

Design Thinking

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ENT 621
Master of Entrepreneurship

Lecture 5



In The previous Lecture: Design Thinking

- ☐ Co-design, co-production and co-creation
- ☐ Innovation in Business
- ☐ Innovation Frameworks
- ☐ What makes co-design work or fail, and what co-production really is ?
- ☐ Co creation and co production in Education

Co-design

Co-production

Co-creation

In This Lecture: Design Thinking

- ❑ The Holistic approach of Design thinking
- ❑ Key principles and mindset of design thinking
- ❑ FOUNDATION BUILDING FOR DESIGN THINKING PROJECT
 - STEEP analysis
 - Case Study

Holistic

Foundation

STEEP

The Holistic Approach of Design Thinking

Design Thinking believes (and has been proven) that the people who face problems are the ones who **hold the key** to their problem's answer.

Design Thinking is **Human-centered problem-solving** tool which emphasize on Empathy, Collaboration, Co-creation and Stakeholder feedback to unlock Creativity and Innovation, which devises feasible and viable Big Idea/solutions.

The key to the process is empathizing with the users (citizen) to uncover unmet needs by understanding their beliefs, values, motivations, behaviors, pains, gains and challenges and to provide innovative solution concepts.

The Holistic Approach of Design Thinking

Design Thinking Practitioners:

- DT practitioners work on real projects by designing needs and solutions with communities (users/citizen), to deeply understand the people they're looking to serve, to dream up scores of ideas, and to create innovative new solutions rooted in people's actual needs using Design Thinking through step-by-step guide with samples and ready to use templates.
- DT practitioners offers a comprehensive set of Methods & Tools and activities that will take you from framing up your design challenge to getting it to the decision makers for implementation and users.

KEY PRINCIPLES AND MINDSET

Design Thinking human-centered problem solving approach is based on a few easy-to-understand principles:



Human- Centered



Collaborative Teamwork



Learning by Doing



Embrace Experimentation



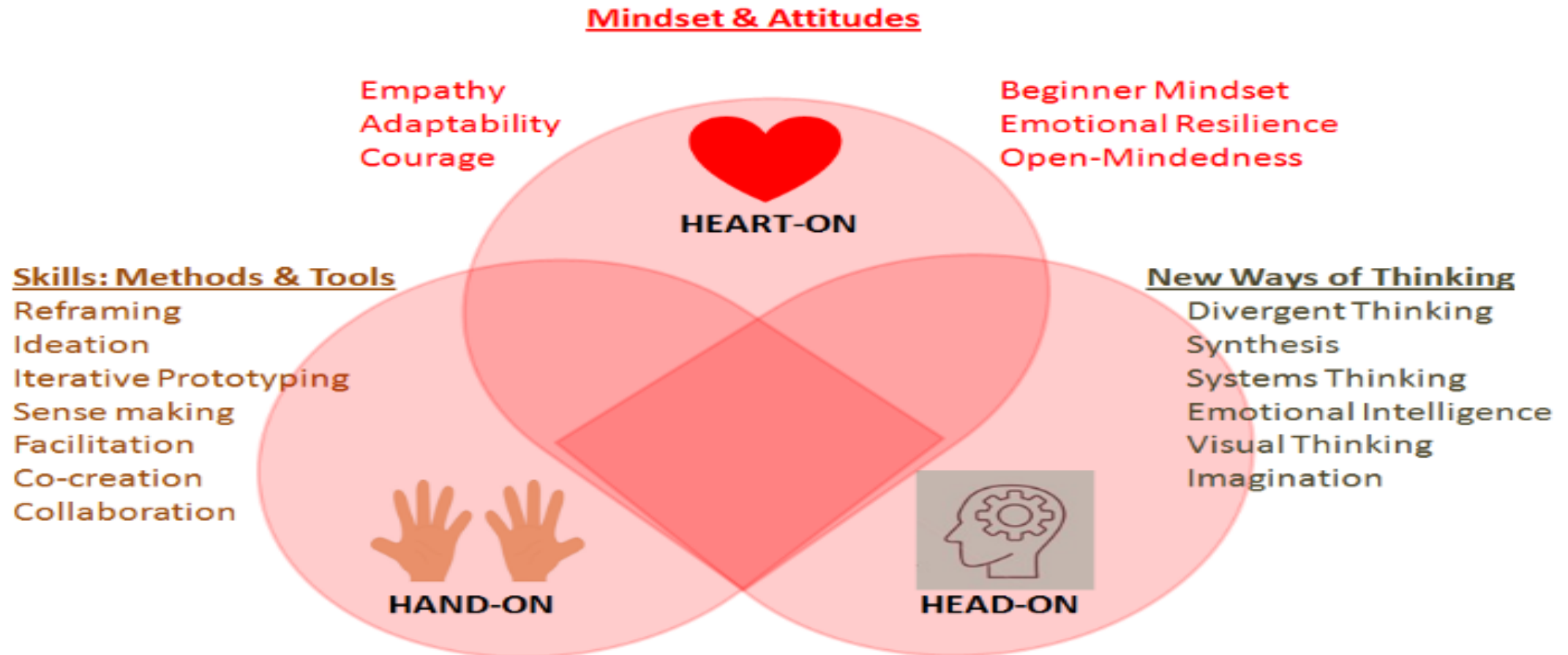
**Understand Patterns,
Relationships & System**

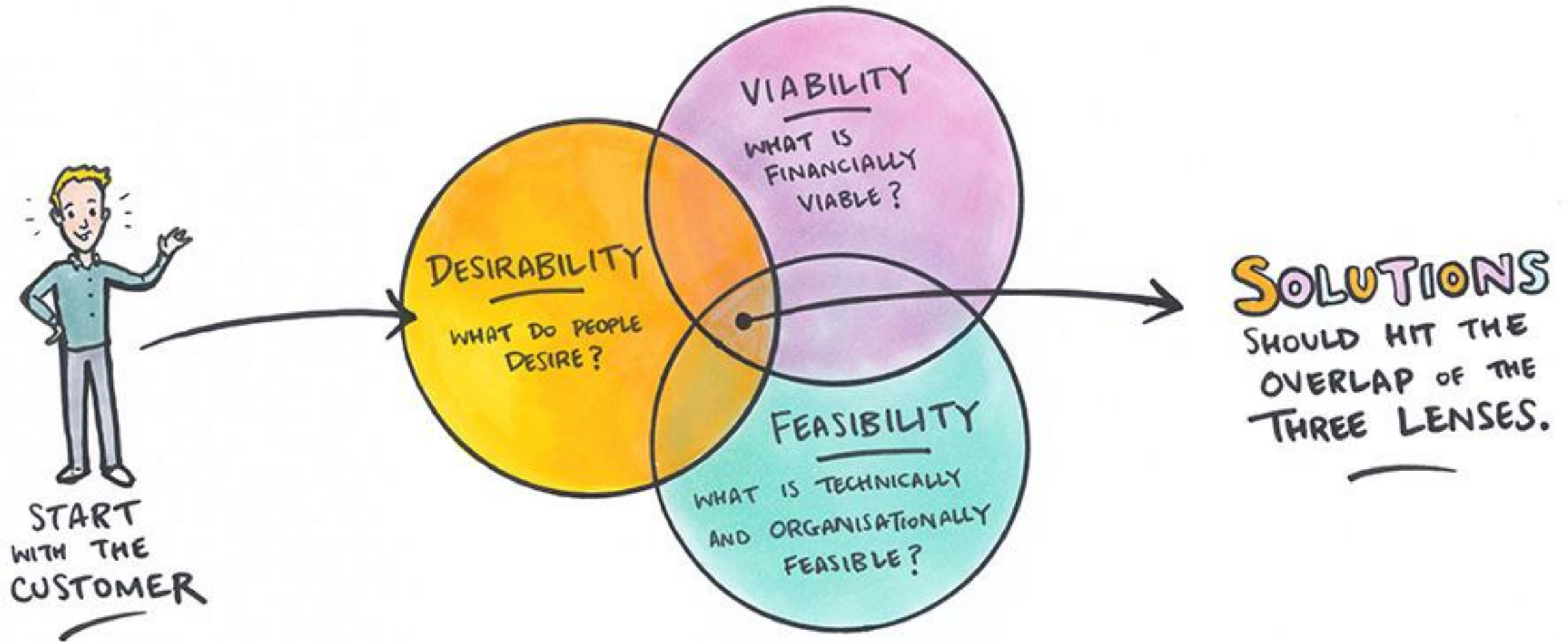


Visualize & Show

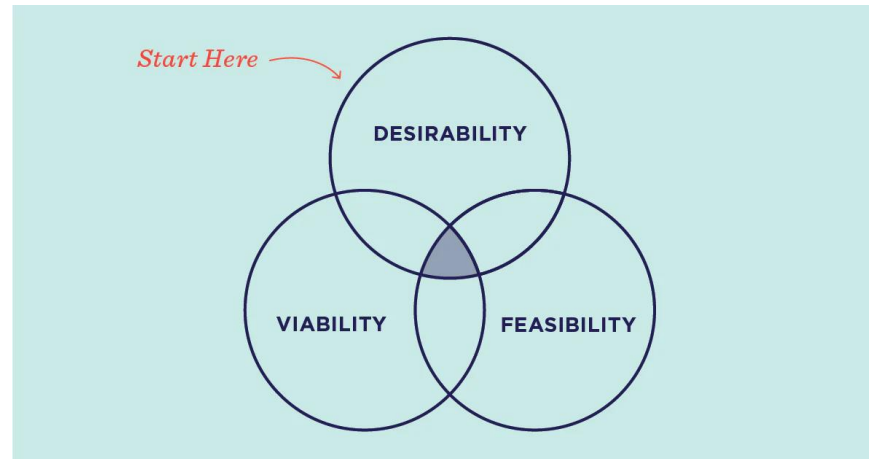
Mindsets, Skills and Thinking

Heart-on Hands-on Head-On Approach



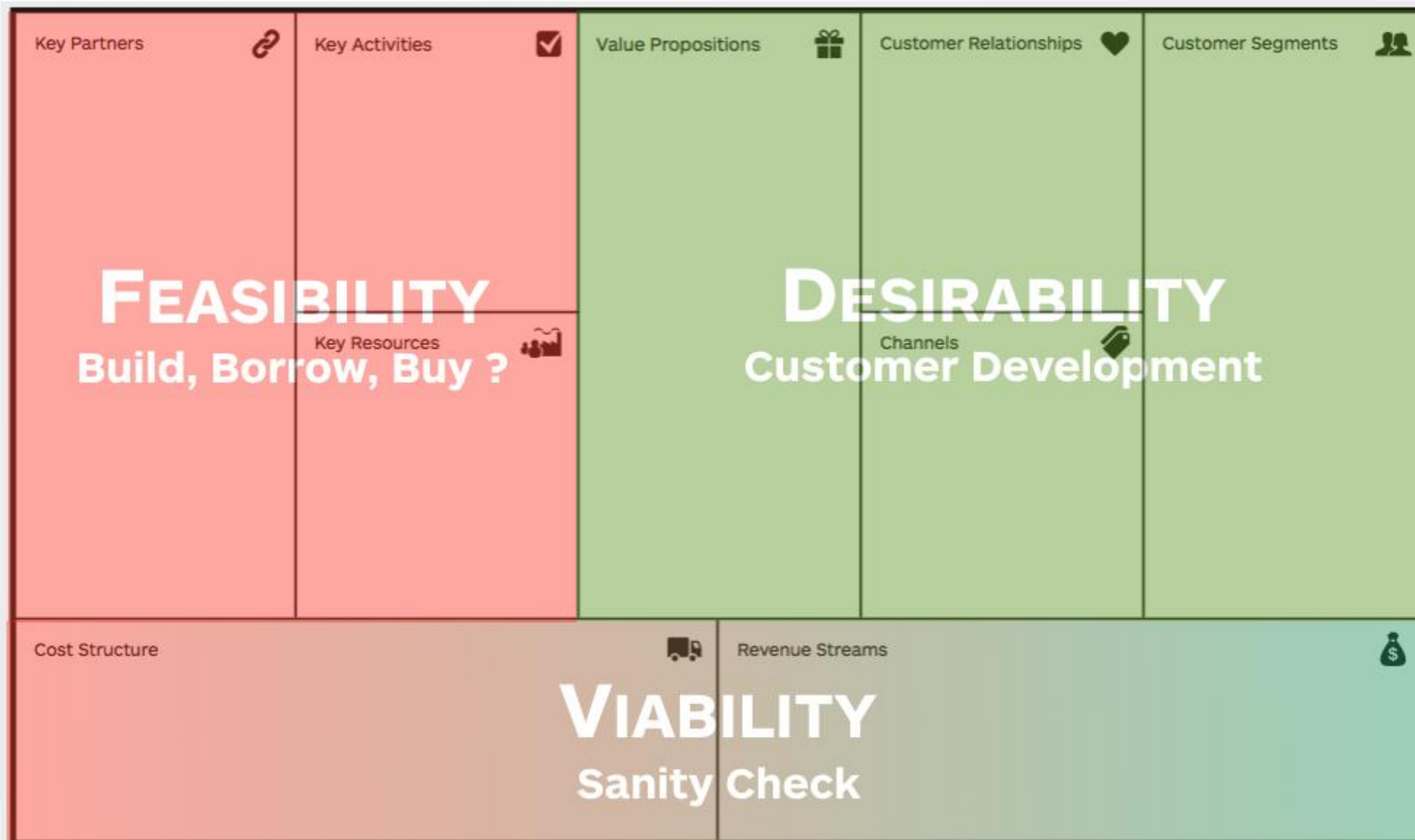


By employing design thinking, we pull together what's **desirable** from a human point of view with what is **technologically feasible** and **economically viable**. It also allows those who aren't trained as designers to use creative techniques, methods, and mindsets to address a vast range of challenges.



- **Desirability:** What makes sense to people and for people?
- **Feasibility:** What is technically possible within the foreseeable future
- **Viability:** What is likely to become part of a sustainable business model?

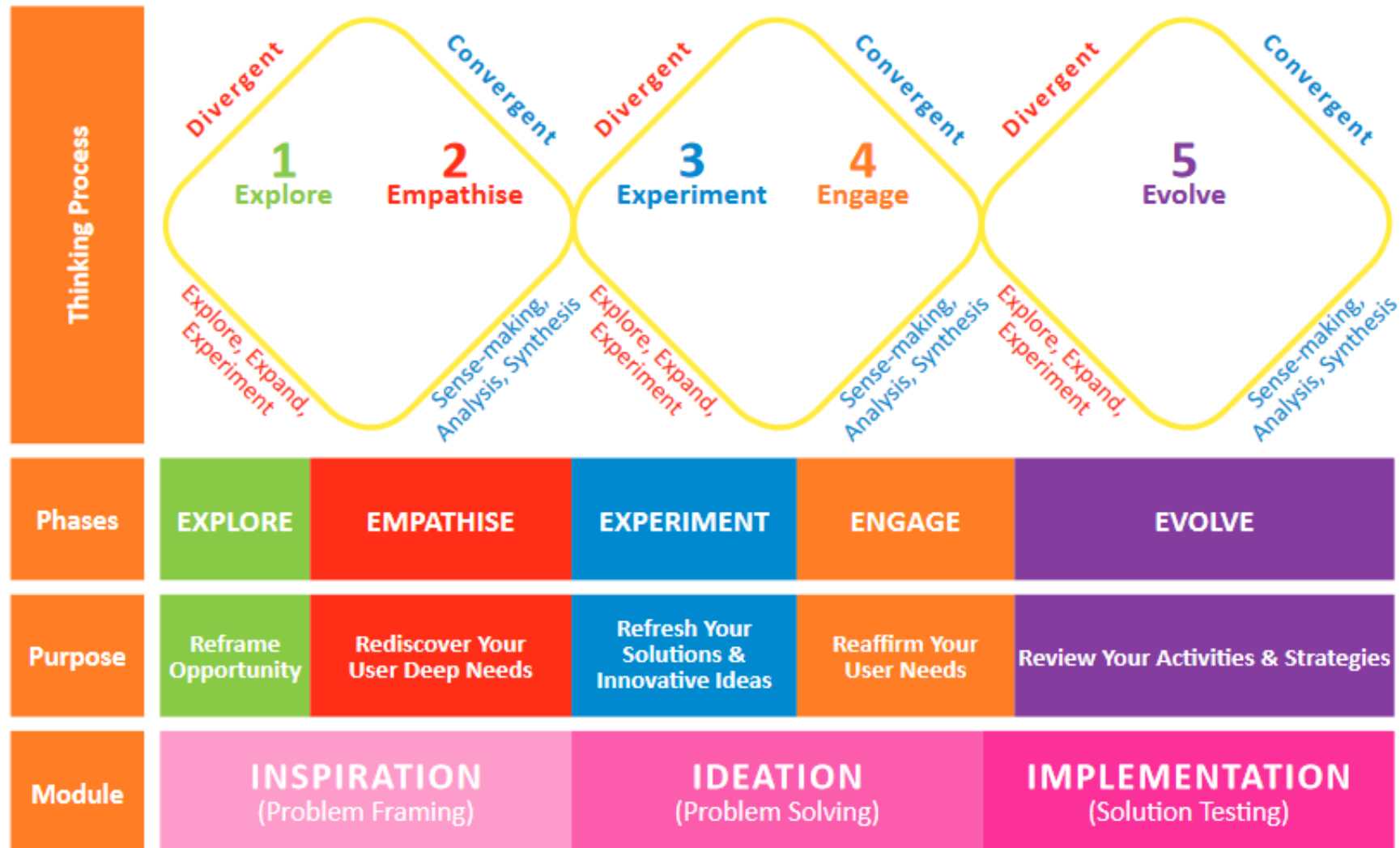
The design thinking process starts with taking action and understanding the right questions. It's about embracing simple mindset shifts and tackling problems from a new direction.



Design Thinking is not a perfectly linear process, and each project invariably has its own contours and character.

Generally, you will move through three main modules: Inspiration, Ideation, and Implementation which includes 5 phases.

When you move through the 5 phases, you will move from divergent thinking (create choices) to convergent thinking (make choices).



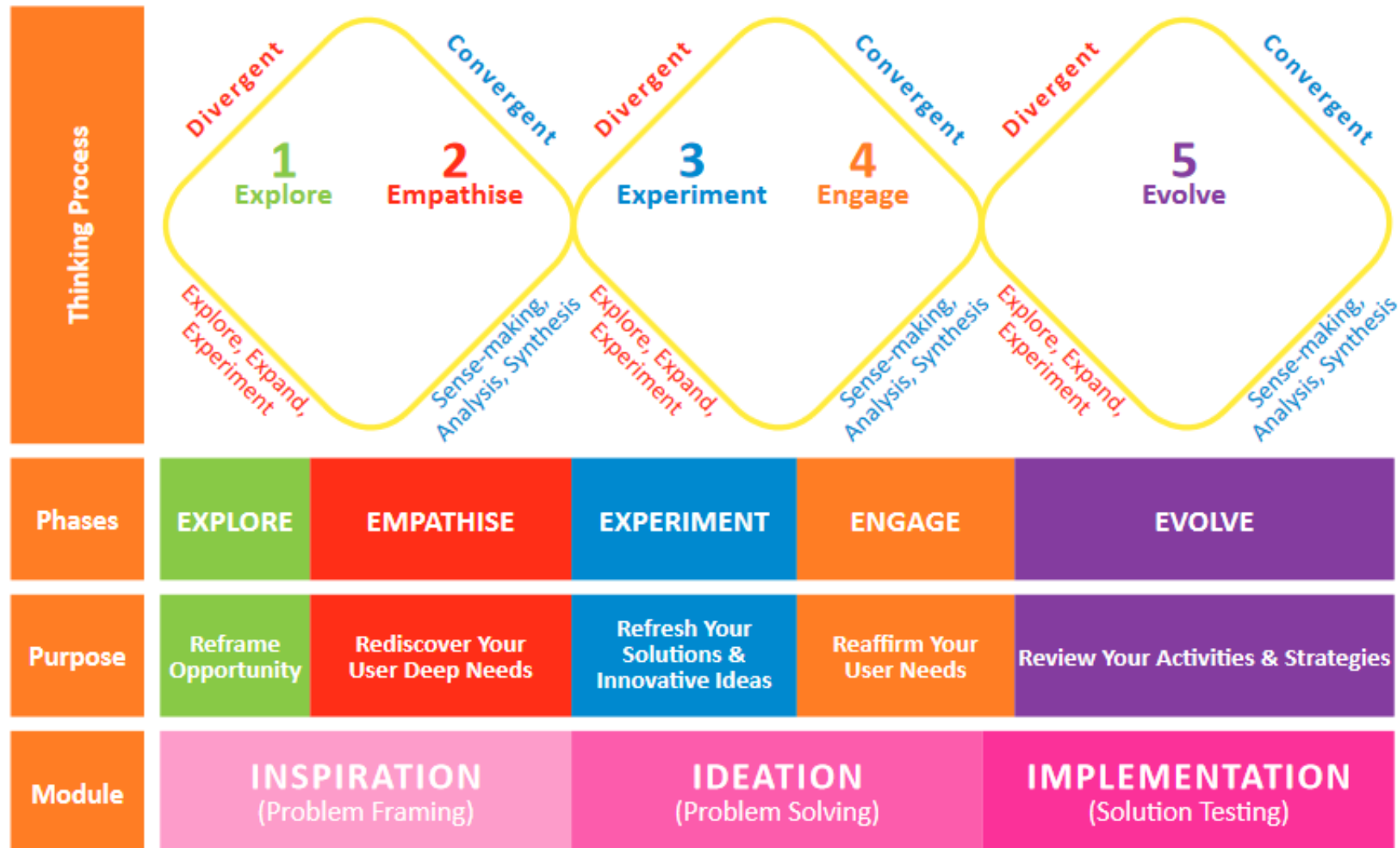
By going through these phases in turn, you will build **deep empathy** with the communities (user/citizen) and individuals you are designing for, figure out how to turn what you have learned into a chance to design a new solution and co-create and test your ideas before finally putting them out into the world.

You can also follow specific phase or a Method & Tool individually at your workplace to solve a problem.

Design Thinking

Though **no two Design Thinking projects are alike**, you can use the same Methods and Tools for each of the phases for every project.

For example, to maintain creativity and energy, you work in teams, to build deep empathy with the people you conduct interviews, to keep your ideas visual, practical and relevant, you make tangible prototypes and since you rarely get it right the first time, you share what you have made and iterate based on the feedback you get through co-creation.



Scoping of design challenge

*When you want to work on real project using Design Thinking, begin the process with a specific and purposeful situation or problem to solve called **Design Challenge**.*

The Design Challenge should be doable, clear, actionable and hopefully inspiring.

Your problem statement should be an outcome and not a solution.

- *SCOPES* as a tool to brainstorm and frame your problem

SCOPES		DEFINITIONS
S	SITUATION AND/OR PROBLEM	What is the SITUATION or PROBLEM that you are trying to address? •
C	CONSTRAINTS	What are the CONSTRAINTS when trying to address the situation or problem? •
O	OBJECTIVES AND OUTCOMES	What are the OBJECTIVES and intended OUTCOME of this design challenge? •
P	PEOPLE	Who are the PEOPLE that you are trying to help? Whose problem are you trying to address? •
E	ESTIMATES	What are the ESTIMATED resources required for this design challenge? •
S	SCOPE	Is there ample SCOPE to explore multiple alternatives to address the problem? •
DESIGN CHALLENGE		Frame the problem statement into " How Might We... " •

EXPLORE

- ❑ Once you know your design challenge, you need to understand the context of your design challenge which
- ❑ can be done through **STEEP analysis** to determine the impacts of **macro environmental** trend related to the design challenge to understand what **possible** (possible innovative ideas)

STEEP
analysis

T
Technologi
cal

S Social

E
Economical

E
Environme
ntal

P Political

What is STEEP Analysis?

- ❑ STEEP Analysis is a tool to explore and determine the impact of macro-environmental trends in the context
- ❑ of the project topic (design challenge) as you should not limit your thinking just to the people you are designing for.
- ❑ Used to consider governments, international partner and other stakeholders.

STEEP Analysis is used:

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STEEP Analysis is used:

- ☐ • To understand the future opportunities and challenges.
- ☐ • To keep an eye on the future while focusing on the possibilities of the current as new services, processes, administration and public policies may have to be developed in response to these trends.
- ☐ • To cultivate thinking which leads to future implications of the present changes?

How to conduct STEEP Analysis

Step 1

- Reframe the design challenge title and understand the design challenge statement in depth

Step 2

- identify the relevant trends affecting the design challenge by studying secondary data to back up the analysis

Step 3

- Compile the trends based on impact and (un)certainty of its occurrence for each trend and evaluate them as **Opportunities** or **Challenges**

Step 4

- Review the entire analysis to ensure that trends and implications identified are relevant to the design challenge

STEEP TRENDS ANALYSIS

SOCIAL & DEMOGRAPHICS

- population demographic
- social mobility
- Lifestyle changes
- Attitude to work and leisure
- urbanization
- Level of education

TECHNOLOGY

- Government spending on research & development
- Technological discovery and advancement
- Speed of technology transfer
- Internet / mobile technology

ECONOMY

- Economic growth and trends
- Economic restructuring
- Interest rate & inflation rate
- Taxation
- Unemployment
- Disposable Income
- Globalization and Trade

ENVIRONMENT & NATURE

- Depletion of natural resources and sustainability
- Renewable energy
- Global warming
- Threats from nature events
- Waste and pollution management
- Infrastructure Management

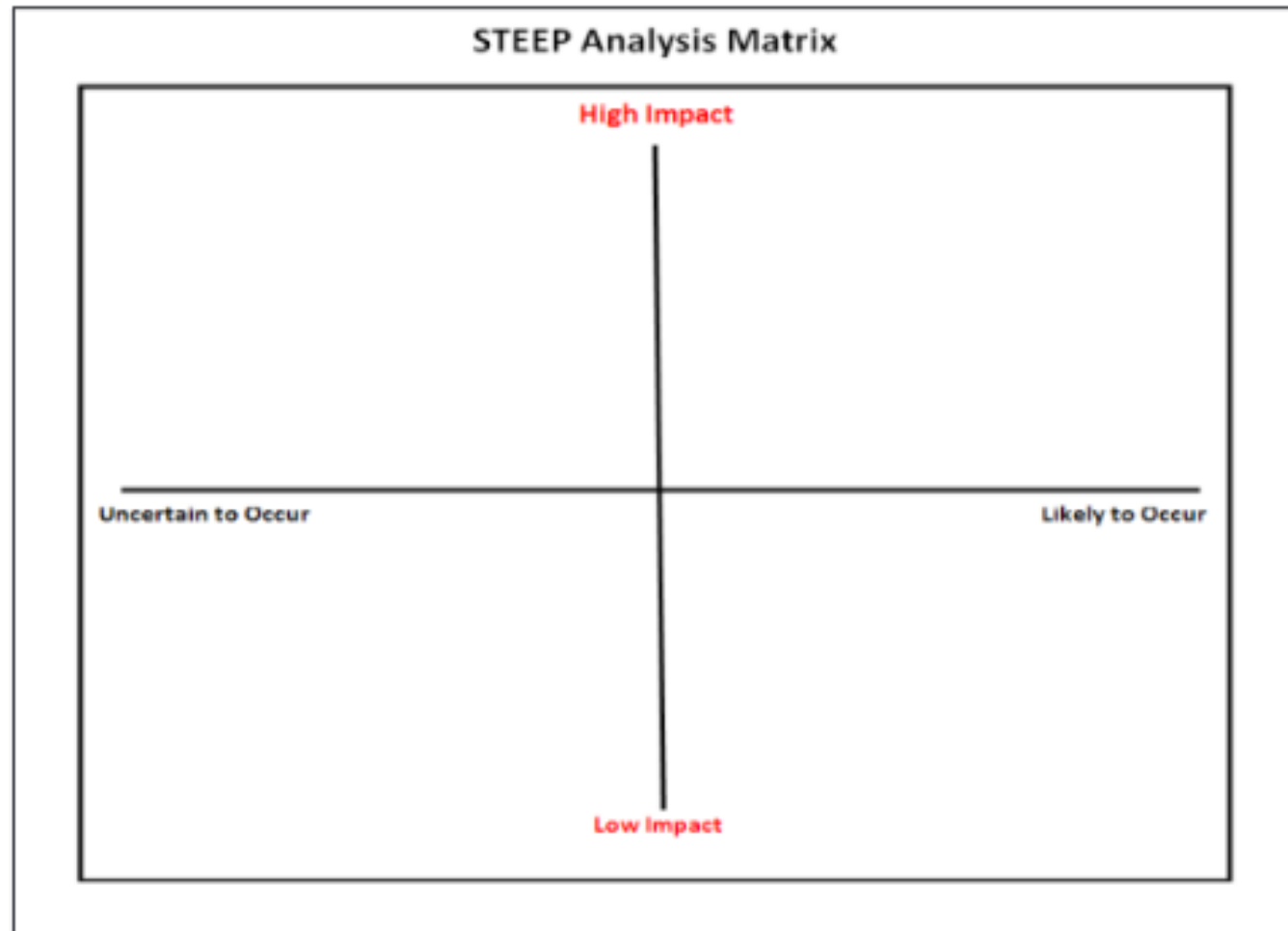
POLITICAL & LEGAL

- Government stability and political party changes
- Government Organization & Attitude
- Monopolies legislation
- Taxation policies
- Foreign Trade regulations
- Employment Law

**YOUR
DESIGN
CHALLENGE
ISSUE**

STEEP TRENDS ANALYSIS TEMPLATE

List down trends under each category and label them as opportunities and challenges



STEEP ANALYSIS MATRIX

Sort the trends based on its impact and (un)certainty of its occurrence.

STEEP Analysis Prioritization

Discuss 2 key trends from the High Impact-Likely to Occur quadrant:

1.

2.

Discuss 2 trends from the High Impact-Uncertain to Occur quadrant

1.

2.

STEEP ANALYSIS MATRIX PRIORITIZATION TEMPLATE

After mapping the trends in the matrix, filter few trends using this template.

Step 2: Understand strategic priorities

STRATEGIC PRIORITIES

- ❑ This tool is used after the STEEP Analysis. A Strategic Priorities Matrix is used to explore from multiple perspectives to gain insights and deep understanding of the design challenge (to see the whole and its parts).

What is Strategic Priorities?

- ❑ Strategic Priorities Matrix is a tool with which you will look through multiple perspectives
- ❑ Provide better understand the context and the real issues with your design challenge
- ❑ help you synthesize and formulate a point of view or theory to explain your design challenge problem.

STRATEGIC PRIORITIES MATRIX		
	URGENT	LESS URGENT
IMPORTANT		
LESS IMPORTANT		

STRATEGIC PRIORITY MATRIX

From the STEEP Analysis Matrix prioritization Template, filter and the trends using this template

How to use the Strategic Priorities

Step 1

- Revisit the filtered STEEP trends and look for patterns, links, relationships, cause and effects and correlation among the research findings leading to new insights and fresh perspectives of your design challenge

Step 2

- Understand the reality that focuses on the relationships amongst the parts of the system and the dynamics those relationships produce

Step 3

- List what challenges need immediate attention going forward for your design challenge and why?

Step 4

- Identify which trends are more important than others

Step 5

- Synthesize the trends and strategic priorities based on importance of the relationships among the trends, opportunities and challenges that demand immediate attention for key stakeholders

Case Study STEEP analysis of Starbucks

❑ Background of Starbucks

It is crucial to have an idea about Starbucks to do a STEEP analysis of Starbucks. The knowledge about the company's background can help them to have a better idea about the possibilities of their future growth. Starbucks is one of the largest coffee-chain based in the US. They have outlets in more than 31,000 locations and serve coffees to millions of people every day. Starbucks offers varieties of flavored coffees and a wide range of baked products to their customers.

Basic Information of Starbucks

Company Name	Starbucks Corporation
Company's Former Names	Il Giornale Coffee Outlets
CEO	Kevin Johnson
Company Type	Public
Year Founded	1971
Number of Employees	346,000 (2019) (approximately)
Area served	Worldwide
Annual Revenue	US\$ 26.50 Billion (2019)
Founder	Jerry Baldwin, Zev Seigl, Gordon Bowker
Headquarters	2401 Utah Avenue South, Seattle, Washington
Operating income	US\$ 4.07 Billion (2019)



PESTEL Analysis of Starbucks



P

Political

- The tax policies and employment laws of a company can have a specific impact on its sales.
- The government of many countries may have some laws which are ideal for businesses.

E

Economics

- Most of the developing countries are having an emerging economy.
- The increasing cost of raw materials and labor charges can be a threat concerning the development of their business.

S

Sociological

- The changes in the lifestyle of the people and their choice of food can toll upon the company's sale.
- The food items offered by the company are expensive considering their alternatives.

T

Technological

- The increasing technological aid can make the journey of coffee from the farm to the mug smoother and faster.
- As smartphone purchases have increased, more people can access the delivery service to get their coffee from home.

E

Ecological

- The company's business can get affected if the growth of coffee suffers from insects, diseases, climate, or natural disasters.
- The company can work on recyclable packaging which can be environment-friendly.

L

Legal

- The company needs to adhere to the employment rules and product safety regulations proposed by the law of the countries they are serving at that moment.
- Licensing regulations and collisions with trade laws can hinder the expansion of the company.

Case Study STEEP analysis of Starbucks

- ❑ The STEEP analysis Starbucks helps to point out the key factors that can affect the growth of the business. The company has several threats and opportunities as well. They can improve their product based on the changing scenario and make demands. They can carefully weigh the risk factors and generate strategies for expansion while existing in the competitive market
- ❑ Discuss the different Factors that affect the expansion of Starbucks
- ❑ plot the strategic priorities matrix based on the STEEP analysis.

Political Factors:

Political factors can affect the expansion of a company in several ways. The political condition of the countries where a company operates may impact its progress. If the political condition is stable, the company may get a good environment for business. Several political conditions can affect the sales of Starbucks:

- The tax policies and employment laws of a company can have a specific impact on its sales. If the tax policies are fair, the company may earn good revenue from the business.
- The government of many countries may have some laws which are ideal for businesses. Starbucks can get a good chance of expansion in those countries.

Economic Factors:

Economic conditions of a country are directly linked to the business of a company. If a company desires improved sales, it may look for regions with stable market conditions. Here are some economic issues which can impact the sales of the company:

- Most of the developing countries are having an emerging economy. It can be a good sign for the countries that are willing to expand their business.
- The increasing cost of raw materials and labor charges can be a threat concerning the development of their business.
- There are several alternatives of Starbucks, which are gradually getting hold of the market. The competitive market scenario can be a threat to the business of the company

Social Factors:

Social conditions are key factors that can affect the sales of any business. PESTEL analysis Starbucks can show how the social conditions of the operating area can impact the sales of the company:

The changes in the lifestyle of the people and their choice of food can toll upon the company's sale. People are more tending to have a healthy, low-calorie diet, which can decrease the sales of their sugary beverages.

The food items offered by the company are expensive considering their alternatives. It is the reason they are losing customers from lower and middle-income groups.

As the coffee culture is getting new meaning worldwide, the cafe chain can utilize it. It will help to expand its business.

Technological Factors:

Though technological conditions may not be a direct threat to the company's growth. In the long run, they may affect the business. The Pestel analysis Starbucks can show how technology can work in hindering or catalyzing the expansion of Starbucks:

The increasing technological aid can make the journey of coffee from the farm to the mug smoother and faster. The easy transport and high-tech coffee machine both can contribute to this.

As smartphone purchases have increased, more people can access the delivery service to get their coffee from home.

The company may see a drop in their sales because of the easy availability of good quality coffee machines in the market

Ecological Factors:



Ecological factors may not impact the business of a company directly. However, they can influence its progress indirectly. Here are some environmental issues that can affect the business of Starbucks:

The company's business can get affected if the growth of coffee suffers from insects, diseases, climate, or natural disasters.

The company can concentrate on following the business sustainability trend, which can make the customers support the company for their policies, and this can earn more environment-conscious customers.

The company can work on recyclable packaging which can be environment-friendly. They can support social and environment-related campaigns, which can be a fair opportunity to promote their business.

Legal Factors:

Many legal issues can directly or indirectly impact the growth of a company. If a company has some legal cases going on, that can create a negative impression. It may destroy its reputation. PESTEL analysis Starbucks can help to identify those legal factors:

The company needs to adhere to the employment rules and product safety regulations proposed by the law of the countries they are serving at that moment. Failing to do so may cancel their trade license.

Licensing regulations and collisions with trade laws can hinder the expansion of the company.

The company must ensure employee rights and customer safety regulations while expanding its business in a country. Otherwise, their business may suffer

Conclusion:

Frame project (design challenge) into design opportunity

Design Thinking is Human-centered problem-solving tool which emphasize on Empathy, Collaboration, Co-creation and Stakeholder feedback to unlock Creativity and Innovation, which devises feasible and viable Big Idea/solutions.

Heart-on Hands-on Head-On Approach

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- ❑ Key principles and mindset of design thinking
- ❑ FOUNDATION BUILDING FOR DESIGN THINKING PROJECT
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Holistic

Foundation

STEEP



Thank You