THE ROLE OF DESIGN THINKING

A keynote by Pieter Baert in spring 2015 for the financial industry.

pieter baert

From

To

MAKING PEOPLE WANT THINGS

›

MAKING THINGS PEOPLE WANT
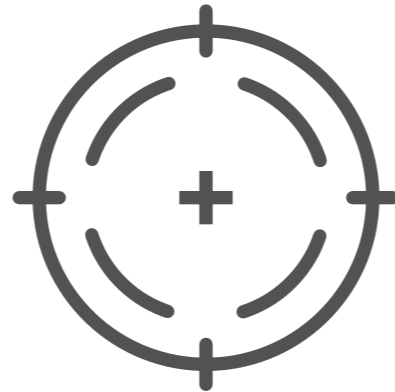
Online marketing & digital advertising

Designing digital services & products

1

What actually is design thinking?

And what it's not.

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We are talking about design in its broadest meaning.

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Design thinking is often confused with visual design

"Design is not just what it looks like and feels like. Design is how it works."

Steve Jobs, co-founder Apple

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"Everything is designed."

Start stop > lower emissions > lower taxes > I can afford driving pleasure

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"Even my car insurance broker uses design."

Minor car accident (stress) › paperwork (confused) › printed stickers (easy)

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"We moved from thinking of ourselves as designers to thinking of ourselves as design thinkers."

David Kelley, co-founder Ideo

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Design thinking is a user-centered approach to problem solving

Actually design thinking is less about thinking and more about doing

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Key elements

1. People-centered
2. Highly creative
3. Hands-on
4. Iterative

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1 People-centered

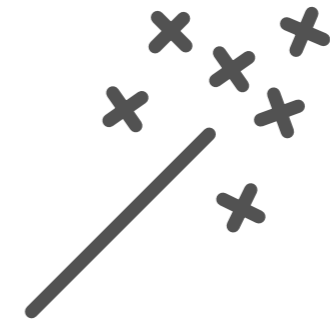You start from what people, users, customers, consumers, (...) **need or want to do**. Their motivations and the problems they are trying to solve.

Empathy is key. It's not about you. You need the ability to understand and share the feelings of others.

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2 Highly Creative

Design thinking stimulates you to look at situations differently and **come up with new solutions**, that go beyond and improve existing alternatives.

Integrative thinking is key. You need the ability to look at all the different aspects of a problem
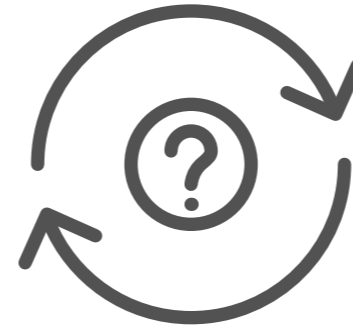
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3 Hands-on

Stop discussing, start working. Make ideas tangible. Prototyping is thinking with your hands. Test your hypnotises.

Failure is a (necessary) part of the process in order to succeed. Experiments with trial and error are key.
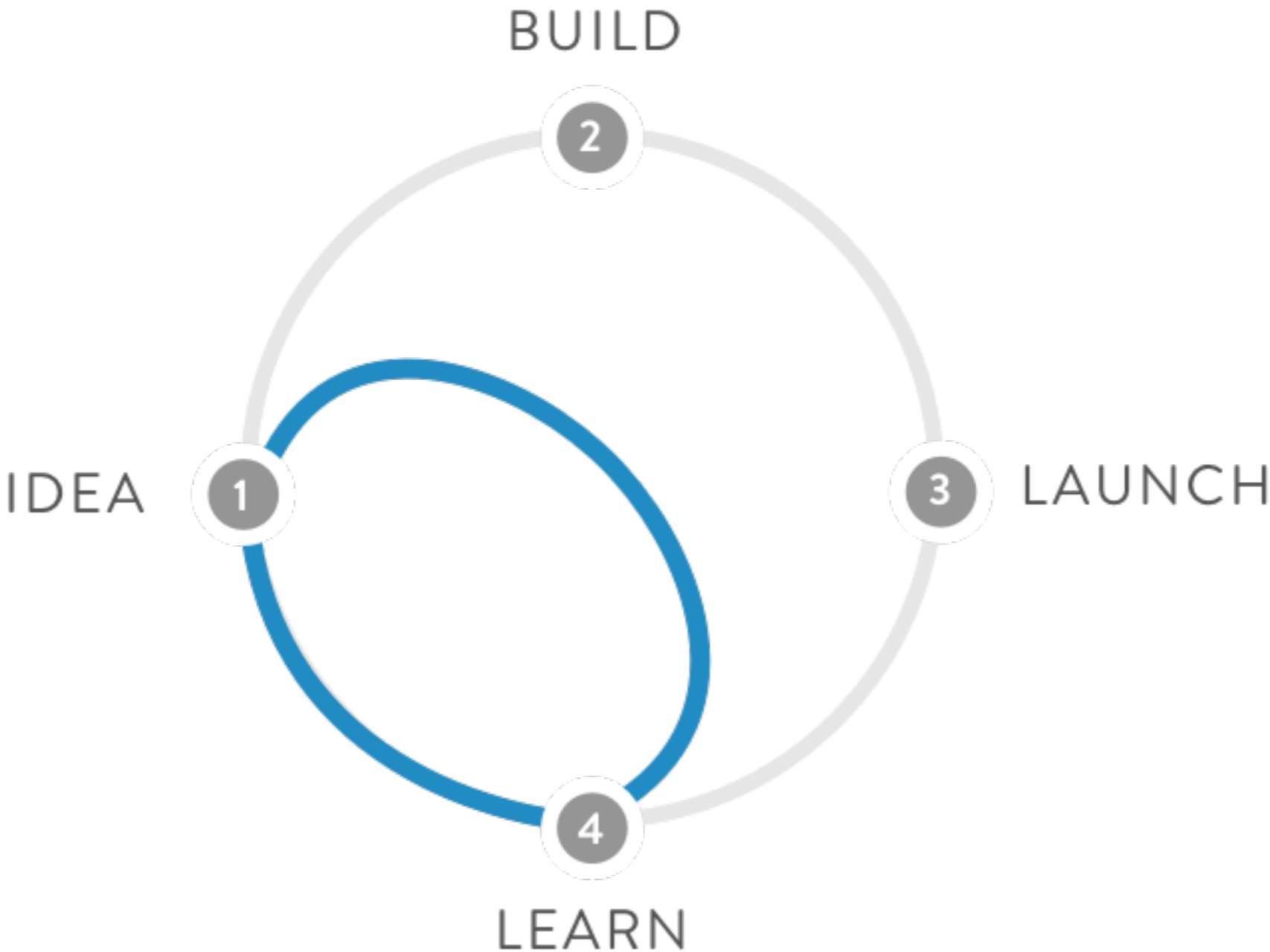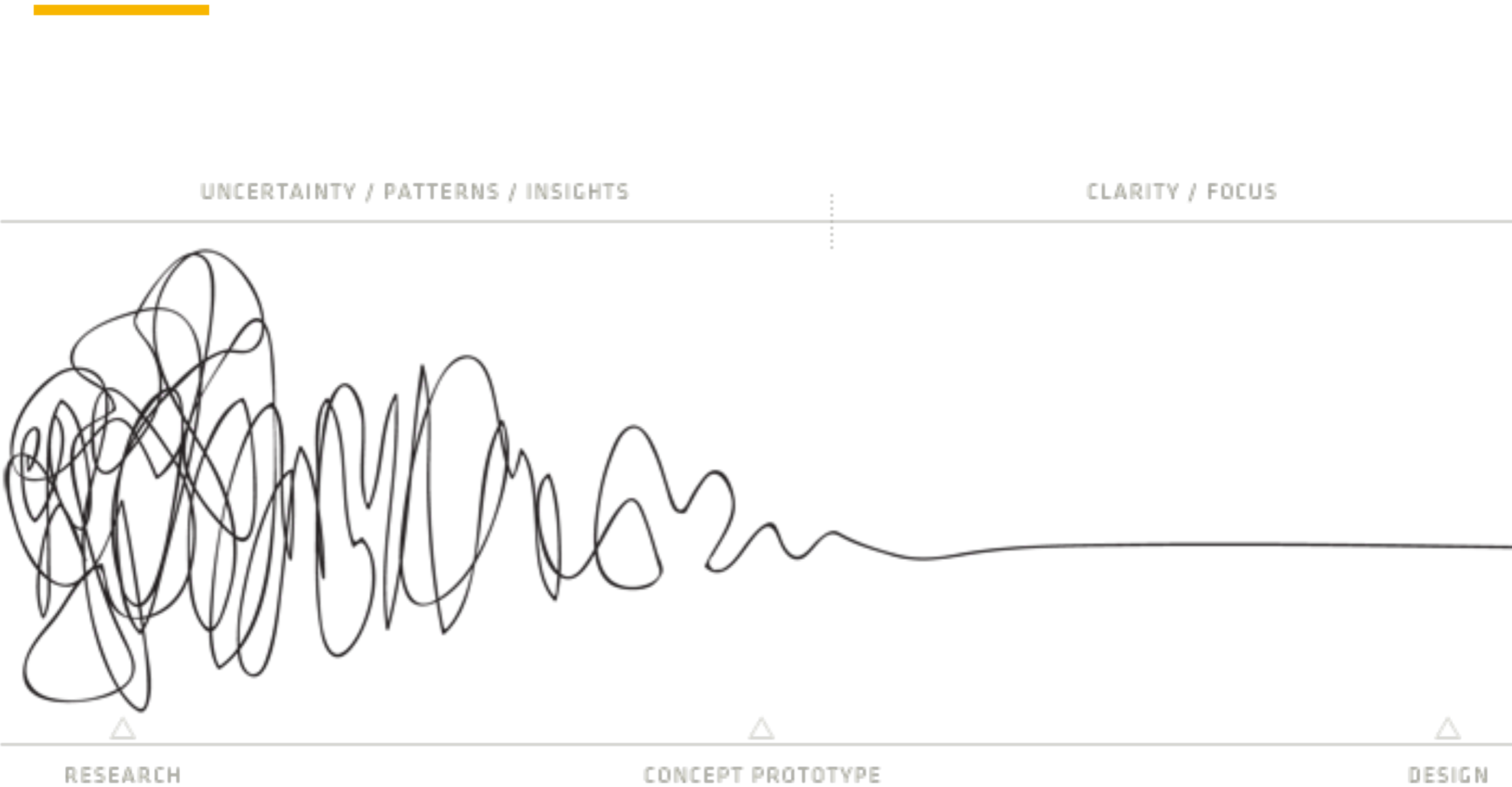
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(4) **Iterative**

The road to success does not follow a straight line. The more you are able to loop through **"understand › create › learn" cycle,** the higher chance you have for good results.

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Google Ventures 'Design Sprint'

BUILD
2

IDEA
1

LAUNCH
3

LEARN
4

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How design feels

UNCERTAINTY / PATTERNS / INSIGHTS — CLARITY / FOCUS

RESEARCH — CONCEPT PROTOTYPE — DESIGN

"The Process of Design Squiggle" by Damien Newman, Central Office of Design

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2

How do you apply design thinking?

Key pillars, model & process

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When can design
thinking be helpful?

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'Wicked' problems

Problems that are ill-defined: both problem and solution are unknown at the beginning. A large part of the problem solving is actually defining the problem.

And/or tricky: it involves quite a bit of risk, as you are leaving the comfort zone of the organisation.
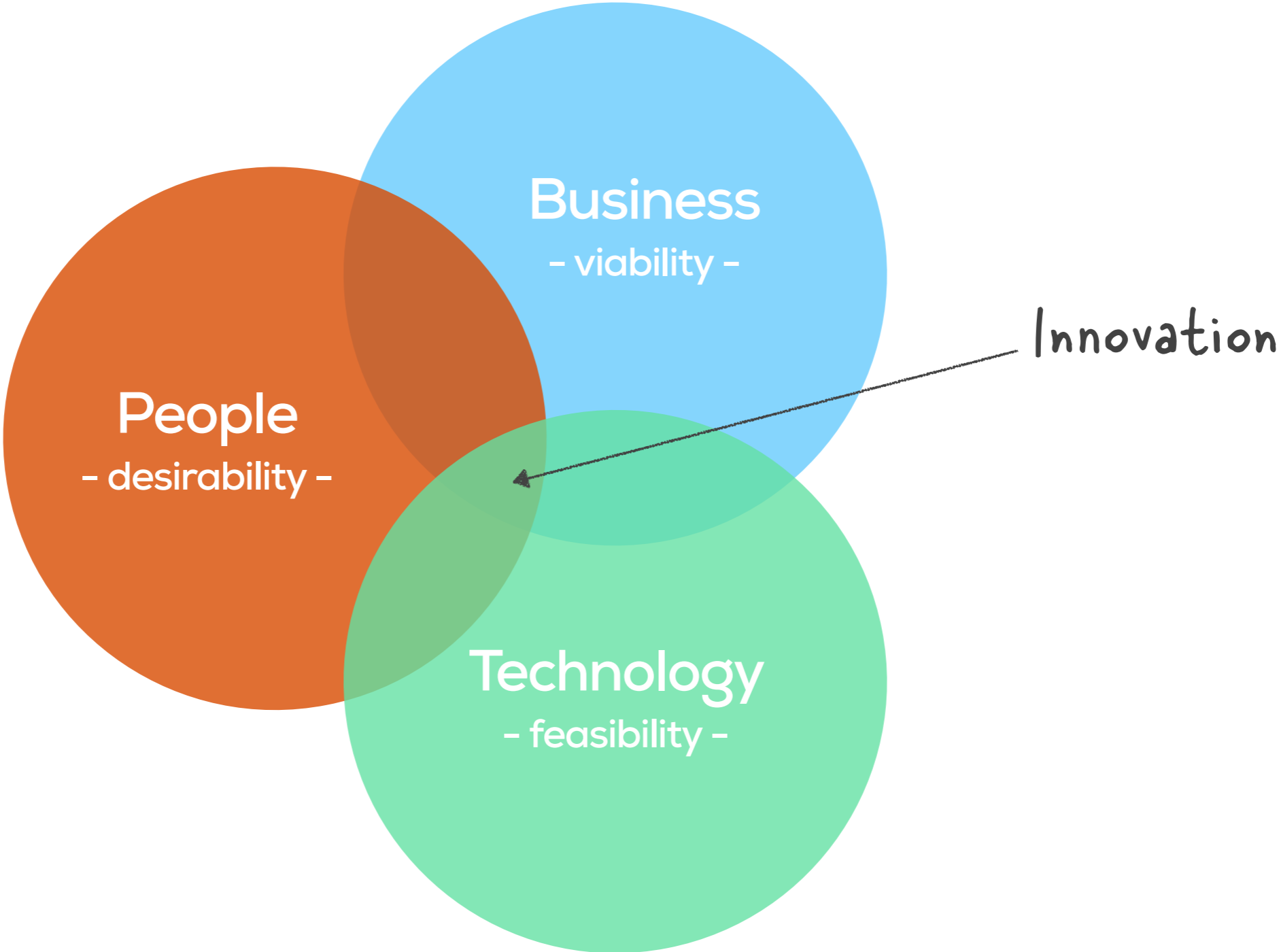
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Not every problem

Design thinking (creative, intuitive, emotional) is **not the answer to every single problem.**

For some question you will need **rational thinking**, spreadsheets, powerpoint and wo/men in suits to come to a valid answer. >> e.g. acquiring a local competitor

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Innovation that is also feasible and viable

Business
- viability -

People
- desirability -

Technology
- feasibility -

Innovation

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Zoom in to the design thinking process

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No *'one size fits all'* approach

There is not one single proces or toolkit that serves every single case. There is a wide variety of processes and tools that people customise to serve their needs.

The five step process from Stanford Design School is a model that is broadly used and has proven its value.

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The Human Centred Design process

The [Human Centered Design Toolkit](#) by IDEO

An iterative cyclic proces

Empathise

Define

Ideate

Prototype

Test

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Empathise

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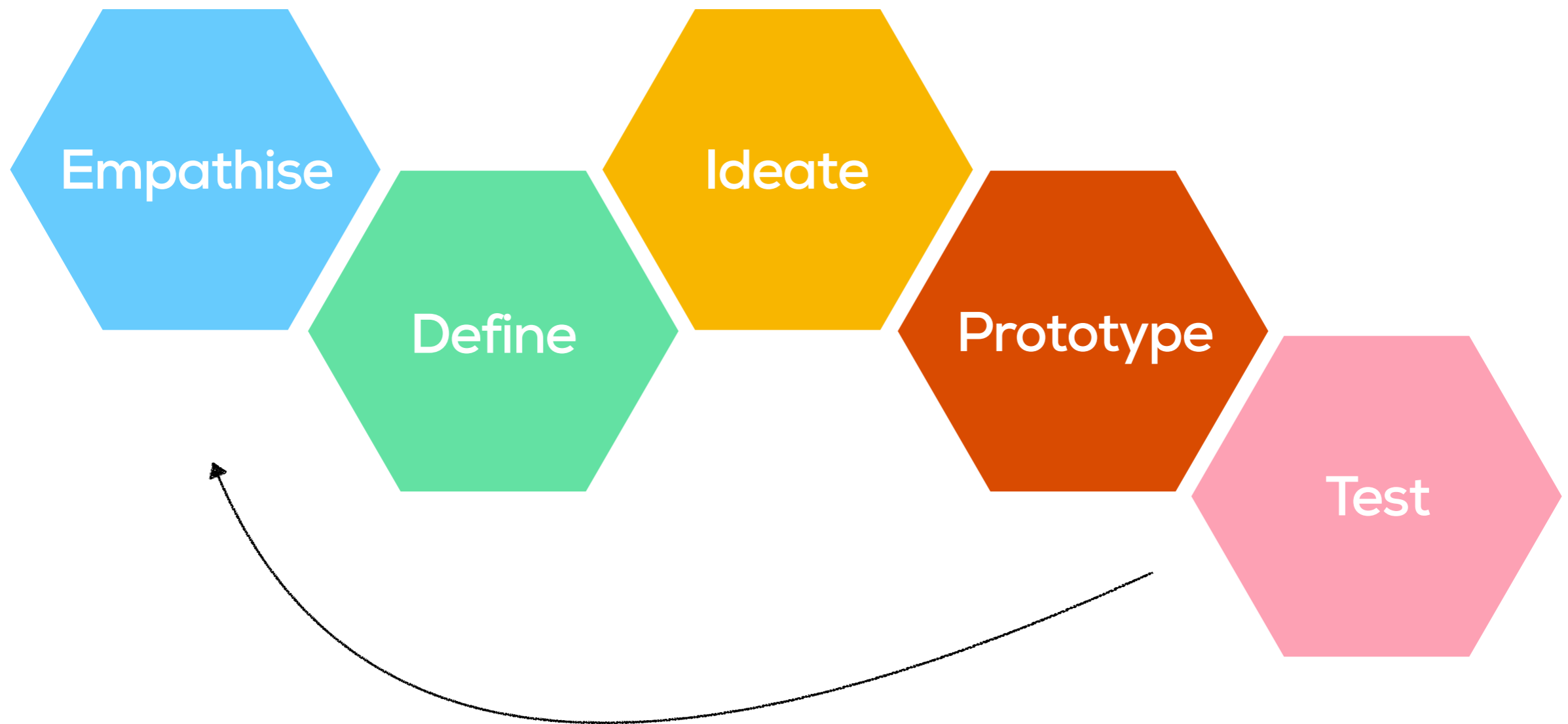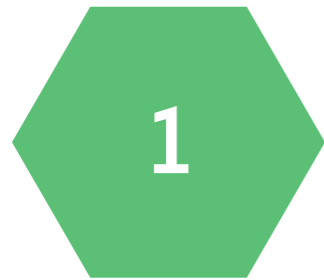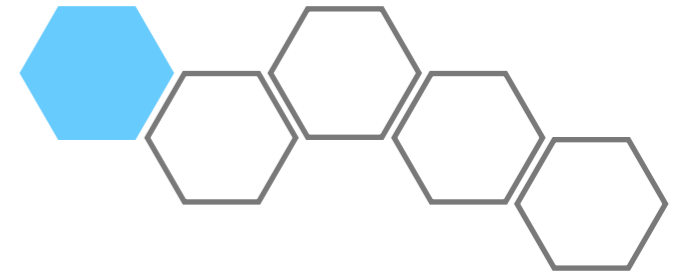
Understand the experience, situation and emotion of the person who you are working for

- **Observe** users and their behaviour in the context of their lives.
- **Engage** with people in conversations and interviews. Ask why.
- **Watch and listen**: ask someone to complete a task and tell you what they are doing

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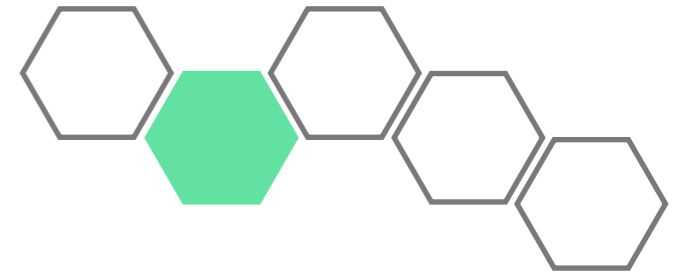
2 Define

Process and synthesise the findings in order to form a user point of view that you will address

- **User:** develop an understanding of the type of person you are designing for
- **Needs:** synthesise and select a limited set of needs that you think are important to fulfil
- **Insights**: express insights you developed and define principles

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3 Ideate

Focus on idea generation. You translate problems into solutions. Explore a wide variety and large quantity of ideas to go beyond the obvious solutions to a problem.

- **Creativity:** combine the un/conscious with rational thoughts and imagination
- **Group synergy:** leverage the group to reach out new ideas an build upon other's ideas
- **Separate** the generation and **evaluation** of ideas to give imagination a voice

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4 Prototype

Build to think. A simple, cheap and fast way to shape ideas so you can experience and interact with them.

- **Start building:** Create an artefact in low resolution. This can be a physical object or a digital clickable sketch. Do it quick and dirty.
- **Storyboard:** create a scenario you can role play in a physical environment and let people experience your solution

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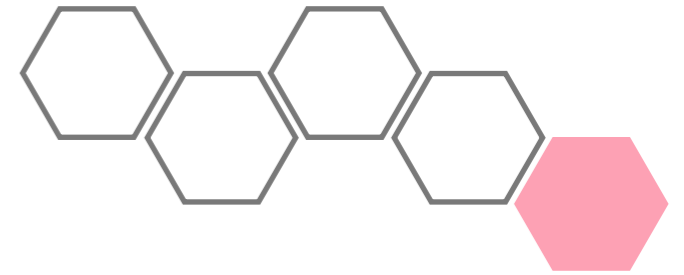
5 Test
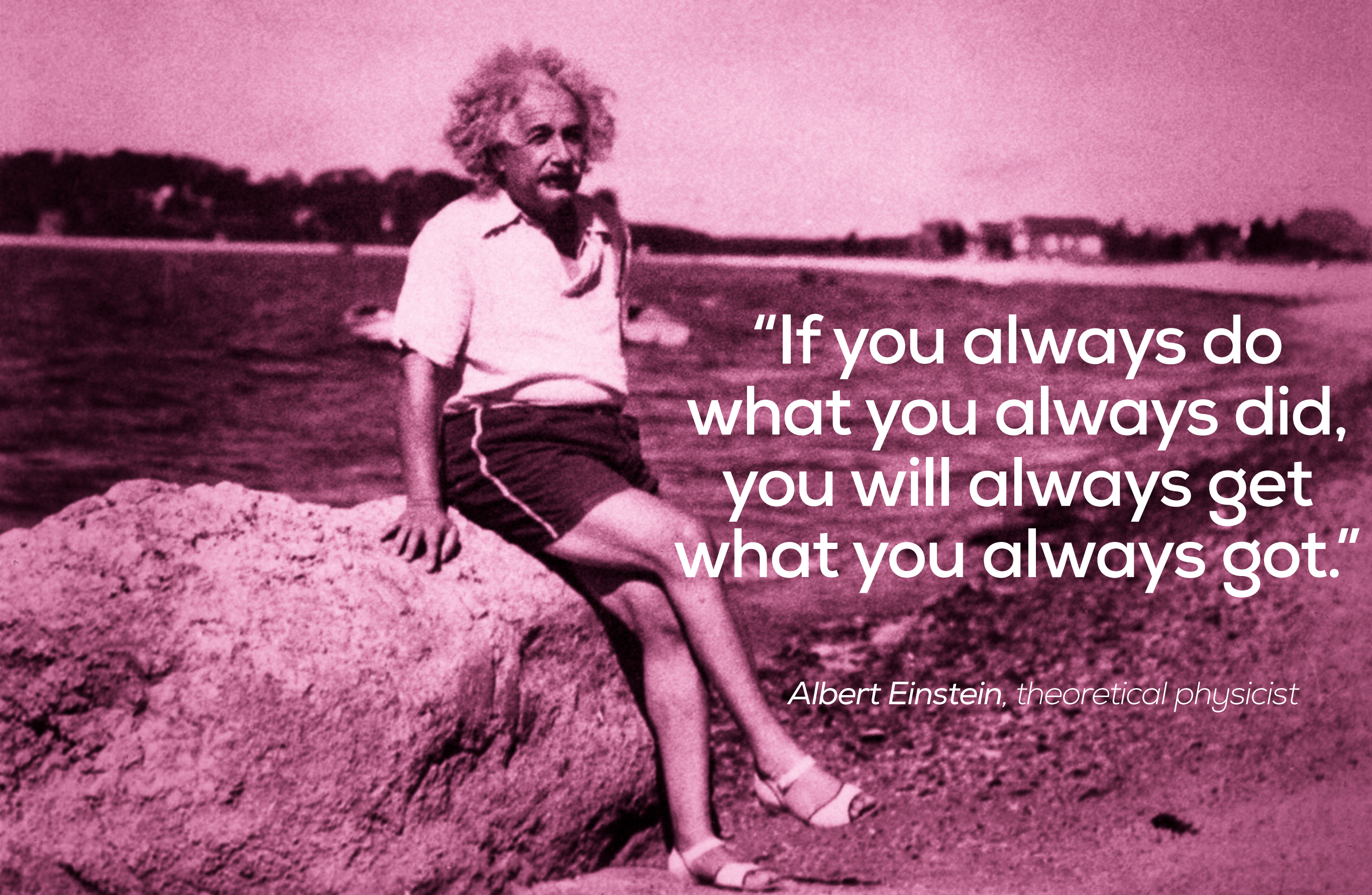
Ask for feedback on your prototypes. Learn about your user, reframe your view and refine your prototype.

- **Show:** let people use your prototype. Give it in their hands and let them use it. Listen to what they say.
- **Create experiences:** let people talk about how they experience it and how they feel

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How does it benefit financial institutions?

The benefit of design thinking in the financial industry.

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"If you always do what you always did, you will always get what you always got."

Albert Einstein, *theoretical physicist*

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My father in law was a local bank branch manager. He is a walking CRM database.

"The relationship with your customers is changing"

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"People adopt new technology, discover new solutions and develop different expectations"

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"Which triggers the need for new approaches in the financial industry"

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Challenges

Some key challenges in the financial industry:

- Threat of disruption by 'FinTech'

- High customer acquisition costs

- Lower customer loyalty

- Increasingly difficult to up-sell

- Reduced switching costs

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What customers need

Contact Us

Our interviews revealed seven key financial needs of millennials:

1. Storage and access to their money

2. The ability to transfer money to friends, family and colleagues

3. A clearer understanding of the financial products that are available to them

4. An easy way to pay bills and automate transactions

5. Information on managing and reducing debt

6. Saving strategies and support

7. Ways to avoid big financial mistakes

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By the numbers: Mobility and the state of customer loyalty in banking

- Customers conducted more than **50%** of their banking interactions through digital channels in 18 of 22 countries surveyed.

- Mobile is the most-used banking channel in 13 of 22 countries and accounts for around **30%** of all interactions worldwide.

- The share of customers using mobile applications rose by **19** percentage points in the past year. Online usage via computers dropped **3** percentage points.
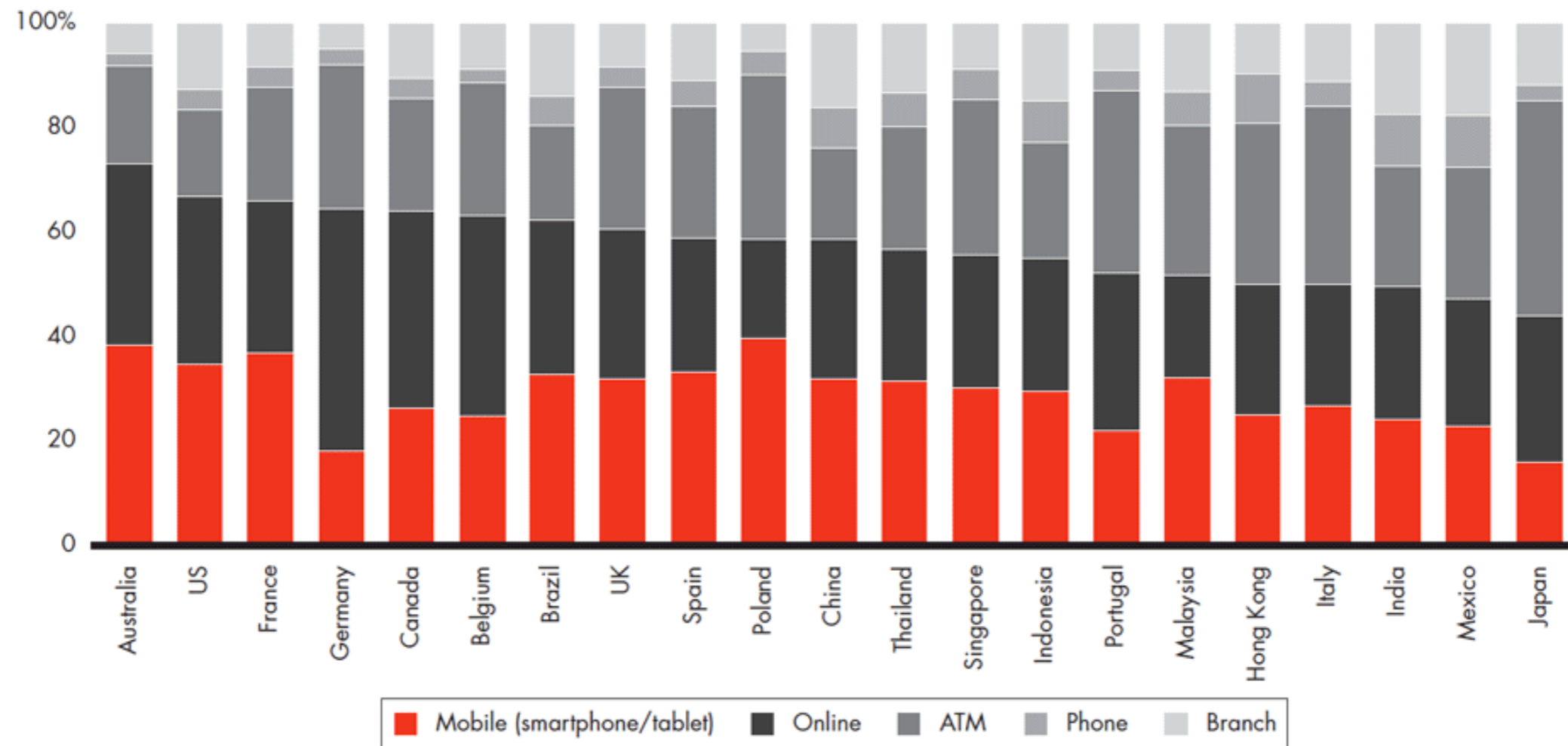
- More than **half** of customers used both digital and physical channels such as branches and call centers.

- These "omnichannel" customers gave their bank a Net Promoter Score **16** percentage points higher than customers using only digital channels and **22** points higher than those using only physical channels.

- Customers use several channels to research and buy new banking products. **47%** of US customers consulted their bank's website, and **37%** got recommendations from bank employees.

- Hidden defection of customers from their primary bank is rampant: More than **one-third** bought a product from a competitor during the past year.

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The role of digital channels worldwide

Figure 5: Digital channels accounted for the majority of all interactions in most countries

Percentage of total interactions in last quarter, 2014

Legend: Mobile (smartphone/tablet), Online, ATM, Phone, Branch

Countries: Australia, US, France, Germany, Canada, Belgium, Brazil, UK, Spain, Poland, China, Thailand, Singapore, Indonesia, Portugal, Malaysia, Hong Kong, Italy, India, Mexico, Japan
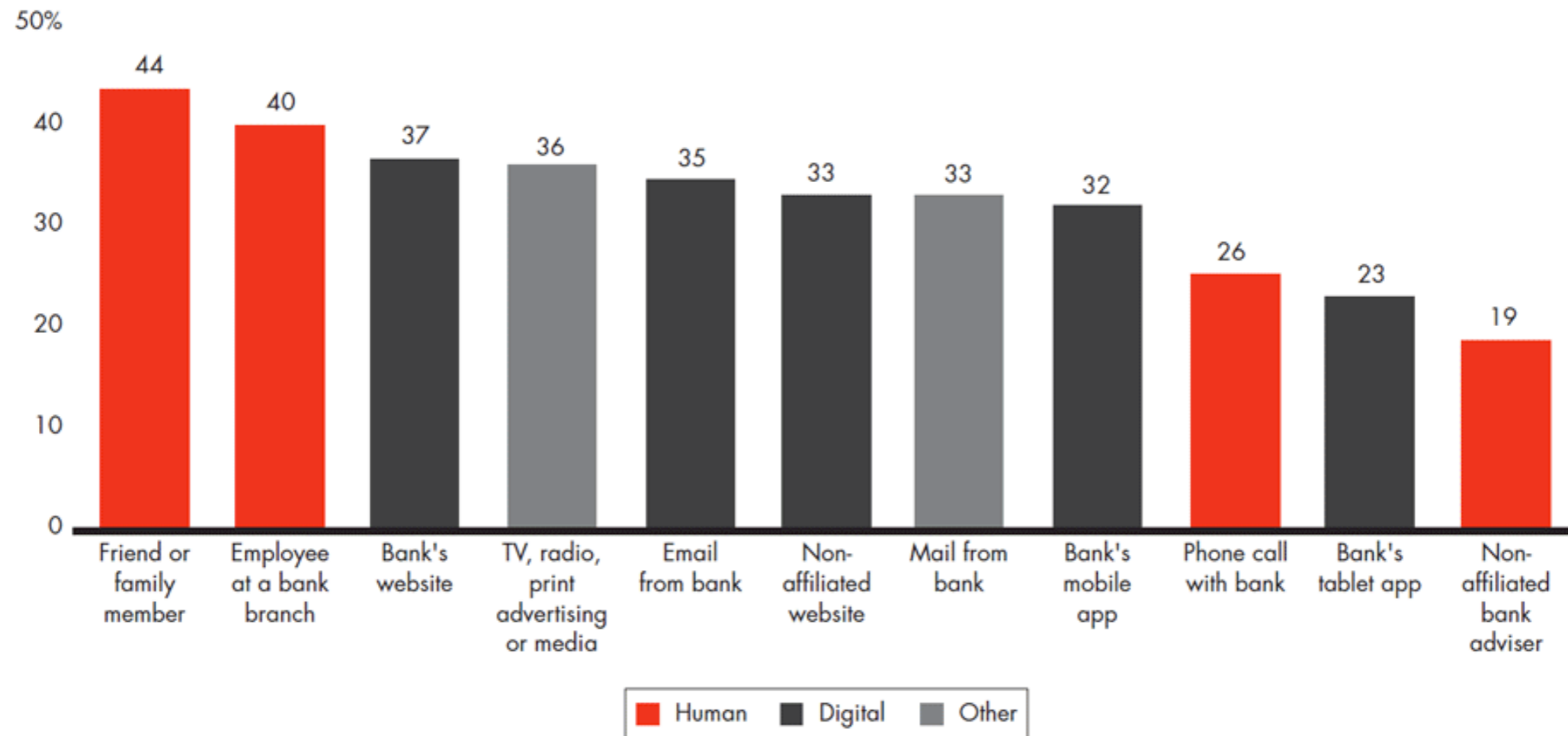
Source: Bain/Research Now NPS surveys, 2014

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The human touch remains important

Figure 17: The human touch remains important for loyalty when people are looking to buy new products

Respondents' Net Promoter Scores, by source used for product research and purchase decisions in the US, 2014

Source	Score
Friend or family member	44
Employee at a bank branch	40
Bank's website	37
TV, radio, print advertising or media	36
Email from bank	35
Non-affiliated website	33
Mail from bank	33
Bank's mobile app	32
Phone call with bank	26
Bank's tablet app	23
Non-affiliated bank adviser	19

Legend: Human, Digital, Other

Source: 2014 Bain/Research Now survey of product purchasers

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The uprise of smartphones & mobile internet

How the customer experience has changed

The rise of transactional banking.

How the experience of being a banking customer has changed.

ATM's

Telephone banking

Mobile banking

Online banking

Branch banking

Branch Centric Banking   Mobile Centric Banking

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3.1

Design thinking helps you innovate

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A

Big bets

With PowerPoint presentations full of statistics and customer insights, you need to make big bets on **new products, technologies, and premium services** that go to market and flop, often for reasons that are hard to figure out.

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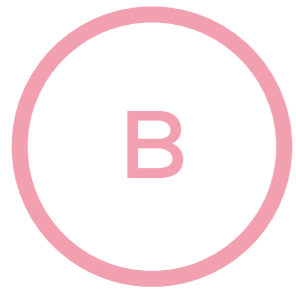
B A lean approach

Design thinking stimulates you to be highly creative and at the same time allows for **quick validation of those concepts** with the target customers and business model (as such limiting potential risk).

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3.2

...helps you differentiate from competitors

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(A) Serving is selling

As it becomes increasingly harder to differentiate on price, product range or local presence, "**customer experience" becomes a key differentiator** for banks. "Serving is the new selling."

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"Most banks recognise that many customers struggle to consistently save, **spend and invest their money wisely**, (...)

(...) the traditional role of banks was to provide services and enforce terms and conditions, and not to worry about whether customers were making **smart choices**.

(...) taking a more **proactive stance**, with offerings that make it easier for people to stick to good behaviours and achieve their personal financial goals."

IDEO, Retail banks turning to Design

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3.3

...helps you increase customer satisfaction

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Customer retention

A customer centric mindset helps you improve the customer experience over different channels and touch-points and positively impacts customer satisfaction.

Customers are more loyal, buy more and higher margin products from you. It also improves your net promotor score. (ambassadorship)

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But it has it's limits...

1. It's good to skip endless research, meetings and strategy sessions, but **under-thinking is as bad as over-thinking.**

2. Great ideas that benefit consumers **require a viable business strategy** built into an idea

3. Every problem is different. There is **not one proces or toolset** to standardise design thinking.

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What should you remember?

Key take outs

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1

Design thinking is a user-centered approach to problem solving. Empathy is key.

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2

Design thinking is especially helpful for "wicked" problems.

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3

Design thinking is a step-by-step process that is repeated over multiple iterations.

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(4)

Design thinking is about doing. Let's start together today.

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QUESTIONS?
SHOOT.

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