

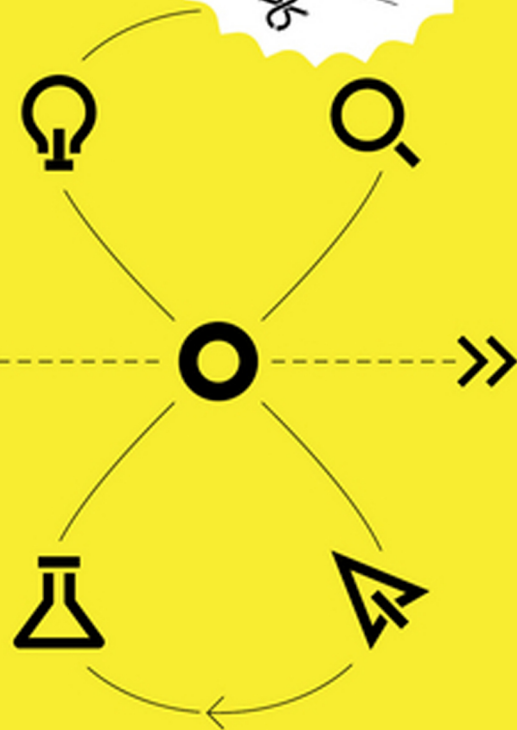
NEW TOOLS, SKILLS AND MINDSET
FOR STRATEGY AND INNOVATION

DESIGN A

> **BETTER
BUSINESS**

Written by Patrick van der Pijl, Justin Lokitz, and Lisa Kay Solomon
Designed by Erik van der Pluijm & Maarten van Lieshout

INCLUDING
PERSONAL INSIGHTS
AND EXPERIENCES OF
30 DESIGNERS
AND THOUGHT LEADERS



WILEY

**DESIGN A
BETTER BUSINESS**

DESIGN A BETTER BUSINESS

NEW TOOLS, SKILLS, AND MINDSET FOR STRATEGY AND INNOVATION

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Does this page make you feel uncertain or freak you out? ☐ YES ☐ NO

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USE THIS BOOK

FILLED WITH **PERSONAL STORIES**
AND EXPERIENCES FROM **29**
DESIGN PRACTITIONERS AND
THOUGHT LEADERS SUCH AS...

STEVE BLANK
SERIAL ENTREPRENEUR,
AUTHOR, LECTURER
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DOROTHY HILL
VP OF STRATEGY, ING BANK
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ROB FITZPATRICK
AUTHOR, *THE MOM TEST*
P89



TOOL ICON LEGEND



PERSONAL
This tool requires personality.



TANGIBLE
This tool helps you build something.



GENERATE OPTIONS
This tool helps you to create options.



CREATE FOCUS
This tool helps you to decide and select.



NORMAL SESSION
Normal work session.



PRESSURE COOKER
High-intensity session.



TEAM SIZE
Small or large team sizes.



REVISIT
How often do you need to revisit this?

We've designed this book with you in mind! Unlike most books, this one can be read in several ways.

For one, you can read this cover to cover. The chapters build on each other. You can also scan for things that interest you, like new tools and skills. Additionally, we've included fast passes in this chapter (page 22) in case there is something specific you want to learn about right now.

**START
READING!**



**UNCERTAINTY:
YOUR SECRET
WEAPON**

The world around you – and your business – is filled with uncertainty. But within that uncertainty exist innumerable opportunities to design (or redesign) game-changing businesses. These opportunities are there for the taking, if you know how to look for them.

The world has changed. Not only are consumer habits, technologies, and other trends uprooting once-thriving businesses, entire markets are shifting and emerging out of the uncertainty and unpredictable nature of today's network economy. Interestingly (and infuriatingly to some), many of the companies leading the charge – and the change – did not exist two decades ago. It's not that these new players are just lucky or employ smarter, more capable people. So, how is it that they've found gold in some of the most unlikely places? In a word: design.

Design is fundamentally about enhancing the way you look at the world. It's a learnable, repeatable, disciplined process that anyone can use to create unique and qualified value. Design is not about throwing away the processes and tools you have. In fact, quite the opposite is true. Just as design has enabled countless upstarts to create new business models and markets, design will also help you decide when to use what tools in order to learn something new, persuade others to take a different course, and at the end of the day, make better (business) decisions.

Most of all, design is about creating the conditions by which businesses thrive, grow, and evolve in the face of uncertainty and change. As such, better businesses are ones that approach problems in a new, systematic way, focusing more

on doing rather than on planning and prediction. Better businesses marry design and strategy to harness opportunity in order to drive growth and change in a world that is uncertain and unpredictable.

This book will provide you with new tools, skills, and a mindset to harness opportunities born of uncertainty in order to design a better business. We've included tons of real-world examples of people who have mastered the fundamentals of design, as well as case studies of companies that have created change using design as the underlying foundation for decision making. And, just as design is a repeatable process, this book is meant not only to guide you on your design journey, but also to provide an ongoing reference to help you scale the design beyond one project or product to an entire company. ■

**YOU'VE GOT
EVERYTHING TO GAIN**



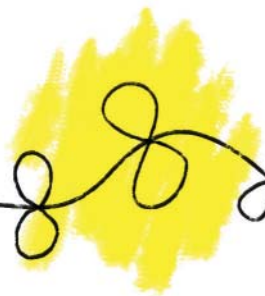
BECOME A DESIGNER



WHAT'S ALL THIS (DESIGN) BUZZ ABOUT

Design is quickly becoming one of those words like “innovation.” It has different meanings to different people. It can be a noun, an adjective, and a verb. Design is ultimately an empowering approach of looking at the world and igniting new possibilities to make it better.

Design is both a process and a mindset. It's an intentional set of practices to unlock new, sustainable value from change and uncertainty. It allows individuals and organizations to be more flexible and resilient in the face of constant change. Unfortunately, the flip



side of design is where we often find ourselves: scrambling when unforeseen change happens to us.

WITH GREAT POWER . . .

The good news is that you are already a designer, at least some of the time. Every time you intentionally develop strategy or make a decision based on insight, you are acting as a designer. The not-so-good news is that many of the tools that you have probably been using to help make those decisions are likely not as useful as they once were, at least not on their own. So, what do designers do and what tools do they use that help them make better decisions?

ITERATION

The key to design – and design tools – is that it is an **iterative** process by which designers, like you, start with a point of view, go out and observe the world to inform that point of view, create options that may address the opportunities you see, validate those options, and execute the ones that best address the opportunities. Most important, designers never focus on simply scaling the execution of the chosen option. Design is continuous and iterative; it's built to deal with ambiguity and change in a long-term way. ■

**DESIGN IS A DISCIPLINED APPROACH TO SEARCHING,
IDENTIFYING, AND CAPTURING VALUE.**

DESIGNER: A REBEL WITH A CAUSE

THE 7 ESSENTIAL SKILLS

IT ALL STARTS WITH **THE CUSTOMER.**

Observing customers to understand them will give you fresh insights into their needs. You must ask the right questions to get the answers you seek.

THINK AND WORK **VISUALLY!**

Working visually helps you to see the bigger picture, gain clarity on complex topics, create a visual anchor for your strategic conversations, and engage with your audience.

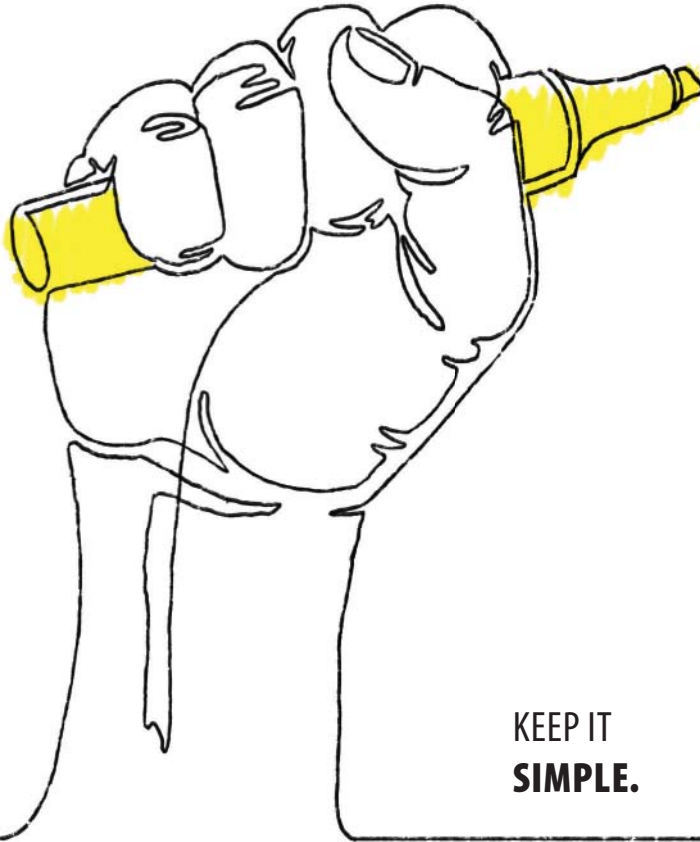
DON'T FLY SOLO.

YOU ARE NOT
SMARTER THAN
EVERYONE ELSE.

Gather different insights by working together. Connecting the brains in the room and in your market will enable you to uncover hidden opportunities.

TELL STORIES
AND SHARE THE
EXPERIENCE.

Stories have a clear beginning and end, and most likely they have heroes your audience can connect with. Cool stories stick. Cool stories will be told by others. Cool stories spread.



KEEP IT SIMPLE.

Just start. Don't try to build the final product. Don't add features that don't solve real problems.

SET UP SMALL EXPERIMENTS AND LEARN SHIT.

Every little iteration and trial will net tons of useful new insights – things you wouldn't have learned if you just started building. Reality is different than what you assume.

EMBRACE UNCERTAINTY. IT'S CANDY FOR THE BRAIN.

Except for change, there is no such thing as certainty in business. Accept this and harness opportunities from uncertainty.

DESIGN A BETTER

CONNECTING INNOVATION, BUSINESS, AND STRATEGY

So, now you're a designer who's been imbued with the goal of designing a better business. What does a better business look like? And, how would one go about designing a better business?

Many existing, established businesses, especially non-startup businesses, focus solely on getting products to market while reducing costs and increasing margins. In these businesses, strategy is executed in a linear way: prepare; execute. What's often missing in this story is the customer on the other side of the transaction, as well as the person designing and developing products and services to satisfy some need for the customer.



POINT OF VIEW P46

Designers, on the other hand, are always thinking about the customer. They approach people and problems from a particular perspective, one informed by design-specific tools like ideation, prototyping, and validation. They use human-centered tools, skills, and a mindset to search for, design, and execute new value propositions and business models based on what they've learned. Designers do this continually, iterating constantly to uncover opportunities within the fog of uncertainty.

BUSINESS

In this book, you'll find the designer's journey represented in a new way. Your point of view is at the center of the design process, which is always influenced and informed through understanding, ideation, prototyping, and validation. This process is iterative and cyclical.

So, what's a better business? A better business is one that puts the person at the center and connects design tools, practices, and processes.

To do this you must employ a design rigor – using your new tools, skills, and mindset – to guide business decisions and outcomes rather than solely driving day-to-day (business as usual) execution.

In doing so, your options for the future will become much clearer; as a designer, you will unequivocally begin to see opportunities within the fog of uncertainty.



UNDERSTAND P82



IDEATE P124



PROTOTYPE P152



VALIDATE P180


There's a continuous search for new customers, value propositions, and business models – with business execution and scale. As a designer, it's your job to make this connection. It's your job to consider and test new options for business sustainability and growth (by design). It's your job to consider the person you're designing for, which will inform your own unique point of view.

THE DOUBLE LOOP

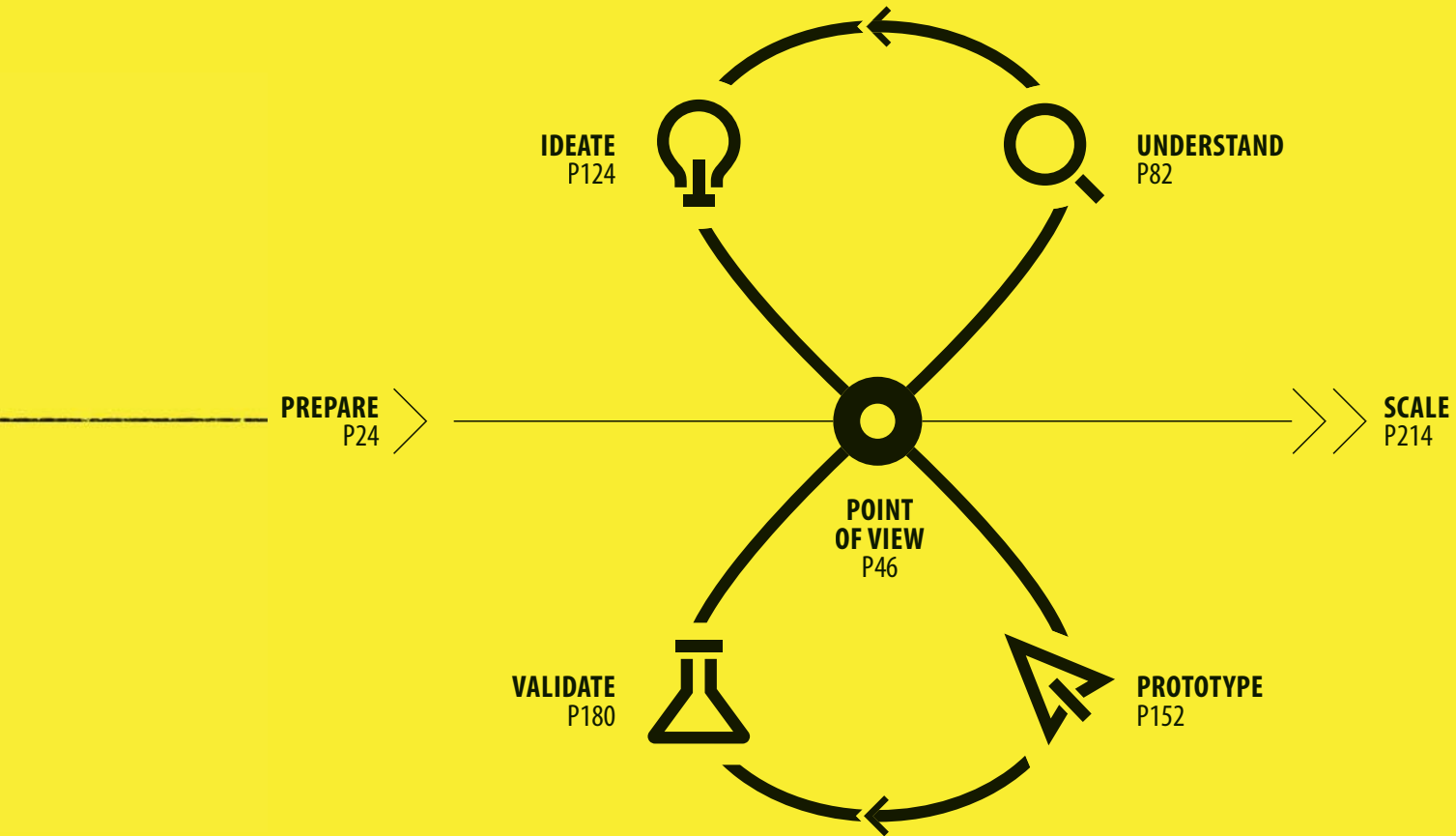
A DESIGN JOURNEY

The double loop is founded on a simple observation: every project, product, company, change, or idea starts with a point of view. It might be based on fact. It might be based on assumptions. Whatever your point of view, using it to create lasting change requires work and a movement toward the goal line.

The double loop takes your point of view into account, while adding rigor and continuity to the design process. This means that your point of view is always informed by understanding and that that understanding will spark new ideas, further enhancing your point of view. These ideas are prototyped and validated to test and measure their effectiveness. This, in turn, further informs your point of view and enables you to execute your ideas successfully.



Every design journey also has a beginning and . . . a goal. In the case of this design journey, the beginning starts with preparation, at the left of the design loop. Preparing yourself, your team, your environment, and the tools you'll use is essential for your successful journey. At the right of the design loop is the goal: scale. In this book, scale refers to two things. First, we talk about scaling the execution of your idea or change; this begins with your point of view. Second, we talk about scaling the design process. This is, after all, a book about designing better businesses. Design is at the core. And it is design that is meant to scale. ■



THE DOUBLE LOOP LANDSCAPE



POINT OF VIEW P46

Design is human. The journey you take will help to inform your point of view going forward.



UNDERSTAND P82

All design journeys start with the customer, context, and your business in mind. Understanding these is the key to designing something better.



IDEATE P124

There is no single right solution. Ideation will enable you and your team to unlock and build upon each other's ideas.



PREPARE P24

Design is a team sport that requires preparation to be done well.



**SCALE** P214

Design journeys are iterative, cyclical, and designed to scale from small projects to organization-wide cultural norms.

**PROTOTYPE** P152

At some point, your ideas must see the light of day. Prototyping is about bringing your ideas to life so that you can learn from them.

**VALIDATE** P180

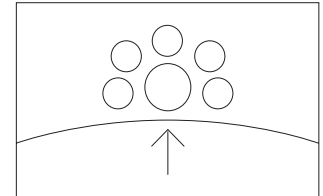
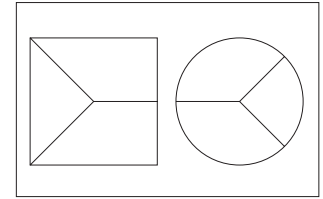
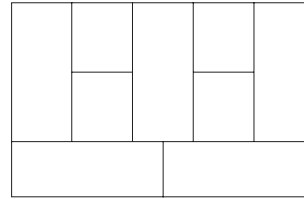
Ideas are just thoughts based on assumptions. To understand where true value lies, you must test your ideas and measure the results.

**YOU'RE HERE
TO CREATE
SOMETHING
NEW.**



YOUR TOOLS

As a designer, your first mission is simply to step out of the box you're in and observe the world and your customers in their natural states. Don't come at this with preconceived notions about what your customers are trying to achieve or how the world is ordered. Just watch and listen.



The first tool comes from skills we already possess – observation. When was the last time you stepped back and just watched and listened to your customers? Try it. We're sure you'll learn something new.

CREATING IMPACT

As you're watching and listening, start to look for patterns as well as interesting, unexpected actions, events, or occurrences. These create fodder for anecdotes that you can use to draw your manager or other team members into the human stories behind your products. If you've never used actual customer anecdotes and stories in a presentation, we can tell you that you're in for a great surprise.

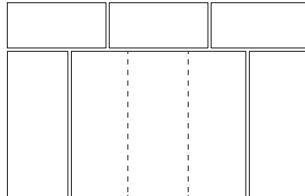
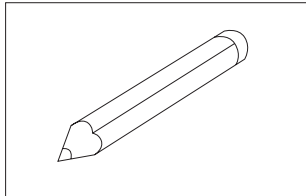
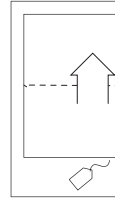
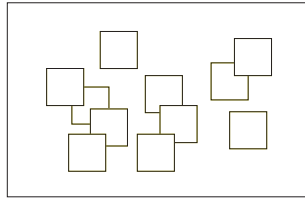
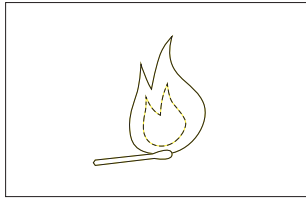
All people like stories and will be more interested and invested than they would if they were presented with only data. In fact, in the next chapter you'll find a tool specifically meant to help you design stories to deliver the impact you're looking for.

NOT OBSOLETE

As you become comfortable simply watching and listening to your customers, it's time to start using some new tools – design tools. Rest assured, you **do not** have to stop, nor should you stop using the tools that you're comfortable with. In fact, just as you cannot hope to change your company overnight, it's very unlikely you'll get everyone to believe your current tools are obsolete; and they're probably not. Instead, just as you might employ a new set of tools to work on a project at home, start to add a few new design tools to your belt (you wouldn't use a screwdriver to measure a wall, would you?!).

USEFUL DESIGN TOOLS

First, employ observational tools. These include tools that help you capture people's wants, needs, pains, and ambitions. You might also add to your belt tools for questioning and problem framing. After all, you can't expect to learn everything about your customers by simply watching them. Beyond observational tools, other design



tools include ideation tools, prototyping, and validation tools, as well as decision-making tools. These concepts might be quite familiar to other people on your team who have been designing for a while. But, no matter. We've included a variety of incredibly useful tools in this book to help you take business design to the next level.

GROW COMFORTABLE

As you become more comfortable using some of these tools, you'll no doubt notice that your old tools are becoming auxiliary or backups. You might even couple your old tools with your new (designer) tools to complement each other. For instance, you can use market data to bolster the anecdotes you gather in the field. Imagine the possibilities! The key here is that you start small and slowly develop mastery of the new tools and practices that at first may feel uncomfortable to wield. Don't worry, after you've used your designer tools a few times, they will become easier and more comfortable to use. And, through your new design-colored glasses, we are confident that you will begin to see the world in a whole new light. ■

THERE IS NO **TOOL CULTURE** (YET)

Where accountants, doctors, and surgeons are trained to use tools, business people are well trained for operations. They think they can innovate, but they lack the right skills and tools to do so.

Whereas Apple and Amazon continuously reinvent their business models and are successful in doing so, other companies are helpless. Their traditional corporate structures conflict with design processes and innovation. It is in nobody's P&L so they just don't care. Sure, companies innovate their products. But they have a hard time going beyond product innovation and traditional R&D.

Nowadays an increasing number of business schools are teaching business model innovation as well as the tools for design and innovation. But we are still very much at the start.

I am excited to learn more about how others develop and use tools for design, innovation, and strategy as the new drivers of business.

Alexander Osterwalder

Co-founder Strategyzer, Lead Author of *Business Model Generation* and *Value Proposition Design*





FAST PASSES

FLIGHT NO. BM 1106 03.21 J30 18E
START BOARDING GATE SEAT NO.

WANT QUICK ANSWERS?

We have provided you with some fast tracks so you don't have to stand in line waiting for your future. These fast tracks will guide you to the relevant tools, skills, or case studies. Learn from the experience of others and apply it now.



I WANT TO DESIGN A STRATEGY

I need a plan of action to take my team to our desired future state.

STEPS:

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- » Develop a point of view by creating your 5 Bold Steps Vision® and transforming your vision into a story and seeing if it resonates 58
- » Ideate new business model options 142
- » Prototype new value propositions 152

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I WANT TO DO BUSINESS PLANNING

I want to move beyond spreadsheets and explore business planning with my team.

STEPS:

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- » Understand your (future) customers 98
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- » Design future business model options 142
- » Propose ideas to prototype 152

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I want to develop a **North Star** with my team so we know where we are headed.

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I WANT TO WORK AS A STARTUP

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I WANT TO CREATE A SWOT OF MY BUSINESS

What are the **strengths, weaknesses, opportunities, and threats** for my business?

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• UNIQUE OFFERING! -FAST PASS-

I WANT TO INNOVATE /GROW MY BUSINESS

There are no shortcuts, but we do provide you with some fast tracks so you don't have to stand in line waiting for your future.

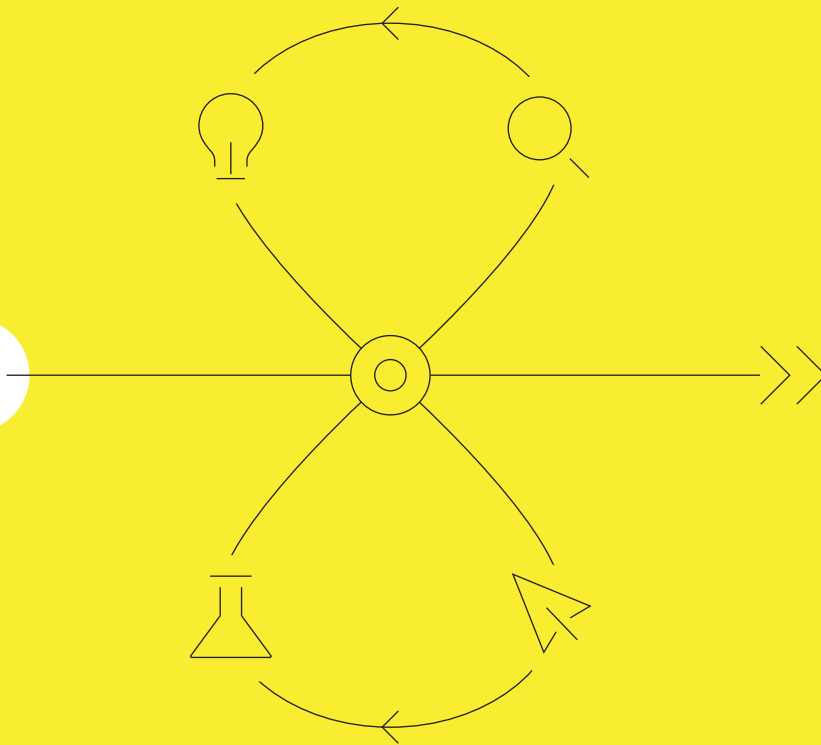
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**USE A
FAST PASS
OR PREPARE
FOR A FULL
JOURNEY**



PREPARE



THE DESIGN JOURNEY **PREPARE**

PREPARE YOUR **TEAM**

PREPARE YOUR **ENVIRONMENT**

PREPARE **HOW YOU WORK**

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SKILL	MASTER FACILITATION	P34
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