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Host: Welcome everyone to “Upstart”—the talk show about new business ideas. I’m joined today by Marc Latham, owner of the design company D4 Designs. Welcome, Marc. Good to have you here.

Design company owner Marc Latham: Yes, thanks. Good to be here.

Host: So, Marc, what I want to start with, is—your company is a design company. A design company for businesses. What do designers do?

Latham: The simple answer to this question is this: Designers create a look and feel for a product.

Host: How does that happen?

Latham: Basically, a designer takes an idea, and makes it a reality. Turns an idea into a real, physical thing.

Host: Can you give an example?

Latham: Sure, let’s take the iPhone. Apple had a goal of creating a new type of phone.

Host: A new type of phone? Not just for talking to people?

Latham: Right. They wanted it to feel like part of a person’s identity.

Host: Make it look and feel personal?

Latham: Yes, they wanted the iPhone to feel personal and to be functional. That’s why it became so successful.

Host: So which is more important, to feel personal or to be functional?

Latham: Well, it’s both. This is what we call “the user experience.” For example, you could make a beautiful-looking phone. But if it’s hard to use, or if it doesn’t meet the needs of the user, it’s not good design.

Host: Right. No one would want to buy it.

Latham: Exactly. People want to feel like, “Hey, I like this. It works for me.” That’s a successful design.

Host: Well, that explains a lot ...

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Speaker: There are several phases, in working with a case study. The first phase is to understand the story of the case study. In this phase, you make sure you know the important facts. You need to know *who* was involved—the *people* mentioned. And *when* things happened—a *timeline* of events. Once you understand the story of the case study, then you begin the second phase. You identify key issues in the case. In this phase, the goal is to find the important actions and decision taken during the process. Look for what

made the new design successful—or not successful. Then we move on to the final phase: thinking of other possible actions. In this phase, you focus on the things the group didn’t do. You ask, “What mistakes did the design group make?” and “What can we do differently?” In this final phase, you also think of other possible actions the group could have taken.

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Professor Helena Sonin: E01 Today we’re going to talk about Design Thinking. Design Thinking is a way to identify problems and find solutions. And as you’ll see, it’s really an exciting way to bring innovation—creative ideas—to a business. To explain this process, I’m going to use a case study—the story of how my company used Design Thinking to help a real business. **E02** So a couple of years ago we received an email from a clothing store, Sunflower. They needed our help. Sunflower has stores in a dozen large shopping malls around the country. And sales for their women’s clothing were good. But sales for their juniors clothing—clothing for teenage girls—were not good. The owners of Sunflower had tried to solve the problem by lowering the prices, buying different brands of clothing, moving things around in the store, and buying more advertising. But nothing had worked. So they came to us asking: How do we raise sales in the juniors department? **E03** Well, we said, “Let’s think about it. Let’s *Design Think* about it.” The first phase of the Design Thinking process is to understand the problem—from all sides. In this Understand Phase, you throw out your old ideas. You gather fresh data about the problem. So that’s what we did. We didn’t just look at sales reports and product information. Design Thinking is a human-centered process. *Human-centered* means understanding the experience of the users. In this case, that’s the customers. So, we visited several Sunflower stores. We watched customers as they came in the store: observed where they went and what they looked at. We also talked to them, asking about their shopping experience: Why did you come into the store? What did you decide to buy? What did you decide *not* to buy? We also talked to people—especially teenage girls—who walked by the store, but didn’t go in. We asked them: What did you think about this store? Why did you decide not to go in? **E04** Over a few weeks, we got some valuable information. For example, we learned that 72 percent of shoppers who entered the store were women over 21, while only 28 percent were teenagers. And those teens mostly came in with their mothers; almost none came in by themselves. When we talked to teen customers, one thing was clear: Most of the teenagers didn’t think the

store had clothing for them—they saw Sunflower as a clothing store for *older* women. And the teens who walked by the store? They didn't even know there was a juniors department! So clearly, the store wasn't attracting teen customers. With this understanding, we revised the owners' original question. Their original question was: "How do we raise sales in the juniors department?" We revised this to: "How do we create a store that attracts teenage girls?" Do you see the difference between these two questions?

E05 With this new question in mind, we began the second phase of the Design Thinking process. This second phase is the Brainstorm Phase. In this Phase, the goal is to think of *as many ideas as possible* to solve the problem, no matter how strange or unrealistic they seem. No judgment—just say your idea, no matter how crazy it sounds. In the Brainstorm Phase, it's also very important to have a diverse team with many different points of view. So we included some potential customers—high school girls we had met at the mall. We also included Sunflower employees from different levels and departments. In the end, the high school students provided some of the most interesting and innovative ideas of all. **E06** The Brainstorming Phase took place over several days in a large relaxing room. It had bean bag chairs, an espresso bar, and a fridge stocked with juice. Why? Well, we wanted the participants to relax—not to feel like they were in a conference room or a classroom. And after four or five days, we had several good ideas and quickly focused on one great idea. The high school students said the juniors department and the women's department looked exactly alike. So we focused on making the two departments look very different. Specifically, we used splashy fun colors in the juniors section, and placed that section at the front half of the store. This way, mall shoppers could see that the store was for both adults and teens. The girls also told us that when they shop, they often try on an outfit and then take a picture and send it to friends. So we added some "photo stations" with different backgrounds around the juniors department. We knew this would appeal to teens and be a really fun and lively addition to the store. **E07** OK, so are you still with me? So after the Understanding Phase and the Brainstorm Phase, we moved to the final Phase—the Prototype Phase. In the Prototype Phase, you build a model—a prototype—that shows how the new design will look. And then you test it with real people. So we set up a prototype of the new design in one Sunflower store. We watched customers and gathered data for three full weeks, to see if the new design made any difference. And it did! It was very dramatic—the store sold more juniors clothing in those three weeks than it had sold in the past three months. **E08** In the end, Sunflower implemented the new design in all 12 of its stores, and saw a big jump in juniors sales. So this is a powerful example of how the Design Thinking process can lead to innovative solutions. Now I'd like to share another case study, this time in the medical field.

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Ben: Wow. This case study has some great examples of innovation. You know, creative ways that businesses can solve problems.

Kenzie: Yeah, like the idea of a human-centered process. I mean, in this case study, they didn't just sit in an office and read reports and study numbers.

Ben: I know! They went out and looked at the stores, watched people, and talked to customers.

Shelley: Yeah, great ideas.

Hugh: And ... and they ...

Shelley: One thing I really liked was: They talked to people outside. People who were walking by the store but didn't go in. That was really important.

Hugh: But ... they were, I wonder if ...

Kenzie: Exactly. They focused on the users—on the customers, and the potential customers. That was key—big key to their success.

Hugh: Can I make a point here? Can I add something? I think the really innovative part was the team—team they put together for the Brainstorm Phase. It was ...

Kenzie: Yes, the Brainstorm Phase! They made it feel like fun. They let them think up crazy ideas and ...

Hugh: Sorry, what I mean is ... the important thing is the team was diverse. They had different employees from different departments and levels. And even high school students. All to help solve a business problem.

Shelley: Yeah, in fact, those students had some of the best ideas!

Ben: Good point, Hugh. Having a diverse team was really important.