# ACCELERATING
## *Our* VISION



**HOW HUMAN-CENTERED DESIGN CREATES MUTUAL BENEFIT AND EXEMPLIFIES MBM®**

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**UNDERSTANDING THE VISION OF AN ORGANIZATION IS PARAMOUNT TO ITS SUCCESS.** At Koch, our vision statement drives urgency, entrepreneurship and innovation. It identifies a commitment to continually improve and perpetually transform through new strategies, methods and products we create that improve people's lives. But our teams are often unsure how to accomplish this effectively, or even where to start.

The approach of human-centered design, or design thinking, has been demonstrated over decades at the nation's top universities, major consulting groups and billion-dollar unicorn startups like Etsy, Pinterest and Airbnb. One specific example is IBM, a company similar in size and scale to our own. In recent years, they began leveraging design thinking across their diverse portfolio of products and services. IBM has been able to collaborate with its customers to reduce costs and increase speed (time to market) while delivering superior solutions. Using a design thinking approach, IBM has seen a 75% reduction in design time and a 33% reduction in development time, allowing the company to beat its competitors to market and increase its overall profit (Forrester 2018). This same process has also helped double design and execution speeds while cutting design defects in half.

Over three years, this practice created a net present value of $36.3 million for the company and a 301% return on investment.

*Forrester. The Total Economic Impact™ Of IBM's Design Thinking Practice. 2018

In order to apply human-centered design to our own businesses and initiate that type of transformation for ourselves, we need to develop a better understanding of what the concept is. Anchored in principled entrepreneurship and driven by mutual benefit, human-centered design provides a creative approach to problem solving that puts people at the center of every step. Its three inherent components include **empathy, creativity** and **action**.

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EMPATHY — CREATIVITY — ACTION

# The Components of Human-Centered Design

## Empathy for Insightful Learning

*Empathy is the human ability to understand and share the feelings of another.* This means going beyond what is initially communicated. Often, this requires a deeper dive to discover a customer's true desires beyond what they initially articulate. Understanding what a customer thinks, feels and does in their context helps to gain robust insights, empathize with their struggles and fight to tell their story in a way that creates new and better outcomes. We strive to "fall in love" with their problems.

## Creativity — It's a Mindset

*Creativity allows you to embrace change by exploring possible opportunities.* By falling in love with a problem and not a specific solution, we remain open and receptive to new possibilities without fear of providing the right answer, because there are always many ways to solve a problem.

A creative mindset helps us explore new and transformational ways of doing things. This is not business as usual — it often entails challenging the assumptions we've become accustomed to and practicing a mentality that embraces ambiguity, curiosity and optimism. This shift in mindset is critical to providing fresh perspective and new things to react to, and it requires a conducive environment that includes encouraging leaders and curious employees.

**TIP** Choosing progress over perfection accelerates momentum and leads to success.

❝ **The first important thing it does, I think is teaches people how to think in new and creative ways so they can move more quickly to solve problems... it opens up people to understand why I wasn't really looking at this properly. I wasn't broad enough, diverse enough in my thinking,"** noted a Georgia-Pacific Senior VP.

## Action to Discover

As explained in the theory of tacit knowledge by Michael Polanyi (1958), once knowledge is gained, it's time to take action, because knowledge is only useful when it's applied. Acting promptly and with urgency is critical to achieve progress and avoid the costs of stagnation or fixation.

*Action is the idea of leaning in, even when you don't have the perfect plan.* It involves experimenting, learning and sharing results to drive progress. To make it real, prototypes are built that inspire in compelling ways, but we only build what we need to learn. To learn, the prototypes are tested through rapid experimental discovery by running numerous "right sized" experiments that drive knowledge and reduce risk. Acting with urgency requires an entrepreneurial approach — the ability to think creatively and move without delay is imperative when time is limited and resources are finite.

Taking action means asking, learning and constantly iterating. With our vision of continual and perpetual transformation, this approach and our behavior truly will never end.

# Human-Centered Design at Work

At Koch, many individuals and teams have already taken that action and experimented to solve problems and develop new solutions for their businesses. They've done it successfully through the application of human-centered design or design thinking. From new product development to process improvement, employees across Koch have driven changes that exemplify the vision of continually improving and perpetually transforming.

**❝ The approach helped to drive decision-making and eliminate waste in our innovation process"**
Georgia-Pacific Director of Product Development

## GP PRO

When GP Pro, a division of Georgia-Pacific, was looking to expand its product portfolio, the business applied human-centered design to develop a fresh solution for a new market category. Through immersion in the customer experience, the business was able to identify key pain points and develop a pipeline of complementary products that solved these issues. The prototyping and value-exchange testing that followed allowed the business to quickly move to commercialization of a new line of ActiveAire™ products that can be now be found in restrooms across the United States.

ActiveAire was awarded the industry's Innovation of the Year award (ISSA).

## KOCH-GLITSCH

Another example that proves innovation can come from anywhere happened at Koch-Glitsch, when a manufacturing leader at a plant in Vinchiaturo, Italy looked to a **related world in this example, mattress stitching and assembly to solve a problem the company had been having with assembling its structured packing elements used in distillation columns.** By taking ownership of the problem and taking action, the employee helped inspire design thinking.

**REDUCED**
CYCLE TIME
**BY 2/3**

**150 NEW**
IDEAS

**106 NEW**
PROTOTYPES

**SEVERAL**
PROFITABLE
DESIGNS

## MBM®

The MBM team has even seen the value of human-centered design firsthand. With more than 130,000 global employees and continuing rapid growth, the team needed a better way of communicating the concepts and principles of MBM to an expanded audience. Applying design thinking, the team was able to focus on the wants of its users by reframing its problem and developing a new way of distributing content and connecting with employees. MBM Go!, the result of the MBM team's efforts, is now replacing the traditional MBM training using a combination of self-guided online and offline activities.

Though this article may very well be the first time you've heard of human-centered design, as you can see, it's actually already being utilized with great success across Koch and Koch's Knowledge Network of Design an internal collective of more than 100 individuals from within Koch Industries who share the practice and value of design.

**Chances are its happening right now somewhere within your organization.**

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# Getting Started

Transforming and adapting to meet the changing needs of our customers isn't simply how we stay relevant — it's how we stay in business. By striving to fulfill our vision, we can become our customers' preferred partner, create long-term value and demonstrate our role as a business in society.

(1) **Ask yourself**: how are you anticipating the needs of customers in ways that will continue to keep us in existence? Whatever your answer may be, we ask you to do two things.

(2) **First, take some time and conduct an honest evaluation** of yourself and your organization. Are you internally focused or customer focused? Are you exploring problems with a variety of approaches? Are you rapidly testing and prototyping in days and weeks versus months and years?

(3) **Next, once you've reflected** on the state of your business, we encourage you to start taking action. Leverage our existing capabilities and networks, like the Knowledge Network of Design (KNoD) or Advance Concepts, an MBM Innovation Accelerator. Apply the principles of human-centered design that keep customers at the center, create a mindset for possibility and drive rapid experimentation.

Take these steps and you will begin to see results that accelerate our vision.

Find tools and connect at **AdvanceConcepts.co**

**AdvanceConcepts®** | an MBM® Innovation Accelerator

Leverage other resources and information:

EVERLEARN     degreed.     DNET     Knowledge Network of Design