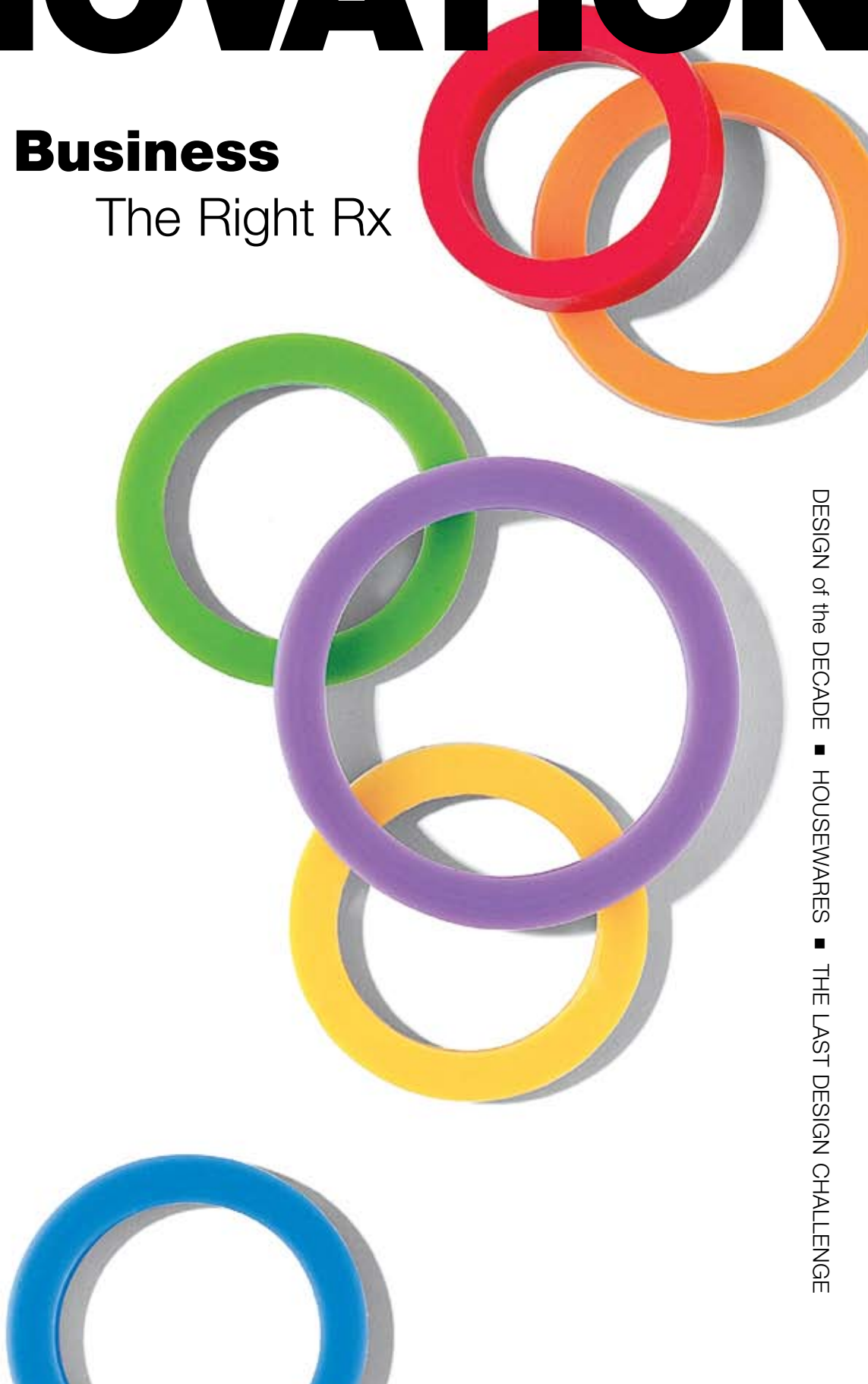


QUARTERLY OF THE INDUSTRIAL DESIGNERS SOCIETY OF AMERICA **WINTER 2010**

INNOVATION

Design in Business

The Right Rx



DESIGN of the DECADE ■ HOUSEWARES ■ THE LAST DESIGN CHALLENGE

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An Emerging Business Model

MEANINGFUL VALUE & DESIGN THINKING



HELMUT SCHLEPPI, 2010

Kyle Weiss, co-founder of FUNDaFIELD, gives a One World Futbol to a group of kids in Swaziland.

In a world where many people love soccer more than oxygen, the One World Futbol is bringing new meaning to buying a soccer ball. Inspired by kids in Darfur playing soccer with trash balls tied with twine, the One World Futbol requires no pump and will never go flat even if punctured. In addition, for every ball sold, One World donates a ball to a child in need. Everyone benefits from this transaction, and the buyer feels good about sharing a passion for soccer with a child who shares the same passion somewhere across the globe. That's the new offer.

DESIGN IN BUSINESS



m2i: Tom's shoes illustrate the m2i best practice of a meaningful offer because of "the story within." The history and travels of Tom's shoes are part of their appeal. The company also gives a pair of shoes to someone in need for every pair purchased.

appealing to inner values, providing a sense of belonging and empowerment, conveying respect, etc. The next level focuses on the community (m2c), facilitating connections between people. At the furthest reaches, meaningful value extends to include the environment itself (m2e). Value to customers grows as a business expands through these dimensions.

Innovation means looking ahead to the next big thing—not seeing it, *inventing* it. High-tech industries are great examples of evolving value drivers. The history goes something like this: develop product with basic functionality, improve speed and quality, make it smaller, streamline design, add rich features, fetishize (turn the product into an object of desire) and create a desirable experience. The story of competitive innovation employs its own hierarchy, constantly expanding to higher levels of value over time.

The Internet is a paradigm of innovation. First, by using the inherent ability of Internet technology to distribute things (Amazon and eBay, 1995), information (Google, 1998) and music (iTunes, 2001), then by migrating to meaningful value offerings, such as contributing to the collective knowledge base (Wikipedia, 2001), facilitating deeper personal connections through video chat (Skype, 2003), and connecting friends and others through social media (Facebook, 2004). However, the Internet not only follows the same progression as other technology industries, it is now enabling more meaningful value than any other technology journey so far.

Developments in the sustainability and social responsibility movements also exemplify meaningful value trends. Implementing practices that connect customers to something larger than themselves, either by improving the well being of the community (m2c) or by creating long-term positive effects for the environment (m2e), let people actively live, choose and transact their values. In *Megatrends 2010: The Rise of Conscious Capitalism: How Seven New Trends Will Transform How You Work, Live and Invest*, Patricia Aburdene **identifies values-driven consumers and conscious solutions as two of the top trends. We are at a new threshold of business innovation; meaningful value is going mainstream.**

Being cool isn't enough. The new cool comes with added value. It's not about a purchase so much as an exchange of ideas, values and resources that allows the individual to experience connection, interaction as well as personal expression. To compete, business must respond. Let's see how it works at Threadless, a fully optimized company employing all levels of meaningful value. Consumers design their own T-shirts (m2i), the community votes and

How can products be more than products? How do services extend their value and become *something more* to the consumer? In other words, how can a company create *meaningful value*? According to Kim Cameron, author of *Positive Leadership* and leading theories of meaning in the field of psychology, there are two ways: something aligns with deep, personal values or something connects us to a broader whole outside ourselves. In either case, **when we experience meaningful value, we move beyond our egocentric relationship to life and can think and be in the world in deeper, more meaningful ways.**

There are many ways to create meaningful value. Couchsurfing.com, which facilitates renting out your couch, serves to connect people. Ideonic uses the appeal of video games to teach kids about other cultures. Neighborgoods cuts out waste and engenders strong interpersonal relationships by helping neighbors share things instead of everyone buying the same stuff. How many hedge trimmers does one neighborhood need after all?

The New Offer

The progression of meaningful value model is a framework for creating meaningful value in business based on Maslow's hierarchy of needs and Beck and Cowan's Spiral Dynamics theory. In Maslow's hierarchy, the top level—self-actualization—is identified with our *need to experience meaning itself*. Beck and Cowan's theory ties individual development with increasingly complex and conscious interaction with human life. In this model, we move beyond individual concerns to include others and the broader ecosystem.

At the core, an offer satisfies needs and desires. At the next level, the offer becomes meaningful to individuals (m2i) by



m2c: Joie de Vivre is an example of the m2c management best practice in internal resources with incentives that reward employees for the strength of relationships they have developed.

chooses winners (m2c), and the company offsets the carbon footprint by planting a tree for every T-shirt sold (m2e).

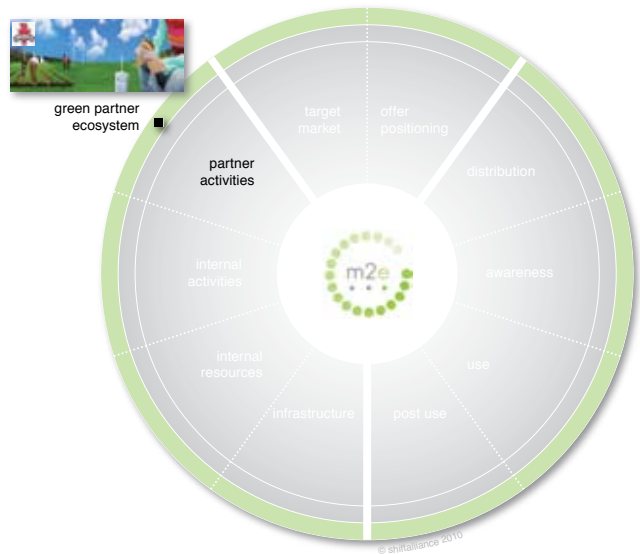
The New Business Ecosystem

This meaningful value model also translates to the internal business ecosystem. For a variety of reasons, companies are focusing innovation efforts within their organization where meaningful value brings financial returns in areas of productivity, loyalty and creative innovation or improved efficiency. Employees in Coke’s wellness program get points for sleep and eating their vegetables (m2i). Veggie points may sound like preschool stuff, but it’s pretty high level; the company recognizes the value of healthy, rested and productive employees. Joie de Vivre employees elect a cultural ambassador at each hotel property to lead employees as they support a community cause (m2c). Interface’s Mission Zero initiative goes beyond zero carbon footprint with the goal to improve or restore the environment by 2020 (m2e).

While there are many meaningful ecosystem innovations, often the new meaningful offer in and of itself harnesses employee engagement because business values align with employees’ values. Take for example Patagonia’s commitment to using organic cotton in its outdoor clothing line. This practice transformed the US cotton industry, fueling the company’s values-based workforce with a sense of environmental leadership and pride (m2e).

The modern workforce is lean, adapts to change quickly and is fulfilled. The Internet’s reduction of transaction costs makes outsourcing a more valid option. Combined with the trend toward complex projects, distributed project teams are becoming the norm. Projects with a broad array of partners with just-in-time information and specialized talent require everyone to contribute and care.

Open-book management, open-source innovation, contextual autonomy and creativity—these are hallmarks



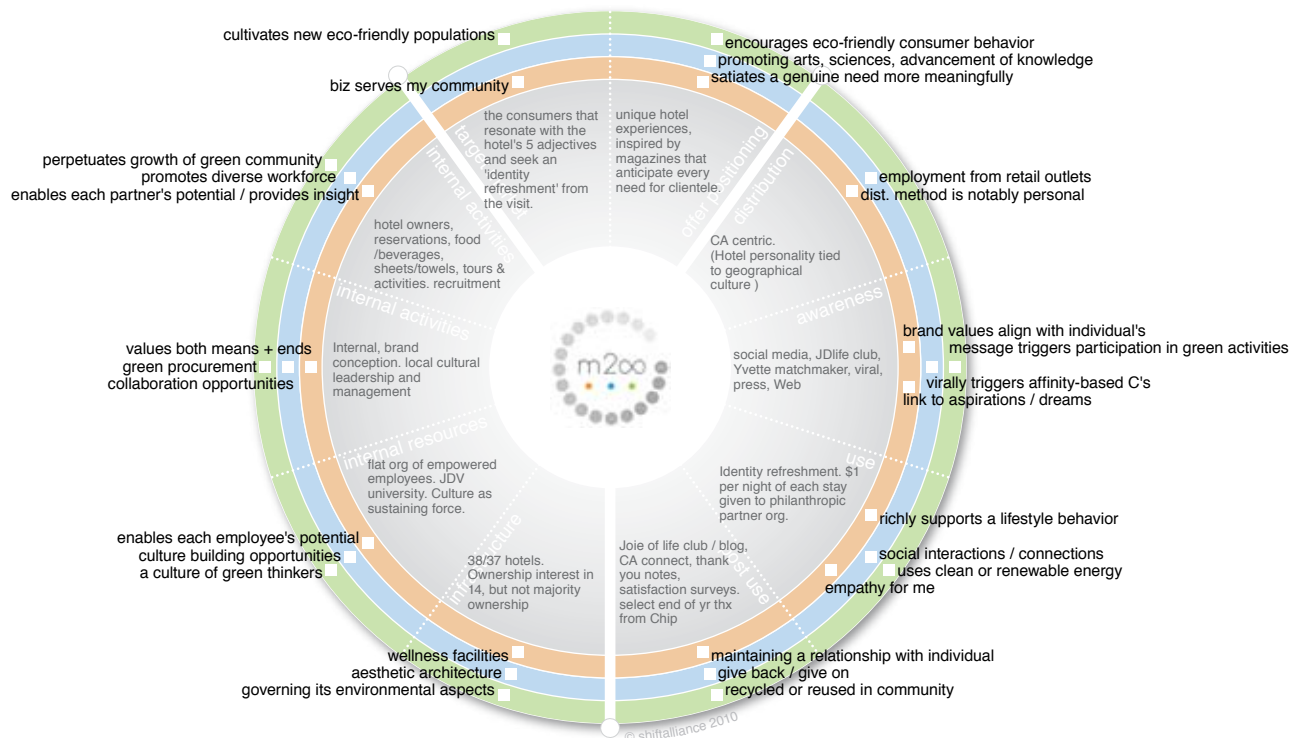
m2e: Burgerville, an Oregon organic burger chain, is an example of the m2e best practice of developing a green partner ecosystem.

of the new paradigm and require leadership that enables and empowers their people (m2i, m2c). Companies like The Schumacher Group empower employees to “do the right thing,” loosely defined as if you’re OK with Grandma reading about it in tomorrow’s paper.

It’s no longer enough to have a position filled; competitive workforces must develop and nurture existing talent and promote from within using people with established relationships and knowledge of the organizational culture. Innovation happens when someone is invested in making things better—when the work, project or people involved are meaningful.

Changing demographics, such as womenomics and the millennial generation, have also necessitated innovative policy shifts in the ecosystem. These people crave freedom and flexibility while contributing to a larger purpose. Telecommuting is a hallmark of the new ecosystem that is proving effective. Companies like Little Pickle Press, a children’s media company in Tiburon, Calif., have team members around the world. Digitalization allows them to live where they want and work when they want. Home offices and telecommuting options provide meaning to the individual (m2i), improve traffic congestion (m2c) and decrease fossil fuel consumption (m2e).

An organizational focus on community or environmental stewardship can also contribute to meaningful value creation for ecosystem stakeholders. Community action, such as Habitat for Humanity work teams (m2c), is proven to enhance the way employees relate to their own life and work. John Mackey, CEO of Whole Foods reports that its Whole Planet microfinance initiative has lifted millions out of poverty noting, “The goodwill among employees is worth the investment alone.” Identifying with the good deeds of an employer stimulates employee innovation and effectiveness, according to many business leaders.



Meaningful value at all levels strengthens employee engagement, increasing worker effectiveness and eliminating crippling demoralization. Gallup polling shows that the market valuations of organizations with higher rates of engaged workers are 3.9 times that of their competitors. According to Gallup, employee engagement affects the bottom line, specifically increasing productivity and decreasing safety incidents and absenteeism.

In parallel with the new offer, this shift in leadership and management approaches underscores the power of meaningful value as the new key value driver and competitive differentiator in business. People are seeking work that aligns with their personal values or connects them to communities and causes they care about, and organizations are rising to the call.

The Emerging Model

Together, the new offer and the new ecosystem create an approach to business with meaningful value at its core. This innovation provides meaningful value for customers, employees, partners and investors alike. Free and open exchange of ideas, mutually beneficial relationships with stakeholders, and living in balance with community, society and earth round out the fully realized business of the future.

Sound too crunchy? It's not. Meaningful value isn't just a feel good proposition, it's good business. Offers that satisfy consumer demand (and then some), a happy and motivated workforce, and strong public stewardship create maximum efficiency and productivity. Meaningful value meets the bottom line. It's not just altruistic—it also sells.

Shifting business toward this new paradigm is an innovation frontier. The possibilities are exhilarating but sometimes daunting. Even targeted initiatives require consideration across the whole business system, not just the functional area they originate from, and no one individual can enact such a transition.

What are the steps involved in helping a business create more meaningful value? A future state must be envisioned where each part of the business is optimized to generate meaningful value. A plan is evaluated, developed, backcasted into phased plans and then implemented with an openness to emerging trends and information. Sound like facilitated design thinking?

Initiating a meaningful mindset begins by asking the question: How can we optimize what we do to be as meaningful as possible to stakeholders, their communities and the environment? Action begins when the expert areas understand what's meaningful for them, then explore what is meaningful to their customers. An intimate understanding of each customer's perspective and values is essential. It's not enough to understand the customer on an intellectual or theoretical level; to discover what is meaningful to that customer requires empathy (see Patriak and Mortensen's *Wired to Care*).

Organizations are no more static than human beings. We all evolve. And, as we do, we crave higher levels of meaning. From the things we buy to our days at work to our connection to the world, business now needs to center on engagement, interaction and meaningful value. What could be cooler than that? ■