



Future Trends

Change The Way You Think

How can you innovate? You open new paths to innovation by changing the way you think.

By Roger Gudobba

Organizations are facing a multitude of challenges forcing them into making more decisions, and faster, every day. The ability to recognize complex situations and resolve them is a critical skill. The best decision makers accept the challenge and face it head on rather than avoid it. Most of us believe we are capable and impartial decision makers. Unfortunately, the research indicates otherwise.

The vast majority of the **value created today** comes from not applying analytical techniques to choose from existing options, but from **creating options that do not yet exist.** - Roger Martin

In 'The Design of Business', Roger Martin offers a compelling and provocative answer: we rely far too exclusively on analytical thinking, which merely refines current knowledge, producing small improvements to the status quo. To innovate and win, companies need design thinking. Roger Martin unveils a new way of thinking that balances the exploration of current knowledge (innovation) with the exploitation of current knowledge (efficiency) to regularly generate breakthroughs and create value for companies.

The Four Stages of Design Thinking: In 'Designing for Growth', Jeanne Liedtka and Tim Oglivielaid out a simple process for using Design Thinking. Whether your focus is growth, redesigning internal processes, launching new products or expanding into new markets, the basic methodology remains the same. The design thinking process examines four basic questions, which correspond to the four stages of Design Thinking. **What is?** Explores the current reality. **What if?** Envisions multiple options for a new

and better future. **What wows?** Makes some choices about where to focus first and **What works?** Moves into the real world to interact with actual users through experiences.

Five Contributions Design Thinking has made to business. In the Fall, 2013 issue of Rotman Magazine, Jeanne Liedtka listed the following.

1. **The Power of Re-framing:** Design Thinking helps us ask better, deeper questions that expand the boundaries of the search itself. One of the most serious challenges we face in our quest for innovation is our own impatience, which makes us rush to solve instead of taking the time to understand. Spending time at the front end of the process to explore the question and its context can pay big dividends in producing more effective solutions.
2. **Collaboration.** How many of us have been trapped in seemingly endless debates between 'quant jocks' and 'intuitives' or between those advocating the 'customer case' versus those insisting on the 'business case'? Design thinking refuses to get caught up in debates and either/or thinking. Instead, it insists that we develop shared insights and ambitions before generating ideas, and that we use data from experiments (rather than theoretical debates) to determine the most effective course of action.
3. **Curation.** Design thinking helps us to drill down to the essence of an issue and see what really matters. This is an increasingly important role in today's environment. Wired magazine has announced that we have entered the "age of curation," where we are "surrounded by too much music, too much software, too many websites, too many feeds, too many people, too many of their opinions and so on..." The problem: research demonstrates that too much information actually degrades the quality of our decisions. But it is unlikely that this information

bombardment is going to let up. We predict that the future will place even more value on the ability of the design process to cut through complexity to find nuggets of wisdom.

4. **Comfort with Emphasis.** Design is comfortable with ‘emptiness’ - with leaving space in the emergence of a solution so that many can contribute to it. Managers are often taught the importance of finishing something, making it complete; but artists and philosophers know better. “To finish a work?” Picasso said; “What nonsense! To finish it means to be through with it, to kill it, to rid it of its soul.” In organizations, employees want to be part of works in progress, too, to feel the sense of discovery as it unfolds. Design thinking builds these possibilities into every step of the process.
5. **Speed.** The final contribution is an outcome of the previous three: when you combine the engagement and alignment that design’s affinity for collaboration and emptiness makes possible with skilled curation, you get another invaluable asset for any organization trying to move innovative ideas through bureaucracies: speed. Design’s ability to deliver engagement, alignment and curation greatly enhances speed by removing the friction and subsequent drag created by trying to unite people with different views of the world around a new idea.

Design Thinking: Whatever label it goes by, this approach to problem solving is distinguished by a few key attributes:

- It emphasizes the importance of discovery in advance of solution generalization using market research methodologies that are empathic and user-driven.
- It works to expand the boundaries of both our problem definitions and our solutions.
- It is enthusiastic about engaging partners in co-creation.
- It is committed to conducting real-world experiments rather than running analyses using historical data.

Let’s explore this further by looking at a recent RFI (<https://federalregister.gov/a/2013-31436>). Specifically, the Consumer Financial Protection Bureau (CFPB) seeks information on key consumer “pain points” associated with mortgage closing and how those pain points might be addressed by market innovations and technology.

CONSUMERS AND CLOSING

1.)What are common problems or issues consumers face at closing? What parts of the closing process do consumers find confusing or overwhelming?

2.)Are there specific parts of the closing process that borrowers find particularly helpful?

3.)What do consumers remember about closing as related to the overall mortgage/home-buying process? What do consumers remember about closing?

4.)How long does the closing process usually take? Do borrowers feel that the time at the closing table was an appropriate amount of time? Is it too long? Too short? Just right?

5.)How empowered do consumers seem to feel at closing? Did they come to closing with questions? Did they review the forms beforehand? Did they know that they can request their documents in advance? Did they negotiate?

6.)What, if anything, have you found helps consumers understand the terms of the loan?

ERRORS AND CHANGES AT CLOSING

7.)What are some common errors you have seen at closing? How are these errors detected, if at all? Tell us about errors that were detected after closing.

8.)What changes, diverging from what was originally presented at closing, often surprise consumers at closing? How do consumers react to changes at closing?

OTHER PARTIES AT CLOSING

9.)How, if at all, do consumers typically seek advice during closing? In person? By phone? Online?

10.)Where and to whom do consumers turn for advice during closing? Whom do they typically trust?

CLOSING DOCUMENTS

11.)What documents do borrowers usually remember seeing? What documents they remember signing?

12.)What documents do consumers find particularly confusing?

13.)What resources do borrowers use to define unfamiliar terms of the loan?

IMPROVING CLOSING

14.)What, if anything, would you change about the closing process to make it a better experience for consumers?

15.)What questions should consumers ask at closing? What are the most important pieces of information/documents for them to review?

16.)What is the single most important question a consumer should ask at closing?

17.)What is the single most important thing a consumer should do before coming to the closing table?

The CFPB has been very open and shows a strong willingness to collaborate with the mortgage industry in addressing consumer’s concerns. I encourage and challenge everyone to consider the Design Thinking concepts when formulating your response to the RFI. This is the time for some progressive **‘thinking outside the box’**. ❖