

The value of design to startups

Dave McClure

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Well, actually, yes I do.

Symphonies of Code

Design and marketing aren't just as important as engineering: They are way more important. Here are the two main reasons why:

1. Addictive User Experience (Design) and Scalable Distribution Methods (Marketing) are the most critical components of success in consumer Internet startups, not Pure Engineering Talent.

We have this image of space-age whiz kids such as The Woz [Steve Wozniak], Bill Gates, and Bill Joy, who could disassemble and reassemble a transistor radio, a toaster oven, or a mainframe computer, and who grew up writing symphonies of code and wondrous applications before they even lost their virginity.

Those guys were studs. They were god-like, and for their businesses—building computers or advanced software or operating systems—that kind of horsepower matters. It's the same, perhaps, for companies such as Google (GOOG), PayPal, Facebook, or Mozilla. You need a lot of geek to build search engines, or Web browsers, or fraud systems, or serious CAD software, or the movies that Pixar puts together.

But how much tech does it take to create most basic input-output forms for consumer Internet software, when so much of the underlying infrastructure has been built into the operating system and browser platform?

Visual imagery and copywriting

It's actually pretty easy to write a Web-friendly app or Web site these days. But it's still incredibly difficult to create visually appealing interfaces and, beyond that, to design them in ways that are compelling and engaging, drive calls to action, and are measurably adept at getting more customers to use your products. Figuring out game mechanics and activation, designing reinforcement schedules, visual imagery, landing page tests, and copywriting—all this is not trivial.

And if you have some success with your design, you still have to chase the scalable, predictable, profitable channels of customer acquisition ... otherwise known as marketing. These days, most marketing isn't traditional PR and product placement. It's a very technically intensive discipline filled with SEO, SEM, social platforms, e-mail, widgets, social media, viral

marketing, blogging, video, user-generated content, etc., etc. It's a traditional marketing person's worst nightmare—tens if not hundreds of potential marketing channels and campaigns with unknown costs, techniques, and payoff.

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Investors with expertise

2. If investors don't have operational backgrounds in design, development, or marketing from proven consumer Internet companies, you probably don't want their money (or it better be the best damn term sheet on the table).

Honestly, if you're taking money from investors, why not try to get the best experience you can along with the 20%-40% equity you're giving up? Why not find people who actually have a shred of intelligence about consumer products and relevant skills, when you're going to be sitting in board meetings with them every month for the next three to five years of your godforsaken, sleepless, work-like-a-dog excuse for a life?

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When you do background research on your investors, see if you can find them online. Do they have a recognizable Web presence? Do they blog, do they twitter? Do they have a profile on LinkedIn, Facebook, Flickr, or YouTube? Do they appear to have experience in the Internet industry, or do they just have an MBA from some big-name school and no relevant operating roles?

Seriously, life is too short. Your startup is too important. And your chances at being the next Google, PayPal, or Mint are already tough enough.

So here's the deal. Hire people smarter than you. Find a decent designer who understands human psychology and sexuality, game mechanics, SEO, and conversion analytics. Find someone in marketing who understands how to send an e-mail, write a blog post, use search engines, social platforms, and social media, and has done landing page A/B tests. Find investors who have a clue about the products and services they invest in, who use the products, and maybe even write or speak about them frequently. Find people as advisers, mentors, and investors who have the same operational experience you'd hope to hire for your startup.

If we all take this to heart, we might just build a few more useful consumer Internet products.

Why design matters

Diego Rodriguez

Good business outcomes treat design as a holistic process that pulls in savvy marketing and research, as well as smart ideas, says IDEO's Diego Rodriguez.

Good design does not always equal good business. But good business outcomes—especially when the goal is to create new sources of value in the world—are most often achieved through a well-structured design process that is more holistic and inclusive than the notion of good design.

All of the energy fed into the debate about the value of good design to the world of commerce would be better spent building ways to make holistic design a routine activity in business—and society. Here are three ways to get us there:

Stop treating design as a noun

When we talk about it as such, the world stops listening and starts wondering which color the designers are going to pick for the drapes. Unfortunately, good design has come to stand for something akin to "style," largely a relativistic judgment of aesthetics and semiotics informed by a constantly shifting zeitgeist. I'm as much a fan and consumer of aesthetically pleasing things as the next guy, but I fear that much of what passes for good design is actually a class of shallow luxury goods aimed at a specific set of market demographics and psychographics. And these goods don't represent the creation of lasting value in the world: In the parlance of soul group Tower of Power, what is hip today quickly becomes passé.

Instead, we would all be better off treating design as a verb, a process, a way of approaching challenges which designers and nondesigners alike can learn to use to create positive change in the world. Throughout history design as a verb, also known these days as design Thinking, has created things of enormous value to humanity. The Bill of Rights, the Aravind Eye Care System, Medecins Sans Frontières, and the Marshall Plan will never show up in a Design Within Reach catalog. And yet each of these amazing achievements of humanity was designed.

Rethink the relationship between design and market success

Success in the marketplace is a complex endeavor which requires methods of creation that go beyond the limited scope of good design. Apple (AAPL), a company justifiably known for its design, must be applauded for the way it lets its designers and engineers design things to the hilt. But how Apple has created and captured shocking amounts of market value in the music (iTunes + iPod) and telecommunication (iPhone) industries is due as much to skillful systems engineering and infrastructure development as it is to compelling aesthetics. Success has many parents, and good design is only one of them. For every success like the iPod, there are scores of beautiful market offerings that failed because no one bothered to think about how to manufacture, deliver, sell, support, and retire them in ways that met people's needs. Since market success depends on the complex interaction of so many variables, it is silly—even naive—to try to pin it all back to just good design.

Use business constraints as inspiration

Potential market value creation should be treated as a generative part of the design process, not as a post-rationalized output with suspect causality. At any given time, a team using design thinking should be able to give a sense of how strong a business they are creating. Let's take the essay about the U.K's National Health Service that prompted this Bloomberg/BusinessWeek special report. Before blowing cash on a logo redesign, a team using design thinking would quickly test the relationship between brand recognition and the ability of the service to help individuals reach healthy outcomes. They would run a series of quick

experiments to generate evidence, and only then embark on a full rebranding initiative—if that turned out to be the way to create the most value from scarce resources.

This approach fundamentally shifts the dialog away from a reactive posture of "how much value did design create?" to an expansive notion of "how much value can we create?" as well as "how might we maximize the odds of that potential value coming to fruition?" This systemic view of the creative challenge is the signature characteristic of design thinking. When we use design thinking to balance desirability, feasibility, and viability, we unlock the measures of value creation so desperately sought after by the world of good design. Impact in the world becomes the focus of designing.

Whether or not you call yourself a designer, when you work to relate people's needs to broader webs of individual, social, and economic factors, and pour your energy into creating better outcomes via an evidence-driven process, you're using design thinking to increase your odds of success in the world. That sounds like good business to me.

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How to redesign health care

Jay Parkinson

The health-care system in the U.S. is a mess. But that doesn't mean there aren't opportunities, argues Dr. Jay Parkinson.

It currently costs employers, on average, nearly \$11,000 per year per employee for health insurance. In 2019, it's going to cost \$28,000. That means the 90% of Americans who have few medical needs every year will soon be paying \$28,000 a year for the privilege. This is insane.

Going to the doctor, having routine surgery, buying bulk medications online—all could be radically reinvented with the application of one type of medicine: designed disruptive innovation. Combining the principles of disruptive innovation with design thinking is exactly what health care in America needs. We need to disrupt the current business model of health-care delivery. And we need these disruptions to be designed experiences that are consumer-focused. Imagine: a health-care experience truly on par with a visit to the Apple (AAPL) Genius Bar or buying a book from Amazon.com (AMZN).

But as executives at those two companies know, elegant experiences don't just happen. They are designed from the ground up to ensure an enjoyable interaction every time. Smart, forward-thinking companies should start applying these same principles to health care. Established brands or even companies that aren't currently in the health industry should design the future health experience today, delighting customers with innovative services and products that optimize health and happiness. These companies will be the big winners of tomorrow's health-care system. Here's how a design process can help them get there:

Define the Problem

Today's health-care delivery processes are unpleasant for multiple reasons. Patients aren't the real customers; insurance companies are. Doctors profit from sickness. Most importantly, the fee-for-service business model values quantity over quality. When doctors are paid for the frequency of illness and treatments in an aging population, health care will inevitably become more expensive—until eventually it becomes financially out of reach for many consumers.

Reframe the Problem

As premiums for traditional insurance skyrocket, consumers will look for more affordable options. The 90% of Americans who don't need serious, complex care will turn to high deductible health plans (HDHPs) and learn to pay their own way. That's 270 million people and some serious buying power: well more than \$750 billion a year within the next 10 years. Companies that help consumers spend their money wisely will win. Because guess what?—

these consumers will learn to think carefully about what they're buying. Are they going to pay their own cash for the same tired health experience of today? Would you? I know I'd be angry paying \$200 for the anxiety of an eight minute visit to a doctor's office that wasted most of my working day or \$15,000 for a routine hernia repair carried out in the opaque abyss of a large institution.

As the balance of power shifts back to the patient, the opportunity to provide a well-designed experience is also an opportunity to tap into this new market. For instance, I would pay \$2,500 to have that hernia repaired in a highly focused, beautifully designed outpatient surgery center. I would also pay for affordable iPhone apps that let me know if my health is worsening and connect me to professionals who can prevent expensive problems down the line. I would pay for a robot that helps me live on my own rather than in an exorbitantly priced nursing home. Thinking differently about how to approach the field of health care could lead to exciting, radically different solutions.

Try Something Now

Time and time again, people pay for a designed experience that makes their lives better. So how about creating a Starbucks (SBUX) of urgent care? Would patients use it? I think so. The health industry should take lessons from retail. Build scalable service experiences that people love. Learn from the "positive deviants" who are experimenting outside the current business models to come up with new ideas. Design a health insurance product akin to AppleCare, the customer service guarantee offered by Apple.

Create an open source, online platform for communication, payments, and secure medical records that connects my robot, my biometric monitor (like the new Fitbit), and my calorie-tracking iPhone app (like Daily Burn) with professionals who can help me stay on top of my health and my health care-related finances. People would search out services that connect to the platform knowing that a quality experience stems from data-driven, personalized solutions. And pay doctors a bit more to join these experimental groups. After all, doctor salaries are only about 10% of total health-care costs. Everyone needs to be on board. And everyone needs to keep pushing. Iterate like hell, and improve all the time.

Most importantly, don't meddle within traditional health care. That's the biggest mess imaginable. Differentiate and go straight after the cash-paying consumer with elegant experiences that are human-centric, simple, data-driven, and connected to the platform. Create a network of effective, convenient solutions for simple problems. Meet 90% of the health needs of 90% of the people. Disrupt health care with design. Is it easy? No. Is it doable? Let's hope so.

The role of design in business

Ravi Sawhney and Deepa Prahalad

There are four basic areas in which design has an important role to play in value creation, say Ravi Sawhney and Deepa Prahalad.

The frequent question asked of the design community is of its value to business. The query itself makes little sense. Quite simply, the role of designers has always been to translate and communicate the value of a business idea to consumers. The best designers can do far more—they can help companies connect and establish a dialogue with consumers, thus enabling firms to innovate more efficiently.

The challenge for most corporations today is about how to innovate while mitigating risk. For consumers, choices are made by balancing the need for evolution with the force of habit. Designers are trained to understand how people think and how to make things. For this reason, there are four basic areas in which design has an important role to play in value creation:

Understanding the consumer

Entrepreneurs and large companies alike invest heavily in understanding their consumers. Consumers themselves often give detailed suggestions about how to improve various offerings. Still, most products that perform as promised are rejected in the marketplace. So designers must not only synthesize functionality and aesthetics, they must understand a consumer's thought process and emotions in order to motivate behavior change.

Risk mitigation

How many times have companies pronounced that an innovation failed because it was "ahead of its time"? How often does corporate risk aversion result in lackluster offerings that are ultimately taken off the market? Design is a process of synthesizing insights into a tangible offering in a way that addresses the goals of the company and the desires of consumers. Many of the firms that can perform at this level were early in bringing design into their cultures.

Boosting marketing and branding

Take a look at any list of the top global brands—including the one published by Bloomberg BusinessWeek. It's no accident that many of the world's top brands are also design leaders. Design is a fundamental part of creating an image and experience of luxury, exclusivity, and tribal belonging. And yet the consumers who purchase these items often select them because they see a little bit of themselves (or who they would like to be) on the shelf. That's great design. The 80% of new products that fail each year show that marketing and promotions can boost the impact of a good concept, but they can rarely compensate for a poor one.

Sustainability

Design will also be a fundamental part of one of the next great challenges to touch every industry. How can the need to consume be balanced with the need to be good stewards of the planet? How can brands retain their image and deliver a superior experience while reducing parts, waste, and carbon footprint. These are business challenges where design has an important role. If the solutions are not aspirational and adopted by large numbers, the potential benefit to the planet is limited.

To say that design is an important part of business success does not mean that all corporate efforts to incorporate design represent money well spent. But that's true of all business functions. The debate about the value of design is healthy and signals a need for more frequent and thoughtful dialogue. In our view, there is far more in common between design and business than may be readily apparent. Great designers, like visionary business leaders, create value by exploring without limitation through the psyche and psychology of consumers. They assemble teams of individuals who see the world through different eyes and explore what should be as opposed to what is. They show discipline in doing more with less. By combining forces, we can create new business opportunities and the pathways to manifest consumer needs, emotions, and aspirations. By so doing, we generate revenue and sustainable growth for business.

Fonte: BusinessWeek. Disponível em: <www.businessweek.com>. Acesso em: 8 fev. 2010.