



LUMIKNOWS

Experience Design & Development

INTERVIEW WITH IDEO.

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[Alan South] I need to say before saying anything about working in Russia that I have a small amount of experience of working in Moscow as IDEO with a client. Twenty two years with many clients in Britain, America, Western Europe but my experience in Russia was based around Moscow. I know that is quite different from the rest of the country. Everything I will say will be based on this my experience.

[Alice Huang] If we talk about the experience of the market place; the design industry – are there other design consultancies; and also about the client experience, then that probably will cover all the questions that you prepared, Ekaterina.

[Alan South] From my experience, I found in many-many ways the experience of working doing our kind of design thinking, innovation in Russia very similar to other countries. Just the same appetite to understand a customer, looking for new ways to satisfy customers.

In one respect, something very exciting about what's going on in Russia is in terms of the level of growth. Many our clients here in Britain and America are looking to innovate because the growth stopped happening and it is not the case in Russia. You are growing like crazy. You are growing at amazing rates. That's one difference.

[Can you specify in what particular area IDEO worked? \[Ekaterina Khramkova\]](#)

[Alan South] In telecoms. Telecom sector, in the area of service innovations. Customer centers innovations. All I can say is that the experience of working was remarkably similar to do the same kind of work in France, Germany, Britain, or in America.

[Don't you think that the target audiences in the West and in Russia are quite different? Their tastes, their values, their approach to life? \[Ekaterina Khramkova\]](#)

[Alan South] Yes, but looking from the business perspective, the needs for successful companies to really understand who their customers are, what their unmet needs are – is just the same as for Russian or British or American company.

[But their unmet needs can be different... \[Ekaterina Khramkova\]](#)

[Alan South] Can be, and we expected it would be more different. Actually, it was less different. And I guess there is a sense that, if we are talking about the telecom sector, humans need to communicate – this is common for everybody. The whole experience has been remarkably similar.

[Are you expecting other clients in Russia in other areas? \[Ekaterina Khramkova\]](#)

[Alan South] In other business areas? IDEA is quite a small business. We cannot have so many clients. What we are looking to do is to gradually build our portfolio of clients. If the right next client happens to be in Moscow we will be just as open as if this client appears in Stockholm. We are not saying that we must build large products very quickly. But we are not going to be crazy to build business in

Russia.

How would you select partners in Russia, companies with which you are ready to work? [Ekaterina Khramkova]

[Alan South] On the whole we need to be quite selective. What's important and what we are looking for are relationships which provide us with a number of project opportunities. We are not in the business of looking to do just one project. We are looking for a sort of companies to work with whom we could have long-term relationships to do a series of projects.

Therefore, what we are looking for is we need to find:

1. A client organizations where is a good fit between our knowledge and methods.

And you are quite sure that you will be able to find that fit in Russia? [Ekaterina Khramkova]

I think so. Yes. Good fit in terms of industry area.

2. The second thing is that the type of innovation we do in IDEO has a focus on 12 – 26 months out. One – three years in terms of new things happening. There are plenty of companies in the world who simply are not interested in that time scope. There are some which are looking for a longer term. And there are many companies especially in fast growing economies who are only interested in the next three months. That doesn't fit with IDEO. There are lots of fantastic marketing consultancies out there who do excellent job at surveying clients' needs for campaigns for July, or Christmas. And this is really not our business. So we need to find a client who looks at 12-26 months.

3. In order to view the engine of IDEO we need to see our work go to the market place and be successful for our clients. Validate the whole process until we do the next piece of work. So we are looking at the ideal client. Product that touches people life and makes money for our client.

4. And, finally, in any given sector we need to respect different conflicts of interests of our existing clients.

So, what we are looking for is a relatively small number of good business relationships.

IDEO has several offices all over the world. Do you have any plans to establish a partnership, or an alliance with Russian design consultancy? [Ekaterina Khramkova]

[Alan South] I'd like to cut it into two pieces. An IDEO office in Moscow and collaborating with Russian design consultancy.

Right now there are no plans for IDEO office in Russia. Before we choose an office anywhere, we are looking for a number of long-term relationships - in order to serve those relationships properly we need to have an office there in the city. Three, four, five solid client relationships each providing a series of innovation

projects.

I know some firms say let's partner with the local companies and together create an office. We are really not looking at it at all. However, the second side of it which is a lot of successful projects has been done as a result of collaboration between more than one firm. If we could find the right firm to collaborate with in Moscow – particularly in the areas of communication design, that could create some very strong projects. Because we do not have Russian language skills at IDEO, we have very little cultural understanding. I could imagine doing something like, but we have no ambitions to building an empire.

When can we see the results of your work for the Russian market? [Ekaterina Khramkova]

[Alan South] It was Beeline of Vypelcom. I cannot tell you now the more exact details.

How can you describe their rebranding made by Wolf Ollins? [Ekaterina Khramkova]

[Alan South] From my point of view, it is remarkable, very brave, great piece of work. In Moscow, you have lots of these similar billboards. So wide, so high, every single street. But everything was the same. Beeline identity is now pretty amazing.

May I ask you about the ideas of such business thinkers as Prahalad, Hamel, Mintzberg whom designers find very interesting, proper in their work? Is that true for IDEO? [Ekaterina Khramkova]

[Alan South] We had a bit of reorganization at IDEO and we launched a new structure in IDEO in 2004. And we invited Gary Hamel to address the whole company at this event. It speaks itself. The way they see the world is not fully overlapped with the way we see it, but we have a lot in common.

What particular ideas of Gary Hamel you found most proper for your policies? [Ekaterina Khramkova]

[Alan South] The thing I remember from Gary's speech is that there is more uncertainty in the world and the budgets for designing and launching new services and products are getting smaller. Therefore, you have to do things on a smaller scale, you have to prototype. And it was absolutely what we do at IDEO. Rather than coming with a master plan and spending lots of money on launching it. Willing to experiment. Doing it on a smaller scale, learn and create a new model.

What are the biggest challenges that big corporations meet and how IDEO can help them overcome those? [Ekaterina Khramkova]

[Alan South] The biggest barrier to innovation in the world is that great ideas just stop in some big organizations. For all manner of reasons, none of which are deliberate, just stop.

It partly has to do with business culture, with organization structure, with the Key Performance Indicators, the tools and facilities which people are given. What can IDEO break? The model that we use in big organizations is you need to create a project momentum, a project idea, energy around it. Just keep moving inside big organizations. Lots of IDEO's work in terms of prototyping, storytelling, which bring the ideas to life, rather than having them just as reports. It creates a project momentum.

And often the biggest value we bring to our clients is just helping them get the good ideas to move through their organization, get out to the market and serve their customers and make money.

What is your approach to societal business models? Do you see the future for these models? [Ekaterina Khramkova]

[Alan South] The basic approach – who is the customer, what are their needs – it is the same for society. It is just the same approach. The whole design thinking approach works the same in public services as it works in business.

Getting around Moscow is hard work. London is quite bad. But Moscow is something else... Infrastructure is terrible.

Alan South is leaving. Mat Hunter, Ingelise Nielsen and Alice Huang will be answering the rest of questions.

You asked me about image of IDEO in Russia. I think, it would be interesting to you. IDEO in the West is a legendary company, whereas in Russia people know nothing about your company.

You know, last week I observed Russian Internet and tried to identify whether Russian business knows about IDEO. I found only two links to IDEO in our most popular search engine – Yandex. And both of them, of course, refer to IDEO as, mainly, a product design consultancy. Then I searched in one of the most leading Russian social and business networking sites E-xecutive created by Ward Howell International in 2000 which unifies successful Russian managers including top managers most of whom with MBA backgrounds from many prestigious European and American business schools. And I found again only two records there – one was my article and the other one led to somebody who is in e-coaching business and tries to create a new generation of innovative business leaders. That guy lives both in the United states, in Silicon Valley, and in Russia, so his approach to IDEA was correct. Then, on Monday I created a topic on that site asking people what they know about design thinking. Do they know that the leitmotif of meeting at Davos was Creative Imperative? And it seems that there is a huge gap in their minds between product design, principals of design thinking and, for example, creating an innovative business culture. When they learned that the topic of my dissertation is knowledge management and building an innovative culture of transferring of knowledge, people couldn't understand how a designer, because in their eyes I am a designer could write a dissertation about knowledge management.

So the aim of this publication I see as an attempt to demonstrate that design

– through principals of design thinking, first of all, is deeply interrelated with building new paradigms in business aimed at firstly, creating a more innovative business culture and, secondly, tapping tacit knowledge of people, of customers. By this, I have a feeling that what is called today design thinking is, as a matter of fact, right-brain thinking and this link to design only confuses people especially those who only recently learned about this area and prevents them from understanding that any human being can think creatively, not only designers. So, my first question

Is design at Ideo at the forefront of new ways of thinking about business? Will design follow your path or are you just different? [Ekaterina Khramkova]

[Mat Hunter] Both design as design thinking are important. In other words, the work that we do it is apparently abstract – thinking about human insights, and strategy and the rest of it. And as you said it is relatively unknown that designers can contribute to it. But IDEO as a company wouldn't be valuable if it were all that we do. Yes, we believe we deal with human insights, strategy in a different way from management consultancies, for instance. But we can actually check these ideas and make them come alive, real, get them into production. And Alan said answering your question what is the biggest problem that people are facing it is getting stuck out there in the market place as quickly as possible. Therefore, you need to know both what to do and how you actually gonna make it happen. Can you be both? Are you going to move to the strategy world and leave the design world? No. We retain in product development.

IDEO was probably the first design consultancy company which demonstrated to the rest of the world that design is not only about making things that look nice and cool. This is about a new approach in business aimed at creating customer experience and helping companies innovate. What were the main factors that made IDEO move from the traditional design activity, from “aesthetics” to “strategy”? [Ekaterina Khramkova]

[Mat Hunter] What made us move was our clients demands. Our clients came to us and told we do not know what to do. And we have a very diverse range of people. Too often people imagine that design companies consist only of designers. The truth is that we not only have a wide range of designers: from engineering to much more aesthetically driven designers, information-driven designers such as communication or graphic designers, but we have other key disciplines such as human factors, increasingly what we call design for business, we begin hiring people with MBA, who understand people and many other types of experts. Brand strategists. Our clients are demanding it. We are not simply a design organization, we are a design thinking organization. We value all these different disciplines.

The question was how IDEO moved from aesthetics to strategy. So, do you agree that in the past you were not strategic? I would not say that... [Alice Huang]

[Mat Hunter] Well, always as the company we challenged a brief. If somebody asked make me a new toothbrush, we would say is it that you really want a toothbrush and how we gonna do it? So, even if we were dealing with product-

innovation, we've always questioned the brief. And made it more powerful an answer. You can call this strategic, but it is a sort of minor-level strategy – we are changing a product. The point which Alice raised is that we've always questioned the brief, we always wanted to change to product – make a product innovation. Yes, we were asked to change the product, to reinvent the categories. And now we are asked to reinvent whole companies and now what you can really call strategic and you are moving to this strategy space increasingly doing what management consultancies do.

So, yes, we've always been strategic, but now I think the outside world truly sees us as business strategists in some way.

[Everything that you are talking about now seems quite easy. What impedes other design consultancies to follow your way? \[Ekaterina Khramkova\]](#)

[Mat Hunter] Very good question. It is very hard be a pioneer. So often it takes just one person to be a pioneer in his industry ... That's life. Competition. Very few companies have such pioneers. We happened to be formed by a very intelligent group of people. They were restless to change. Interested in other disciplines very early on - such as human factors, interaction design always looking for the next boundary – much earlier than the other. DNA of our founders is restlessness, always looking where design will play next.

There is a very interesting question whether our client adopt our way of doing things. In terms of cultural transformation. [Alice Huang]

[Mat Hunter] Absolutely. We are trying to transfer our DNA to our clients. Again, the big problem is how to react quickly. Start-ups is that particular kind of organizations that are driven to move quickly because otherwise their money will run out. And large corporations tend to have great market understanding. A lot of what we do when we are working with our clients is both give them great human insight. They have wonderful marketing departments but we give them quite different approach to their customers. It is quite complimentary and really helps them to understand better whom they serve. Then, beyond that, the process which we use is quite rapid, risk-taking in some way. Success criteria which people used – metrics are very numerical, statistical which impedes progress. If you look at entrepreneurs, start-ups, they actually move ahead without hard data. The reason again why design thinking is useful is about intuition. You do not often open the world with hard data. When we try to transform the culture, we want to bring more intuitive thinking trying to help everyone by going out and meet their consumers. To understand the market. And this reminds them to be entrepreneurial, to take risk – in an appropriate way. So we do a lot of work to change the organization from execution to more entrepreneurial.

[Is the way of IDEO different from what such design consultancies as Design Continuum, Ziba Design are doing? \[Ekaterina Khramkova\]](#)

[Mat Hunter] Part of our processes are very similar. We are all involved in product developing, making things tangible. One of the key strengths that IDEO has that hasn't necessarily been replicated elsewhere, what probably differs us – human factors inside the strategy. We find that the art of observation is something that is relatively easy to understand and to teach. And certainly we can teach our clients to observe and gather their insights. And therefore we expect many other competitors doing that as well. What is much more tricky both to teach our clients and therefore more difficult to replicate is what we call synthesis in strategy. It is standing back from all these little bits of information and shaking them into a whole bigger picture. What does all that mean? What should we do? Where should we go? How can we beat the competition? To make a sense of the world. Our clients think we are good at it. And they are looking for this in us as well. It is so because we have experience of working in many different industries: transportation, telecommunications, food and healthcare. We understand the consumers in a much more holistic sense than some, for example, food producers. It is something to do with understanding consumers more holistically – they should be treated more broadly as humans. This brings better ideas and great insights.

So, can we say that you approach people from a more, say, existential point of view – not just as someone who only buys things... [Ekaterina Khramkova]

[Mat Hunter] Absolutely. You can find some narrow definitions – like users. Or you can see them broader – as consumers. And ultimately we should see them as humans.

And how do you call them? [Ekaterina Khramkova]

[Mat Hunter] We call them all these things. Because the truth is that we are all users, and broader – consumers. And humans. So, we always try to understand people at all different levels: socially, physically, their aspirations. Multiple levels of understanding, not only as users. Again, the secret of our human factor work is to understand these multiple levels. Not merely looking at people as users. To understand their family situation that may be effects their way of using.

[I.N.] We can call it also holistic or experiential – it takes in the whole situation, whole context, holistic.

[Mat Hunter] Why working in so many industries is valuable is because there are so many-many ways reach the holistic understanding of consumers. It is their individual and social sense and also how they are our consumers.

So, the fact that I take a flight on a really great airline like Virgin will immediately effect the way which I wish to have my telephone work. And this is exactly why brand Virgin is so successful – because they understand that if they improve flight, I want an improved train service, I want an improved phone, TV service. And the same brand experience can effectively work across financial products as well.

Again, it sounds so simple. Why other companies do not follow this holistic

approach to their customers? [Ekaterina Khramkova]

[Mat Hunter] Many companies have a staff that is not set up to do that. I think one of the things that makes IDEO special is that we are thinking very hard about whom we hire. As I said we have different types of people here. Also, we have what we call T-shaped people. Each person has its depth, but each person also has its breadth – for their colleagues, for other disciplines, for the world of business. Comparing to other big companies we can actually tune our staff relatively quickly and optimize them so that these people are very broad thinkers and yet have a great depth for the same time. So our strength is our people – how we manage teams, how we grow our teams – its breadth and depth.

You have multidisciplinary teams: social anthropologists, ethnographers, cognitive psychologists...[Ekaterina Khramkova]

[Mat Hunter] And business experts. If you look at our team, it fundamentally links to these two disciplines: human factors – how to understand people, business factors – how to understand business, and technology factors and design glues them all together. So, every idea should be desirable, technologically feasible and viable in a business sense. Every single project we have is a mini-IDEO involving all the skills we have.

And that's a key part of the spirit. If you want to move quickly, have a really strong interdisciplinary team. Many talk about interdisciplinary teams. Sometimes it is just words. You can have a group of people from different disciplines, but they do not know how to talk with each other. You need T-shape people who have empathy for other disciplines. Who know how to talk to business people, engineers, technologists... Our teams are very tight-connected – and that's again that something that many other organisations find quite difficult to do. They may be able to find loads of great individuals, but they cannot truly come together as a team.

My next question concerns IDEO's leadership in business management. IDEO became a rival to such famous management consultancy companies as McKinsey, Bain, Boston consulting. Do you think these companies will be able to catch up with your practices? [Ekaterina Khramkova]

[Mat Hunter] We very much respect the management consultancies such as McKinsey and Bain. We are different. We don't think they will become us and we will become them. When we are talking about competing with them, the way you can say we are competing is because we are talking with the same people - CEOs, we are tackling the same sorts of problems. But we do it in a very different way. We hope on collaboration in the future. What we can do – bring design thinking, right-brain thinking there. Some other ways in which we distinguish ourselves from management consultancies is again to do this tangibility and actionability. Because when we create strategy we can show this is what the world will look like if you follow this strategy. The question one is "what should I do" and "how should I do that" and here is our great power, because clients need both things and we can do that.

The way we approach things is that we use very qualitative methods of research. We go and spend lots of time with people who are not statistically significant. That's what we call generative research. In the very beginning to have good ideas. Later on, when we know we have good ideas and we want to shape those ideas and try to understand whether these ideas have huge market and potential, we should bring quantitative research. The point is that our intuitive thinking, our qualitative approach is very good for imagining new possibilities, but managing risks you must bring in analysis, statistics and data. And we, as a company, collaborate with those companies which can do that, who are better than us on quantitative data. So, we are really good at imagining the future, others – at proving and trying predict as much as possible – market size etc.

People are talking about Apple – this is a great company. But many do not understand what it actually takes to make Apple. One of the greatest things is attention to details. Where designers work incredibly hard to prototype, to go to the manufacturing, to make all details absolutely perfect. And so many organizations say – oh, it's all about strategy, about execution. And it is so – both Steve Jobs and Jonathan Ive... These two players do extremely well across strategy, action, execution.

[The role of business leader... If Steve Jobs wants to retire, what happen with Apple? \[Ekaterina Khramkova\]](#)

[Mat Hunter] I might believe that in companies like Apple change always comes down from chief executives down. So we see many other organizations recognizing that if CEO is not a believer in radical innovation, then the company does not move forward.

[So, there is always should be somebody who organizes the company \(bottom-up vs. top-down\)? Company cannot organize itself? \[Ekaterina Khramkova\]](#)

[Mat Hunter] I think the answer is both. Top down is very much about enablement, and vision, and focus. What people often point out about Apple is that Apple manage to have a rate of innovation which is far greater per dollar they spend in R&D than in most other companies. In other words, they are incredibly focused. So it requires chief executive to help guide the company in other to focus, but it takes the engine room bottom up in order to make it happen.

[We live in the Economics of Knowledge where knowledge is the only resource we are left to compete with. Unlike many other companies, IDEO shares innovative processes with its customers through projects, workshops and IDEO U, its customized teaching program. \[Ekaterina Khramkova\]](#)

[Mat Hunter] We believe not so much in knowledge, as in application of knowledge (“know how”). Every company is trying to make a judgment on what should it retain and control, but the control of information should never overcome the application of knowledge. So many are realizing now that it is not so much about developmental partners with which they share knowledge and ideas, and apply them but with consumers as well. So we begin to see - Nike ask

their consumers to design, Lego co-develop for free... Wikipedia which is even more a case of open-source information. So open-source is a great example of one extreme of seeing that engaging others and getting them actively apply knowledge is incredibly valuable. So every organization is trying to deal with this dilemma – it is a dilemma. How to control intellectual property. More patents are granted now than ever before, but at the same time some amount of sharing information especially though action is very important. Knowledge intrinsically itself is not valuable – so knowledge work today is about applying. Not merely making a database – larger and larger and larger – this is pointless.

[IBM is offering its smarts. It is sharing its intellectual property resources with others...\[Ekaterina Khramkova\]](#)

[Mat Hunter] Exactly! This is the great lesson of open-source information. Everybody has a piece of puzzle, but everybody will benefit if the whole puzzle is made. And this is increasingly one of the challenges of intellectual property is that people are owing smaller and smaller but somehow they should adapt... So if you can share for mutual benefit, why not do that. So everyone learns hugely from open-source movement. We need to think how to correctly apply it, that sort of philosophy.

[Did IDEO ever fail in persuading companies to follow open-source innovation can be beneficial? \[Ekaterina Khramkova\]](#)

[Mat Hunter] Ideas once captured must be executed as quickly as possible. Each client has its own situation.

[IDEO-U \[Ekaterina Khramkova\]](#)

[Mat Hunter] One of the simplest of the transformation. It is what we call a catalyst. It doesn't really teach very deep change, but it gives everybody an idea of basics. The basics are human insights. What are the techniques by which you go out and begin engage in your consumers life in a meaningful way. One there is very face-to-face and deep and begins with understanding the whole situation – holistic approach to life. Secondly, beginning to take those insights and create themes out of them, synthesis and generate design solutions out of them, see opportunities. If you identify a need, brainstorm a possible solution to this need. Then prototype very quickly. By this we can communicate the idea better, we understand it better – whether it is good or not. So this is a very simple three-step process that shows people how to observe things, synthesizing, brainstorming and prototyping.

[Can you give an example of collaboration which uses these three principles \[Ekaterina Khramkova\]](#)

[Mat Hunter] P&G. Of course, we cannot take credit for everything they've done. They are a very big organization and we are very small. But if you have a look at what P&G has done, they enlarge their design departments quite considerable. They use a lot of these design thinking methods of observation and prototyping and brainstorming. And we see that their profit margin and their overall business is growing very-very well. They always have been a cutting-edge company and

perhaps it is not that surprising that from top down again – Lafley – they really stir the power of design thinking in their organization. And they understand that design thinking is a great skill they can utilize. Lafley and Claudia Kotchka are real champions within this organization. We contributed as much as we can.

[Do they need your help now, or they can go further on their own? \[Ekaterina Khramkova\]](#)

[Mat Hunter] Yes, at some level, if we believe in open-source, then we shouldn't be afraid of that fact. By teaching as much as we can. Ultimately they may need us any more. But of course within such very large organizations they always have very tough problems and maybe we can help. Particularly industries which benefit from radical innovation. Our aptitude is that they should be perfectly able to build their own competencies. And we shouldn't worry about that.

Some new things all the time. I still believe that we, as a smaller, more nimble organization, will always be able to be cutting-edge, we will always be pushing, potentially always one step ahead. It is this – an open-source model, always keeps us thinking about new ideas. Maybe here is an answer to your previous question why many other organizations cannot move that quickly – every time you give your ideas away, you need to create invent something new. And here is some wonderful thing about giving ideas away because you realize that there are million ideas out there and this gives you a stimulus to find something new...

[This collaboration with P&G began as a design project. I do not think they asked you to, say, improve their business culture. But with time...\[Ekaterina Khramkova\]](#)

[Mat Hunter] Absolutely. And quite often it works in this way. We solve some particular problems in design and they see – because we always collaborate with our clients, we always let them see how we do this. And they see – oh, you do it in a different way. That's interesting. Shall I learn? That's the point – it is how the transformation process grows at first place. We begin with our job – reinvent products and services.

[Whom else does IDEO help innovate? For transformation, innovative business culture \[Ekaterina Khramkova\]](#)

[Mat Hunter] We can mention health service a lot. First of all, service companies. There culture is very important – I think the products are all rapid they need to innovate quickly. We work with service providers – telecommunications providers in Germany, with healthcare providers – in the USA and UK.

What's interesting about that is that we are creating consumer-focused innovation culture. The mobile phone industry has a lots of competition. They need constantly search for interesting solutions. In health care industry it is more about efficiency in some way. It is about quality of service they offer in general and also the way the offer it. What we do is about team work. Of course, people learn through observation, protot. and brainstorming, but also to work collaboratively. So many organizations cannot set up to be strong at it. We are

nursing staff and architects, and patients together. And administrators. All. To co-generate the ideas, to make them richer. And it makes everybody agree that it is the best idea – and so again you move the idea faster. So service companies are in particular interested in transformation because they require this continual change.

Design research methods of exploring real needs of customers are gaining in popularity. Market research techniques, on the contrary, have proved to be redundant and based on data that is dead on arrival. From the IDEO's experience, is it more costly to conduct market or design research projects? [Ekaterina Khramkova]

[Mat Hunter] At the beginning you should conduct qualitative research to generate ideas. It is not that expensive because it is few people. It is expensive in terms of the amount of time you give to the individual, but you speak with relatively few individuals. As you move to quantitative research, you spend less time with individuals – you can even not meet them. So I cannot say which is more expensive or valuable. Both are required, both are complimentary. If someone says, market research is wrong, our argument would be, if you are using statistical quantitative analysis trying to answer the question what should I do, where is the future, then it would be probably a wrong thing to do. But once you've an idea, a direction, and you wish to prove, then this is right. We think these methods should be complimentary.

How long does it take IDEO to fulfill these stages? [Ekaterina Khramkova]

[Mat Hunter] It depends massively on the scale of the problem, but typically we can say between 6 and 26 people on the project. It might take 4-5 weeks. Roughly we spend half a day or a day with an individual – it can give you an idea. But the really key thing is not so much an observation as the synthesis. Yes, we go out, we see people. But then you should come back and say, ok what all this means. And here where value comes. To understand what this person tries to tell us. Many say that what we really want is the voice of the consumer. Yes, we need it, but we need to interpret it. And it takes a week, two or even four.

The people who gather these data are the same who later synthesize them? [Ekaterina Khramkova]

[Mat Hunter] Yes. The really important thing is the team. The team has 1 human factors people, 2 – if the project is really big. A couple of designers. We get as many people out to the observation as possible. Because if your human factors person gets his findings on the wall, you've lost half the knowledge – it is tacit, it is sticky. It's all about experience. What we try to do is tune people's intuition, we try to make it more entrepreneurial. We take our consumers by observation, we took Lafley (CEO) to buy some records in San Fransisco. It gives a good idea of retail experience. We go out as designers, as technologists, as business experts, and we go and sit in the same room as human factors people and hear the same things. The human factors people are the true experts in synthesis. They will often lead everyone in terms of "what all these mean".

What background should the human factors people have? [Ekaterina Khramkova]

[Mat Hunter] Broad. Sometimes, psychology or ergonomics. Sometimes – broader: social scientists. We need here a holistic person. We need people who understand the physiology and the psychological processes, as well as cultural processes. So, even within this one discipline – human factors – we have a very broad range of people.

Today, the concept of the next big thing is increasingly outdated. How would you explain this and what you think will be the next gadget people would like to buy. [Ekaterina Khramkova]

[Mat Hunter] There will always be a big market for the “next big” thing. Novelty is fine and it is a useful driver. Are you talking about technological things?

I am talking about the nature of the product which is changing – to intangible values of products. [Ekaterina Khramkova]

[Mat Hunter] I think it again both. We found an incredible power in physical touch points. So it is. The anchor on an experience. Yes, there are multiple ways in which we interact with businesses. Retail, product, service experience. But there are also relationships that I have with the company. Again, there is a link to an open-source idea – the idea of building deep relationships with our consumers. And it is no longer just enough to be transactional. Yes, I buy your product. I really want to buy into your brand, - since you do understand my lifestyle, you do support me in all the things that I do, but ultimately it is about me as an applicant for your brand, to tell my friends about services and products that you create. So again looking at where advertising and marketing is going this idea of buying network of individual applicants speaking for you more powerfully than advertising. And I think it speaks to intangibles. P&G is a good example. They have a very good website community that leads and speaks to a much broader range of parenting issues than merely keeping your child backside clean and dry. And so they really understood that one of the ways that P&G will not be commoditized by retail channels and label brands is really to be much more sophisticated about the way in which they engage with consumers. See them as holistic consumers. To understand that true loyalty is incredibly deep.

Switching to branding questions... Does IDEO have its own vision about the future of the brands, global branding and are these issues important for product development? [Ekaterina Khramkova]

[Mat Hunter] It is a continued journey that brands are no longer graphic identities. They are deeper: beliefs, systems...

and communicate ideas from companies to people [Ekaterina Khramkova]

[Mat Hunter] Yes, and what we are often doing when we are creating strategy is creating a vision that could guide a whole company. So I think this is how to communicate your relationships with the consumer, but also how you stir a company. If you have 10,000 employees, how you everyone believes in the same thing? There is much more transparency today. There is no back office anymore. The companies are transparent in the way consumers can criticize them. Blogs. And they are transparent also in terms of their workers, of their employees.

Today brands not only for consumers – it is a mission for employers. So it is about clear vision, clear distinctive and based on real human need. And that really effects both employers – and shows how bottom-up process can happen – and, of course, create almost equally as tight relationships with the consumers themselves. If we look at Nike, their vision, as Nike employers understand what to do and now Nike consumers are creating shoes as well. It is fascinating.

[Does IDEO participate in its clients brand projects? \[Ekaterina Khramkova\]](#)

[Mat Hunter] Because we go out to find the truth about what people want, every brand must be based on truth, so of course, we effect the brand and what it does, but we do not do that in a way classic brand management companies do.

We may collaborate – we may try to contribute to generating a DNA of the company. What should it be? How would it really meet the consumer needs? We can elicit what people really want. Every brand must be focused on delivering something meaningful to real people. What do you want. What does it mean to me.

[What emerging major threats, challenges you see for branding in the nearest future? \[Ekaterina Khramkova\]](#)

[Mat Hunter] There is one particular thing is that as companies realize that they must become broader in their offers that they give to people – not just products and services, but relationships. The number of touch points that you have is greater. The challenge than is executing evenly across all these touch points. So many the challenges that people face in the organizations is that these are not connected together. Retail group and product group and customer services group – are they talking the same voice? Are they really expressing the brand values in the same way? Because the consumer should not know that the company is organized in this vertical way. All they see is a consumer experience and find disconnects.

[You mentioned that customer journey is getting longer? \[Ekaterina Khramkova\]](#)

[Mat Hunter] The customer journey has always been long, but people today are recognizing that and try to address the multiple parts of it.

[My last question: Michael Peters believes that the profession of graphic designer will disappear in 5-10 years time. Do you believe in that? \[Ekaterina Khramkova\]](#)

[Mat Hunter] We believe that graphic design is a fundamental discipline. Probably, he is understanding graphic design particularly in a consulting context. But certainly we believe that visual communications is a fundamental requirement and we will continue to retain graphic designers as a core part of our team – as communication designers. He may well be arguing that something about the industry, graphic design industry as he knows it may change. And I cannot comment on that. But the discipline of graphic designer is a fundamental discipline...

You do not make a difference between graphic and communication designers in IDEO? [Ekaterina Khramkova]

[Mat Hunter] There is a slight difference. We believe we need to blend graphic design skills with copywriting skills and the general idea of communication so if we think too much about graphic design for their own purposes it would be too narrow discipline. Our purpose is to communicate our ideas effectively between clients and consumers and so we like to see more holistically. Nevertheless, we hire people who have particularly graphic skills...

[A.H.] The kinds of things that clients ask us for. The kinds of problems that we can tackle.

[Mat Hunter] I was speaking with a couple people from advertising industry yesterday and it was interesting to see how different their perspective was. For them, it is about expressing a current brand in an engaging way. Of course, you've got to understand a consumer but it is a little bit more than fitting with them in a current framework.

We are asked essentially to solve problems. We are dealing with people who are facing disruptive change problems. For instance, someone maybe... their whole product line maybe is a commodity. FMCG companies. And retail channels companies are coming with making their own goods. TESCO, Walmart or something like that with their own goods. We cannot just tell people stories about that. We've got to go out and really understand what are these needs that people want. We should broaden issues – like parenting. And therefore, if we didn't deal just with the products that we stick onto babies, or stick to their mouth, maybe it is about relationships with my child. Let's really try to understand that. So what we are trying to do is humanize strategy. A client will come to us and say: we are commodity. Our strategy is to add value. The question is, how to add value? And so we go out and say, yes, we will add value. Maybe, their strategy is increase market share. We have to go out and say: yes, but the way you should understand is not feeding your baby more of the food – it is somehow about understanding the relationships that I have with my child. Between children and parents. And come up with new products and services that add value.

And one of the most important things is that all this leads to communications. Because we know now how to talk about all these things. So what we do: we both generate products and services ideas and we know how best to talk about it in the marketplace.

If we take something like a Vodafon Simply. They wanted to broaden their market, get new revenue streams from new markets. There were plenty of people not using the mobile phones. Of course, all sorts of teenagers and twenty something. But there were also people fifty plus who much less likely to use telephones. So we can either go to an advertising company trying to find some ways promoting – a new campaign. "Hey, this is easy, please call your kids, this is a great benefit" – this is one story. And know what would happen? Someone perhaps would make a great advertising campaign and make someone go to the store and find a store

intimidating and then the guy behind the store – and they would know what they are talking about. And then when they were sold a phone, they would not know how to use that.

So, it is very powerful to build an awareness, but retail and purchase experience is the other important side of the truth. And if it is broken, it is no good.

So, with Vodafone, we had to understand what people wanted from phone. Maybe, to see it properly, they needed much clearer control about it; volume. How to get my phone number – old people always forget it. These are so simple things in many ways! But if you execute, if you change the phone, if you make a custom phone – which is a risky thing to do, but if you change it, actually, you have a great second moment of truth. Now, the way in which the stories that we learned by speaking to people, then became useful for communications campaign. So in the communications campaign you can highlight this: look, you can actually read it, look, a ring – you can actually control. So, for use, we are starting with the retail or an actual product and services experience and by fixing that, it tells us how to communicate it. [Mat Hunter]

Who did an advertising campaign for this product, for example? [Ekaterina Khramkova]

[Mat Hunter] It was a collaboration. We brief them – advertising companies.

IDEO developed a design brief for them? Not Vodafone? [Ekaterina Khramkova]

[I.N.] Yes, Vodafone asked us to create a brief. So many of these actual posters have comments from the people that we observed. “I like the screen because small writing gives me a wrinkle”, or, there is another one – and my mom likes this, because she thinks an envelope on her screen means her telephone bill arrived... And we used all these and people found it A amazing , but B – immediately addressed their needs and thoughts. It was insights that we used in an advertising.

[Mat Hunter] So, answering your question...

We are doing slightly different staff overall than in advertising industry. But what we do impact on that. We typically have done deeper user interview insight work, so as we have more of these “truths”, as we call them, it makes better an advertising campaign itself. But again, we brief them

Vodafone restructured itself because it was under a threat from voice over IP-technologies. And so we see that a lot: technology and commoditization in retail. Even consumers being more sophisticated in food industry. Food industry is a classic example - we worked a lot in this industry. In food industry – especially in the UK, but also broadly worldwide issues of health – both of health of me and of planet have suddenly become big issues. It's been rapid, really rapid change.

In people's mind...[Ekaterina Khramkova]

[Mat Hunter] Exactly! And now I want to feed my family right. Or I don't want to harm animals. More people understand what it means to be healthy and to be a responsible consumer. And so food industry has to understand what's going on. The great example is organic food. Everyone wants to buy organic. But what does it mean? Organic doesn't mean a whole lot because there can be a very high fat organic, but still somehow I think that organic is better than non-organic.

There are just not chemicals. They do not use chemicals when growing...
[Ekaterina Khramkova]

[Mat Hunter] Yes. Organic is good, of course. But it is not the whole answer to the question, how can I best feed myself, my family and do the best for the planet. So, prompted by consumers being shifted massively to organic food, we have to work with the food industry to say what is that people really want? What is the truth? How do they think about food? Because we all are busy, we still want a convenience. But we just a little bit more conscious about our health and sustainability. And that's a classic example where consumers are suddenly creating destruction. So, it can be technologies disruption, it can be consumers, it can be retail disruption, it could be legislation, government changes. Smoking in pubs. We are fascinated to see what happens in terms of pubs' changing. They all are possible triggers for innovation.

Another great example of really nice user insights in NPD is a new Boeing 787 Dreamliner. And if you ask yourself a question what is it really that annoys us about the aircraft is – it is not about British Airways. Let's think about the plane itself. What is it? I just feel ill. I feel dried out. I feel crumbed and stiffed. I feel unnatural. I feel disoriented because I cannot look out at the real world. So, if you look at what Boeng's done, there is a lot of work in research and it was loaded in lots of different features. The windows are 65% bigger so I can see more. They really improve the air circulation system with much better filtration. They also manage to adjust the pressure of the aircraft. Now it'll be like on 6000 feet. And they did a lot of tests to see how well you feel at 400 feet, 2000 feet, 6000, 20 000, 24 000. And you feel much better 6000 feet. This is really smart user-centered design where they really understand what wellness is. So you've got to observe people on the plane, see what they are doing, you have to synthesize that big idea like wellness in flight and you come down to execute all those lovely ideas which all about being well.

[I.N.] And in the end it is quite tangible. You might say, so you designed an air-condition system for air planes. Well, no, actually, it came from the fact that we observed what makes people well during the flight. And that's the difference about what we do.

[Mat Hunter] Unfortunately, in an article they didn't mention "wellness"...

Ekaterina Khramkova

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- MA: Design & Branding Strategy (Brunel University, UK, 2006);
PhD: Cultural Anthropology (Russian Academy of Sciences, 1999);
MSc: Economic Geography (Moscow State University named after Lomonosov, 1995);
- Member of Design Committee by the Russian Ministry of Economic Development;
- Head lecturer at the British Higher School of Art and Design in Moscow on Design Research, Foresight and Trends Forecasting;
- Coordinator for reddot Design Concept in Russia.

In 2005, Ekaterina was awarded a Ch-evening scholarship from the Foreign and Commonwealth Office of the British government to enable her to undertake the Masters course in Design and Branding Strategy at Brunel University - one of the first programs in the world designed to bring benefits of design thinking to the needs of business and society. For the first time in Russia, this prestigious scholarship was given in the area of New Product Development.





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