

A black and white photograph of a man in a dark suit and a fedora hat, seen from behind. He is standing on a small, three-legged stool on a sandy beach. He is holding a large, white, architectural model of a building with a prominent, angular roof structure. The background consists of a calm sea meeting a cloudy sky, with a range of mountains visible in the distance. The overall mood is contemplative and professional.

MANY HATS

Design Thinking for a Transforming World

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Jerry Takigawa

HATS OFF!

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IT'S ABOUT TIME

Innovation is about seeing the world not as it is, but as it could be.
—Roger Martin, University of Toronto

Many Hats explores approaches to innovation, the creation of ideas, and their value to the future of business in a transforming world. What is the relevance of being socially responsible? Why should business be looking at supporting the evolution of the human consciousness? How is design thinking an essential piece of the business and branding puzzle? Where does social media fit in the brandscape? And what role does meaning play in connecting to your target audience?

Ideas and innovation remain at the heart of branding. They help create differentiation and meaning—two key ingredients for effective branding. Innovation draws your audience to you like a magnet.

It is critical to understand a person's underlying motivation in choosing to connect, purchase or advocate for a company's product or service. We appear to be at a crossroads of meaning and materialism. Globalization, technology, and urbanization are transforming what we believe and how we behave, and at speeds that are mind-boggling. As our interdependence becomes clear, we are faced with responsibilities of immense magnitude and complexity. Business has become the most influential force in the world today and, because of this central importance, now

bears greater responsibility in shaping the future of the world. Can business embrace this influence with an altruistic vision to create a better world? Is American business ready for win-win solutions? Will we produce products and services that move people to a better place? What are the alternatives?

The good news is that embedded in socially responsible behavior are many branding benefits that make doing the right thing a competitive advantage. What we do at this low point in our economic history will define who we will be at the next high point—and what economic model will be driving it. The new normal will most certainly be unlike the old normal.

The American public senses that our current way of life is not sustainable. Economist and author Juliet B. Schor, in her new book *Plenitude*, writes, “The economy is broken in fundamental ways, as are the local and global ecosystems on which it depends.” Almost everyone will admit we are facing unprecedented challenges, yet we cannot reach consensus regarding what to do. Science has placed humanity at the beginnings of a sixth mass extinction in the history of our planet. Only this time the event is attributed to human behavior. This is the twenty-first century and it’s time to transform our nineteenth century industrial revolution beliefs and resulting economy into one that is respectful of our natural resources and environment. Economists still externalize environmental costs when assessing the financial health of our economy. Lee Iacocca said, “People want economy and they will pay any price to get it.” For our generation, that price has been environmental quality.

Today, evolution is about adaptation and cooperation—cells responding to their environment and learning how to cooperate with other cells to adapt and survive in changing times. Increasingly, scientific research is finding that our beliefs are more

powerful than previously understood. Beliefs shape matter as well as behavior. Quantum physics and new biology are demonstrating entirely unexpected models of evolution. By questioning consumerism, we can foster a system of balance between wealth and the environment. We seem to have mistakenly focused on the competitive and random mutation aspects of Darwin’s theory of evolution. Darwin also believed, “It is not the strongest of the species that survives, nor the most intelligent—it is the one that is the most adaptable to change.”

Transformation is in the air. The door is open to create delight through meaning and human-centric innovation that reaffirm the cooperation and collaboration found in nature. Businesses that take a lesson from these emerging principles, businesses who adapt, innovate and change, will be the survivors. Innovation is what has always driven our country forward and it will be no different in the twenty-first century. To build new beliefs, we’ll need to build a new foundation.



PERCEPTION IS EVERYTHING

As the nature of innovation shifts from the application of new technology to the delivery of meaning and value, brand and design become critical resources as well as partners... – Thomas Lockwood, Design Management Institute

The current recession has affected consumers in many ways. One is the way brands are perceived. We spend our entire lives in search of meaning. During an economic downturn, product and service relevancy is heightened. What they represent becomes more important than ever. Corporate responsibility and transparency have risen to the top of purchasing considerations. In a new survey from Landor Associates, Penn Schoen Berland, and Burson-Marsteller, it was found that “75% of consumers believe social responsibility is important, and 55% of consumers said they would choose a product that supports a particular cause over similar products that don’t.” The survey also found that 70% of consumers are willing to pay a premium for products from socially responsible companies.

Today, two undeniable factors are at play: the fast pace at which we live, and the technological interconnectivity that is the result of the internet. These two factors create critical consequences. First, because we are moving so quickly, our ability to think or feel deeply is challenged. Speed was a competitive advantage when things moved slowly. That advantage is neutralized when everyone

is moving fast. The net result is we have to keep busy just to stay even. Second, swimming in an ocean of information—coupled with a lack of reflective time—amplifies a sense of emptiness in our lives. Information has become another consumable commodity, a passive entertainment. As a result, we suffer from a crisis of meaning which we strive to alleviate through the acquisition of material objects. This creates a superficial abundance resulting in an increased desire for meaning. The internet has also magnified the transparency of any person or company. No one is spared scrutiny of their online digital history. You are perceived, now more than ever, by how you behave.

Meaningful versus Measurable

Innovation can wane in prosperous times. On the other hand, a downturn can be an innovation catalyst. In today's economic environment, certainty is a prevailing prize and the idea of instinct can sound alarming. The word "instinct" has been defined as the opposite of intellectual. It's considered less valuable in the business world because it can't be measured and is often attributed to "animal" more than "human." However, when you're in need of a new idea, instinct is often exactly what is needed. Business is learning to pay attention to right-brain thinking. Survival today demands it.

How do we uncover the "big" ideas? Intuition is the feeling of knowing before knowing why. Do you trust your intuition? It's an under-appreciated gift which has been fine-tuned through millions of years of human evolution. Your intuition is uniquely yours. It's non-transferrable. It's your magic. Those who come up with the best ideas are comfortable following a feeling—a gut instinct—something our culture has disregarded as immeasurable and, therefore, unimportant. Creative people are excited by the blank

canvas, the unknown. They are confident that they can access the inspiration needed to address a question or problem.

In his book, *A Whole New Mind*, Daniel Pink offers three economic building blocks. First is abundance. Our culture is steeped in materialism. A deduction Pink draws from this thesis is that we are hungry for the non-material, emotional, and the spiritual. Second is Asia. Asia refers to outsourcing. The jobs that are typically outsourced are left-brain dependent. Left-brain functions are more linear and sequential—useful but easily copied. (It should be noted that the US is also outsourcing 20% of its emissions by manufacturing overseas.) Third is automation. This means technology and how it can out-perform humans at a given task.

If we follow Pink's findings to a logical conclusion, we should be seeking skills and developing expertise that are difficult to outsource or automate, and that satisfy the new market of non-material, meaningful experiences which transcend the utilitarian. The human assets that service these needs are right-brain functions: artistic, empathic, big-picture skills—in short, design thinking. Design thinking has become an essential part of the MBA curriculum in many universities. Einstein said, "We can't solve problems by using the same kind of thinking we used when we created them." Business can't continue to rely on case studies to find answers to current challenges. Unprecedented challenges often require solutions not yet realized. We are not looking for what *is* anymore—we are looking for what *is possible*. And that means innovation. Design thinking is the process for innovation in a transforming world.

Q: When it comes to new ideas, how do we know when they're good? A: When everyone gets nervous. This discomfort stems from an inherent sense that an idea embodies change and it's human

nature to resist change, making it difficult to accept anything new. The preferred response to this resistance is to refrain from making the idea comfortable to everyone. The danger with doing this is you allow the idea to “marinate in mediocrity,” as John Hunt, Creative Director of TBWA, has said. When you begin to compromise, you lose your strategic advantage. Walking in the middle of the road can prove to be risky. If you’re familiar with branding principles, you understand that if you stand for nothing, that is what you will attract.

For ideas to become useful, they need to be supported by substance. And today, that substance is meaning. Meaningful experiences bring value into our lives because they resonate with our beliefs and ideals as well as creating trust and loyalty. Rich Karlgaard, publisher of *Forbes* magazine, wrote, “Meaning. Purpose. Deep life experience. Use whatever word or phrase you like, but know that consumer desire for these qualities is on the rise.”

The experience of meaning is actually created by the experiencer. All experiences are filtered through the lens of personal perception. However, a company can and should learn about the social and cultural contexts their audience is likely to value and design experiences that resonate with those individuals. In *Making Meaning*, Diller, Shedroff and Rhea cite Method cleaning products as an example of reinventing a category. Method took an ordinary household commodity and connected to individuals in a fresh way for their category. Most household cleaning products sport loud colors and brash typography. They are all about killing germs. Method redesigned the thinking in that category by being a kinder, gentler product. Their campaign talks about the experience of cleaning to an audience that loves their homes. They didn’t talk about the product. By going beyond killing germs, they created an experience of doing something positive for the

home. This included killing germs but excluded toxic chemicals, non-recyclable packaging materials, and destructive production practices. They promoted “A cleaner way of cleaning.” Their products are environmentally safe and their product design is intended to be appealing on your countertop. Method began where everyone else in their category began, but it went on to deliver these attributes and a host of additional positives in a context of meaning that connects and supports their audience’s desire for oneness and harmony. What Method did can be implemented by any company that offers a functional, economic, or emotional value. Using design thinking, you can increase the significance of your offering to the level of meaning. There is, however, the requirement that you must truly understand your audience rather than use the traditional company-centric promotional or advertising approach.



FORM FOLLOWS MEANING

Design is not only a way to give a nice form, but it should rather anticipate a need, proposing a vision. —Carlotta de Bevilacqua, Artemide

It's common knowledge that quality is not a strategic point of differentiation. Quality is a given. Too many competitors in your market already claim quality and, like information, it lost its cachet long ago. Too much information can sometimes cloud perception. Value is determined by how information is interpreted and then implemented. How can innovation give you a competitive advantage and make your brand more meaningful and desirable? In a word: delight. Brands impart experiences and if you think about the kind of positive experiences you've encountered with a brand that made you want to share it with friends, delight would probably be part of that feeling. The other ingredient we look for in innovation is resonance or meaning.

To understand innovation, Roberto Verganti, author of *Design-Driven Innovation*, helps us identify three innovation models: incremental innovation, radical (technological) innovation, and design-driven innovation. User-centered incremental innovation is the ubiquitous model. Born of focus groups, user studies, and research to understand what the customer is asking for, incremental innovation is typically a small improvement on the existing model. Radical innovation, while more risky, is a source

of long-term competitive advantage. This type of innovation has focused primarily on the effects of novel new technologies within industries and is often referred to as “radical technological innovation.” Research on radical technological innovation has shown that studies of meaning are largely absent as they are not typically a subject of research and development. Lastly, there are companies that have elected to follow a third option, design-driven innovation, which is characterized by the radical innovation of meaning. This approach studies the cultural and sociological context surrounding a product or service experience in order to observe people (not “customers” or “consumers”) to understand what they are trying to achieve when they buy products or services. A company then proposes an unsolicited, yet compelling, solution to its audience. This product or service embodies a radical innovation of meaning.

Research finds that people do not buy products but buy meaning. This is true for both consumer and industrial markets. As early as 1959, Sidney Levy, Professor Emeritus of Marketing and Behavioral Science in Management at the Kellogg School of Management, is quoted as saying, “People buy products not only for what they do, but also for what they mean.” Beyond the obvious utilitarian uses, people want products and services for profound emotional, psychological, and sociological reasons. Dan Ariely, professor of behavioral economics at Duke University, states, “what we buy is not simply some *thing* but some *idea* that is embodied by that thing.” Businesses should look beyond features, functions, and performance and understand the true meaning people give to things. Your brand is defined by your audience, not by you. Meaning is essential when you are involved in innovation and branding.

Verganti offers the Nintendo Wii as an example of design-driven

innovation. At a time when Sony and Microsoft were following user-centered research to increase power and refine the graphics of their games, Nintendo chose to introduce a radical shift in the meaning of a game console. They proposed that the game console become a form of interactive physical exercise. Design-driven innovation never starts with users. There is a limitation to what users can imagine. Their tendency is to imagine in the realm of the familiar—they like what they know—which means more of the same. People can’t articulate an experience they haven’t had. For the service sector, an example of design-driven innovation is Whole Foods Market. They redefined the small, unpolished environment of the health food store and designed a friendly cornucopia of hedonistic delights.

Why + How = Wow

Whether change comes about gradually, or abruptly as a result of a crisis, companies and their leaders always need to be thinking about innovations that can keep them competitive. Companies rarely transform themselves through cost-cutting or improved operational effectiveness. It would appear obvious that incremental innovation is more useful for the short term. It will never provide a long-range competitive advantage like design-driven innovation. It could be argued that during times of economic turmoil, incremental innovation is a wasted investment. On the other hand, like a diversified portfolio, some companies should strategically employ both short-term incremental innovation and radical design-driven innovation together. The proper balance is different for each business and market. Consumption-driven wealth and status is being replaced by identity, belonging, and a strong desire to contribute and do something “meaningful” rather than just acquire things. According

to Daniel Pink, “Baby Boomers are entering the Conceptual Age with an eye on their own chronological age...After decades of pursuing riches, wealth seems less alluring. For them, and for many others in this new era, meaning is the new money.” This trend is an open invitation for businesses to embrace and employ design-driven innovation. Design-driven innovation is the R&D process for meaning and meaning is the “why” of a product or service. Why do you matter? This is the most challenging question brands have to face. It comprises the cultural and psychological reasons why people use a product or service. So how does a company redefine meanings and create the designs to embody them?

One approach is suggested by Roberto Verganti. Companies can form relationships with “interpreters”—individuals and organizations involved in settings similar to the one in which the company’s products or services would be used. These interpreters are often trying to study and address the same issues and are willing to share and collaborate because they are not in direct competition. Verganti posits an example: marketers for a food company seeking to innovate in the area of the family home dining experience might find an ally in a furniture manufacturer who creates dining furniture and has studied this same setting.

Architects and designers are often called in as interpreters because integral to refining their design skills is a keen perception and understanding of culture, society, and trends. They are able to see social and cultural patterns and recombine existing ideas and forms into new meanings. Essentially they are able to perceive an integrated perspective of a market or situation not always apparent to the less practiced eye. Pattern recognition is a common attribute of good designers. Author and psychologist Daniel Goleman writes, “Just one cognitive ability distinguished

star performers from average: pattern recognition, ‘the big picture’ thinking that allows leaders to pick out meaningful trends from a welter of information around them and to think strategically far into the future.”

Working in collaboration with a design professional is a logical place to begin. Designers are adept at orchestrating seemingly disparate elements and merging them into focused, practical and elegant outcomes. If you're interested in exploring what solutions are *possible*, not just what solutions are *known*, you will have to design.



A BALANCED APPROACH

*If you're looking for the secret to business success, some suggest you should start by forgetting everything you know. Approaching problems without preconceived ideas of solutions is one aspect of "design thinking," a term that refers to applying design principles to business... —Heather Fraser, *The Globe & Mail**

In *The Design of Business—Why Design Thinking is the Next Competitive Advantage*, Roger Martin disusses how knowledge serves business. He believes it travels through a funnel. Beginning at the wide end of the funnel, knowledge starts as questions and curiosities that elude our understanding. The path through mystery begins with a hunch, an instinct, a prelinguistic intuition. The second stage is about refining hunches by bringing language to them through an organized process of exploring possibilities. The final destination is an algorithm—a step-by-step process for solving problems. The result is a reliable and repeatable production process, although not every mystery can become an algorithm.

Martin illustrates his principle using the McDonald brothers story. They observed the new culture evolving around them and wondered, "What and how did the mobile, leisured mass of middle class of southern California want to eat? That was their mystery." Their hunch was that the emerging culture wanted an out-of-home eating experience. Next they examined a model of a quick-service

restaurant with a limited menu. Understanding how to create value from the observations of their world, the final step was to develop an algorithm that removed all of the variables in all of the possibilities. Charbroiled or pressure cooked, broad menu or small menu, big restaurant or small restaurant, etc. The method uses two models toward implementation—exploration and exploitation.

There are organizations that dwell only in exploration—constantly seeking new knowledge and innovation and there are organizations that dwell primarily in exploitation—maximizing the payoffs from a specific algorithm. Both of these approaches are valuable and critical to business success. Taken separately, exploration alone is unstable while exploitation is self-limiting. A fine balance is necessary between the two modes. Companies that gain efficiencies by employing this balanced approach to creating value will also gain competitive advantages. The equity generated through efficiency is used to create more advantages through reinvesting in innovation—exploring new mysteries.

Design Thinking

The pervasive but limited perspective of design as “styling” fostered the perception of design as a commodity. Today, design offers much more than style. Design thinking—a paradigm necessary for success in business—is infiltrating the boardroom, not just institutions of higher learning. Design thinking is a process that yields ideas and innovation through the resolution of 1) reliability, and 2) validity, into a superior solution—helping businesses to stay balanced across all of their branding and innovation efforts. Design thinking is one of the best tools we can use to offset the crisis of meaning. Design is a powerful tool for change. Anyone who desires to improve anything from an existing model to a preferred model is a designer.

Martin presents a very insightful observation regarding the framework of a design thinker. He states that design thinking involves mastery and originality. Being able to do things exceptionally well because of experience and repetition is mastery. Originality involves experimentation, spontaneity, a comfort with the process of trial and error. He explains, “Mastery without originality becomes rote...originality without mastery is flaky, if not entirely random. The power is in the combination.” He sees mastery in businesses’ tendency towards reliability in all matters and originality as the validity-driven intuitive thinkers who are called in to discover fresh new opportunities for business. Much like the balance between incremental innovation and design-driven innovation, or left brain and right brain, there is room and a preference for both. The importance of balance needs to be emphasized. In his book, Martin concludes, “And as you learn the many ways in which design thinking creates value for business, you will also discover that design thinking creates meaning for your life.”



TIPPING YOUR HAT

The trouble with our times is that the future is not what it used to be.
—Paul Valéry, Poet, Essayist and Author

The concern that business be socially responsible is undeniable. The desire for meaning and the need for innovation in the world supports the need for design thinking. It's time to stand *for* something, explore new mysteries and integrate innovation with reliability. How do we take these ideas and connect with our audiences?

Beyond the obvious client needs to create and design messages and identities, the design agency's role now embraces much more. The designer can help clients reinvent their businesses and bring innovation to life. Designers can guide clients through the process of discovering new markets or implementing both incremental and radical innovations that result in short and long-term competitive advantages. Next, there are many channels through which a client can potentially reach an intended audience. How resources are allocated among these options has become increasingly more critical. The newest on the list is social media. The rush to participate here means that this landscape, too, will become saturated with messages like its offline counterparts.

What is social media? Social media provides an online medium for people to share ideas, content, and relationships. It differs from mainstream media in that anyone can comment, create,

or add to social media content making it more than a one-way conversation. Social media includes social networking sites (Facebook, Twitter, LinkedIn, and MySpace) as well as blogs, wikis, video and photo sharing sites, chat rooms, and social bookmarking sites. Vivaldi Partners, an international brand consultancy, states that “what’s valuable isn’t just buzz but social currency.” Then there is the work of defining the various audiences and creating specific content for them as well as scanning for comments about your company, responding when appropriate, and monitoring responses. Orchestrating media channels to achieve optimum visibility, relevance and recall will help cultivate a loyal following.

At recent brand meetings, many clients expressed an interest in social media. It’s similar to assertions twelve years ago when everyone wanted a website, or six years ago when everyone realized the importance of branding in building a business. Vivaldi Partners and Lightspeed Research studied more than 60 companies to evaluate their customers’ affiliations, advocacy, and sense of community for how they create true value for the companies both online and offline. “The results reveal some surprising insights about the limits of social media. Most notably, smug, stunt-driven apps, games and videos generate buzz but little else.”

Here is the short list of findings recently reported in the May 2010 *Fast Company*: advocates are more valuable than followers; context matters; not every brand should be social; social tools are a means not an end; gimmicks marginalize trust.

Statistics show that the average American sees 3000 ads per day. That is a lot to sift through. The human brain responds admirably by filtering out virtually all of the non-relevant information and saving only items that are relevant. When

products and services are essentially equivalent, people tend to go with what’s familiar, even if it’s familiar because of advertising. Search engine optimization (SEO) has given people a different paradigm to find products and services.

When your customer types in a request in a search engine, she receives content that is specific to her request. The challenge is to achieve the highest ranking for searches relevant to your offerings and according to David Meerman Scott, “Search engine marketing should not be mysterious and is certainly not trickery.” Scott feels, “True success comes from driving buyers directly to the actual content they are looking for.” Design thinking is well-suited to innovate both the form and content that fuel SEO in a sustainable and relevant manner.

The Kaiser Family Foundation released a 2010 study which revealed the average American between the ages of 8 to 18 now spends an average of 7 hours and 38 minutes per day using a computer, video game console, television, and/or cell phone, including all types of handheld, small-screen digital devices. That’s fifty plus hours of screen time per week and, from what we can tell, this trend will likely continue its upward trajectory. Current tech use has increased by 77 minutes since Kaiser’s last study in 2004. The increased screen life we have all experienced, plus the egalitarian nature of the internet, has created an alternate universe of social and cultural interaction. Social media has produced a proliferation of venues that allow us to inform, comment, and connect with one another. Growing up with over-scheduled activities designed to keep children safe, young people find these non-mainstream media an appealing way to stay connected with friends. Currently, there is a trade-off for this connectivity. Nicholas Carr, in his recent book, *The Shallows*, writes, “The Net’s cacaphony of stimuli short circuits

both conscious and unconscious thought, preventing our minds from thinking either deeply or creatively.” Your audience today relates to and reads well-presented print with deeper attention and comprehension than they do online content.

Communication tools keep changing, but what remains the same can be distilled into one goal: relationships—creating, maintaining, and inviting a relationship with your target audience and the correlated trust that supports all successful businesses. Trust is an absolute. Either you have it or you don’t. Trust is also a verb. In the past decade, America has witnessed a failing of many major American institutions: GM, Wall Street, the health care and education systems, the Catholic Church, Congress, major league baseball, and mainstream media. We’ve been fed a steady diet of corruption and incompetence and it’s a challenge to remain optimistic.

How do you build trust and relationships online? Relevant content addressed to a targeted audience is one way. Traditional marketers have to shift habits from only publishing content that promotes their products or services. While this is appropriate in some places on your website, social marketing online is about content that is useful, relevant, and meaningful to the reader—now. They are seeking meaning and solutions. How can you help? You want to look at your audience and determine how many different levels of interest you’re addressing and where they are on the buyer’s continuum. David Scott Meerman refers to these groups as “buyer personas.” Different personas are seeking different information. Are they merely curious? Are they future buyers or are they looking to buy now? Learn how to see through their eyes. Scott encourages companies to publish web content in the form of “thought leadership.” Every business can educate the marketplace with original information delivered as thoughtful

and relevant content. Your specific audience should learn from your content—inform, educate, entertain. This is marketing in its truest sense. It’s not sales. It’s about building long and profitable relationships. “People don’t go to sites looking for advertising,” Scott says; “They want content.” Utilizing print media in tandem with online strategies, especially to express core values or key information, is more effective than either approach on its own.

History demonstrates that with the advent of the new, the old isn’t always discarded. The typewriter didn’t drive the pencil into extinction, although the computer all but eliminated the typewriter. Television and radio are survivors. Will social media eradicate mainstream advertising? Probably not. But it will change how it’s used. As a result, the number of message channels is increasing. Decisions about where to allocate resources need to be made. And the speed at which the next promised medium will appear on the horizon is increasing. Good branding principles still apply in the face of these choices. Compete where you can win. Social media cannot be ignored. In a quasi-connected world, people are hungry for real connections. But the basics still apply; if you’re acting without a strategy, it’s like riding a bike blindfolded. And great strategy is ineffective without great execution.



MIRROR, MIRROR

[T]here can be no greater differentiation than a personally transformed individual. — Joseph Pine & James Gilmore. Strategic Horizons, LLP

The *Oxford English Dictionary* defines wisdom as “the quality of being wise, especially in relation to conduct and the choice of means and ends; the combination of experience and knowledge with the ability to apply them judiciously; sound judgement, prudence, practical sense.” The transformation of people or companies requires the application of wisdom. Business has a fundamental premise—to eliminate pain, suffering, discomfort, and unhappiness. It will take wisdom to perceive the value in the hard work or suffering that are a part of the process of true transformation. We are resistant to making big changes. Changes often feel painful and difficult, even if they are for our own good. Contemporary culture offers many distractions and conveniences to appeal to our powerful emotional side, which, according to Chip and Dan Heath in their book, *Switch*, will easily dominate our rational intelligence. So we choose the ice cream cone even though we know sugar is not the answer to our craving. Staying busy and being on the run is easier than being still and contemplating an awareness of who we are. You won’t see your reflection in a moving stream.

Religious and spiritual teachings acknowledge the “sacrifices”

we must make to reach our potential of human consciousness. It's the hard work of becoming human, of reaching maturity. Unfortunately, America does suffer—as Kevin McCollister would say—from “maturity deficit disorder.” In *The Experience Economy*, Joseph Pine and James Gilmore predict, “Much greater profits will accrue to those businesses with the wisdom to shift beyond goods and services to experiences, no matter how painful, to transform their customers.” As odd as this may sound, when you help someone achieve one of the most memorable experiences in her life, a powerful bond is created that will make brand loyalty, as we know it, pale in comparison.

In *The Knowledge-Value Revolution*, Taichi Sakaiya, Japanese author and former Minister of International Trade and Industry, believes in a positive future. He sees the purpose of business as the transformation of people moving toward a society where material things diminish in importance and knowledge and wisdom become the new social currency. Pine and Gilmore elaborate on Sakaiya's thesis. They trace our economic progression through five economic models: commodity, goods, service, experience, and, finally, a transformation economy. “If a fitness center were truly in the transformation business, for example, it wouldn't charge (solely) via membership fees or by the amount of time members spent on their machines. Rather, it would charge for meeting the health and well-being aspirations of its members. If the aspirations were not met within a fixed period of time, the fitness center would not be paid—or it would be paid less, on some sliding scale commensurate with the progress achieved.” Pine and Gilmore summarize this with “...it (the fitness center) would charge not for the pain but for the gain.”

This approach demands commitment to the client and places the responsibility to guide the client in an effective

manner squarely on the shoulders of the business. Goods and services lay outside of the individual. Experiences, on the other hand, become a part of the person (especially with positive memorable experiences) and garner more inherent value. Pine and Gilmore contend that while “experiences can fade over time, transformations that fulfill a person's aspirations can be more sustainable over time...Nothing is more important, more abiding, or more wealth-creating than the wisdom required to transform customers. And nothing will command as high a price.”

New Rules

All of this is easier said than done and equally easy is the temptation to dismiss it as lofty and impractical. One process that seems to be necessary in moving humans forward, in evolutionary terms, is hearing the same story (or idea) in different ways. Dr. Bruce Lipton in his book, *Spontaneous Evolution*, demonstrates scientifically that our lives are ultimately created by our beliefs. This is a thesis long held by spiritual teachings and Dr. Lipton uses science to validate that thesis. As we seek to live our lives at their fullest potential, we may want to reprogram our subconscious beliefs that direct 95% of our behavior (as unconscious habit). The remaining 5% of our consciousness is not a good match for the powerful subconscious. Awareness alone won't change ingrained subconscious habits. There are many avenues by which new beliefs can supplant outdated beliefs. Among them: hypnosis, affirmations, meditation, neuro-feedback and the emerging field of energy psychology. Imagine the implications of renewed beliefs around fear, health, happiness and wealth.

Though world views have never been static, cultures need time to acclimate to new scientific discoveries. Beginning with a belief that the world was flat, we progressed to a recognition that the

planets revolve around the earth, and to the knowledge that the earth and planets revolve around the sun. Quantum physics was discovered over 100 years ago. Scientists invested in the Newtonian model of mechanical materiality were threatened by new quantum theories that claimed everything was made of energy. Science elected to allow the quantum theories to apply only to the subatomic world and chose to leave the material world to be governed by existing Newtonian physics. This is not unlike the Catholic Church condemning Copernicus' discovery that the sun was the center of our solar system yet using his discovery to make adjustments to their calendar. Quantum physics was not admitted into the worlds of chemistry, biology, and psychology. One reason: there was too much at stake financially. Pharmaceutical companies have no interest in embracing the emerging belief that we can heal ourselves. It would upset their world, much like the Catholic Church didn't want the sun at the center of our solar system.

The new science of epigenetics has shed light on how the mind shapes genetic expression. Epigenetics means "above the genes" and asserts that we are no longer "victims" of our genetics—a powerful implication for self-healing. As a hypothetical example of radical innovation, a forward-thinking pharmaceutical industry might explore how to educate and transform the public regarding the influences of quantum physics and new biological discoveries. This would be an illustration of Roger Martin's model of taking equity from the pharmaceutical algorithm and investing in the possibilities of new science. They could begin to create new revenue from education programs designed to embrace these emerging belief systems and put them to use in helping people to heal themselves and sustain health. As positive results became available, interest would grow. The industry would take on the role

of a transformational business. Powerful connections of gratitude and loyalty would be created between the public and the industry. Some pharmaceuticals would be phased out as self-healing came online. Some would remain as ultimately necessary and useful. The model is not either/or but a combination—think hybrid. The power of the human belief system extends far beyond the areas of health. We are standing at the threshold of exciting developments in human potential.

The good news/bad news is we are living in times of great upheaval—global climate change, financial meltdown, health care crisis, energy crisis, education crisis, population growth, the list is quite extensive. Some clear choices are beginning to appear—adaptation and change are essential to survival. Contrary to popular belief, historically-significant evolution didn't always occur slowly over great periods of time. Human evolution has demonstrated significant and rapid expansion of brain capacity during times of great global crisis. It's possible that the convergence of institutional failings and the global ecocide we are witnessing is setting the stage for a widespread shift in consciousness to a more collaborative and cooperative approach to living—one that returns us to harmony with nature. According to Dr. Lipton, "When we understand that cultural philosophy and individual perceptions are actually *acquired beliefs* that determine not only our biology but also the world we live in, we gain personal and world-changing insight." Suffice it to say, transformation is the ultimate economic offering. Humanity is shifting its consciousness and business models are responding.



IDEAS WORTH HAVING

It's inevitable that our society will once again give higher priority to belonging and lower priority to belongings. —David Wann, Author

Planet earth is beginning to be seen for the absolute that it is—our only home. Recently the Hubble Deep Field project revealed some astonishingly beautiful images of deep space—a very narrow slice of deep space. This slice displayed up to 10,000 galaxies. The light from these galaxies reaching the camera was 13 billion years old. It is literally a look back in time. Remarkable! This would likely be the view that camera would capture if pointed in any direction in space. From this visual evidence, the truth that we are a very tiny object whizzing through space is poignant. Pair that with the extraordinary conditions, circumstances and events that aligned to create the conditions that support life as we know it on this planet—our very lives are indeed a miracle. Maybe it's too enormous to grasp and that's why we prefer spending hours watching television instead of the night sky. Still, contemplating the stars is a way most of us can experience the immensity of the universe. If we become aware of the miracle of our lives, could we continue to deny so much of what is happening in the world today that is inappropriate and unfortunate? We all have a stake in our nation's economic recovery, and not just our nation—but all nations. As global citizens, we are each responsible for finding meaning in our work and in our lives. We could use an ethical

recovery to help fuel our economic recovery.

In the design industry, we are aware that every communication that is sent has an impact on the environment. International Paper released a statement entitled “Pixels vs Paper” which observed that energy is consumed—whether via an email or a letter. Which has a greater impact on the environment? Many companies think they are doing a service to the environment by reducing paper use and moving in the direction of electronic media. In reality, that’s not so. IP quotes Jonathon Porritt, former Chairman of the UK Sustainable Development Commission: “There aren’t many industries around that can aspire to becoming genuinely sustainable. The pulp and paper industry, however, is one of them.” From raw materials to energy consumption to end-of-life recycle and reuse, paper currently has a sustainable edge over electronics. Paper’s raw materials are renewable where making a computer requires mining and refining minerals and metals as well as the use of plastics and hydrocarbon solvents.

Electronics have a short lifespan and have become the fastest-growing waste stream in the world. Paper is one of the biggest users of renewable, low-carbon energy in the world. Sixty percent of the energy used to make paper in the US comes from carbon-neutral renewable resources and is produced onsite at the mills. Fossil fuel use and purchased energy is steadily decreasing in this industry. If you consider only the electronic data center servers that power the internet, the electronics industry uses more than ninety percent fossil fuels purchased off the grid. Consumption rates for data centers in the US alone doubled from 2000 to 2006 and is set to double again by 2011. Finally, if we compare end-of-life sustainability, paper is recyclable and reusable. Nearly 60% of all paper in the US is recycled. Currently, 18% of all electronic devices are recycled. Both industries need to improve—both

industries are ultimately important. Is electronic delivery always greener than paper? No, although there is a lot to be said for the potential of electronic products and media to fit into a sustainable model in the future.

We need to consider the environmental benefits of each medium and balance them with desired effectiveness of the communication. Which combination of these two mediums will render the least impact on the environment? Alex Steffen of WorldChanging, feels cars are still our primary focus regarding emissions. In a *USA Today* blog he states, “Computing accounts for a bit less than 3% of U.S. energy usage but cars are the single largest contributor to climate change.” When all is said and done, the current issue is still our addiction to petroleum-based energy and our resistance to initiate the implementation of clean energy on a mass scale.

Edward de Bono, in *The Six Thinking Hats*, says, “There is a natural mechanism in the brain that helps us to avoid danger. There is no such mechanism for us to see the optimal benefits.” As humans we are hard-wired to avoid danger, a useful, primal instinct. But unless we wish to continue to rely on fear to back into the future, we are tasked to develop a sensitivity to value—to sense the beneficial as much as we already sense the danger. Perhaps that provides some rationale for why Congress would rather stop something than actually do something when it comes to global climate change. It would seem that the perceived danger to short-term profit is greater than the fear of global environmental degradation (or the hope of alternative clean energy).

With the speed and complexity of modern business and life, there is a subtle verbal cue worth remembering. In Robert Verganti’s observations of the design-driven radical innovation

process, he spoke of observing “people” not “customers.” How we use language affects our perceptions. When we speak of “customers” or especially “consumers,” we’re limiting our perception of their humanity to a small aspect of who they are. This, in turn, limits how we perceive their needs and desires—not an ideal platform from which to successfully innovate or create meaning. If we gain anything from this thesis, it’s that there are some basics to keep in mind as we navigate the waters of innovation and branding: meaning, relationships, trust, and people.

Business is done between people, not organizations. Relationships will be the conduit to new business. We all have our spheres of influence. For some, it might be friends and family. For others, it might be a hundred clients and vendors. And for some, it’s thousands of people. That sphere of influence creates a responsibility and an invitation to do something positive—for your partner, your family, your community, and society—we’re all interconnected. Everyone has many hats to wear in life and at times this can feel overwhelming. Author Marianne Williamson summed it up when she wrote, “Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our darkness that most frightens us.”

Everyone who wants to make the world a better place is a designer. We all have a light to share. This is an invitation to share the brilliance of our deepest wisdom. It’s time to see the world as we know it can be.

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Jerry Takigawa has been working in strategy and design as well as fine art photography for 40 years. His level of understanding and skill comes from extensive, insightful practice. Takigawa has developed a personal approach to communication and brand design, which merges his fine art background with his love of all things design.

In 1977 Jerry founded Takigawa Design with the objective of continually investigating the mechanics and spirit of design thinking. Takigawa Design is a Monterey, California-based firm that blends brand strategy and development, design, and messaging to create transformational experiences for targeted audiences.

Working in diverse sectors including the arts, architecture, the environment, education, technology, entertainment, hospitality, healthcare, and agriculture, Takigawa consistently innovates fresh models of messaging. Through strategic design thinking and elegant implementation, clients find new market space and differentiation of their products and services to those markets. The shifting global environment presents a changing economic landscape. Takigawa Design assists clients in taking advantage of new opportunities by understanding and adapting to our transforming world.

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