How Does Design Create Better Strategy and Social Impact?

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Deepa Prahalad is a speaker, design strategist and expert on emerging markets innovation. She co-authored Predictable Magic: Unleash the Power of Design Strategy to Transform Your Business (Pearson) and consults for corporates and startups. Deepa mentors leading social entrepreneurs and serves on several international nonprofit boards.

1. You speak quite often on the importance of including design in the strategic planning process. Why is this necessary?

Design is a broad term encompassing the materials, aesthetics, usability and narrative around a product or service. If you look at all of the major strategic challenges we’re dealing with today—innovation, sustainability, automation, inclusion, globalization—all of them require design. Strategic plans will remain just that until they are successfully manifested and brought to market. Delivering on sustainability requires discovery of new materials, manufacturing practices and recycling programs, for example. Globalization demands creating for the preferences of many different countries and contexts. So viewing strategy and design as discrete activities doesn’t work – they need to be viewed as a continuum. Increasingly, design is not the strategic risk – it is the strategic insurance. Design is what motivates people to adopt, co-create and share new products and services.

The IT revolution and Big Data has made it possible for a much wider range of players to identify market gaps. Design is emerging as an important form of strategic advantage because it allows companies to connect with a wide audience and create an emotional connection. It’s even more important for entrepreneurs who don’t have the established trust and relationships to embrace design – it can make the difference between people telling you that you have a great idea and actually placing an order. Financial incentives are nowhere near as powerful as excited consumers. People are eager to test out something new from Apple or Google, to be part of that process. Most consumers and venture capitalists don’t read your mission statement and business plans – they usually do those things when they already care about your company based on your offering and your story. Your company’s values need to be visible in your design and their interactions with your brand.
2. You advise and mentor social entrepreneurs who are trying to address basic needs for people with low incomes. Why are you so emphatic about the importance of design in this sector?

Quite simply, the fundamental human need and desire to evolve exists at every income level. The traditional view of “basic needs” explains very little of what is consumed among the world’s poor. If I were to look at a slum in terms of needs, I might focus on better food, health and sanitation. These are certainly important. However, the goods and services that have actually been adopted at scale—cell phones, personal care, education, branded fashion and financial services—reflect aspirations. This is an important lesson. Even the poorest consumers reject “dumbed-down” solutions and gravitate toward value and quality. They want respect, not charity.

Second, these consumers are evolving the fastest—this should be reflected in the product portfolio. Unfortunately, this remains the exception. The reduction in extreme poverty around the world means many new consumers are entering the market. They do so by sampling small items but quickly move on. We have to be faster to retain the attention of poor consumers. The bar for design is often higher among poor consumers because they have less margin for error in their budgets. You have to appeal to a wide range of aesthetic preferences and education levels. The family and community often weigh in on purchase decisions.

Third, impact depends on holding ourselves to high standards. We need to design for today but win trust and deliver value over a longer period. When we buy shoes for our own children, the first thing we do is press down at the toes to make sure that they have room to grow. This should be our orientation when we think about innovation—for all consumers.

3. Most companies devote significant resources to innovation. You have argued that innovation is a critical piece of a country's development strategy. How are the two related?

Innovation is the best development policy we know of. There is a very high correlation between innovation and a nation’s prosperity. The countries that have significantly raised living standards in the past two decades have done so by plugging into the global innovation ecosystem in significant ways—manufacturing (China, Mexico and now some African countries), software (India, Eastern Europe) or have actually created global brands (S. Korea is the exemplar here). In all of these examples, change was made possible by large scale commitments to training and education on the part of governments and business. Improving infrastructure and access to capital are also necessary steps. These simple measures also accelerate entrepreneurial efforts. The push for innovation requires countries to pay attention to developing people—the real source of a nation’s wealth.

Innovation also unleashes several forces that cannot be fully quantified. It introduces a bias toward action—you have to actually produce something! It forces you to be future oriented and optimistic. After all, the core belief of innovators is that something better is possible. The process of experimentation and refining ideas forces dialogue and feedback among very diverse groups of people, as opposed to assumptions. In emerging markets, this collaboration often includes NGOs, government agencies and others. Innovation also tends to increase inclusion because business has to continually reach out to new consumers, employees and partners. It’s no accident that the world’s best performing companies are among the most diverse.

4. Many emerging markets have embraced technology as a solution to many problems, hoping that it would enable them to “leapfrog”. However, in many cases the results have been disappointing. What is missing in the use of technology?

One of the really hard lessons that we’ve learned the world over is that technology is an important tool, but not a solution in itself. A mobile phone does not automatically translate into economic mobility. Information access is a major issue that can be addressed with technology. However, it’s only one piece of the puzzle on inequality.
Apps and platforms such as Uber are helpful because there is an immediate connection between getting information and an actual transaction. Significant time savings and convenience also offer direct economic benefits. Technology can become divisive when it completely takes away human connections – especially in places where deep social divisions already exist. A lot of technologies are designed to create pre-defined “matches” with a wider audience than people could access on their own. Unfortunately, what we know about innovation is that a lot of discovery occurs by integrating learning from different fields. We also need to actively look for the “mismatches” that help us fix our blind spots.

More importantly, the gaps in infrastructure need to be addressed in order to realize the full benefit of technology. There are no easy ways for countries to “leapfrog” this step. I can create a website for my products, but I still need roads to deliver orders to customers. The good news is that global communications and payments infrastructure is now in place, which should make setting priorities easier.

5. Many companies are eager to help in improving their communities. However, there is a lack of clarity on how to approach social impact. What are some ways we can look at this issue?

Too many companies still place their social impact initiatives in the CSR bucket or outside of their core operations. Envisioning at a much wider customer base at the beginning of the innovation process may be a far more effective way to do good. It forces companies to sharpen usability and sustainability and become more collaborative. Changing consumer attitudes also favor businesses that choose to engage on social issues – a recent Deloitte survey revealed that 90% of Millennials believe that the purpose of business is beyond profit, and 71% believe that business innovation improves society.

It’s also natural for companies to be oriented toward providing “solutions”, but most social problems are multifaceted. The result is a tendency is to create programs that are too complex and expensive to be scalable, or to simply make a donation to charity. I think Muhammad Ali made a great point when he said, “It’s not the mountains in the distance that wear people down – it’s the pebble in your shoe.” People are not waiting passively to be “saved”, even when they are in desperate circumstances. They are usually trying to solve their own problems. A lot of the inequality we see around the world reflects a lack of choices, not a lack of awareness. The impact that companies have on society is huge because they expand the range of choices we have. This is where business can really make the world a better place.