the company that provides those benefits. ^m

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Suggested Reading

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