



# BusinessWeek

## P&G Changes Its Game

### How Procter & Gamble is using design thinking to crack difficult business problems

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"Design thinking" may seem like just another new buzzword in the lexicon of innovation, but Procter & Gamble (PG) is using the approach to change its culture. Leadership is listening, learning, and deploying; cross-functional teams are cracking vexing problems across its business landscape; and visualization, prototyping, and iteration are facilitating communication internally and with customers like never before. Here's a look inside one of the most intriguing change management efforts going on in Corporate America today.

"It has been transformative for our leadership teams," says Cindy Tripp, marketing director at P&G Global Design, as she describes her work rolling out the company's Design Thinking Initiative. With a cadre of 100 internal facilitators, more than 40 design thinking workshops have been held in P&G business units across the globe during the past year. The design thinking facilitation team comes from every function at P&G (such as marketing, research and development, info tech, and product supply as well as design). Perhaps most important, half of the workshops focused on something other than new product initiatives to include other types of pressing business issues such as strategy, retail relationship building, and matters of operational excellence. "We want people to use these techniques daily in their work—using broad insights; learning faster; failing faster. Design thinking can be applied everywhere, every day," says Tripp.

This attitude signifies an extreme shift for the \$81.5 billion global consumer-product giant, whose long-tenured design managers describe P&G's former attitude about design as "the last decoration station on the way to market."

#### **Reframing Is the Key**

"Once business leaders see they can use design thinking to reframe problems, they are transformed," says Tripp. "The analytical process we typically use to do our work—understand the problem and alternatives; develop several ideas; and do a final external check with the customer—gets flipped. Instead, design thinking methods instruct: There's an opportunity somewhere in this neighborhood; use a broader consumer context to inform the opportunity; brainstorm a large quantity of fresh ideas; and co-create and iterate using low-resolution prototypes with that consumer."

In his new book, *The Game-Changer: How You Can Drive Revenue and Profit Growth with Innovation*, P&G CEO A.G. Lafley explains the difference between the two methods: "Business schools tend to focus on inductive thinking (based on directly observable facts) and deductive thinking (logic and analysis, typically based on past evidence)," he writes. "Design schools emphasize abductive thinking—imagining what could be possible. This new thinking approach helps us challenge assumed constraints and add to ideas, versus discouraging them."

### **Mass-Market Offerings Reconceived**

An excellent example of this type of reframing can be experienced by going to [www.olayforyou.com](http://www.olayforyou.com). As a female consumer, I'll be the first to tell you that Olay products are frustrating to shop for. There are too many, you can't zone in easily on what's right for you, and it seems like you ought to feel a little better about shelling out \$29 for a tube of goo to try to keep yourself looking good. Apparently I'm not the only woman feeling this way. Through the insights into these frustrations gleaned at a design thinking workshop, Olay marketers came up with the [Olayforyou.com](http://Olayforyou.com) Web site, a streamlined way to connect with consumers online.

With her soothing voice, the site's narrator walks you through a series of engaging questions about your skin. What are your habits and goals? What problems are of concern? The experience is simple yet conveys a deep understanding of the myriad factors that make up your specialized needs. Analyzing your responses, the system quickly assembles a tailored set of recommendations for a regime that is designed to meet your age and stated desires. I found myself wishing that all retail encounters could be this easy and fulfilling.

Olayforyou.com provides a calming, easy way to receive a credible consultative experience without ever leaving your own home. P&G now offers a beauty service. Through menu choices that indicate your interests and skin issues, Olay marketers are able to start a new type of dialogue while collecting important data on users that can be more informative than expensive market research. Consumers can opt to have Olayforyou.com send a personalized skin-care regime profile by e-mail.

Dan Hamilton, brand manager for Olayforyou.com, said: "The most important result is that people are finding the right solutions and sticking with them. They describe increased satisfaction and a better experience. As a result we are seeing an increase in our equity scores and better loyalty to the brand."

Witness in this example the underpinnings of business model innovation. With this seemingly small enhancement, Olay will also differentiate itself in a highly complex, competitive market; speed up the time in which it understands and can build new solutions for its target prospects; and build a database that will enable P&G to reach out directly to its customers on a personal basis (which is a rarity for consumer-product companies).

The innovations through design thinking continue to come: Herbal Essences' brand transformation ([BusinessWeek.com](http://BusinessWeek.com), 6/17/08), a Tide media breakthrough, and new business and organizational development strategies represent how design thinking is changing the game at P&G.

## **A Hard Problem Requiring a Creative Solution**

The Design Thinking initiative was the brainchild of Vice-President for Design Claudia Kotchka, who got the task from Lafley, to "get design into the DNA of the company" when she took on her position seven years ago. In a process-laden place like P&G, this is no easy task, especially because there is no way that design could take hold if perceived as tangential to P&G's existing set of operating models. Kotchka drew together the "deans of design thinking": Roger Martin, dean of the Rotman School of Management at the University of Toronto; David Kelley, founder of Stanford's D.School; and Patrick Whitney, dean of the Institute of Design at Illinois Institute of Technology. "How do we teach people what design thinking is and how to use it in a way that it could scale across a company with 130,000 employees? How could we engage more functions within the organization?" says Kotchka. "If we could get this right, then the prospect of fulfilling A.G. Lafley's vision had hope."

The first prototype workshop with the hair-care business in London in November 2005 yielded mixed results. "Somehow it didn't quite deliver—people didn't take action; the lessons didn't have staying power," said Tripp. The workshop agenda was redesigned with more emphasis on business. "There was too much academic stuff—philosophy and theory of design. We got rid of all the theory and settled on a completely experiential approach. To effect a major transformation in the way a problem is viewed through design thinking, the team must engage completely," Tripp continues. "Our business people wanted to get on with it. We will always engage when working on a problem in our business; but not necessarily engage when working on theoretical problems. From then on we were very selective to find worthy problems and assemble the right types of stimuli to get to the crux of the matter."

## **Nondesigners Design**

The resulting design thinking workshop structure became more of a fast-paced immersive experience that ends with a serious reflection point about what's different using this methodology. Says Tripp: "Most of our workshop reflections suggest that the power of doing design thinking rather than just reacting to design thinking shifted many standoffish leaders into real partners for design. Once they get it, they can't get enough of it."

"Participants get scared using such rough prototypes to elicit consumer feedback at the beginning, but they are won over when they see the benefits of co-creation," says Kotchka. "We have found that the more finished a prototype is, the less feedback people will give you. When you give prospective users something half-finished, they think you don't know the answer. They know you need their help—and really open up."

Having facilitated so many workshops over the past year, Tripp reflected on the impact the initiative has had on her personally. "I get goose bumps at the high level of dialogue and caliber of discussion that happens. Design thinking activates both sides of the brain—it makes participants more creative, more empathetic toward the human condition P&G consumers face. Our managers don't leave their analytical minds at home; instead they are able to operate with their whole brain, not just the left hemisphere."

Kotchka, who recently announced her retirement from P&G after 31 years, said: "Design is going to continue to grow and prosper at P&G. That was my goal when I took this position. Our senior leaders are really engaged in design now; we have amazing global design talent, and design thinking gets all the other disciplines engaged. We have a wait list of people from every function in the company that want to become facilitators in design thinking."

Time will tell, of course, whether design will get into P&G's DNA as Lafley has envisioned. At any rate, the efforts of Kotchka and her team to change P&G's game with design will go down in business history as one of the most challenging cultural transformation efforts undertaken by a major global corporation.

*Jeneanne Rae is the co-founder and president of Peer Insight, a consulting firm focused on services innovation and customer-experience design for S&P 500 firms. She has worked in the field of innovation and design for over seventeen years, consulting and educating dozens of leading companies in a multitude of industries. In 2005, BusinessWeek named Rae one of its "Leaders of the Year."*