



Design Thinking: The New Mindset for CI?

by Luis Madureira

The University of Toronto's Roger Martin argued in Rotman magazine some years ago that:

"...design skills and business skills are converging. To be successful in the future, business people will have to become more like designers — more 'masters of heuristics' than 'managers of algorithms.'"

I fully agree.

Assuming we are both right, the question would be how can we make Competitive Intelligence Professionals (CIPs) think like designers, and what would Competitive Intelligence (CI) as a discipline gain from this?

As a Designer Thinker, the CIP would master the heuristic technique – any approach to problem solving, learning, or discovery that employs a practical method not guaranteed to be optimal or perfect, but sufficient for the immediate goals. Most of the time, due to time, budget concerns, or even the missing data points or information, the optimal solution is impossible or impractical. And this is where the use of heuristic methods can speed up the process of finding a satisfactory solution for CI purposes. Heuristics can be mental shortcuts that ease the cognitive load of decision-making. Examples of this method include using a rule of thumb, an educated guess, an intuitive judgment, stereotyping, profiling, or plain common sense.

The time for long, detailed, optimal and 100%-wrong-by-the-time-we-finish-it analysis is over. The time for faster, enough-to-make-relevant-and-value-added-decisions intelligence is up.

Design Thinking: A Mindset and Integrative Thinking Approach

This is where Design Thinking can help. A lot! Most people focus on its process, but it is basically a mindset, a human-centered approach to problem solving that considers the intersection of consumer & customer needs, with the technology that enables addressing those needs, while creating real business value.

Two things to consider at first glance:

1) a mindset can guide the cultural change needed for embedding it in the organizations;

2) an integrative thinking approach that sits in the intersection of the key components of the current competitive environment, allowing for a much more holistic view of any problem the CIP faces.

Internal and External Alignment

Furthermore, CI needs to integrate different information sources and data points from different topics, such as, market(s), segments, stakeholders, external factors, and internal functions, which are all used to developing a sound understanding of what is happening in the competitive environment. CIPs need to identify the different angles of a problem and derive the impacts in the organization, and within its different units, or functions.

Design Thinking is a "team sport" in problem solving that helps to align the CI function with the organization at large. The mandatory inclusion of different perspectives from different functions, represented by different people in the organization helps build a common view of the problem, thus aligning towards a better solution. If you ever worked in an in-house CI function, you know that by itself, this is a major reason why you should keep reading.

In parallel, and as an immediate result, it can be used to change the organization focus from the internal to the external realm. More importantly, it can be the igniter, as well as the enabler, of a customer-centric organization. Since it is a mindset, Design Thinking can support the cultural change that an organization must endure to effectively make this transition and become truly customer-centric, not just paying lip service to the concept.

Shibumi – Making the Complex Simple

CIPs need to understand what happened, what is happening, and what may happen, thoroughly. They also need to explain the distilled insights they arrive to in a simple, although not in a simplistic way. This is extremely challenging.

Most CIPs use the analysis that they've formulated to explain how and where their insights derive from. This makes them dive into excess detail, while most of its clients are not interested in that detail at all, not even in understanding how they got to those insights. Once excess detail is added to a conversation, the probability of effective communication drops significantly.

The only thing a decision maker cares about are the insights, the implications, and what needs to be done next, either through making efficient decisions or developing and executing strategy successfully. Hence, CIPs need to keep it simple and 'stupid' (KISS) as much as possible.

Here too, Design Thinking plays a critical role in dividing the problem in smaller issues and integrating different solutions to those issues, to come up with a better overall solution.

Shibumi is one of the Zen principles of Design. It is an overarching concept, an ideal. It has no precise definition in Japanese. The meaning is reserved for objects and experiences that exhibit in paradox, and all at once, the very best of everything and nothing. Elegant simplicity. Effortless effectiveness. Understated excellence. Beautiful imperfection. According to Sarah Susanka:

"The quality of Shibumi evolves out of a process of complexity, though none of this complexity shows in the result. (...) When something has been designed really well, it has an understated, effortless beauty, and it really works."

That is how good intelligence should be: making the complex simple for the decision-maker! With that said, let me reinforce, a CIP should not be simplistic about insights.

Abductive Reasoning: Sense-Making by Design

John Kolko on Design:

"Designers tend to describe design as a way of organizing complexity or finding clarity in chaos."

As defined by Klein, Moon, and Hoffman, Sense-Making is:

"a motivated, continuous effort to understand connections (which can be among people, places, and events) to anticipate their trajectories and act effectively."

Design is also about synthesis.

"Synthesis is an abductive sense-making process. During synthesis, designers attempt to organize, manipulate, prune, and filter gathered data into a cohesive structure for information building. Synthesis reveals a cohesion and sense of continuity; synthesis indicates a push towards organization, reduction, and clarity."





The development of a Design Thinking mindset by CIPs would support the advancement of the discipline to cope with the current, and most importantly the competitive environment of the future.

As per Charles S. Pierce, abduction can be thought of as the...

"step of adopting a hypothesis as being suggested by the facts... a form of inference."

Design Thinking is based on the concept of abductive reasoning. This way of thinking is characterized by the creation of space to generate new ideas, sometimes integrating seemingly impossible and opposable concepts such as rational and emotional, art and science, or even exploration and exploitation.

John Kolko explains further:

"Abduction is a logical way of considering inference or "best guess" leaps. Unlike deduction or induction, abductive logic allows for the creation of new knowledge and insight."

In Wikipedia, Abductive Reasoning is explained as a form of logical inference which goes from an observation to a theory which accounts for the observation, ideally seeking to find the simplest and most likely explanation. In abductive reasoning, unlike in deductive reasoning, the premises do not guarantee the conclusion. As all CIPs know an Insight can be wrong. That is why we use the Analysis of Competing Hypothesis methodology for evaluating multiple competing hypotheses for observed data.

One can understand abductive reasoning as "inference to the best explanation." For example, in a billiard game, after glancing and seeing the eight-ball moving towards us, we may adduce that the cue ball struck the eight ball. The strike of the cue ball would account for the movement of the eight ball. It serves as a hypothesis that explains our observation. Given the many possible explanations for the movement of the eight ball, our abduction does not leave us certain that the cue ball, in fact, struck the eight ball, but our abduction, still useful, can serve to orient us in our surroundings. Despite many possible explanations for any physical process that we observe, we tend to adduce a single explanation (or a few explanations) for this process in the expectation that we can better orient ourselves in our surroundings and disregard some possibilities.

The added value come obvious to any Competitive Intelligence Professionals, as well as Innovators, focused on integrating data points to come up with better and novel insights and solutions that at first sight were impossible to develop. Most importantly, to be able to see what others do not, or developing new products and services no one thought of before.

Linear VS Non-Linear Thinking

If you ever been in one of my lectures, seminars, classes, or workshops, you know I use the VUCA concept to frame the decision-making context organizations face; one that is volatile, uncertain, complex and ambiguous. Today's competitive environment is anything but linear.

As Neil Perkin and Peter Abraham well put it in their new book published in April 2017:

"The Digital Age has brought with it an unprecedented level of connectedness at both an organization level creating far greater opportunity for value to be derived less from linear, one-way relationships and increasingly from networked systems of customers, suppliers, and partners, involving two-way value exchanges. (...) The transition from linear value chains to dynamic, networked ecosystems where data, information, and value more readily flows between all parties in the system is one of the key shifts of our time. (...) If we are to truly capitalize on this trend we need to change our understanding of how business can create and retain value in a digitally empowered world."

In these days, CIPs cannot be limited to linear thinking in the form of generalizing existing ideas (induction), or narrow down existing choices (deduction). They need to think in terms of mental maps (non-linear), in terms of connections (networks), most of the times iterating until arriving at new insights that may best explain the key intelligence topic or question at hand.

As Tim Brown masterly puts it:

"...understanding do not entail progress toward an absolute truth, but rather an evolving interaction with the context or environment..."

Therefore, the linear thinking process most of us learned at Business School leave us struggling to cope with the myriad of events, information and data points we try to manage and make sense of, daily.



The caveat here is that more and more, they must do it in almost real-time. In this situation, paralysis analysis is the last thing an organization needs. Delivering thoughtful intelligence after the decision is made or the strategy developed it is of no added value whatsoever.

This relates closely to the concept of Strategic Flux I introduced when I presented Social Market INtelligence – SMINT – at the SCIP European Summit back in 2012 in Dublin and explained further in the 2017 Spring Edition of CI Magazine.

Design Thinking Process Applied to CI

As previously mentioned above, the Design Thinking process is what comes to mind when the concept is mentioned. Here and again, Design Thinking can offer CI an interesting perspective and methodology for arriving at insights. Twofold! First in the process of developing insights, second in the CI process itself.

The process has 5 stages, Empathy, Define, Ideate, Prototype, Test. Starting by looking at it as a way to support insight development:

1) Empathy – where it all starts by creating empathy with the topic through research. Again, this is not a linear process but rather a set of interactions with the data collected for a deeper understanding of the topic. We can even use the three Design Thinking perspectives to guide the CIP work: human, technology, and business. The set of human motivations, needs and wants, the technologies used, the business model or business motivations may help in understanding this topic.

2) Define – the underlying issue that needs to be addressed. Einstein has a famous quote on the lines of “If I had an hour to solve a problem I would spend 50 minutes thinking about the problem and 5 thinking about the solution. This stage is critical for the CIP to get to the right insight that indeed explain the problem. It will guarantee the relevance of all the CI work done.

3) Ideate – a set of hypotheses that explain the problem. This is where the answer to the KIQ will start to take shape.

4) Prototype – the hypothesis so they are well crafted. This may result in further iteration with the problem at hand, as well as with the data points and information collected in Empathy, Define and Ideate stages.

5) Test – which hypothesis have more adherence to reality and can better explain the problem.

Please note of how similar this process is to the Intelligence Cycle. A CIP needs to create empathy with both the client’s needs, as well as with the problem that needs light shed on it. Moreover, the problem, including the several perspectives from where it is analyzed, must be very clear to everyone, so all efforts are done in moving into the right common direction, efficiently. This is done by research and iterating with data, so info gaps are identified, and further relevant data points and information are collected. This calls for structuring of the data, eliminate the noise, and consequently starting to prepare for analysis. This is the equivalent to the Ideate

mode where designers start hypothesizing about the answer about potential solutions to the problem. The prototype mode is equivalent to the draft discussion with the Intelligence end-user. And finally, the test is very much like the application of tools like Analysis of Competing Hypothesis (ACH).

Design Thinking Applied

Thus, it seems obvious there are some benefits to applying this mindset to Competitive Intelligence:

1) The concept of empathy is very powerful. It can help align the end-users and the CIP. But it can also be used in HUMINT by helping the CIP understand the underlying reasons for a specific target to liberate non-sensitive information, that can finally unlock the insight to solve the problem. And in OSINT, by giving the CIP a new deeper understanding of the topic by establishing a dialog with the data to understand its causes.

2) The concept of the unfinished: I believe all CIPs struggle with the fact that they know when to stop collecting and start analyzing, and then stop analyzing



and start communicating. As an iterative and abductive reasoning approach, Design Thinking can be the enabler for helping the CIP move from a finished style of deliverable to a more flux delivery. It would allow for the delivery of layered intelligence, that can improve both the understanding by the end-user and at the same time, lead to a quicker decision-making. This would also result in more value being realized earlier, and incremental value derived from the incrementally better understanding of the topic over time. It is also in line with the need to address the increasing pace of business.

3) Most importantly it works on rules of thumb, or hypothesis, iterating on top to come to an ever-evolving better solution. It is like admitting organizations need to move forward with the best intelligence at the time of the decision, iterating on that very same intelligence as new data points arise, to fine tune it to a better and more accurate actionable insight. It allows for the almost real-time delivery of intelligence for the greatest impact.

4) Using the Shibumi principle to produce simpler deliverables while avoiding the trap to oversimplify.

5) Focus on the Customer and Consumer, which I believe is still a major limitation of Competitive Intelligence. The consumer and customer were not so long ago the scope of Consumer Research, Marketing and Sales functions. Integrating this perspective in the overall intelligence deliverable is of essence and highly relevant.

What Is in Design Thinking for CI?

With consideration to all the above, I feel quite comfortable in stating that the development of a Design Thinking mindset by CIPs would support the advancement of the discipline to cope with the current, and most importantly the competitive environment of the future.

The main reasons come from, firstly, an increased capacity to deal with complexity via improved sense-making and non-linear thinking by the usage of abductive reasoning. Design Principles like Shibumi would also upgrade the CIP capability to communicate more effectively its findings without incurring in simplistic approaches to complex problems.

Secondly, through empathetic knowledge the alignment with the internal client is superior. A cornerstone in the Design Thinking process, empathy can also improve

both Primary and Secondary information collection, by balancing the most rational and highly logical approach, CIPs tend to use.

Very importantly, Design Thinking force the CIP to focus on the customer. Consequently, so does the organization which uses the insights derived with such mindset. It promotes the change from internal to external focus, leading to the customer-centric organization. This is a pre-requisite for success as 'quality,' price, and operational efficiency are less and less factors of differentiation. If we consider that societal and technological changes occur at a blindingly fast pace, this is a valid way to keep up.

Finally, Design Thinking can also support the reduction of the response time to the intelligence challenges of tomorrow. The Design Thinker CIP, one whom masters heuristic development, can deliver rules of thumb for decision making much faster than a CIP focused in providing a 100% right actionable insight. Furthermore, as we all know, most of the times these insights are never 100% correct. The Design Thinking way allows the CIP to prioritize the delivery of quick wins, and update decision makers with incremental lower added value intelligence as the CIP iterates the solution of the problem. As the cherry on the cake, I would say it can make Intelligence more flexible and adaptable to the environment, helping CI become an agile discipline and support the requirements of the modern times organizations.

As Robert Safian, Fast Company's Editor put it:

"Our institutions are out of date; the long career is dead; any quest for solid rules is pointless, since we will be constantly rethinking them; you can't rely on an established business model or a corporate ladder to point your way; silos between industries are breaking down; anything settled is vulnerable."

These are in my view, very strong reasons to analyze the impact of the application of Design Thinking to CI. It is the main reason why the chaotic and increasingly fast environment we face needs to be dealt with reactively, as close to real-time as possible.

All the above trends point to the need for CI to evolve, as we progress. We cannot let CI stall. Furthermore, it looks like Design Thinking can help CI evolve to the next level and address the current zeitgeist.

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