DESIGN THINKING FOR ENTERPRISE TRANSFORMATION: A “DIGITAL REIMAGINATION” CASE STUDY
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**ABSTRACT**

Design thinking is a problem solving approach that focuses on people and their emotional responses. It helps identify what matters to people, both outside and inside of the organization. Although traditionally used in consumer facing design, its ability to look beyond functional needs—and unearth customers’ emotions and other sources of value often missed by other transformation methods—has led it to gain increasing favor among those tasked with managing enterprise-transformation. In other words, design thinking can pinpoint a more finite scope of intervention. Doing so, facilitates the change of business processes that operationalize change, and aligns the middle and back office as required to deliver against the new customer journey. Design thinking is a cornerstone of a more effective approach to harness digital technology and analytics in large enterprises—an approach we call Lean Digital. However, operations groups typically removed from the frontline and predisposed to think function, not emotion, find design thinking harder than marketing or R&D functions—from both a capability and a willingness standpoint. C-level executives and other senior leaders play an important role in establishing design thinking as part of their teams’ transformation toolkit. This paper uses a case study to illustrate lessons learned that can inform the adoption of design thinking in enterprise change.

**WHAT IS DESIGN THINKING, AND WHAT CAN IT DO FOR ENTERPRISE TRANSFORMATION?**

Design thinking is a creative, problem-solving approach that focuses on people and their emotional responses, rather than on processes and technology. It advocates deep exploration of feelings and motives. That includes both those of end customers and the emotions that come with specific business roles. It focuses on overall “client experience” instead of simple user-interface design.

Compared to traditional consulting and reengineering and creativity efforts, design thinking urges practitioners to observe relevant people in their environment. It encourages them to iteratively test solution concepts, usually by developing quick-and-dirty prototypes and using them early and often. Before solving the inevitable technical and organizational viability constraints, design thinking also seeks to identify what drives desirability. This contrasts sharply with typical approaches that prioritize deep analysis of current processes, immediate collection of functional specs, and rapid identification of possible technology vendors.

In a design effort, it’s important to visualize and “tell a story” about the solution, preferably in improvised, low-tech ways. Again, concepts must be iteratively proofed early and continuously by collecting the feedback of many people comprised of various “personas”—i.e., people representing a specific role involving specific conditions, like “the FP&A leader of a fast growing company in a volatile environment.” Perhaps most essential, design thinking requires a comparatively long period of purposefully “staying with the problem” before moving into solution-seeking mode.

Design thinking is particularly useful in three situations:

1. **Deliberate “moonshots”** where the problem is “wicked” in its resistance to conventional approaches, and the approach and impact sought isn’t incremental, but disruptive. Such situations benefit from leadership keen to harvest learnings from any potential failure (as opposed to merely on holding people “accountable” for anything less than unqualified success)

2. **When humans get in the way,** as often happens when attempts to adopt innovative technology-driven solutions are seriously jeopardized by those reluctant to embrace new ways of operating

3. **Solutions sought are unique,** which means alternatives aren’t easily found “off the shelf” or by copying “best practices”

Interestingly, Hasso Plattner, an SAP cofounder and longtime proponent of design thinking, confronted a challenge where all three rationales for its use applied. Observing that traditional ERP user-interface design creates challenges most software engineers are ill prepared to solve (leaving many functionalities in complex systems that were painstakingly implemented and change managed to go unused unless mandated) Plattner lent his vision and financial support to establish Stanford’s Institute of Design.
A CASE STUDY: REIMAGINING THE ORDER MANAGEMENT FUNCTION OF A GLOBAL CONSUMER PRODUCTS MANUFACTURER

To illustrate the applicability of design thinking practices, let’s consider their impact in helping a global consumer product leader wholly reimagine its order-management function using a Lean DigitalSM approach. Importantly, the behavior of order-management actors scarcely resembles that of the sometimes emotional and impulsive consumers the process is meant to serve. Indeed, those involved in managing orders can be largely thought of as rational beings making totally logical and metric-based decisions. They effectively apply this sensible mindset daily to a set of processes where actions, and resulting impact, span the supply chain down to consumers at the store shelf, as well as upstream into planning and production. Design thinking was nonetheless crucial in discovering latent sources of value for key process stakeholders and enabling fast, iterative testing of intermediate solutions that gave way to a workable minimum viable product (MVP).

The process of reimagination spanned several weeks (see figure 1) starting with the formation of a cross-functional team. Its members first set about establishing common bonds of trust and mutual understanding about the basics of design thinking. That done, they moved to tackling a series of complex problems that had to then defied solution. The first big break came with a reframing of the problem. The challenge wasn’t presented in the context of technology, people or processes, but as a “data and analytics” issue. Likewise, team members thought of themselves as part of a startup seeking to create a MVP to obtain funding.

“Staying with the problem” unearthed a few insights that eventually contributed to the effort’s success. First, we learned the impact of human emotions throughout the chain is important in determining the effectiveness and satisfaction of participants. Second, we found most complexity stems from handling exception-type situations—including those created by volatile circumstances such as sales promotions and new products — and that solving those exceptions would yield disproportionate impact.

As the team dug deep in analyzing how those involved in order management felt, concerns with current business process and technology used came to the fore. Focusing on feelings enabled the team to understand the significance of these two issues in a richer way. Indeed, the injection of technology tools was deliberately delayed and treated as “inspiration material,” and not part of solution options.

Admittedly, the design thinking effort often felt deliberately meandering, and sometimes downright confusing. But for many on the team and other stakeholders, it created an environment that challenged assumptions, and iterated preliminary solutions. The resulting roadmap provided scope for a MVP that bore no resemblance to solutions previously conceived. Crucially,

Figure 1: A several week process of reimagination

<table>
<thead>
<tr>
<th>Week 1-2</th>
<th>Week 4-6</th>
<th>Week 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>collection of fact base and stakeholder</td>
<td>continuous iterations across teams</td>
<td>additional iteration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 3</th>
<th>Week 7</th>
<th>Week 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial design thinking workshop—in person</td>
<td>mid-course workshop—in person</td>
<td>medium-high fidelity prototype workshop—in person</td>
</tr>
</tbody>
</table>
that solution enabled the order-management function to “play its position,” while amplifying the effectiveness of adjacent supply chain and customer service organizations.

LESSONS LEARNED

While final results were exciting, this effort could have suffered the figurative “death by thousand cuts” during execution due to a number of mistakes that could have been made (and sometime were). The inherently fragile nature of a design thinking effort, especially the most creative and innovative ones, compounds the failure risk that goes with “moonshots,” which have low odds of full success to start.

The learning for client and partner teams, is substantial, and can be mainly broken into three challenge areas: people, process, and technology/equipment (see figure 2). Until enough people experience the design process multiple times, these challenges are likely to constantly surface. Which is why they should be anticipated in most projects, and a strategy to counter their pernicious effect proactively prepared.

**Figure 2: Three challenge areas for client/partner learning**

<table>
<thead>
<tr>
<th>People</th>
<th>Process</th>
<th>Technology and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Size and composition of team</td>
<td>• Observe</td>
<td>• Tech “solution” infusion</td>
</tr>
<tr>
<td>• Familiarity with design thinking</td>
<td>• Compress cycles</td>
<td>• Collaboration environment</td>
</tr>
<tr>
<td>• Leadership</td>
<td>• Iterate</td>
<td>• Low tech equipment</td>
</tr>
<tr>
<td>• Personal ‘hygiene’</td>
<td>• Workshop aggressively</td>
<td>• Balance of physical and virtual</td>
</tr>
</tbody>
</table>
| • Ability to express oneself | • Leadership may be challenging. Interplay among project leads, superiors, sponsoring senior-executives and client and partner organization SMEs—too many of whom wanted to steer the process—may cause management of the effort to become nonlinear despite best intentions. The challenge is not easy to solve prescriptively, as design thinking doesn’t co-exist well with top-down decision making, and some of the meandering cannot be stamped out without stifling creativity. Lesson: A design thinking process must have a clear leader and a supporting cast to help her/him orchestrate flow of collective intelligence, and do everything to protect the collegial nature of the effort.

**Personal “hygiene.”** Though it may seem forward to advise on a matter of personal choice, team members must be tactfully counseled to pay attention to their sleep
routine—and, inasmuch as possible, cautioned to avoid eating heavy meals late, which can disrupt sleep cycles. Failure to heed that advice the night before a workshop can result in lower intelligence and emotional ability throughout the coming day, which is especially damaging in creative exercises. As weird as these recommendations may sound, modern neuroscience leaves little doubt about the benefit of heeding them.

**Individuals’ ability to write and express themselves.** Most people aren’t artists or creatives. However, those involved in design thinking efforts must work to overcome any reluctance with “throwing stuff on a whiteboard.” Flipcharts can be a catalyst for recording and creatively connecting promising ideas. And while many people cannot create good posters the first time, they must embrace the use of erasable whiteboard, which allows them to change things around while obtaining feedback until they are satisfied with the output.

**Just believe it’s possible.** One of the biggest constraints to enterprise process innovation is the fact that many people don’t believe it can really happen to them first, or that it doesn’t require a dozen proof points to be practical. Many operations executives feel entitled to resort to “voice of reason” behavior. Rather than being just a helpful devil’s advocate, their push for reasonable ground rules verges on destructive as they threaten to mute expression of eventually valuable outputs that haven’t had sufficient time and intellectual resources to mature. Leaders must clarify the cultural expectations for design thinking exercises. Realistically, they must accept they will spend much time trying to convince participants that “the game is worth playing.” Indeed, many very bright, successful (and now rich) people had played it before, and demonstrated that it can generate big impact. But operational executives might start from a skeptical point which can degrade group dynamics. Importantly, this situation can turn into a self-fulfilling prophecy that damages future adoption—one can just imagine the “you see?” reaction had the order-management initiative failed to provide actionable outcomes, which is much more likely than not with a moonshots. Of course, design thinking is not Pollyannaish thinking, either. Design thinking embraces new ways of thinking, but with hardline on delivering output.

**PROCESS**

**Observe.** The team may not spend time aggressively observing key players – in this case, order management analysts – as they should. (Despite his C-level role, the executive sponsor in our case study led by example, spending time with operations people and sitting next to them for a half day.) The rest of the team did that weeks later.

**Compress the cycles.** The team may struggle to keep the process short. In this case, from the very first day timelines tended to drift not only due to scheduling conflicts, but also because many members took a long time to create crisp artifacts they could use to elicit feedback. Or instead, they tended to regress to somewhat long winded and generic discussions. Keeping the process agile is not only about efficiency; a process is more agile and effective when it makes participants understand that the objective is not perfection, but quick turnarounds. In other words, it’s about how well one iterates.

**Iterate.** The team initially may not iterate as frequently as they should. Design thinking requires the creation of artifacts that can be kicked around every couple of days and every couple of hours during workshops. But since frequent iteration isn’t a traditional part of process-improvement efforts, many might struggle with the timing and pace.

**Workshop aggressively.** Workshops may take more effort from the leaders than they would expect. Design thinking exercises aren’t dissimilar from competitive team sports: everyone participates, they are fun, but they are also a lot of hard work.

**TECHNOLOGY, AND EQUIPMENT**

**Technology infusion is a double-edged sword.** Advanced technology should not be introduced as a “solution” too early in the process, because it may lead participants to jump to conclusions too fast. However, as previously noted, it’s necessary as an inspiration early, for instance by showing what AI can do, or describing how innovative companies are harnessing digital disruptively. Deliberately take examples from the specific function and industry, and outside of them. In short, create credibility for the process.
Think collaborative environment, especially given the decentralized nature of some of the experts. Knowledge management and co-editing environments can be a challenge, especially when working across companies’ boundaries and with external SMEs. While there is a place for email threads it’s critical they be secure. The team should adopt collaborative editing tools like GoogleDocs (or more protected ones depending on needs) and collaboration connectivity tools like Skype for Business, Webex (or equivalent). Digital pens or tablets are also important to the virtual production of hands-free documents.

Do not forget low tech—and obtain enough erasable white boards. Surprisingly, many offices don’t have enough white boards when creative efforts are needed, and the teams may not aggressively look for them. Those simple pieces of equipment are critical to help people form abstract thoughts, explain them, and iterate them.

Balance between airplanes and bytes. Design thinking encourages people to be together, in a quest for creative spirit that is easier to achieve when people are in presence of each other and their level of oxytocin increases. However, much travel can be prohibitively expensive, tire participants, and prevent the right people (as opposed to the available ones) to be around when needed. And those who don’t make it to the onsite meeting can be easily left behind and the process become a black box to them. A hub-and-spoke model is useful, where the people in the hub periodically meet but ensure that the participants in the spokes are able to collaborate. Interestingly, most office environments don’t have equipment that enables truly seamless audio and video sharing, despite the fact that the travel cost of one single meeting is often higher than the cost of new audio/video equipment. Even in the absence of top-end equipment however, teams can be encouraged to “hack” collaboration solutions by simply using external microphones or desktop based video sharing, which often go a long way in securing effective meetings.

THE IMPACT OF DESIGN THINKING ON THE INNOVATION “MUSCLE” OF COMPANY OPERATIONS

It is not unrealistic to think these lessons learned, if applied at scale, can cut the elapsed time and people capacity used in a design thinking effort by 50%, which means that with the same organizational resources one can run 4 times more of these projects in parallel, ultimately generating a much higher likelihood of “hitting the moon” thanks to a broader portfolio of experiments.

There is also one more broader implication of the application of design thinking to support the transformation made possible by digital technology and analytics. Design thinking is a key pillar of an effective “Lean Digital” approach. It drives the choice of interventions, often in conjunction with lean principles that help explore the interdependencies between front and middle/back office. And it limits the scope of those interventions to a more finite set of areas, thereby reducing the complexity of transforming large organizations and their complex pre-existing systems and processes.

In the end, design thinking can be an integral part of a more practical approach to harnessing digital for more executives who lead large enterprise operations and processes.
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