



“Innovation: A Vision for the Future”

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You might reasonably wonder why the president of an art and design school is here at the Haskayne Business Day Conference taking about business and innovation. Traditionally art and design schools are immediately associated with the traditions of aesthetics, painting, ceramics, or graphic design, and while we have done those and more excellently at ACAD for almost 80 years, my message today speaks to something added to our collective future for both business and the arts, that being innovation as a subject of attention.

Innovation as an idea is a hot topic right now. Last September 22 the Calgary Herald quoted Murray Smith about the danger of oil sands projects not moving forward due to rising costs. He was quoted as stating “...without creative solutions...we’ll not be able to complete all projects...” and not long after, the Herald printed an editorial regarding Calgary infrastructure issues with the notation that “...infrastructure demand will force bolder innovation.” Business Week magazine now features a regular section in its print and online versions on innovation and design, and the Harvard Business Review regularly addresses innovation as a major topic. Innovation is everywhere – including here today.

In April of 2005 I announced the formation of the Institute for the Creative Process at ACAD. The institute is about a central idea: that creative processes can be clearly understood, researched, and applied to a wide variety of situations in business, government, and society. This may sound a bit grandiose, but bear with me. For the most part this sort of reasoning is based in the field of design, which is in many respects the prime focus of our institute, and my presentation today.

You probably associate the word design with how things look, how a building or a room, or an ad appears, and true enough design deals with those sorts of forms. But the field of design is being talked about as the new secret weapon for business, and speakers on how design can make a difference in business practices were featured at the 2006 World Economic Forum in Davos, Switzerland, and even business writer Tom Peters has written about it. Companies that are outstripping their competition, like South Korea’s Samsung, have design advisory committees to talk about business strategy and overall company directions. The Chinese government is pouring over \$15 billion dollars into design as a field; there are 400 design programs in that country, with the emphasis turning from design of things to design as a way of solving problems, innovating, and adding value beyond simply the look of something.

At the most basic level, design is not about making things at all. Design is about a different way of reasoning and operating, and the core methods of design can be applied to many areas to address the need to move from a current state (of affairs) to a desired state, which is the simplest definition of design; as such, I would ask you to consider the word design as referring to a process and way of thinking and working rather than a tangible product. Designing happens all the time, in engineering to management to medicine; in fact just about every policy, service, regulation, and strategy is designed (although sometimes without a reliable process). What is new, and changing, is the realization from the business world that design has something to offer that is tangible and can be used to become more competitive, and in this age, to be more competitive means to become innovative.

Roger Martin, the Dean of the Rotman School of Management at the University of Toronto is one who has realized and embraced the value of design for business. Roger is now developing a special stream of study through their MBA program that will use design thinking as the basis for study. Roger spoke this year at a major New York design conference dealing with this sort of approach.

Likewise, about five years ago the faculty of the Weatherhead School of Management at Case Western Reserve University in Cleveland worked with Frank Gehry to design a new building for their school. They realized that what Gehry does as a designer is precisely what they do in the corporate world, and so they altered their entire MBA program to be based on design as applied to business, just as Roger Martin is doing at UT. Designers are now working at the highest levels of organizations to bring their methods to non-traditional problems, from strategy for major corporations to policy development in government.

So how does design apply to innovation within businesses both big and small?

First it might be important to describe what creativity and innovation are and are not...

Soon after I announced our institute in 2005 I was invited by the CEO of a major energy company in Alberta to visit with him and his senior executives about the institute. He began the meeting by telling me that he wanted more creative people in his organization, just like Joan, and pointed to one of the VP's. He looked at me and said, so what can you do for me?

My response was that no one could really tell him how to effectively headhunt creativity, and that even if he succeeded in hiring more creative people, if they left, they company would lose its creative assets; my answer was that what would be far more productive would be to create an organizational culture in which many people could engage in what I would call actionable ideas, or ideas that can be acted upon to produce innovative results. The question is, how does that happen?

Before I get into that, let me distinguish between creativity and innovation. Creativity is a fairly soft concept for many in the world; it is used to refer to many things, but sometimes hard to define. Creativity speaks to an individual potential rather than action; creativity, in a business setting, must be accompanied by action that results in innovation, which is doing something in a new and more effective way. We all fall back on creativity as a buzzword, and at ACAD we are presently engaged in a research project that is visually mapping the idea of innovation, soon to be followed by a map of creativity so that companies and organizations

can talk about these ideas with greater clarity. We are learning in our research on innovation that innovation is less an issue of the creative genius and hero than the result of group effort in which people collaborate to produce a better way of doing something...of innovating.

Rick Robinson, who is an innovation consultant, and James Hackett, the CEO of Steelcase Furniture, have written about this idea; their research shows that innovation is about the culture of a firm making innovation a central part of the daily fabric of the organization. Conventional thinking tells us that we need more individuals like Joan, that creative VP at the energy company, and that if we take our people off-site and loosen them up, somehow they will be more creative when they return. In this thinking, creativity is something that some have, and some don't. Robinson and Hackett talk about how to set the conditions under which innovation can better flourish for many within a company. One of their messages is to change the way conversations play out, and apply certain other steps to alter the way people interact within an organization.

The idea of applying design thinking to an organization is about a very basic shift in organizational culture that reframes the language we use and how we think and work within our work settings. By approaching innovation potential in this manner, it is possible to steep an organization with sustainable, action-oriented methods that will result in innovative behavior.

Traditional business thinking about innovation begins by scrutinizing existing ways of operating, including products and services (the question is usually "How can we do what we do better?"). Usually the emphasis is on expansion of a product line or service, as it is the easiest thing to consider and seems logical. The attention is typically only on how can we reliably improve what exists rather than how can we change what we do so that the result is improved (or even different) service to our customer base?

Roger Martin has discussed the difference between what the world generally knows as business reasoning and design thinking. Roger points out that traditional business thinking factors all the standard variables together to come up with decisions that are predictable and efficient but may not be effective. Roger calls this the difference between reliability and validity. I can give you an example from my own organization. Lately we have been trying to decide to hire a design firm to handle all of our college publications. In a recent discussion, one of our staff was making the argument that firm "X" was the best choice because they were fast, they returned calls, they had capacity, and they were less money. They would be the reliable choice – and maybe the right choice. They were contrasted against another firm that was more expensive, less quick to respond, had less capacity, but, we all felt, was very much connected to what ACAD is as a place and our vision for the school. A more valid choice? Perhaps. Designers think differently because they have to consider a broader landscape of factors; they need to know where people live in their experiences so they can work backwards from that point and then develop more effective solutions.

How might design approach innovation in products and services? As I have already mentioned, by working backwards from the users' needs (the customers), and considering in the broadest sense how those customers live their lives rather than only how they use your existing services or products. Steelcase is a fine example of this. Several years ago the firm was declining in terms of revenue and market share; they brought in designers who began to

ask different questions. In the end, it was determined that the culture at Steelcase was focused on chairs and desks as products rather than how people actually live through their workday. They began to study office workers, how they function, what had meaning for them (using what at first seemed pretty soft methods – videos, job shadowing, interviews), and in time the entire product line at Steelcase became something focused on a broader consideration of the people who use the products rather than on simply designing great looking desks. The turnaround made corporate history and now Steelcase infuses design thinking into every aspect of its structure, especially research and development. Firms such as Steelcase are interested in using design methods to redefine what they consider to be their products and services; in doing this, new business models emerge that might otherwise never surface.

The key is to understand innovation and integrate that sort of reasoning into your most strategic discussions. The focus must be on the systems within the organization rather than on simple production of objects or even services; that was the approach that saved Steelcase, but could equally apply to the design of business strategies in banking, law, energy, or any field, including government. There is a method to design thinking, and it can be described in many ways, but the basic principles come down to thinking, testing, and doing.

So what other practical steps can you take do to set the stage for innovation and to work toward being more innovative?

As I said earlier, first, within organizations we need to understand that we may need to shift the very culture; people need to be encouraged to ask different questions rather than only debating existing service scenarios. The logical extension of that is that you should ask those different questions. The iPod was not successful because people kept talking about engineering. They asked broader questions about lifestyle, fashion, and tastes as well as how things are used in the broadest manner possible (mention Samsung story from Hugh).

One very important thing you can do is work with people from disciplines that might otherwise seem on the fringe of your business focus. I'm speaking generally here about designers, however they need to be designers who understand the application of design thinking and methods to human systems, interaction, and strategy. This way of operating in design is new but spreading rapidly, but you will need people who understand how to work in these ways.

Two years ago author Daniel Pink wrote what has become a frequently quoted piece in the Harvard Business Review titled "The MFA is the New MBA". His point was that business should recruit people that are able to adapt creative methods to business issues; he points to the fact that within the last few years the corporate recruiting placements of other degree areas (such as liberal arts) than business have dramatically increased. The reason seems to be that business has realized that it takes a variety of perspectives and sensitivities to solve complex issues rather than a collection of people who are homogeneous in their thinking and ways of working. Pink has now written the best-selling book "A Whole New Mind" in which he makes the case that what we need is not people who consider themselves to be either linear left-brain thinkers or creative right-brain people (a model that I have always found suspect). What we need is to be able to operate in both modes, sometimes acting on the need for linear thinking and analysis, and other times factoring intuitive, visionary

understandings and an awareness of nuance, and context, into our decisions. I should add that ACAD is bringing Dan Pink to Calgary for an evening address on March 31 for a new black-tie event that we are having.

A related idea for business leaders intent on innovation is to hire what Tim Brown, the leader of the design firm IDEO calls “T-shaped” people. By this he refers to the notion that you get important perspectives by engaging employees with broad understandings and abilities in your ranks. Brown looks for people who have a main skill that he describes as the vertical leg of the T (they might be mechanical engineers or designers, or accountants). But they are also so personally aware and empathetic that they can reason laterally (the cross-bar of the T) into other disciplines and methods (such as sociology) to gain insights from many points of view and identify patterns that might point to a customer need (translation: a product or service). For example, what is the reason that a cup of good coffee might cost \$1.00 or so, and yet Starbucks might cost as much as \$4.00 or \$5.00 for what is essentially the same product? It comes down to knowing more than only about coffee brewing; Starbucks knows its clients, their lifestyles, and designs their services around those points.

Last as a strategy (in my short-list) is to be willing to fail, and find an employer that allows for that. Google, which is now worth \$125 billion (US), has always nurtured an environment in which a degree of chaos rules the day, and as a result has evolved into one of the most innovative Internet companies in the world. In terms of failure (which is different from poor judgments or mismanagement) Google encourages risks, as they understand that designing new services is an iterative process; the final successful design for great buildings, spaces, products and services do not happen all at once. The people charged with innovation – and that should be everyone within an organization – should feel that wise risks can be taken, calculated failures won’t be punished, and that shortcomings are chances for the next, better version of services or products. That is how the great innovators flourish, and how the companies known for true innovation function.

As I said earlier, at ACAD we are very involved in translating the creative process that designers and artists use into other arenas. Our work is ongoing and I urge you to check out our Institute for the Creative Process on our website.

Thank you for your attention, and I would be pleased to answer any questions you may have.