8 MIN - OF - COLLABORATIVE DESIGN
Index

Voorwoordt

The Concept
  A short history of design
  There exist more gifts than just flowers
  The value of experiences
  The consumer chooses wisely
  Ask yourself

The New Logic
  The new value of design
  A different business model

Comments
Voorwoordt

This document has just one objective: it should stimulate, inspire and provoke you. It is a summary of experiences extrapolated by beliefs.

For writing this paper, we considered a fragmented mosaic of thinkers, ideas, discussions and papers. We appreciate all people involved in these reflections.

Thank you!

Anderson Penha | André Coutinho | Daniel Egger | Marcelo Fernandes

We are Innovation Designers at Symnetics
Putting Collaborative Design to Work

www.symnetics.com.br

June 2010

This document is a draft version (v0.93)
Drop us a line and let us know what you think!

If you want to include a paragraph, line or even write a new chapter you can do it by visiting our ‘8min Wiki’ at www.activisti.am where the whole text is available under Creative Commons License: Attribution Non-Commercial
THE CONCEPT
A short history of Design

The late 20th century changed the way people lived and vastly transformed existing social systems. The era started with horses as main transportation vehicle and ended with billions of cars driving on paved roads. The era where purchasing power raised to never seen levels and created new wealth paradigm. This new demand situation let organizations experiment with alternative production methods searching for industrial production logic.

Ransom E. Olds was the first who invented a new unknown production pattern and Henry Ford, the innovator, who mastered this concept to perfection overrunning easily the inventor of the modern automobile, Karl Benz, in Europe. Total Quality Management, Six Sigma followed in the next years and process thinking became the bastions of efficiency and productivity along the business “value chain”. Planted by necessity and nourished by mass production new heights in the late 1919s and 1920s.
In the same fashion, people like Walter Gropius, founder of the Bauhaus Design School in 1910. He believed that mass-production and took the logic to a new level of interpretation. His aspiration was to unify art, architecture, craft and technology by simplifying their complexity to a basic function. This Design Logic is nowadays mostly known by its most famous working premises: “form follows function”.

In the following years assembly lines spread throughout the world, penetrating various industries instituting the era of mass “conspicuous consumption” (Veblen). With it grew marketing. With the hope to influence purchasing habits and to create new daily desires, businesses aggressively branded their products and services. As a result, products turned into “motionless” artifacts driven by form and color. It is also the emergence of commoditization, obsolescence of products and services. The era of 24/7 ads in TV, radio, print media and, more recently, digital media.
Marketing has grown as a sort of “social control” mechanism inspired by Edward Bernays (Freud’s nephew), author of "Propaganda" and the creator of the public relations profession during the thirties. With the goal to capture clients hidden desires, companies deployed for almost 100 years a “not so fair, not so transparent” creating false meaning and relevance. As a result, objects once emotionally desired turned to short living status symbols. The consumption class and subconscious satisfaction is born. Fueled with the steep curve of technological development and social welfare, purchasing powers reached never seen heights.

Once we lived in a tailor-made world, creating everything when and if needed.
Design transformed itself during the era of mass consumption into something “banal and inconsequential”\(^1\)

\(^{1}\) John Heskett
There exist more gifts than just flowers

Most companies born in the last century have similar corporate values, similar strategic objectives, similar career structures AND their employees were educated in similar universities, learning similar methods assimilating similar patterns of behavior.

We live in a stereotyped modeled society that reflects upon known and disseminated theories, predefined premises or more simple: organizations create reliability and reproducibility.

We live in a stereotyped modeled society where the people follow fashion, media and technology models where they purchase flowers on Valentine’s Day, flowers (again) on Mother’s Day and flowers (again sometimes) on anniversaries and birthdays.

It is the time where redesigning industrial processes (a mechanical approach) transform
itself into redesigning interactions (a human approach). Putting these “new lenses” not only increase the quantity of interactions but also the diversity of people who interact. We move from a ‘binary interaction’ mode where we “could or not” interact, to a ‘quantum interaction’ mode, a multidimensional field of “what if” possibilities.

This new perspective offers value generation at new and different ‘touch points’ with people who were not part of the process. “Value Chains” (a mechanical, linear, rational view of the system) are been replaced by “People Chains” (a more human, biological, “networked” view of the system)

This significant shift to more interactive systems and more possible ‘states of value generation’ affects the organization stability and decision systems. However ‘stable systems’ with defined premises will always exist, they are essential for reliability. The last economic (2008) and environmental crisis (BP 2010) is a good example that showed us how
systems are changing, how difficult is for organizations to cope with complex events and systemic impact.

Apple, as Ford, tries to master the complex system in his own way. It creates a subsystem in our complex society. This embedded structure defines itself by predefined premises and logic and limits the quantity interactions within our complex system. With the iPhone, iTunes and iPad, Apple closed and centralized limited system that simplifies complexity. The organization turns systems manageable and controllable by creating an end-to-end interactive and a centralized structure.

The majorities of organizations have difficulties do make this transition and creation of a complex-simple system that excels user participation and experience interaction. An environment where possibilities are more diverse, unique and not so easily manageable. Market signals are evident: product saturation is a result of a long driven strategy of super-simplification, deductive logic and centralized
creation or better known as ‘shareholder value’ and not ‘stakeholder value’\(^2\) generation. This focus boosted marginal product or process changes instead of systemic changes resulting in short terms financial adventures like Enron, Salomon Brothers, Parmalat and so many others. We have to ask ourselves if this path is really the most sustainable one.

The concept of dialogue gains new importance so does transparency. Some companies are opening-up, collaborating and are creating new levels of trust that turns into a key competitive advantages and ‘stakeholder value’ generation. It is the power of sharing, the power of co-creation that designs new perspectives and opportunities in commoditized markets.

Amplifying the value chain, integrating experiences and letting

\(^2\) Inspired by Roger Martin
people extrapolate your worlds, this logic holds the richness of the future.
The value of experiences

Our society strives to product saturation and commoditization and every day it is easier for us to satisfy our material needs. Eliminated by new credit lines and reducing transaction costs, what challenges us nowadays, is not anymore the ‘what’, more the ‘where’ to buy from. If we are in that kind of situation, the Internet offers the possibility to access shopping communities that help us in a few seconds decide, offering the cheapest product or service nearby by scanning hundreds of online offers of the desired product. They are a symbol of our saturation driven by the consumption society. The internet exacerbated commoditization, driving organizations each time deeper into ‘equalization’ (more of the same). Everyone will always find his or her desired object as fast as possible at the best price. We are lost in the era of “Ps”, mainly in the era of promotion.
Materialism undergoes a social change of value and reaches the point where it is as questionable as obesity.

Do organizations understand they can change patterns away from the ‘binary choice’ to ‘quantum’ interactions interweaving and valorizing experience?

A consumer movement started a couple of years ago that has its focus on the creation of new personal meanings, sustainability and interaction away from “conformanism”. These consumers search for a liberty of interaction and new meaning.

When we talk about experiences, we talk about perceived inputs through multiple senses, interpreted by our individual mental model. They are created “ad-hoc” during interactions, a mix of several perceptions transcending services and products and
creating a new way of thinking. One other interesting feature is that if properly designed, the interaction and consumption is more or less intuitively. If this is true, we can question the need of organizations to invest millions of dollars in marketing and branding and avoid the often-asked question: Why does my consumer not understand the unique value that we generate for them?

The idea of re-integrating and linking emotions more strongly to organizations behavior started twenty-five years ago. Nico Henri Frijda detailed in his work, ‘The Emotions’, how interests and rational motives underlie emotions as well how they affect our decision patterns. In the late 90s the ‘Dream Society’, ‘The Entertainment Economy’ and the ‘Attention Economy’ emphasis the importance of the intangible character and storytelling turns into a powerful tool for influencing consumption. In 1999, Pine and Gilmore illustrate in their book, ‘The Experience Economy’, the shift from products, services
and emotions to experiences (Erlebnis) a result of emotional perception.

Nowadays the flavor of satisfaction that we expect goes beyond the physical object, beyond the technological platform. We consume experiences and they often subconsciously guide our decision patterns. Not all experiences are the same. Some generate short emotional entertainment (Erlebnis) and others create real new value where we can reflect and learn about. The most valuable derivation of them Boswijk calls the ‘meaningful experience’³ (Erfahrung). They not only satisfy during the process of consumption but also influence us subtly. Once tasted this experience, it influences our mental and offers a unique value opening new dimensions of interaction beyond products and services up. Consumers will keep continuously keep asking for similar experiences with the desire to devour each time more.

³ Inspired by: The Experience Economy, Boswijk, Thijssen and Peelen, 2007
“Meaningful experiences” is one new theorem that helps to create a real market differentiation, the so often aspired “blue ocean”.

Experiences change our perspectives or products, services and how to interact with the consumers. They let organization uncover the value of new and current touch points (interactions) by exploring new values in the product and service lifecycle.

Experiences are not simply a description of the product or service, but they are actually equivalent to it.
Organizations are challenged to learn, change and adapt their business models integrating a new consumption paradigm: meaningful experiences
The consumer chooses wisely

During decades and centuries, we created a society with pre-defined roles, hierarchical systems and separated entities. Looking at organization structures, we have the organizations (producers) and the clients (consumers). It exists a simple logic; producers define what consumers. Organizations centralized they logic of delivery channel, marketing and customer relationships and clients had not more influence than the binary choice of purchase. Economical theories reinforced this paradigm explaining system logic by a regulated demand-supply dynamic.

These days however, new customers rise with the desire to interact with organizations directly. Not even asking for permission, they start to challenge established business models that until now focused on one-consumer interactions, the purchase. Some organizations understood faster those changes and began offering different forms of participation by simply letting them “interfere”
in the creation of ideas for products, services and marketing slogans.

Also this movement has strong positive impacts in current organizations there is a tendency that they invite customers to participate in too many ‘open-innovation’ and ‘crowd sourcing’ initiatives from shoes, t-shirts, perfumes and simple day-by-day products consuming a lot of their energy and patience. As all excesses, the system will stall and customers will question their participation as their energy and time is limited. They will choose wisely by segmenting products into daily low-importance items, services, and that objects that can generate future extra benefits. The slogan will be: Choose wisely, where and when they participate and co-create changing the structures of future production.
Does your organization offer products and services where consumers are willing to invest their energy to create new meaningful experiences, a mutual stakeholder value?
THE NEW LOGIC
The new value of design

In the last years, Design gained new important roles in our society and the 1939 Bauhaus philosophy “FORM follows FUNCTION” is revitalized. This time we do not only integrate “technology art and design” but also multichannel communication, complex social system and business environment. The new balance between the FUNCTION (system) and the FORM (human) creates new perspectives.

“Design Thinking” as branded by Tim Brown and Roger Martin in their 2010 books initiated new broad discussions throughout industries. Chris Pacione calls this new generation of reflection “Evolution of the Mind: A Case for Design Literacy” symbolizing the importance of design in our complex life.

Collaborative Design has similar objectives. It not only amplifies the current embedded systems and identifying new business premises (FUNCTION), but also raises the

---

4 ACM, Interaction Magazine, XVII.2 - March / April, 2010
system to new unique business logics by combining external and internal collaboration.

“The best way to predict the future is to create it”,

Peter Drucker

Our living environment is like a “bag of wool”, chaotic and interweaved. If someone interacts with it and pushes a string, he generates new friction, opportunities and connections. He combines the possible known with the unknown. Collaboration is like giving to our customer and other stakeholders this string, letting him create together new premises and scenarios creating together a new system-wide new “win win” reality.

The era where “touch points” gain importance; where experiences transcend products and services; where technological supports and integrates; this era, is an important part of the

www.activisti.am
new business logic. The FUNCTION of design helps to explore and understand the new system logic that profoundly changes status-quo.

The FORM on the other hand is the humanization of the logic. It connects the elements, creates new business logic, and gives the system a unique meaning. It accounts for how new customers and stakeholders interact with each other and which experience is generated and absorbed during this process. The FORM is the social glue that creates perceptions and the design of individual value. FORM enables the conception of new interpretations of relationship, level of loyalty and trust in the FUNCTION.
The interplay of FUNCTION and FORM together with the experience consumption paradigm turns Collaborative Design into a living R&D organism.
To excel this new state of integration we have to understand how customers and other stakeholders are acting in their contexts. That requires transparency, access, dialogue and risk sharing. If this humanization happens, not only the system creates its proper interaction logic, it also creates new knowledge and reduces uncertainties and risks.

Collaborative Design is like the Hindu god Shiva, disintegrator and creator at the same time, helping organizations managing complex, dynamic systems. It offers the first step to identify new strategic premises the beginning of a fluent cycle of change. In the end, the new system defines itself on a higher level of agility and transparency between all participants. Sometimes it begins small and turns it into a spiral, creating a stairway to heaven. It shares risk more willingly and creates a more balanced organizational innovation portfolio.
FORM humanizes FUNCTION and transforms logic in perceived value.
A different business model

Collaborative Design enriches several dimensions throughout the current business system. As we talk about innovation, we also talk about change to more diverse new premises.

One of the core-elements of a new market differentiation is the generated value perceived by the clients. It is a constellation of value grouped together creating the “Value Proposition”. In most organization, customer distant centralized areas define this proposition by trying to understand competitors, market share and satisfaction surveys. Customers rarely participate in this strategic process. However, opening up utilizing a collaborative co-creation process can change this logic and create a new understanding of value. One of the first steps to achieve this is to understand how the stuffs work on the customer & non-customers rich picture, which points are in touch with them and which kind of experiences are unleashed by all of it. Once discovered it,
invited customers, partners, suppliers and anyone else not just to validate some ideas but also to help defining a new strategic market position and unique shared business model logic. Therefore, organizations start to re-define their strategic objectives and gain different understandings of “proximity to the client”, “brand recognition” and “loyalty”.

Segmentation is another element of the business model that undergoes changes. Firstly, practical experience showed that it does make sense to define it at the same time and together with the value proposition. This is quite a contrast to current models, as many organizations use the product segmentation at the starting. The second interesting change is that segmentation criteria as age, gender, purchasing power etc. are gaining less importance. The Experiences Paradigm on the other hand enriched it as consumers from different social classes; different ages and gender can consume the same experience. With it changes the competitor analysis and
logic based on the simple fact, that products from other industries can generate similar experiences. Consumers therefore are more willing to change products or create a personal “experience consumption portfolio” ignoring organizational industry boundaries.

Customer relationship turns into Interaction Points (channels) and purchase behavior to Experience Life Cycles. All this changes occur to lever the system to a new logic a new market differentiation. Beside it, it keeps your business model always open to identify and collaborate around new opportunities.
Business models are complex dynamic systems and you hardly can freeze them into a stable state. If you however do so, you ignore your proper future by super-simplifying the reality.
Comments

Thank you for reading and we hope that you enjoyed it as well as inspired you. Finalizing our thoughts, we would like to say that Collaborative Design is exciting, unique for each organization and a journey can only start with YOU as the leader. Perhaps we can hear about your personal journey soon.

Thank you!

Anderson Penha | André Coutinho | Daniel Egger | Marcelo Fernandes

We are Innovation Designers at Symnetics
Putting Collaborative Design to Work

www.symnetics.com.br

June 2010.

This document is a draft version (v0.93)
Drop us a line and let us know what you think!

If you want to include a paragraph, line or even write a new chapter you can do it by visiting our ‘8min Wiki’ at www.activisti.am where the whole text is available under Creative Common License: Attribution Non-Commercial