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## **CO-CREATION AND THE DESIGN MINDSET**

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The need for radical change in the way in which the public and private sectors innovate came before the advent of the financial crisis in 2008. The financial crisis is only a reflection of our continual usage of tools and strategies that became antiquated when we moved from the industrial revolution to where we stand today and where we have been standing since the onset of the internet and advancements in communicative software. Some call it the information age, others call it the technical revolution and now the Age of Turbulence has been introduced (Caslione and Kotler, 2009). Due to technology advancements, we live now in a global society where at the touch of a fingertip we can travel anywhere, anytime and interact with others, be informed by others and be impacted by others.

In *Chaotics* (Caslione and Kotler, 2009), the authors explain how the butterfly effect has accelerated, so that a butterfly's wings flapping in South America now have global reverberations in a matter of seconds. We have just experienced this effect with the outbreak of Swine Influenza in Mexico that created a jagged down-swing in global economy, put the travel world in a spiral and created a bureaucratic nightmare for travellers (new forms to fill out when arriving in a new country where one has to account for where one has been and where one is going and what seat one sat in on the airplane) and for workers who have to adhere to new policies around illness, contamination, etc. Prior to the financial crisis, we were already experiencing information overload and a sense of chaos due to the rapidly changing world we are living in.

Yet, despite early warnings of need to adapt to change, industries continued to use models of innovation, models of leadership and strategy within organisations that stemmed from the industrial revolution. These models are hierarchical and linear and create silos within corporations that have difficulties “speaking” to or with each other. The problem is that the world is neither hierarchical nor linear and one can question if it ever was.

One impact of technology and our ability to obtain information rapidly is that people are sceptical and demand being part of the design process, demand being part of developing the services and products that are being sold to them and they demand ‘truths’. People no longer accept the traditional push of offerings from companies; instead they are pulling by increasingly demanding more meaningful and sustainable goods and services. This calls for new approaches to innovation and business strategy that can replace the dominant but antiquated mindset of company-centric value creation.

In order to gain insights into people’s needs, and to implement insights holistically in to company policy, development strategies, marketing strategies, etc., successful companies have moved from silo-based thinking to multi-disciplinary teams that include engineers, economists, marketers, anthropologists, sociologists, psychologists, designers etc. They consider customers as people rather than ‘users’ and measure their needs qualitatively as well as quantitatively. This is an important step in creating a common language not only between companies and their potential customers, but also between business units within a given company. A common language provides opportunity for dialogue and action that is understood and actionable by all.

The Design Mindset and Co-creation are both useful tools for any company when adapting to the Age of Turbulence and when creating an effective and collaborative working environment with multi-disciplinary teams.

### **Design Mindset/Design Thinking**

Through out the late 90’s design has expanded from a traditional definition of form and function to a philosophy within leadership helping to form and reform product and service development, as well as change management. Designers are specialists in the interaction and relationships between products and services and people’s lives, and also in integrating and iterating these relationships in the innovation process.

The design mindset is the ability to think holistically, and to abstract meaning and value in multi-disciplinary collaboration. Used within management, it can set a strategic stage for leadership to facilitate meaningful and successful results with all key stakeholders in any

given process. Design thinking from a strategic and leadership perspective is the potential key to an organisation's success when bringing co-creation into practice.

Co-creation is defined as the continual feedback loop and collaboration with all stakeholders in a value chain throughout any given process of designing, developing and implementing meaningful products, services, organizational and strategic changes.

Co-creation replaces the hierarchical approach to management and the linear approach to innovation, affording all stakeholders the possibility to influence and bring forth meaningful and relevant solutions in a collaborative environment. Co-creation results in the development and implementation of goods and services between companies and the people and within organizations themselves. The outcome produces a profitable advantage for both companies and the people who will be using these goods and services as well as for the people working within organisations.

### **Product and Service Design**

Within product and service design, development and implementation, co-creation is changing the game from designing and developing for people to designing and developing with people.

People experience businesses as a service. A business' service is a combination of their brand identity, the products and services that are being sold and the organisation of the company itself. To understand and meet the needs of people, everyday people in their everyday lives, companies must seek these people out and be willing to collaborate with them. Companies must understand what is necessary in order for these very same people to become their best advocates! This is not done with front innovation alone, the practice of 'knowing thy customer'. All too often, the data collected in the front end of innovation stays in the front end. It is essential to have the customer and non-customer (non-customers are relevant if a company desires to increase their market share) involved in the entire development process of a service or product, that is from the beginning to end of any process. Through this involvement, meaning is extracted. Co-creation puts meaning centre-stage. Meaningful products and services generate value by meeting people's needs and creating sustainable profits.

Within product and service development, one example of the result of co-creation is the automated baggage handling system at work at Copenhagen Kastrup Airport. CPH Design designed and developed a cart system for baggage handling in airports to eliminate heavy manual lifting, reduce the risk of lost baggage and speed airplane turn-around time at airports. This is the result of rethinking the flow of passenger baggage in extensive collaboration with

both end-users and the different organizational partners, i.e. all of the stakeholders within baggage handling. All solutions were developed together with the ground handlers who work daily with baggage handling.

### **Organisational Change**

Crisis periods are opportunities! This is when leaders need to take their blinders off, the very ones that often cause companies to focus on mediocrity instead of excellence. These blinders are created by our culture, our education, and our company practices.

The common practice amongst enterprise businesses is the MBA approach or McKinsey approach when trying to solve a challenge or when organisational change is needed. These approaches often are sequential in nature and do not offer in-depth understanding of how or why but rather what needs to be done. The practice is often top down and unfortunately, not only lowers motivation amongst employees by not valuing their abilities to problem-solve, but also kills creativity by its very nature. In addition, these businesses too often put a heavy emphasis on their competition (which only provides thoughts and ideas that give incremental changes to existing products and services and NOT radical innovation). The politics of innovation within companies ultimately kills the very creativity and enlightenment that employees need in order to come up with meaningful and relevant products and services for and with the people.

Within organisational change, co-creation replaces a top down hierarchical process to a collaborative process where all members of the organisation are given the opportunity to create meaningful and relevant changes within the organisation. It is literally empowering all employees to become agents of change and agents of success. Because employees participate in creating the environment where they work and participate in creating solutions to existing challenges, they are naturally motivated to create success and also hold themselves accountable for both success and failure.

It is about acknowledging that the employees hold all the information and capability needed to change and innovate. Even the most eager person can lose steam if someone from the outside tells them how to do their job. So instead of hiring consultants to fix the problem employees earn their salaries by bringing the company back on track facilitated by people from the outside. This also ensures that coming strategies are easily implemented since they are created by the employees themselves. Finally all knowledge and experience gathered throughout the process stay after the consultant(s) moves on.

The most important strategy a company can take in a crisis is to become humble enough to listen and observe people and to co-create products and services with the very people they hope to sell their products and services to.

The desire and necessity to enhance collaborative thinking and development across companies also starts with the people in companies. Organisations are filled with people with amazing ideas, but the politics of innovation do not allow these ideas or these people to bubble to the surface.

- Becoming humble within the organisation is just as important as what happens outside the organisation.
- Co-create with your people, inspire and motivate them to come with creative ideas that make your company successful!

After successfully empowering his staff to take on change and accountability in a collaborative environment, one director had the following comment: The art of change is a process defined by the skills we have to create common goals, by the ability to seek our future in today' actions and by the energy and readiness we create to embark on the journey. It is empowered by the skill of finding that fighting spirit in ourselves and enjoying the journey. It is driven by flexible and sensible individuals whose greatest tool is the power of choice. (Arturo Pascal, Director of Tooling, Blades Technology R&D, Vestas Wind Systems A/S).

Likewise, for small and medium sized businesses, the business parameter today is no longer about copyright and ownership, but about collaborative creation. The challenge is to co-create collaborative business opportunities based on shared interests and common goals.

The financial crisis seems to have spurred co-creation between small and medium sized businesses that collaborate with sub-contractors or find a shared business opportunity for a product or service. When risk and opportunity are shared, businesses tend to dedicate themselves more than if it is just a subcontract. In these collaborations, involving potential customers is important.

It is crucial to be able to create meaningful relations between the people around you, the information you receive and send, the data you work with and what you are going to use it for.

### **Return on Investment (ROI) of Co-creation**

Knowing what to design for, what core values, wants and needs can be addressed by a product or service is the heart of design.

The tremendous value of co-creation and the continuous feedback loop and collaboration with stakeholders throughout a development cycle (be it of products, service or change management) can not be emphasized enough.

Understanding peoples needs either articulated or unarticulated (the interpretation of behavior and action), how product or services can address these needs from the beginning reduces the high cost risk of creating a product that does not resonate or succeed in real life. Co-creation brings meaning to the innovation process from the beginning and throughout the value chain. Due to the flexible and adaptable nature of the processes coming out of co-creation, it is a vital tool in sustainable business practice.

The investment in co-creation at the onset of any process can save both capital cost and time cost further along the development loop. While the endeavour is both costly and time intensive, the outcome is often radical, meaningful and relevant products and services that sell by their very virtue. Companies find that they provide customers with features that neither the company nor customers knew they wanted instead of for example, technology-driven features stuffed in cell phones, features nobody ever uses.

This has the potential of providing an enormous impact on company profit and the bottom line. Fiscally conscious companies are realising that they need to understand what they do not know they need to understand in order to make these meaningful and relevant products and services. This is often information not obtainable through traditional quantitative methods alone. This comes from combining the design mindset with co-creation. The return on investment can be seen both in terms of immediate results and changes to existing products and services and long term with radically new concepts that provide the customer with what they need and desire.

Putting the design mindset to work in practice is done through co-creation. With the right mindset, companies can take their current challenges and turn them in to their future assets.

### **About**

Anna Kirah's passion is people-centric design and concept making. Anna Kirah facilitates change from the perspective of co-creation within companies and organizations wanting to approach the rapidly paced global world we live in.

Prior to joining CPH Design as a partner and vice president, Anna was the dean and faculty member of 180° Academy, an international school for radical innovation. Anna has also served as the Senior Design Anthropologist for the Microsoft Corporation, responsible for global field research and co-creation within Windows and MSN.