Do you matter?

How great design will make people love your company

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Design Matters

Design is the "in" mantra—so what does this mean exactly, and why do you care?

In 1997, shortly after Steve Jobs returned to Apple, Dell's founder and chairman, Michael S. Dell, was asked at the Gartner Symposium and ITxpo97 how he would fix financially troubled Apple. "What would I do?" Dell said. "I'd shut it down and give the money back to the shareholders."

He had no idea he'd be eating those words just ten years later when Apple's market capitalization surpassed not just Dell's $64 billion ($47 billion as we write this), but IBM's as well. In mid-2007, Apple was the most valuable computer maker in the world. Its market capitalization stood at nearly $162 billion, $6 billion more than that of industry heavyweight IBM. At that same time, Apple's market cap was the fourth largest among technology companies, lagging behind only Cisco ($189 billion), Google ($208 billion), and Microsoft ($290 billion).

The message: "Apple matters."

The question: "What's to learn?"

On the second day after Jobs came back to Apple, Tim Bajarin, recognized as a leading analyst and futurist covering the field of personal computers and consumer technology, was invited

Courtesy of Apple Inc.

to meet with him. One of the questions Bajarin asked Jobs was how he planned to get the computer maker back on the road to profitability. To his surprise, one of the foundational solutions offered was "industrial design." At the time, this made no sense. However, Apple soon introduced the head-turning iMacs with their bold colors, which threw the stodgy industry and its boring beige PCs for a loop. Apple followed up with the introduction of the iPod, ever-sleeker iMacs, and the iPhone, hailed by *PC Magazine* columnist Lance Ulanoff as "the most important product of the still-young 21st century." Now the company is shaking up the notebook market with the thin, light, and stylish MacBook Air, and has taken on the video rental market with the Apple TV.

Apple has built a design-driven culture that knows how to connect with its customers in a deeply emotional way. Apple products are portals to an amazing menu of continuing experiences that matter to a lot of us.

Over time, Michael Dell built a brilliantly designed computer manufacturing and delivery heavyweight. For a long time (by technology standards), Dell was the 800-pound gorilla in the space. Times change. Pretty soon, other makers mastered supply-chain management, which is now the price of admission. The PC itself was relegated to commodity status.

What to do?

Become brilliant at using design to provide an amazing customer experience.

That's what to do. This would be a reason why you care about design.

You know that design is on everyone's mind—it's almost a mantra. You see a new product—

a car, an iPod, or the latest cutting-edge cell phone—and you might think that a fairly straightforward process was involved in the product design. In some cases, this might be true, though often it's not. As a matter of fact, the process that delivers a good design—the physical embodiment of the product and how it looks and feels to a customer, which is so important for success—is often driven more by serendipity than by an integrated understanding of the design's impact on the broader idea of a product and business. Serendipity is a good thing—counting on it isn't.

We think most people are prone to define design, particularly good design, more narrowly than they should. When you see an iconic product, such as an iPhone, for instance, that enjoys an initial runaway success, it's so easy to overlook the big picture of how the product fits into the company's future—and the future of similar products in general. We want you to consider a far broader view of the significance of design.

Most people are prone to define design more narrowly than they should. We want you to consider a far broader view of the breadth and significance of design.

Consider, for instance, the case of Motorola's Razr phone. Here is a product you might consider iconic. Historically, Motorola was an innovative company. The Razr has been a runaway success, although a bit of a fluke actually, because Motorola has never really understood what it had. Motorola just came up with a nice design and a nice form factor. The Razr was thin—designers sacrificed some footprint (height and width) for thinness. The design tied in with the naming, "Razr," and it worked, the imagery around the product struck a chord in people's hearts and minds. Motorola initially marketed the Razr well, but efforts since then have largely fallen flat.

Motorola seemed to miss the point on the Razr. Instead of creating the next step in terms of the experience that people were resonating with, a mere veneer of the design was applied to subsequent products.

The design did not transform Motorola's culture. The company had only a single product, and now Motorola is back in trouble because it tried to repeatedly milk this one product over and over again. It hasn't worked. As we write this, Motorola is exploring spinning off its mobile devices unit "to recapture global market leadership and to enhance shareholder value." Whatever that means. It's a sad declaration, really. Martin Cooper invented the mobile cellular phone at Motorola. Remember "The Brick"? Then the Startac became an iconic product. Motorola could pioneer but could not build a design-driven culture to establish sustainable leadership. To be blunt, Motorola doesn't matter in the mobile market anymore.

This would be another reason you care about design.

Motorola tried to apply the veneer of the product to other products instead of saying, "What would be the next step in creating an experience that would resonate with people?" The company did not continue to grow, build on, and invest in what made the Razr successful. Instead, it chose to imitate, not innovate. Motorola repeatedly used the same language on different models and form factors. They added colors and used the same conventions, without life or soul. The company became stale almost overnight.

Motorola doesn't have a design culture. It has an engineering culture that tries to be a design culture. But the company fundamentally failed to see this. The product development folks seemed to say, "We'll make a cool thing, and that will be great," but they didn't develop the ability to consistently repeat it. On the operating

system side, Motorola has never been able to design a great mobile phone user interface. The user experience suffers as a consequence. Design goes beyond simply the physical form factor. A big difference exists between a good design and a great product. Motorola didn't take the next steps to make the Razr the essential portal to people's mobile experience and hasn't been able to create consistent design cues across all customer touch points. Motorola might not even know that it matters—but it does.

You can create a good design, do it once and do it well, and have a nice object. That doesn't mean it will be a great product or a good business. It might be mildly successful, it might win some awards, and it might even get some buzz on the blogs. The difference between a great product and a merely good product, however, is that a great product embodies an idea that people can understand and learn about—an idea that grows in their minds, one they emotionally engage with.

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Right now, you could design a product that looks like an iPhone, has really nice details and materials, and becomes an object of lust. However, this doesn't mean that it will ultimately be successful. Unless you have a strong idea that pervades the way it looks, the way it operates, what it does, how it's communicated to people, how it's branded, and how people identify with the brand, your product is not complete, because these are all things that go into making a great product which becomes a good business. Timing matters too. Until we started carrying mobile phones, digital cameras, a PDA, an MP3 player, and often a laptop, we would not have realized how much we wanted an iPhone that

integrates much of this combined capability in a single compact and gorgeous device.

One of the core themes of this book is that design establishes the relationship between your company and your customers. So the complete design should incorporate what they see, interact with, and come in contact with—all the things they experience about your company and use to form opinions and to develop desire for your products. These touch points should not be allowed to just happen. They must be designed and coordinated in a way that gets you where you want to be with your customer—to where you matter to them. (And believe us, you want to matter.)

This approach is product design as a total concept—how the product operates, how it sounds, and how it feels. Included in the design is the experience of how you buy it, the experience of what happens when you actually get possession of it and open up the box, how you start to feel, and what all this communicates to you. And of course, there is the chain of events through which you became aware of the product. This is part of the design too—what all those touch points meant to you.

Taking possession of the product is just the beginning of the next phase of the relationship. What happens if something goes wrong with the product? What happens next? How do you feel about it? All these things need be included in the total design of the customer experience. This notion is something that IDEO (a Palo Alto design firm formed in 1991) has been basing its entire practice on—the idea that design is not just limited to this thing with buttons. This idea

expands to designing all the interactions people have with the products that create (or destroy) the relationship people have with your company and determine whether you matter to them. Some of this is design in the old sense of creating visuals and materials, and some of it involves designing the total experience. For example, what should the telephone service experience be? How is that designed? Because it *is* designed—either consciously or by default.

The message here is this: Really grasp this idea of design—or you die. And, oh, yes—your products themselves have to be great.

Design or Die

For companies that make products (or provide services, for that matter), design or die is, in fact, the deal. Businesspeople must understand how to design the customer experience or be laid to rest in the graveyard of irrelevance. To an amazingly large degree, the American automotive industries don't seem to get design. Why? We don't have a satisfying answer to this question. But European car companies are consistently outperforming American car companies on the basis of design. We can guess that they haven't fully figured out how to focus on the experience they want to create and provide, which then impacts all that follows. The really sad thing is that when the U.S. auto industry was king, design was its mantra. Think bold chrome and fins. (Okay, maybe not cool now, but cool then.)

Here's another really important idea: When it's all said and done, your customer doesn't care about your process. To you, the logistics

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of everything are important. The process of getting things engineered, getting them manufactured, analyzing the cost structures—all this is very important. Businesspeople love this stuff because it's Excel friendly and all very quantifiable. But in the end, none of this matters if the design experience is wrong. You can base all your boundary conditions on cost, timing, and market opportunity, and use the data to make a decision. Along the way, you'll likely throw out some ideas because they're too expensive or they'll take too long, so you'll end up with a mediocre product that no one buys. A perfect process doesn't matter unless the total design is right (ask Dell).

The question to ask is, "What is the design experience?" This is exactly what Apple does. It asks, "What design experience do we want? Let's do whatever it takes with our system to get it out the other end." For example, other people have tried to open stores where people can play with the products and then buy them. Gateway did it and wound up closing the stores. Dell is talking about playing with it. Of course, Dell won't be able to replicate the Apple experience because it doesn't have a design-driven culture yet.

The iPod is an iconic product of our time, a glorious example of design and business success. So close your eyes and imagine you're holding an iPod. Now take away iTunes, take away the ability to buy the song you like for 99¢ without having to pay $15 for a dozen more on a CD you don't want, lose the ability to create play lists, cut out the packaging, take out the ads, delete the Apple logo, and shutter all the Apple stores. The remaining question is, "Do you still have an

Courtesy of Apple Inc.

iPod?" Yes, the physical product in your hand is exactly the same, but what do you have now? Really, what do you have?

Well, you have a nicely designed object. Is it an iPod still? No, it's not, because an iPod is a portal to a kaleidoscope of experience. An iPod is not just an object. The object is an icon that is a portal to an experience.

Great products are about ideas; they are not just objects.

So this is a huge distinction that develops thematically throughout this book. *Successful* businesspeople in all fields endeavor to understand that they are in the business of designing a total customer experience. We call this *the customer experience supply chain.* The physical product or service is a central part—but, alone, not a sufficient part—of the equation for lasting success. Design is everyone's job. Doing good design takes more than good designers. It takes a commitment from *everybody* in the company—soup to nuts, end to end.

Of course, Apple is the obvious example of a company that understands the customer experience supply chain. In the automotive world, BMW is usually offered up as the icon because it definitely designs a great automobile; it's dedicated to designing the broader experience of owning a car and what that means to an individual owner. For example, we know that BMW spends a lot of time not just on the aesthetics and the materials, but on questions similar to these: How does it sound when you close the door? How does the steering wheel feel when you turn it? These questions are driven not just from a mechanic's point of view—how will we get the door to open?—but also from the customer's view when he or she grabs the handle and pushes the button. How does that feel? The customer closes the door, and it makes a sound. How does it sound? These are all design elements.

IKEA is another great example. Of course, IKEA uses design in its products and figured out how to make good design available at a low cost, but it's more than that. Design also applies to the nature of the store. Although IKEA has enjoyed substantial growth and now the experience isn't as good as it used to be, the core idea of building simple, well-designed, knock-down furniture and presenting it in this really amazing environment is still intact. It's not just "Here's the furniture, here's different ways you can use the furniture, and here's how you can …." The idea includes virtually tutoring people on design and how they set up their homes to support a great experience of living at a very low cost. IKEA represents a great approach to product design and a really great approach to the design of the customer experience.

At Nike, the product experience must always be authentic to the performance of the sport, even when the ultimate customer is not an athlete.

In the apparel industry, Nike got it and has kept getting it. Levi Strauss had it once and lost it—the tragic destruction of an iconic brand that is beyond comprehension.

At Nike, people stay intently focused on athletic authenticity. The vast majority of Nike customers aren't athletes. That said, Nike focuses on keeping its product design and brand very much in orbit around athletic performance. It's very aspirational. People who probably haven't jogged a quarter mile in five years wear Nike sweats and Nike shoes because it feels authentic. For these people, it's not just about apparel design; it's the design of the marketing message and the athletes they associate themselves with. "Tiger—you can't have his swing, but you can wear his clothes" proclaims a Niketown poster.

At Nike, the dialogue always goes way beyond "We're designing watches and walkie-talkies" to "What makes this product authentic to the performance of the sport?" The design must include this content, especially in the category definition phase of establishing the meaning of a product. After the category is defined, Nike focuses more on fashion, leverage, and how to build it out. But it starts with some seed of authenticity in the design.

Nike has always included its celebrity endorsements with the same kind of thoughtfulness. It ensures authenticity to athleticism in incorporating the celebrity messaging into its entire brand, the store, and the design of the Nike experience. This is another example of integrated design—of managing the total customer experience supply chain.

We need to define what we're talking about—what design means. So let's take a shot at this.

When you think about design, and particularly the category of industrial design, the temptation is to begin thinking about a physical object and not go much further. So let's go further and define design as the overt, thoughtful development of the interaction points between you and your customer. This definition includes the obvious interaction point of the thing that you touch, wear, eat, watch, listen to, or drive, and moves to a less obvious interaction point: the catalyst of all the emotions you experience when you interact with a company in some way.

If we boil down this idea to its point of intensity, effective design establishes the emotional relationship you develop with a brand through the total experience, to which a service or product provides a portal. (We are jumping ahead of ourselves here, implicitly raising the question posed in Chapter 2, "Do You Matter?," as a company, a brand, or a CEO.)

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This question and the book title came from analyzing what defines a good brand. While teaching an engineering class at Stanford University about the emotional side of design, we asked, "Who cares if Motorola goes out of business next week?" One person raised his hand. We then asked, "Who cares if Apple goes out of business next week?" Most of the class raised their hands. If you are the CEO of Motorola, this is not good news because you were just told that you don't matter very much. If you don't think this is true, check your stock price.

Apple matters to people because it has designed aesthetically stunning hardware and a

If the answer to the question "Do you matter? comes back "no," this is not good news. If you don't think this is true, check your stock price.

total customer experience (think of this as software for the soul), so people feel connected to Apple in some deep emotional way. That's what great design does. It can make people love your company. In creating a broader definition of design, we include the emotions and feelings that arise to become part of the relationship people have with your company through every touch point that they experience. You don't want to let other people define this for you. If you're really smart about it, *you* define it. You can't entirely control it because people create their own version of the relationship, but you can commit to influencing this in every way you can. This is how you build an idea in people's mind of who you are as a company and as a brand.

We want to include in the meaning of design the "choreography of the experience" that people have of your company across whatever possible points of contact they can find.

We think this represents a shift, and it's what CEOs don't understand when they tell their people, "We've got to be design savvy."

It seems to us that you can't necessarily (or perhaps at all) understand what design means to a customer from just running a focus group. Our experience with customers is that many of them cannot articulate why they chose a particular product. They'll tell you why they *think* they chose it. But give somebody a Razr and an iPod, put them side by side, and ask, "Why don't you care if Motorola goes out of business, but you do care about iPod and Apple being around?" The answer to that question is what you need to hear and pay attention to. This is a clue to the question of the next chapter, "Do you matter?"

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