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DESIGN THINKING

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Thought leader

by David Woodward

The best innovators take care to explain their thinking, says Roger Martin. That way, design thinking can propagate

In what you might call a creative leap, Roger Martin is using an anecdote about Harvey Weinstein to illustrate the level of design thinking at Apple. He poses an interesting question: is chief executive Steve Jobs a unilateral design thinker or does design thinking pervade the entire company?

Martin is well qualified to judge. The Dean of Rotman School of Management invented the concept of design thinking to explain how companies have to "go beyond pure analysis" to innovate, "crunching things other than numbers". Design thinking is about using a designer's palette to redraw the world of business.

How does Weinstein help us to analyse Apple? Sustainable innovation depends greatly on transparency of leadership. Weinstein, one of Hollywood's most creative film producers, founded Miramax alongside his brother Bob in 1979. The partnership was responsible for a string of critically acclaimed films, including Pulp Fiction and The English Patient. Miramax was sold to Disney in 1993. But without the Weinsteins, who left to start their own production company, it floundered. "You can say that's a story about how brilliant Harvey Weinstein is," says Martin. "Or you could say this is a story about Harvey Weinstein never sharing any of the insights that made him great."

Martin suspects the latter. Chief executives act as a filter for all the ideas, good and bad, that flow through an organisation. But if innovation is to be extended beyond the tenure of the existing CEO, thought processes must be shared. Procter & Gamble CEO A.G. Lafley "always went to great effort to explain his thinking", says Martin. Being "transparent with his logic," gives those below Lafley the guidance they need to one day succeed him, and the organisation every chance of maintaining its trajectory.

It was AG Lafley that pushed for a "courageous and connected" culture at P&G. The idea was to harness innovation from anywhere in the company, from the bottom up. Can we say the same thing about Apple? Martin isn't so sure. "Will Apple perpetuate after Steve Jobs is gone, or is it so Steve Jobs dependant that it won't be an example of an innovative company but an innovative guy who made sure the company did what he wanted it to do, which was to be innovative only during his time. It's one of the most interesting questions in business right now."



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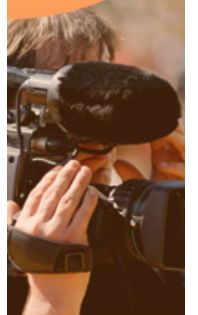
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Martin's focus on design thinking, and what he calls integrative thinking—the ability of organisations to avoid seeing problems through narrow, departmental prisms—has allowed the Rotman School of Management to forge an international profile. The concept of design thinking evolved back in 2002 from a number of conversations between Martin and IDEO executives Tim Brown and David Kelley, as the trio searched for a way of describing the abandonment of quantitative analysis for intuitive thought: the process of design-led innovation.

Or as Martin puts it: "Rather than seeing your job as doing the calculation to find out whether "A", "B" or "C" is the right option, that the real value of business comes from saying, 'I don't like "A", "B" or "C", I'm going to create a "D".' I want the Rotman School to be on the leading edge of that thought."

Martin also sees integrative thinking as a key managerial discipline. "I think the reason silos exist is because people learn their own model and have no idea how to talk to somebody who uses another model. A marketer feels that if he talks to an ops guy he either has to adopt the ops guy's model or force the ops guy to adopt the marketing model. They don't talk across those models in a useful way, they toggle between them".

He believes that a lack of integrative thinking is one of the biggest barriers to design-led innovation. Many designers, says Martin, don't feel comfortable with the corporate world borrowing and adapting their processes. "There are still a large number of designers who would like design to be a black art, and are actually offended by the concept of design thinking. I've had various nasty notes that say, 'you're not a designer, you are not trained in design, how dare you talk about this?'"

Martin's critics say design is about making things, "they say what you're talking about is not design. And they're right," says Martin. "It's a way of thinking that borrows from some of the ways you think about design. But for some of them that makes them angry."

For the two parties to get along, it would help if chief executives could learn the language of design. Martin calls it artistic sensibility. "We don't train that in the vast majority of our educational system. You should make art a required subject along with language of the country and math."

Compulsory art studies, perhaps even enforced at business school, is an intriguing prospect. But what about those of us that struggle with even the simplest sketch? Martin dismisses the objection: "Data shows that while people think they are either an artist or not, you can still develop artistic capability. Look at perfect pitch," he says, surveying our surroundings. "One per cent of the people in this room have perfect pitch. Sing an E minor and they can produce it. It's long been felt that you're either born with [that gift] or you aren't."

It turns out, says Martin, that if your sample includes people whose native language is one of the so-called melodic or musical languages, "Mandarin is a good example", the number rises to 15 per cent. "That's not genetic, that's down to the need to exercise the ability to understand and manipulate tonal levels. If you train Mandarin speakers in pitch you can get the number up to 75 per

cent. So the thing we were sure was a God-given talent can actually be increased to 75 per cent without too much difficulty. It's the same with artistic sensibility."

A lack of integrative thinking means too many CEOs see creativity as something that happens in a particular department, says Martin. "You have to care about lines and form. Why are iPhones so pretty? It's because when the guy who green lights them is shown an iPhone that looks pretty good and one that looks awesome, he says I'll take the awesome one."

Design thinking is also seen as a useful model for solving macro socioeconomic problems. The financial crisis, for example, has acted for many as a catalyst for a design-led re-examination of capitalism. Last month, a conference hosted jointly by the Design Council and the Economist Intelligence Unit provided a platform for the discussion of a range of design-led strategies for rebalancing the UK economy. The Work Foundation's Will Hutton called for design "to underpin our efforts to drive an export-led recovery."

Last year, IDEO's Brown called for a different approach to the way we consume: "Can we really expect to spend our way out of this downturn and somehow magically create a post-crisis economy that is sustainable?" Martin stops short of presenting design thinking as a tool for financial regulators, but he has a stark message for anyone looking to redesign some sense back into the financial markets: "it's a game", he says simply.

"What's the one thing you know for sure about an equity analyst? If they could actually pick the stocks they wouldn't be an equity analyst, they'd be a billionaire," says Martin. "With the magic of derivatives you can become a billionaire within a year if you are right 51 per cent of the time. So what we know is that they must be right less than 51 per cent of the time, otherwise they'd be in a different job."

Trust in the entire system is misguided, he says. "It's the same with bond raters. Everyone was so shocked that bond raters got the sub-prime mortgage tranches so wrong. The only thing you know about a bond rater is that if they actually knew what the true riskiness of a given bond was they would be bond traders, making 10 million dollars a year not 200,000 dollars a year.

"Can the people in the finance sector do what they are being asked to do? The answer is no. Analysts are being asked to say whether we should sell or buy and they have no idea. Auditors are now being asked to declare whether an asset is impaired or not when there's no possible way they could do that. They use these stupid, arcane formulas. But if they knew whether every asset on your balance sheet was worth what the balance sheet said it was, they would be Warren Buffett."

As for a redesign of the financial system, "We need to step back and say a lot of the fantasies we believe are the case, are not. Let's design our world around something that's a little closer to real than fantasy."

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