

Unit-V

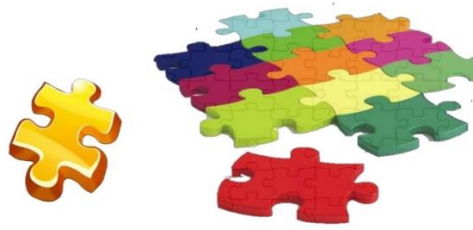
DESIGN THINKING IN BUSINESS

5.0. Design Thinking applied in Business & Strategic Innovation.

- **Innovation** in the 21st century identifying the **right questions** and **developing suitable solutions**. These must be suitable to address challenges such as dynamism, complexity and uncertainty.
- Reflections on **human-centred** development as well as design processes and methods provide valuable insights for the design of **services, products** and **organizational forms**- on a scale from **start-ups to large companies**
- Designing is more than creating products and services; it can be applied to systems, procedures, protocols and customer experiences.
- A Design mindset is not problem-focused, it is solution-focused and action-oriented. It involves both analysis and imagination.
- People need their interactions with technologies and other complex systems to be simple, intuitive, and pleasurable.
- Human-centred design enhances the user experience at every touch point and fuels the creation of products and services that deeply resonate with customers.
- Design Thinking Consists of a collection of methods that are common in engineering, ethnologic and anthropologic research, industrial design and **Business Economics**.
- Design Thinking is a systematic approach to innovation that can produce **new products**, services and **business models**.
- Design Thinking is way of solving complex Business problems using empathy, ideation and prototyping or experimentation.
- Its methodology has helped businesses ranging from start-ups to larger organizations tap into their target markets by acting on changes in behaviour and environment
- Successful applications of design Thinking in such diverse areas as politics, diplomacy, leadership, **business**, health, law and writing.
- Design Thinking has been recognized as an important means to **innovate** in the context of **Developing new products** and **technologies**
- **Design Thinking** be applied to **Business-related challenges** such as Devising **entrepreneurial practice models**, **Expanding Professional Services**, **operations**, and even **setting fees or pricing plans**.
- The value and power of **design Thinking** in the **corporate** world have been widely published but are primarily focused on teams –especially **managers** **collaborating** with **Designers**

- According to Michael Tardif (expert Designer) quoted “strategic plan as a jigsaw Puzzle”

Jigsaw Puzzle



- In design thinking process for business challenges the following points helps in analysis of problem.
 - ❖ Every problem has a solution, not a perfect solution, but an optimum solution (always trade-off)
 - ❖ The **information needed** to solve any problem is **not available** when designer **start working** on the problem.
 - ❖ Designers have to begin developing solutions before they have all the information their need to arrive at an optimum solution.
 - ❖ The design process may lead to one or more dead ends, which may require to rethink the original assumptions.

5.0.1.Design thinking in Business process modelling:

- Business process management is very important for any organization. It facilitates to improve merits in operational procedures in daily business of organizations by providing concepts and methods to capture process and analysis.
- It has evolved as organisational approach to structure and understands work procedures with more clarity to drive the daily business operations with the goal of improving them.
- e.g. an insurance company processing of insurance claims. If five minutes time is saved on an average in the processing time of a single claim, considerable resources can be saved on a large number of cases that an insurance company deals with daily.
- From business process management perspective, information about the persons, conditions of insurance to be gathered to perform the tasks for processing a claim. The process can reveal flaws and improvements for fast analysis and efficient processing.
- **Design thinking** can be used to capture and validate **end-users needs** and envision **new products and services for building prototypes**. In the absence of design Thinking such tangible prototypes are not feasible for complex software systems with multiple users.

- In design thinking the first step is to get the requirements of a system for users, customers and other stakeholders.
- Process models facilitate communication between different stakeholders such as business analysts, process participants and software architects.
- These models provide a shared understanding to enable all stakeholders to contribute to knowledge.
- Obtaining **information and making process knowledge explicit** is the **function** of **business process modelling**.
- The models are captured as visual diagrams.
- Process models provide information on roles, tasks, decisions, and information used.
- These models form the basis for discussions between the stake holders, such as process assistants that who process in claims in an insurance company, **managers** to ensure **claim processing quality**, the **top management** looking for **optimization** and **software architects** supporting **work of the employees** by providing adequate software systems.

*******Everything has changed, is changing and will continue to change*******

- In 1960 MIT professor, mathematician, and Meteorologist Edward Lorenz formulated a model of the way air moves around the atmosphere, measuring changes in temperature, pressure, and velocity.
- By Modelling Weather, Lorenz discovered not only the fundamental mechanism of deterministic Chaos – the sensitive dependence on **initial conditions** or the **“butterfly effect”**-but also that long term weather forecasting was impossible.
- Similarly, much of what do in **business strategy** and **planning** is an attempt to predict the **future** based on the **present** and **past**.
- Whether it is **Business** or any other **systems-level organizational challenges**, **design thinking** helps to appreciate and make sense of the complex connections between people, places, objects, events and ideas.
- Design Thinking is most powerful driver of innovation, and guides long-range strategic planning.
- Design thinking shapes business decisions that have to be based on future opportunities rather than past events.
- Innovation management is about more than just planning new products, services, brand extensions, technological inventions or novelties.
- Design Thinking powers strategic innovation.it can be used to begin at the beginning of an idea or used to unlock hidden value in existing products, services, technologies, and assets.

- Changing Management PARADIGMS

20 th century	→	21 st century
Scale and scope		Speed and Fluidity
Predictability		Agility
Rigid organization Boundaries		Fluid Organization Boundaries
Command and Control		Creative Empowerment
Reactive and Risk Averse		Intrapreneur
Strategic intent		Profit and purpose
Competitive Advantage		Comparative Advantage
Data and Analytics		Synthesizing Big Data

- Design Thinking is a way to get Business people to think like designers and designers to think like business people.
- Design Thinking is the search for a magical balance between business and art, structure and Chaos, intuition and logic, concept and execution, playfulness and formality, and control and empowerment.
- **Design Thinking** is about cognitive flexibility, the ability to adapt the process to the **challenges**
- **Design Thinking is not an experiment; it empowers and encourages to experiment.**
- Design thinking is popular among educators and social entrepreneurs for social innovation because it approaches problem solving from the point of view of the end user and calls for creative solutions

*****The illiterate of the 21st century will not be those who cannot Read and write, but those who cannot Learn, unlearn and Relearn. —Alvin Toffler*****

- Applying Design Thinking to business problems empowers organizations and individuals within them to better understand their competitive and operational environment.
- Strategy planning is predicated on the availability of information.
- In the past there were not enough data to support meaningful analysis. today, it is the opposite thanks to big data.
- What are big data? Typically describe in terms of three key things-
 - ❖ The volume of information (the amount from all the sources)
 - ❖ The variety of information (the nature of the information in all formats)
 - ❖ The velocity of the information (the speed at which data are collected)

- Big data might be helping some companies with making smarter strategic decisions, but they are also leading those companies down the quantitative path that has made it so hard for them to design for humans in the first place.
- Management tools, and techniques such as total quality management, enterprise resource planning, six sigma, lean startup, and agile systems.
- These tools are valuable for keeping an enterprise running smoothly.
- Companies such as Apple, Amazon.com, Netflix, Samsung, Burberry, And BMW are winning by design and the thinking behind that design.
- “Management is the least efficient activity in organization”. It can make strategic management efficient only if make it clearer. Sometimes, that clarity comes only from the inside.
- Applied design thinking in Business problem solving incorporates mental models, tools, processes, and techniques such as design, engineering, economics, the humanities and the social sciences to identify, define and address business challenges in strategic planning, product development, innovation, corporate social responsibility, and beyond.

5.1. Design Thinking principles that redefine business:

- Humankind has survived thus far because design can work well together, communicate, empathize, anticipate, understand, and exchange. Design thinking is a reflection of these abilities.
- The culture behind its practices, principles, and process is potentially more empathetic, human-centered, and courageous than business management.
- A multifunctional and multi perspective approach to solving problems has influenced many of the principles inherent in design thinking.

The Ten Design Thinking principles that redefine business or business management are:

1. Action -Oriented:

- It proposes a cross-disciplinary learning-by-doing approach to problem solving.
- It allows designers to accommodate varied interests and abilities through hands-on and applied learning experiences between individuals.
- A big part of design thinking is design doing.

2. Comfortable with change:

- It is disruptive and provocative by nature because it promotes new ways of looking at problems.
- A large part of the design thinking process is stepping out of conventional roles and escaping from existing dogmas to explore new approaches to problem solving.

3. Human-centric:

- It is always focused on the customer or end user's needs, including unarticulated, unmet, and unknown needs.
- Design Thinking employs various observational and listening-based research techniques to systematically learn about the needs, tasks, steps, and milestones of person's process.

4. Integrates foresight:

- Foresight opens up the future and invites designers to explore uncertainties.
- It encourages designers to be comfortable with working with unknowns and expects designers to cope with inadequate information in the process of discovering and creating a tangible outcome.

5. A Dynamic Constructive Process:

- It is iterative
- It requires ongoing definition, redefinition, representation, assessment, and visualization.
- It is a continuous learning experience arising out of a need to obtain and apply insights to shifting goals.
- Prototyping, creating of tangible sharable artifacts, become an important piece of the design thinking tool.

6. Promotes Empathy:

- design Thinking encourages the use of tools to help designers communicate with people in order to better understand their behaviours, exceptions, values, motivations and the needs that drive them and will improve their lives.
- designers use these insights to develop new knowledge through creative learning and experimentation.

7. Reduces Risk:

- Whether it is developing and launching a new product or service, there are many benefits in learning from small and smart failures.
- this is will always happen, but applied design thinking practices help reduces risk by considering all factors in development ecosystem, including technology, the market, competitors, customers, and supply chain.

8. Create Meaning:

- Creating meaning is the hardest part of the design process, and the communication tools used in design thinking-maps, models, sketches and stories -help capture and express the information required to form and socialize meaning.
- Arriving this takes time and emerges through multiple iterations and conversations.

9. Bring Enterprise creativity to next level:

- Design thinking fosters a culture that embraces questioning, inspire frequent reflection in action, celebrates creativity, embraces ambiguity, and creates visual sense making through interactions with visualizations, physical objects and people.
- Design thinking organization creates strong ‘inspirationalization” and sensibility to give tangibility to the emotional contract that employees have with organizations.

10.The New Competitive Logic of Business Strategy:

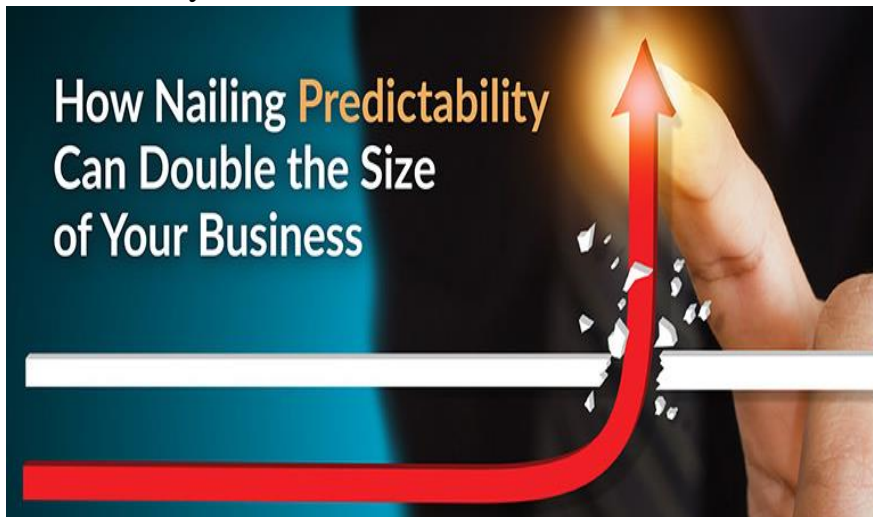
- Design thinking is the most complementary practice that can be applied side by side with Michael porter’s theory of competitive strategy.
- It allows companies to create new products, experiences, processes and business models beyond simply what works.
- It turns designers into desirable products, which is a truly sustainable competitive advantage through innovation.

5.2. Various business challenges are:

❖ Growth



❖ Predictability



❖ Change



❖ Maintaining Relevance



❖ Extreme competition



❖ Standardization.



❖ Creative culture



❖ Strategy and organization



5.2.1. Business Challenge 01: Growth

- Growth is at the forefront of every business leader's mind.
- The process of redefining the boundaries of business and making explicit decisions regarding who it will and will not serve often sparks intense debates around any growth strategy.
- Most organizations, however, aspire to grow in order to prosper, not just survive
- Growth means different things to different organizations.
- There are many dimensions a company can select to measure its growth
- Although the ultimate goal of most companies is profit, other financial data may be used as indications of growth.
- Growth is also the very essence of entrepreneurship, including corporate entrepreneurship
- Most businesses develop specific plans that, over time, will move their business to a level that meets the goals of the executive team, the shareholders, and the investment community.
- GROWTH NEEDS A STRATEGY, AND EVERY STRATEGY NEEDS A STORY
- Growth means creating a clear and compelling vision of the future.
- Your vision needs to be very clear in terms of what you want from your business
- The questions
 - How do we plan to attach an adjacency?
 - How do we become the market leader?
 - How about expanding to multiple geographies?
 - And what's in it for managers and employees?
 - Ultimately, the most meaningful yardstick is one that shows progress with respect to an organization's stated goals, whatever they are.
 - So how do you develop your organization's stated goals?
 - How do you develop the vision of where you want the organization to be in the future?

Design Thinking Approach for Business Challenge (Growth)

- People who most successfully practice design thinking are curious, imaginative, and filled with wonder
- Stories reveal the hopes, dreams, and aspirations of authors, readers, populations, and cultures. They can also reveal the hopes, dreams, and aspirations of large organizations

- Every time a large-scale change effort fails, it's because management fail to connect with mid-level executives and employees in a meaningful way.
- Good storytelling is a technique where a leader is tasked with reframing an organization's past, present, future, problems, needs, desires, and hopes using a narrative built on salient metaphors to help people understand and connect with the company, its values, and its purpose
- Storytelling is a technique to harmonize the company's vision and translate the key elements of a strategy into a compelling and accessible narrative that connects the past with the present and the future in a cohesive way.
- How to tell a story:

Make it collaborative:

Whether you engage multiple stakeholders in shaping the narrative and its presentation through some form of crowdsourcing or co-creation or you simply gather input from employees at every level through informal conversations, it's important to ensure that elements of what you are about to tell resonate with the audience

Make it engaging:

Consider the simple power of videos, the tangibility of beautiful print, or out-of-office immersions in spaces or places that will inspire people through new experience.

Make it structured:

storyteller and the audience know this structure, they are able to focus on the content of the story

Make it performative:

A storyteller engages an audience through an oratory recounting of a narrative. An effective storyteller does not simply speak the words but rather brings them to life by leveraging dramatic techniques such as body language, tone, tempo, and timing.

Make it tangible:

To help illustrate intentions and what the future might look like, consider how technology demonstrations, prototypes, and other see able and touchable artifacts can signal the strategic intentions of the organization and articulate how to move, grow, and transform in a particular direction

Make it fun:

Build interactive narratives in the form of games or simulations that enable the audience to encounter stories in a holistic, self-guided, interactive way

Make it real:

Fictiveness refers to how true a story may be. The fictiveness of a story is related to its plausibility, its applicability, and its potential to explain something.

Interpretation of design thinking to Growth challenge:

- These frameworks allow people to benefit from empathetic role-play and explore the goals, choices, decisions, motivations, actions, and successes and failures in a more intuitive way
- Paths toward organizational transformation and growth can be communicated effectively through the development of characters, personas, artifacts, and future-oriented archetypes that sit within familiar narrative structures
- Stakeholders can easily identify, engage, debate, or learn by exploring their choices, actions, and experiences within a variety of contexts and situations
- Narratives tie the past, present, and future of an organization together

5.2.2. Business Challenge 02: Predictability

- Business strategy is about finding the balance between two things: predictability and malleability
- Malleability is the extent to which the external environment can be influenced and shaped by the actions of companies or industries
- Predictability is the extent to which the future of the external environment can be forecast or predicted, which depends on the degree of complexity and speed of change.
- strategic planning “has always been about analysis, breaking down a goal or set of intentions into steps, formalizing those steps so that they can be implemented . . . and articulating the anticipated consequences or results of each step.
- strategic thinking is about synthesis
- intuition and creativity are the tools that shape a vision of where an organization can or should be going.
- “The best way to predict the future is to create it” ---- Peter F. Drucker

- Most organizations strive to achieve a value-adding level of predictability by implementing measurable, repeatable, familiar business processes.
- predictability allows companies to improve efficiency, effectiveness, and productivity while gradually reducing costs.
- The only true way to maintain a useful level of predictability is to actively engage in the shaping of the organization's future
- By studying, developing, and visualizing forward-looking scenarios, an organization can equip and prepare itself for tomorrow

Design Thinking Approach for Business Challenge (Predictability)

- Strategic Foresight
- To face the unknown, businesses must adopt a different approach to predictability. The ability to manage the uncertainties of the future is critical to planning for growth or survival.
- Because of the rise of the innovation society, new technologies, and a rapidly globalizing economy, business leaders are forced to deal with not only the speed of change but also massive new complexity, uncertainty, and paradox on a global scale
- Most managers appreciate and understand the value of strategic foresight but don't know how to make it tangible enough or integrate it into business strategy
- Strategic foresight is not “planning”; it's one of the many inputs for planning
- Strategic planning needs to consider a multitude of factors in the present competitive and operational environment and then extrapolate the data into a possible future that is based on a rigorous reading of weak signals.
- Strategic foresight is a deliberate and systematic process concerned with establishing well-informed future-oriented perspectives that help guide and inspire innovation, planning, and decision making
- WHY DOES BUSINESS NEED STRATEGIC FORESIGHT?
 - To help to prevent or prepare for surprises.
 - To help to establish and maintain competitive advantage.
 - To positively influence and support innovation.
 - To empower and engage.
- Foresight is an iterative and cumulative learning process that employs the design thinking tool kit, which includes environmental scanning, context mapping, archetype creation, and scenario development.

- To help organizations win that race there are many foresight tools, processes, and methods that can be employed, most of which begin with weak **signals**.
- In the 1970s, Igor Ansoff, an applied mathematician, business manager, and the father of strategic management, noticed that failures in strategic management were causally linked to organizations overlooking vague, anomalous, ambiguous, yet critical information.
- To rectify that, he developed the weak signal theory
- For him, weak signals represented change or the potential for it.
- These signals are not facts or trends. Rather, as signs of new and emerging capabilities that could disrupt or transform existing norms, they represent subtle changes in reality that will manifest in individual or organizational behaviours, needs, desires, or values.
- Weak signal study
 - Weak Signal Scanning
 - Weak Signal Processing
 - Weak Signal Amplification
 - Context Mapping
 - Scenario Development

Interpretation of design thinking to Predictability challenge:

- Technology scanning looks beyond popular tech-media and out into the labs, start-ups, universities, and garages of inventors to collect, analyse, and interpret the functional characteristics of emerging technologies.
- These technologies and the potential they carry may someday transform or disrupt existing models, behaviours, and relationships.
- The strategic planning approach in most corporations is still heavily biased toward single point forecasting.
- The existence of this mind-set will not benefit from multipoint forecasting and scenarios and likely cause more confusion and disbelief.
- They need to be ready to accept that there is no definitive scenario and to review each scenario to determine the optimal setting for each strategy component

5.2.3. Business Challenge 03: Change

- Change is the heart of leadership, and leaders must understand its context before designing and implementing any change program.
- Organizations need to plan for change. At a minimum, they should be able to effectively react to problems as they arise
- Simply stated, an organization that not only is prepared for but expects change is one that can overcome challenges.
- where change is reshaping industries and categories. Whether it's the bursting economic bubbles of the past decade, shifts in regulations, competition from emerging markets, new consumer expectations, or the impact of consumer conversations on the role, value, and legitimacy of brands
- The research and literature on change indicate that the number one reason for the success or failure of a change initiative hinges on the leadership skills, level of energy, and knowledge of the individuals responsible for leading the change.
- For many companies, this resistance to change is the beginning of a slow and continuous decline. Products become obsolete. Brands become irrelevant. Organizations become complacent.
- Organizational change ultimately comes down to dealing with three components
 - Discrepancy
 - Appropriateness
 - Efficacy

Design Thinking Approach for Business Challenge (Change)

- Sense making is a required capability for developing change competency.
- A plan is needed—not just as a reaction to change, but also in anticipation of it.
- It is important to realize that you will need to apply other design thinking tools and techniques to change as well.
- Sense making can be a one-time or continuous effort to understand connections and insights in any particular context in order to anticipate their impacts and then act effectively on them
- sense making takes an obscure situation that is clouded in uncertainty and complexity and makes it more understandable for decision makers
- Here, neither the frame nor the data are locked into place

- The frame informs the data, and the data, in turn, inform the frame. Sense making is more than just a process; it's a mind-set that is instrumental in the commitment to understanding, learning, and improvement.
- In business contexts, the design thinking approach to sense making tends to lean toward the qualitative, rather than the quantitative
- Design thinking employs sense-making techniques to understand, question, and confront change so that businesses can actively construct, rather than be passive victims, of the imminent
- Sense making is the process by which design thinkers understand experience
- Sense making is as much about pattern recognition as it is about anomaly detection.
- Through sense making, organizations can get a better sense of the timing required to design and launch a new product or service
- how does an organization redesign itself in order to incorporate an internal sense making capability?
 - Improve the senses to increase agility
 - Collect the real data
 - Building sensing capabilities
 - Cultivate sensing networks.
 - Leverage social media

Interpretation of design thinking to change challenge:

- Sense making involves the process of creating mental models or mental maps that serve as memory representations with a salient visual imagery component expressed in terms of concepts, ideas, and knowledge.
- Every organization needs to find visual, interactive, and “movable” ways to organize the raw inputs of sense making that, well, make sense to it
- Sense making is not a linear exercise, and it is not a process that turns information into insight
- Sense making doesn't always have clear starting and ending points
- Visualization is often used interchangeably with sense making, but visualization is not just a shared image with intent;
- Visualization is central to sense making.

5.2.4. Business Challenge 04: Maintaining Relevance

- All brands need to establish visibility, purpose, meaning, and credibility to be considered relevant in a category
- Relevance is felt deeper and can create a clear divide between brands.
- Over time, brands must rethink and redefine the value that they bring to consumers
- The expectations of consumers are rising at the same time that many brands are becoming more resourceful and savvy at gaining attention and tailoring their unique selling propositions and reasons to believe to fit the market.
- But customers are becoming more demanding of companies to stay relevant to their ever-changing lifestyles.
- Relevance is extremely difficult to maintain long term.

Design Thinking Approach for Business Challenge (Maintaining Relevance)

- Value redefinition is a design approach that helps develop a new voice and meaning that will not only resonate with consumers but also sideswipe the competition
- Design thinking seeks relevance by promoting harmony with the identities, aspirations, attitudes, beliefs, needs, and desires that shape the ways people perceive and define value
- It aspires to develop greater empathy among people, brands, and business by observing, engaging with, and listening closely to people
- The design thinking approach to redefining value begins with people, not products
- It seeks to locate the functional, emotional, social, and cultural values that already exist within or can be designed into a brand's DNA and align those with the current and emerging values of consumers
- value is associated with a product, service, system, artifact, or relationship that provides a means to a desired end.
- Customer value is at the core of any competitive strategy and is often least managed, often resulting in individual marketing, brand, product development, and pricing decisions being made rather than a conscious strategic and design exercise being undertaken.
- starting point to clarify how customers perceive and define the value of your brand or business:
 - Identify the functional, social, cultural, and historical reasons that have driven value for your brand, product, or business.
 - Determine how your key customers rate you versus competitors on these value drivers

- Define and articulate each of these value drivers in the context of the users.
- Identify the rate of change on each of these dimensions and look for signals to confirm which ones are slowing down and which ones are accelerating.
- Conduct a workshop to identify opportunities to redefine value
- Design and conduct a participative design session in which you invite customers to talk about these dimensions to validate
- Analyse the results and conduct a value-mapping workshop to explore how to redefine value to change the competitive landscape.
- The success of Ikea, Netflix, Zipcar, Nintendo, Amazon.com, Salesforce .com, Zappos, and EasyJet are all classic examples of companies that have been successful in redefining customer value to change the game.

Interpretation of design thinking to Maintaining Relevance challenge:

- The following non exhaustive attributes when thinking about customer value.
- How can you solve my problem quickly?
- How can you solve my problem the way I want it?
- How can you solve my problem anytime, anyplace?
- How can you solve a problem for me that I don't want to know about?
- How can you solve a problem that I don't even know I have?

5.2.5. Business Challenge 05: Extreme competition

- Traditional competitive strategy often leads to further commoditization.
- If business decisions and their tactical approaches were made through purely logical and analytical means, our world would look very different
- Competition would be reduced down to highly predictable shifts
- Today, navigating those paths is more challenging than ever, thanks, in large part, to over commoditization.
- Although some products and brands stand apart from the crowd because of key factors such as craftsmanship, quality, heritage, and long-standing semiotics of value

- Innovating through experience design offers companies a high degree of differentiation in some of the most ubiquitous product and service categories.

Design Thinking Approach for Business Challenge (Extreme competition)

- Experience design is a holistic and multidisciplinary approach to creating meaningful contexts of interaction and exchange among users and products, services, systems, and spaces
- It considers the sensation of interactions with a product or service on physical and cognitive levels.
- Experience design is an established set of design thinking practices that, when performed properly, can enchant customers and create a sense of loyalty that will keep them keep coming back to you every time.
- Experience design highlights the importance of developing a clear understanding of consumer needs, cultures, expectations, assumptions, and capacities
- Design thinkers critically observe and evaluate the various experiences they encounter throughout their day and reflect on how one may differ from another by asking, what makes a better experience, and why?
- Design thinking seeks to explore the wiggle room between brands like these and transform it into a competitive chasm
- All experiences are functional, social, cultural, and personal
- They are important, relevant, and meaningful to people. They have a past, present, and even a future subject to reflection and reflexivity
- UNDERSTANDING THE FOUR KEY DIMENSIONS OF EXPERIENCE DESIGN
 - Determine the scope of the experience
 - Understand the intensity of experience
 - Identify the key experience triggers.
 - Deepen the customer's engagement to evoke meanings

Interpretation of design thinking to Extreme competition challenge:

- Every company provides a customer experience.
- The implicit problem is knowing what will work or not work in terms of emotional engagement and economic and operational feasibility.
- It begins with using customer journey mapping to visually illustrate an individual customer's needs and goals, the series of interactions and information necessary to fulfil those needs, and the resulting emotional states a customer experiences throughout the entire process.

- Customer journey mapping succeeds when these exercises are based on ethnographic research and contextual inquiry that allow researchers to experience and perceive the emotions of customers, thereby making it possible for managers to convey more than just anecdotal quotations.
- The outcome of the exercise shows how customers feel throughout their journey, and customer journey maps invite stakeholders to enter the world of customers and share in their experience.
- In turn, stakeholders are better able to convey their story to management and frontline employees.

5.2.6. Business Challenge 06: Standardization

- Standardization is a necessary cost driver for every company.
- It is a means to achieve operational, cost, and performance efficiencies by streamlining activities, leveraging technologies, and maintaining employee workflow to reduce operating costs
- But standardizing practices can mean losing the personal touch, reducing the choices customers have, and disconnecting employees
- To streamline operations and be as profitably productive as possible, every company seeks to better leverage the powers of enterprise technology, design rule-driven workflows, and automate repetitive tasks.
- It makes sense not to reinvent the wheel every time you need to go for a drive
- Like companies, many people prefer efficiency to inefficiency. We like reliability. We like consistency.
- When a company's primary focus is on making standardization its priority, it can lose sight of the emotional quotient of its brand and alienate consumers.
- Like people, companies are complex creatures, each with its own history, qualities, and characteristics that, when it comes to innovation
- Standardization can make internal processes more efficient and effective.
- It can clearly establish common goals of performance that every employee must meet
- It can provide common platforms that make a supply chain run faster and cheaper
- In some cases, the standardization of legacy manufacturing poses a big challenge to innovation.
- when the client's market research department has such a fixed and highly rigid way of approaching, thinking about, and talking about customers and how it identifies their so-called needs using words such as target, segment,

actionable, and the worst ever, reason to believe, standardization becomes the enemy of innovation

Design Thinking Approach for Business Challenge (Standardization)

- Design thinkers are sensitive to the human touch points that encourage and foster such emotions as profound moments of attachment to a product, service, or brand.
- The lack of humanization in experiences is not always purposeful but rather naturally occurs as standardization takes hold.
- Design thinkers remind businesses that they are ultimately responding to human values, beliefs, and needs
- They understand that efficiency and standardization will always have a place in business processes but recognize that it's the human touch points that resonate most in real-life customer experience to give products, services, and brands true value and meaning
- Understanding culture means unpacking all the social meanings (and emotions) that define a particular customer's experience
- Design thinkers unpack each coffee context in search of humanization opportunities
- Humanization doesn't just come from culture; it is also produced from within cultures
- Designers, like the businesses they work for, are people who impart social values and beliefs on the things they produce.
- Design thinkers seek to understand the cultures not only of others but also of themselves, recognizing that their own emotions, practices, and belief systems inform what, how, and why they do what they do.
- If all businesses are human enterprises that produce things made for human beings, it's time to start humanizing the business narrative
- Design thinking seeks to reinsert human-centered qualities that can introduce new meaning
- This means using real talk about the personal histories, dreams, and desires that define each worker, team, business unit, and office to produce human narratives of company culture that resonate worldwide

Interpretation of design thinking to Standardization challenge:

- One route to greater humanization is reassessing how your organization does research on consumers and talks about or represents them
- On the research front, consider hiring people who are specialists in human culture: sociologists, anthropologists, and other social scientists who specialize in understanding us without putting us in focus group facilities and looking at tracking studies.

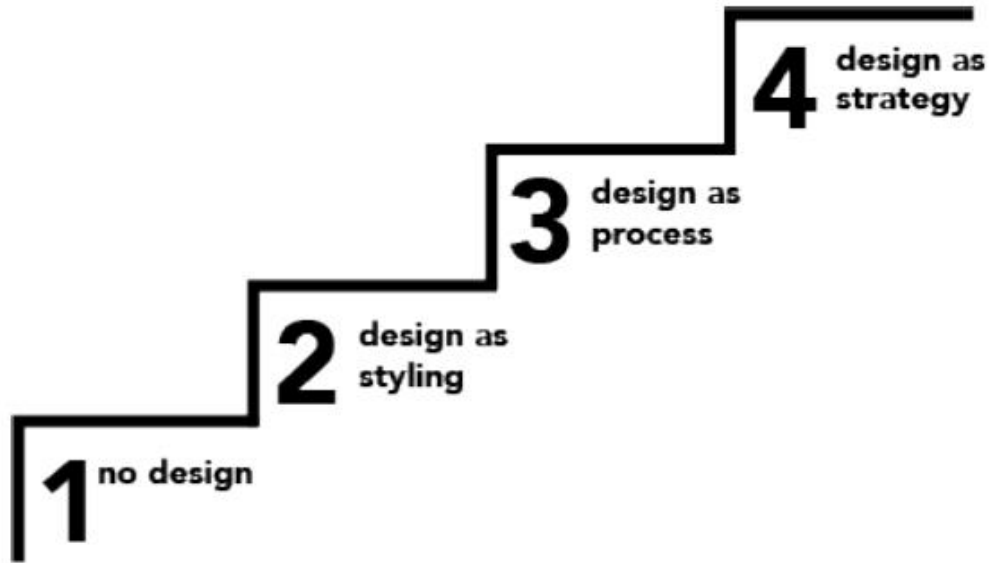
- Humanization can be leveraged by usability, human factors, customer experience design, and brand storytelling
- Brands that have been humanized attract and sustain communities of real live people and make customers more forgiving when organizations make mistakes.

Business challenges	Design thinking solutions
Growth	Story telling
Predictability	Strategic foresight
change	sensing
relevance	Value redefinition
Extreme competition	Experience Design
Standardization	Humanization
Creative culture	Prototyping
Strategy and organization	Business model design

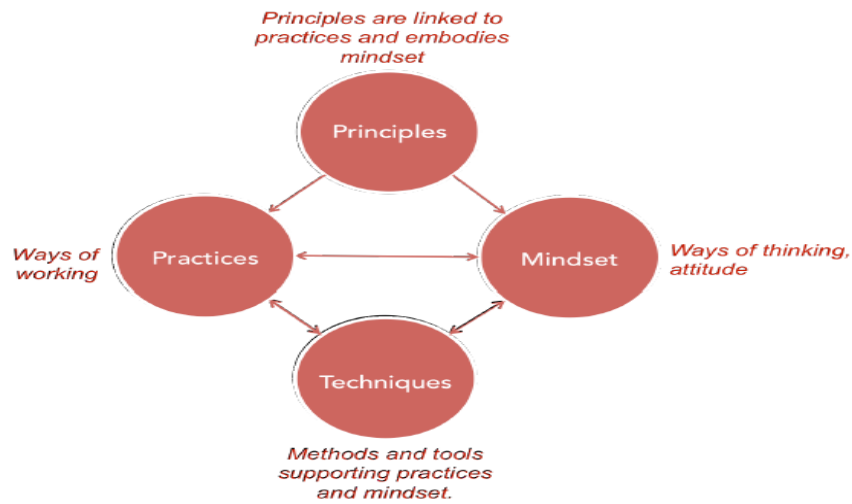
5.3. Design thinking for start-ups:

- Design thinking has been introduced as an innovation approach that brings creativity and user-centeredness to businesses.
- Companies are facing increasing pressure to differentiate their services and products to adapt to a rapidly changing economy
- The digital age has not only changed the way people do business but it has also changed the role of customers, who are transitioning from passive consumers to active influencers and trendsetters, emerging as makers and innovators themselves
- Due to advancements in technology, the barriers to start new ventures are now lower than ever before
- However, increasing global competition and changing customer behaviour brings new challenges to **startups**.
- Studies show that one of the reasons that **startups** perform worse is because they fail to use enough time on customer
- Businesses have begun to recognize the need for innovation as the key strategy that can help them gain and sustain a competitive advantage over their competitors.
- In this regard user-centered approaches to innovation, business have shown an increasing interest in the design thinking
- Design thinking's ability to solve complex problems and its human-centered focus can give start-ups the customer understanding that is critical for their success.

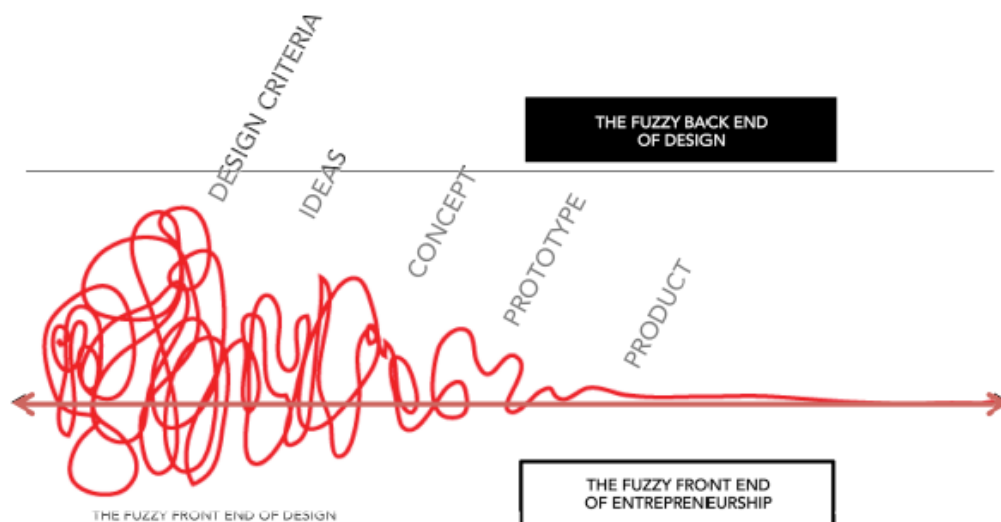
- There are considerable differences between large organizations and startups
- The differences between startups and large organizations means that the uses and challenges of design thinking applied to startups will be different too.
- They might face barriers such as limited capital and human resources and less formal product development and innovation processes that characterize small- and medium-sized firms
- The **Design Ladder, developed by Danish Design Centre**, is a scale developed to measure the level of design activities in businesses
- The Design Ladder that measures how the design is used in organizations



- At the first level, there are non-design companies, which rarely use design or design has no role in the organization at all.
- On the next level, design is used purely for styling and other aesthetic purposes in the organization. Another characteristic is that design is often applied as an add-on. These companies are typically product-oriented companies.
- Level three categorizes companies where design is integrated in the organization's processes, and includes design and designers from the start in new processes
- On the highest level, design is a strategy and part of the management
- The discussion of design thinking has been mostly associated with the design activities on the top, at level 3, design as a process and level 4, design as a strategy.
- The design ladder model is useful for understanding the distinctions between the different conceptions of design and showing how design thinking is related to design
- **The conceptual model of design thinking adapted from Carlgren, Rauth and Elmquist**



- This conceptual model aims to build an understanding of design thinking in practice and theory (Carlgren et al., 2016). to identify use of design thinking in the startups
- By collecting data from a survey of companies about the use design thinking and experts' interviews, across multiple industries and different organizations. It gives a picture of the current state of use of design thinking by looking at aspects of design thinking in practice.
- Ample evidence shows that startups are inherently different from large organizations, which leads to a different impact of design thinking.
- Design has strong focussed the front end where ideas are explored and created whereas entrepreneurship are mainly interested processes that transforms ideas into opportunities.
- The fuzzy front end of entrepreneurship and the fuzzy back end of design. Redrawn based on Nielsen and Christensen's depiction



- According to Blank startups as defined as “human institution designed to create a new product or service under conditions of extreme uncertainty”,
- A startup is a young company founded by one or more entrepreneurs to develop a unique product or service and bring it to market

- Design thinking was applied to various contexts where the purpose was to explore opportunities
- But the two most mentioned were discovering business models and new product development
- However, new product development is the most usual. Particular for the design thinking program cases, which entailed design thinking projects with innovation in a new product development context.
- As a human-centered approach design thinking was used to understand the problems that designers are trying to solve and the stakeholders that are involved
- To acquire this insight, the **startups had to get input from the users**, which could be gathered by seeking out potential users, organize workshops where users were invited to participate or observe them.
- One of the most important applications of design thinking in startup was testing of assumptions.
- It was often prototyping that was used for testing assumptions and hypothesis that were defined beforehand.
- Implementations of design thinking will be described through processes and methods used in the startups
- The cases are structured in the three different design thinking contexts, **startups in design thinking programs**, **startups with design founders** and **startups with external designers**
- The aim of **startups in design thinking programs** was to introduce companies to a more systematic and methodological process to the discovery and innovation process and connect professional design competence from start of the process.
- The purpose of the programs is to test out design driven and design thinking approaches practice and use the experience from the projects to inspire other to also start using it.
- **Design thinking founded companies:** When the company was founded, the user-research started immediately, which called empathy, followed by a longer ideation stage prototype development of the product and website.
- The overall concept of the service/product under development are evolving in the beta phase, going through big iterations.
- **Startups who use external designers:** startup that hire external designer for their design processes
- The startup use external designers to cover design competence and services that the company lacks internally
- **India is gradually moving towards the startup ecosystem.** Therefore, in order to boost entrepreneurship, the **government** has created an **entire** ministry dedicated to **helping new businesses**.

- **Startup India Initiative**



- The Prime Minister of India launched the Startup India Initiative in the year 2016.
- It changed the definition of a startup in terms of the scale and the horizon. The idea is to increase wealth and employability by giving wings to the entrepreneurial spirit

5.4. Design thinking to meet corporate needs:

- Design thinking has become a pet phrase for many successful businesses today but its impacts are very circumstantial and differ for each industry
- It helps brands stay ahead of the curve by driving innovation in a business environment.
- A human-centric approach towards problem-solving makes it an effective bridge between brands and customers.
- Experts use it for enhancing both physical and digital experiences of products and services.
- Companies resorting to design thinking consider design much more than a phase or a department – in fact, it shapes the entire thought behind business goals.
- Building a design-optimised company culture will certainly drive more innovation and customer satisfaction.
- If designers are wondering how different industries benefit from design thinking, have compiled a list of case studies to help designers to understand how it can be applied in each context