

Business Life

Design thinking helps executives find solutions

Cutting-edge innovation management strategy gets school at UCT

Lorelle Bell

BEFORE the new school of design thinking at UCT even had office space, its director Richard Perez was asked to develop and deliver a training programme for a major South African financial institution; one of several enquiries from business and the government.

Design thinking – already a leading-edge innovation management strategy internationally – is making its presence felt among South African executives. As the pressure to innovate in dynamic, complex environments increases, they're looking to design-led innovation to unlock new solutions.

Complexity and rapid change were amplified in the World Economic Forum's (WEF) 2016 theme – "Mastering the Fourth Industrial Revolution", described as the "digitisation of industry... characterised by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres".

Questions on the WEF agenda illustrate its implications. How will it transform industry sectors, including health, mobility, financial services and education? How can technology be deployed in ways that contribute to inclusive growth rather than exacerbate unemployment and income inequality?

Implications

How can breakthroughs in science and technology help in solving problems from climate change to public health? How will emerging technologies transform the global security landscape? How can governments build institutions capable of making decisions when the challenges they face are more complex, fast-moving and interconnected than ever before?

While local Davos talk barely lasted its four-day run in January, South Africa's 53-strong contingent was the largest to date. Seven ministers accompanied the president. The economic triumvirate – Pravin Gordhan (finance), Rob Davies (trade and industry), and Ebrahim Patel (economic development) attended. As did Naledi Pandor (science and technology), Aaron Mokoalele (health), Nomvula Mokonyane (water and sanitation), and Tina Joemat-Pettersson (energy). Governor of the Reserve Bank Lesetja Kganyago, and billionaire Patrice Motsepe also went,



From left, Richard Perez, the director of the HPI School of Design Thinking at UCT; Claudia Nicolai, the academic director of the HPI School of Design Thinking at the University of Potsdam; Rael Futerman and Keneilwe Munyali, both programme managers at the HPI School of Design Thinking at UCT. The HPI School of Design Thinking at UCT team were in Potsdam finalising the first pilot programme.

PHOTO: SUPPLIED

along with the leaders of some of South Africa's largest companies, banks and media houses. The implications of digital innovation must have made an impression on the government and business.

Design thinking is an important driver of innovation, as well as a manager of risk for innovation.

Against this background, design thinking addresses complexity and change through its human-centred problem-solving process; and offers a discipline that underpins innovation. It allows solutions to emerge from the process, and helps to generate new outcomes (products, services or systems) that are uniquely suited to the needs of users in the contexts in which they're applied.

The process begins with research and observation focused on human needs. The empathy and insights developed allow the team to really understand the problem and to develop responsive solutions. Low-resolution prototyping, testing with target users and refining, ensure

that solutions are desirable to users, as well as financially viable, and technologically feasible.

Design thinking breaks down silos (an acknowledged, though tough-to-break, reality for many organisations); and facilitates collaboration, through its techniques for working in diverse, transdisciplinary teams. Inclusive teams make a broad range of perspectives and skills available to solve complex problems.

Unlocking innovation

Perez explains that design thinking provides a set of tools, a process and, ultimately, a mindset that unlocks innovation.

The mindset he mentions is evident in Intuit, a billion-dollar California-based software company. Intuit revolutionised its business and embedded an organisation-wide culture of design-led innovation when it adopted design thinking in 2007 as the learning process to understand its customers, and rapid experimentation became the basis of its product development process.

Intuit's success is reflected in its second placing on Fortune's Most Admired Software Companies and rise by 27 places on Fortune's Top 100 Best Companies List, in 2015.

Intuit is one of the companies featured in a research report titled

"Parts Without a Whole?: The current state of design thinking practice in organisations" by Jan Schmiedgen, Holger Rhinow, Eva Köppen and Christoph Meinel of the Hasso Plattner Institute.

The authors comment that, "Of-tentimes, management focuses on the final innovation outcome. However, design thinking is a journey; Teams or whole units change the way they work and how they approach problems along the way... the introduction of design thinking needs to be accompanied by additional changes in leadership and innovation capabilities."

The training for the financial institution, mentioned earlier, included its innovation team and a business unit. The aim was to learn how design thinking could help the innovation team better serve its in-house clients.

Practical case

The group learnt to work collaboratively in teams, researching and observing customer needs; sharing ideas and solutions; and developing and testing low-resolution prototypes with users. In addition to realising the training objectives, several solutions were generated. As the head of the business unit reflected, "I think we got more out of this than anyone else because we also got the solutions for our unit. We had four prototypes coming out of this. Every single one of them is valid."

This year sees the formal establishment of the Hasso Plattner Institute (HPI) School of Design Thinking at the UCT. Funded by the Hasso Plattner Trust, it joins the HPI Schools of Design Thinking at the universities of Potsdam (Germany) and Stanford (US) in offering programmes in design thinking to scholars and executives.

Perez says, "Design thinking is an important driver of innovation, as well as a manager of risk for innovation. Training in design thinking plays a significant role in entrepreneurial and leadership skills development. The competencies developed include an entrepreneurial and innovative approach to work and life that is valuable in education from preschool to executive level."

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MAUREEN Sherry spent the first half of her adult life climbing rungs in some of Wall Street's biggest investment banks and the next half among other affluent moms, many married to leaders in finance.

This month she published *Opening Belle*, a novel that comically and bitingly chronicles male antics of those worlds – as well as the dynamics of women who surround them. A movie is being developed by Warner Bros and Reese Witherspoon's production company.

Opening Belle follows Isabelle, initially the most reluctant member of the secret "Glass Ceiling Club" formed by her female colleagues. When anonymous memos start going around calling out men on their sexist behaviour, Isabelle gets angry. It's only when her boss insists she split her profits 60/40 with a lazy, junior male colleague that her feminist fervour kicks up.

The book's jacket boils down that side of the story like so: "Getting rich on Wall Street would be a lot more fun if the men would keep their hands off her assets."

But while it spotlights the male-dominated work culture the author came up in, Sherry's portrayal of the women's relationships shows

She quit Wall Street to pen a comic novel on outing sexist bosses



men aren't the only ones who need to change. Isabelle watches other women with shades of respect, amusement and contempt: "They have jewellery usually bought from each other" and angle for play dates with the billionaires' kids. Yet even the woman who stole her fiancé earns her admiration for running the man's life so smoothly.

"I had the advantage of having been on both sides, with the women who didn't work outside of the home and the women who did," Sherry, 51, says. "I was very sensitive to when one group would be unkind about the other."

In the novel, Isabelle is a managing director at an investment bank. In reality, Sherry held that same title at Bear Stearns, where she worked in institutional equities. (Her husband, Steve Klinsky, founded and runs private equity firm New Mountain Capital.)

Sherry also saw friction between women on and off Wall Street. She recalls working women's snide

remarks about the way a year-end teacher's gift was handled by the moms without jobs. "That sort of stuff really hurt me," she says. "I always come back to the fact that one group needs the other."

Such attitudes compound the challenges women face and shape how the next generation behaves, she says.

"Men do not judge each other through such a harsh scope, and women really need to just stop," Sherry says. "We're telling our kids to be nice and more attuned to bullying, and sometimes I think they are learning from us this tendency, out of insecurity or whatever it is, to tap into a mean-girls thing."

Opening Belle is published by CBS's Simon & Schuster. Some of the most gratifying responses Sherry has received so far are from women and men who have worked on Wall Street, reacting to how Belle describes her love of markets.

"Ambition is a hard thing to turn off," she says. – Bloomberg

CHAMPAGNE wasn't always such big business. Barbe-Nicole Clicquot was just 27 when she became a widow, la Veuve Clicquot, and took over her husband's struggling wine business.

In the early 19th century, she went on to lead the biggest disruption in the history of champagne when she developed what's now known as remuage, or riddling, in which bottles are stored at an angle and periodically turned so that dead yeast gathers in the bottle-neck and can be taken out. The process is standard now, but it was a

m a j o r

Champagne owes much to a young French widow

innovation at the time.

And before Clicquot mastered it, many champagne makers could not guarantee that their bubbles would sparkle crystal clear.

Clicquot's deep understanding of the wine changed the game, and she played a role in establishing champagne as a luxury product with an international market. If you love to drink the stuff, it's hard to read her biography, written by Tilar Mazzeo, without feeling a little bit grateful.

Riddling Widow, a tiny subterranean bar in New York, is named

not only for Clicquot, but the many French businesswomen who grew the family companies after their husbands died: Louise Pommery took over the house in 1860 and was the first to launch dry, brut champagne; Mathilde Emile Laurent Perrier took over in 1887; Camille Olry Roederer in 1932; and Lily Bollinger in 1941.

They helped make the drink what it is, and cleverly marketed it as luxurious, celebratory, chic. Still, it's important to remember that you don't really need an excuse to drink it. – Bloomberg



Penalties are the carrot to get employees to lose weight, not rewards

Rebecca Greenfield

WHEN it comes to getting people to participate in workplace weight loss programmes, financial rewards may not be much of an incentive. Penalties, on the other hand, work great.

For three months, 281 employees at the University of Pennsylvania participated in a step challenge. The goal was to walk at least 7 000 steps a day. Researchers used different incentives: One group got \$1.40

(R21.58) for each day they met the goal, while another got \$42 up front each month, and lost \$1.40 for each day they did not finish.

Also participating in the study, published last Monday in the *Annals of Internal Medicine*, was a group that got to enter a lottery to win \$1.40 each time the goal was reached, and a control group that got no money at all.

Rewarding people with money, it turns out, did not

inspire more people to achieve their goal. About 30 percent of people who got no money performed their 7 000 steps, compared with about 35 percent of those with a potential reward, a statistically insignificant difference, according to the lead researcher Mitesh Patel.

The people who faced a penalty for failure, however, reached their goal 55 percent of the time.

"It was surprising how dra-

Rewarding people with money, it turns out, did not inspire more people to achieve their goal.

matically effective loss aversion was," said Patel, an assistant professor of medicine.

Although the pay-off for participants (they tracked their steps with cellphones) was not very high, increasing the cash does not work, either. Another study last year by Patel found a \$550 health insurance premium incentive did not promote weight loss in participants. Financial incentives have been a popular way to get

workers to participate in wellness programmes. About 40 percent of companies offered rewards for completing certain health and wellness programmes, according to the Society of Human Resource Management (SHRM).

Employers tend to take one of two routes: the carrot or the stick. Some dangle financial benefits, which come in the form of discounts on health insurance premiums. The thinking is that giving employees a

bonus will improve results or at least get them to participate. Increasingly, though, employers are using a tougher approach, taking away insurance coverage or otherwise taxing those who don't participate. Threatening employees with a loss, the thinking goes, is a better way to motivate.

"I see more and more companies switching over to penalising as opposed to the incentives and rewards," said Jeff Luttrell, who works with SHRM.

Not all incentives are created equal, Patel's study suggests. "The design of the incentive is critical to its success," he says.

Wellness programmes that penalise staff have been controversial and challenged as illegal. "Some people tend to think that the loss framing is a little bit harsh," said Patel. That tactic puts more of a financial burden on employees to cover health insurance. Others argue it is a way to discriminate against less healthy workers. – Bloomberg

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