

How design thinking aids digital transformation

You may have heard about the sword of Damocles, hanging above its target by a single hair. It's a metaphor often used to describe impending doom, yet this is not the actual meaning.

By Brett Parker ^{4 Apr 2017}



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The story goes that a servant was taken by all of a king's wealth and wanted to partake in that luxury. The king offered the servant supper on his throne, but with a sword hanging above him held by a single strand. Afterwards he asked the servant if he enjoyed the meal, but the servant was too worried about the sword falling.

The sword of Damocles is not about impending doom. It's about the pressures of power and responsibility. Every business leader feels this, knowing that it takes only a few wrong decisions, or a dollop too much complacency, for disaster to land. Today this pressure is more poignant than ever. Change, as always, is in the air, only now it is happening at breakneck speed. The lifespans of companies are fast becoming shorter and even historic precedent fails to contextualise what is happening today.

Speed matters and technology is the means to accomplish that speed. Yet technology is not a fix. Any solution purchased to catalyse change is a waste of money. The real reason why companies fail to change and to shift into new spaces, is because they lack the right innovation cultures.

Innovation

Innovation is a tricky principle to nail down, but it has a simple formula: Innovation = Execution x Creativity. Companies struggle to engage this dynamic, because they suffer from corporate cholesterol. These are the unwelcome fats clogging a company's arteries: rigid processes, risk avoidance and complacency - anchored through faith in existing frameworks - all effectively suffocate a business' ability to push forward.

Digital transformation has brought this problem to a head. But, as said earlier, technology is not the solution. Digital transformation is not a process. It is actually an end goal, a new state of business defined by a revolution in technology. Getting there requires transformation on a different level. A transformation that enables people.

Creativity

Humans are key to innovation. It is human thought that creates new ideas and tests new opportunities. A

common barrier for any transformation is a reliance on the familiar. Companies seek out to improve on existing solutions and discover 'comfortable' problems that can be turned in a familiar context. But real innovation means going where the business has not gone before - and for that, humans are crucial. The best AI can accomplish incredible things, but what it can't do is be creative. Technology helps to amplify and augment humans, not replace them.

SAP stumbled upon this concept a number of years ago. In the early 2000s one of its founders wrestled with the company's wayward direction. The exciting, customer-focus culture of SAP's startup days - and which brought it success - had been replaced by a regime of prescriptive thought patterns. Then came the concept of 'Design Thinking'.

Design thinking is a human-centered approach to innovation. It helps companies be empathic around customer and business needs, use collaboration to bring functions and perspectives closer together, and aims to be highly iterative so to better understand and embrace the market.

When you focus on people, processes and environments, you encourage creativity. Turn that into a scalable culture and you invite disruptive innovation, not the incremental innovation that translates to little new value.

Harnessing a risk-taking culture is key. McKinsey, the same consultancy that helped change corporate thinking in the early 20th century, has noted that digital performance and positive risks are joined at the hip. This type of culture not only understands that exponential rewards come with increased risk, but that failure (at least fast failure) is a powerful learning opportunity. Just like learning to ride a bike - if you never fall, you will not know how to find ways to be better.

It's interesting to note that delivering iterations, far outweighs the importance of delivering the perfect product.

3D Robotics, a drone company established by technology evangelist Chris Anderson, pulled out of its ambitious drone-manufacture plans because it spent all its resources to make the 'perfect' drone. Meanwhile DJI, a Chinese company, used constant innovation to drive new products to market. Not all of DJI's products succeeded, but its momentum held ground. Today DJI rules the drone space while 3D Robotics has exited this market altogether. Enable rapid innovation and you progress.

Human experience

Design thinking creates a mindset to merge technological feasibility, business viability and human experience. This doesn't just pertain to outward-facing products. Design thinking is as much about innovating internal processes and ideas. For example, creating new career paths facilitating a wider talent pool, requires a creative approach to what is important to a business.

I won't claim that SAP has perfected design thinking, but it has done amazing things for the company. The goal of moving out of its stoic enterprise trappings is being achieved in unbelievable ways. We have engineered groundbreaking new products, created a workplace for a very diverse workforce, and realised digital transformation by becoming a real-time data-driven business. I'm not pitching a product here. I am stating that without design thinking, SAP may today be facing extinction. Nobody is immune from this.

We have since realised the value of bringing this message to our customers and offer free insights into how design thinking can help an organisation. The sword of pressure hangs over every business leader. Instead of worrying if it will fall, you can find confidence in a new philosophy that will change your company's creative

and innovation cultures. If you are worried about your business tomorrow, look at design thinking today.

Link to the original whitepaper: <http://www.sap.com/documents/2016/12/4086a5d3-9d7c-0010-82c7-eda71af511fa.html>.

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