

Good design is good business

October 2015

Kleiner Perkins Caufield & Byers design partner John Maeda talks to McKinsey's Hugo Sarrazin about why today's senior executives must understand design.

Design was once largely about making products more attractive. Today, it's a way of thinking: a creative process that spans entire organizations, driven by the desire to better understand and meet consumer needs. In this conversation, McKinsey director Hugo Sarrazin and Kleiner Perkins Caufield & Byers design partner and former president of the Rhode Island School of Design, John Maeda, discuss how design has moved from the drafting table to the boardroom—and all functions in between. An edited transcript of their remarks follows.

Hugo Sarrazin: You have been around design for a long time, and it means so many things for so many different folks. You looked at it from different angles—from the technical, from the arts, and from leading a great design school, the Rhode Island School of Design. How do you define what design is today? And what should executives think about?

John Maeda: The word “design” has a very simple definition: *good design is good business*. This came from T. J. Watson Jr., in a 1966 memo to all of IBM.¹ Certain kinds of design have strategic value. It has a multiplier effect. It is design that can be instrumented, and then design where the process is changing because you are now saving time. And saving time is saving money.

Hugo Sarrazin: A question I get a lot is, Why now? Why is design so important now? And why is it a C-suite type of topic?

John Maeda: Moore's law's efficacy is dwindling. We have enough processing power, therefore we aren't driven to buy it because it's faster or has more memory. So now we have to buy it because of how it makes us feel. But not only that—Steve Jobs died. And that was a big deal.

I remember the day he died, I got an email from John Hockenberry of [New York public-radio station] WNYC at 4:00 AM: “Steve Jobs died. People want to know what this design thing he did was.” I remember that moment. I was on the radio at 5:00 AM on NPR.² I realized no one really knew what this thing was that Jobs had marketed as being “magical design,” and they wanted to understand it. So Moore's law is dwindling—and that big moment. That's what's catapulted all this here.

¹ For more on IBM's view of design, see “Good design is good business,” ibm.com.

² National Public Radio.

Hugo Sarrazin: And I'd add a few other things. One is that the advent of mobile is fundamentally changing the need to think about design, the interaction, and the experience in a substantive way. The last one is that we just have a new generation of folks who are being trained on this. And I think that's good.

It doesn't mean that immediately the C-suite people are going to wake up and say, "This is important." It's just that you now have expectations of solving problems differently, and that is now embedded in both how they got educated and also what they're using in terms of products out there.

Great expectations for design

Hugo Sarrazin: I do think we have a danger. The expectations are that the only way to create value is a Steve Jobs-type of moment.

John Maeda: Whenever someone has come to me asking for the silver bullet, I say, "There's only a silver ray. And you have to know where to point it. And you might get lucky."

Hugo Sarrazin: Well, the other thing, too, that we often get is impatience: "sprinkle that design dust and magic will happen." It's just the wrong way to think about the problem. I think design is a mind-set. It's a set of capabilities and skills. It does require an environment to flourish. It requires people to work in a collaborative way that is different than it's been historically. So just thinking that sprinkling a bunch of magic design dust—and you're quickly going to get to a new product, a new experience—is a bit naive.

John Maeda: I talk to a lot of start-ups. And I was talking to a CEO who was formerly a doctor. I love CEOs who come up a weird path. He was a medical professional doctor—a real doctor—but he's very curious about design. So he retained some design firm early on; he's very curious about how it all works.

Now he's about to release his product—and everyone's telling him to gamify, to social, this, that, whatever. He asked me what I thought. I usually do not offer my opinion, because I'm always concerned that it will cause the wrong effect. But in this case, I had to offer my opinion, which was, "Just because you can do it doesn't mean you should do it." If you think about design adding value, a lot of what people don't understand is that sometimes the best design consultants will tell you not to design it.

Measuring design's worth

John Maeda: One thing I've noticed is that—so now we assume that because usage patterns have changed design is important because it can't be bad anymore—that funny word "measurement" comes in. How do I measure if it's good or not? How do you approach that?

Hugo Sarrazin: I'm going to make the question even broader. We've forever questioned, "What's the return on investment on design?" That is an incredibly, incredibly difficult question,

and it's not unlike, "How do you measure the value of a brand?" So I'm going to give you two things.

One is you can instrument your design more so today. And because you have more ability to measure, you can see if it's being used. You can receive feedback on what is being used, how it's being used, and that kind of stuff. So that's one dimension that is very, very, very different. And in a world where we're going to have so much data, it's going to allow you to measure good design versus bad design.

The second is I think we're changing the way to even land on the design. You can do a whole lot more rapid prototyping iteration at a scale that is very different.

Connecting design to the business

Hugo Sarrazin: As a large company, you think about applying design principles, design thinking. What do you see as some of the challenges and some of the ways that seem to work better?

John Maeda: Well, I had the good luck of getting to work with John Donahoe on the eBay companies,³ through Brian Chesky.⁴ He wanted to find someone who could help him as CEO, to get his design function working at a different rate and scale. And so I showed up, and the first thing I did was I didn't overpromise. I said, "I don't think I'm going to be able to do anything. OK, let's set expectations low."

What I did is, I understood that the only challenge you have, for organizations at scale, is that culture is hard to create because you're busy. What I observed is that the designers were all spread out, and they couldn't see each other. So I connected all of them together, all 380-something of them, into one community that could see each other. And the CEO could see them. I remember John saying, "Oh, so design isn't about this pixels thing. It's about systems thinking." I'm a systems thinker. "Oh, so it isn't just about the appearance." He totally got it, and all the designers would see him get it. It's that moment where a leader gets to lead. So I saw that happen. It took a year. It's not going to be a GSB⁵ case study. But if you can just get that to happen in an authentic way—

Hugo Sarrazin: So it's getting the right people together, creating the sense of community. It's also reframing what it is.

John Maeda: Reframing, exactly. □

John Maeda is a design partner at Kleiner Perkins Caufield & Byers, the Silicon Valley venture-capital firm. A designer and technologist, he was previously the president and chief executive of the Rhode Island School of Design. **Hugo Sarrazin** is a director in McKinsey's Silicon Valley office.

³ John Donahoe was president and CEO of eBay from March 2008 to July 2015. For more on eBay, see Michelle Angier and Beth Axelrod, "Realizing the power of talented women," *McKinsey Quarterly*, September 2014, mckinsey.com; and "PayPal's vision for a global marketplace," August 2014, mckinsey.com.

⁴ Brian Chesky is the cofounder and CEO of Airbnb. For more, see "The future of Airbnb in cities," November 2014, mckinsey.com.

⁵ Stanford Graduate School of Business.