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Many companies like to think they're practicing design thinking, but most of them are wrong. Sam Yen, Former Chief Design Officer of SAP and now Managing Director at JP Morgan Chase & Company, speaks with Stanford Professor Bob Sutton about how the design thinking movement gets lost in translation. He shares how SAP got harnessed the energy of customers to combat employee inertia and foot-dragging.



Transcript

- You get people really, really excited about doing things in a different way, but you've done nothing to provide the environment for these people to actually practice that new way of working, of collaborating.. So you actually end up with people even more frustrated, because now they see, "Hey, there's a new way of doing things, a new way of thinking, but I can't practice it." (music and radio static) - Friction was a huge psychological burden.. (music and radio static) - Without friction we would not have fire, we would not have sparks.. (music and radio static) - I gotta get a knife, I gotta hide it.. (laughing) (music and radio static) - And I end up spending a lot of time ruminating.. (radio static) (music) - Hi, I'm Bob Sutton.. I'm an organizational psychologist and Stanford professor, and this is the Friction Podcast.. (upbeat music) On today's episode we escape from the Stanford campus to interview Sam Yen on location at the offices of SAP in Palo Alto.. Sam spent 13 years at SAP.. At the time we interviewed him, he was managing director of SAP Silicon Valley, and the chief design officer for all of SAP..

Sam is now a senior executive at JP Morgan Chase.. I've known Sam for a long time.. As you'll see, he's such a nice guy and an optimist, and he's wicked smart.. We invited Sam to the podcast because of his experience leading the scaling of design thinking in a huge global corporation.. One thing I love about Sam is he gives us much-needed hope that organizations can grow and get more complex while still doing interesting work and without driving people crazy.. (upbeat music) So how did the design thinking movement start at SAP, and let's hear about your role, since that's the part you would know best anyways.. - Yeah, so you would think that it would be smooth, right? We had the founder back in 2004, 2005, our founder and chairman, Hasso Plattner, just got very interested in design thinking and the value that design thinking could bring back into SAP, but just in general for industry and business.. I think what worked was, at a very senior level, we were able to show a completely unexpected take on a lot of the projects that we were asked to look at, and I think it was very clear, and it was mostly received very positively at the executive level.. - Right.. - What didn't work well, was exactly the setup that I was just talking about..

I think sometimes the problem is you get a high-level executive, like in our case, our founder and chairman, really excited about design thinking, and in this case it was a magazine article, actually.. Often in other organizations, it's because of some executive ed program, or some boot camp, or some speech that somebody sees, and immediately what this executive wants to do is, you know, not start small, but "Hey, I need my entire division or my entire organization to be trained on design thinking." - So, they just want to scale it up immediately.. Let's roll it out.. (laughs) - Absolutely, I had such a great experience with this, we need this within our culture, you know, train as many people as you can.. And we did that as well, I think we trained thousands and thousands of people in our first six months one year, and the problem with that is you get people really, really excited about doing things in a different way but you've done nothing to provide the environment for these people to actually practice that new way of working, of collaborating, so you actually end up with people even more frustrated than they were before.. Because now they see, "Hey there's a new thing, a new way of doing things, a new way of thinking, our executives support it, but I can't practice it." - But the difference between SAP and other organizations that have gone through that phase is you sort of went near the "Valley of Death," but you didn't make it all the way, you pulled it out.. - Yeah.. - So, to me, that's what's unusual about your story, is that you're still doing it and it changed.. - I think that what really worked is, you know, as you said, we weren't getting as much traction as we thought we were.. And also, Hossa was a little frustrated that, you know, how could something that he saw as so critical, as going back to SAP's roots, but so obvious in his

mind, you know, why wasn't the organization picking it up? And he did something that was very, very strategic, I thought..

I think twice a year we meet with some of our most important customers, these are some of the biggest customers that we have, and we have a two or three day, it's like a strategy session, where we're meeting with the highest-ranking person within that organization, when we talk about the relationship, and strategically what we're doing going forward.. And Hossa said, "Why don't we introduce our most strategic customers to design thinking, as a way where, how we could help co-define our futures together using design thinking as a methodology?" We crafted a three-day program, where we actually introduced design thinking in the course of that program.. It was really funny, it was like dinner theater.. So there was like a design exercise in the cocktail hour, then between the salad and the main course, we'd clear the table, and this was all a project that the different tables would have to do.. We would start brainstorming on the tablecloths or whatever, everybody had a lot of fun, and the customers, again, SAP's top customers, they got so excited about the methodology, they said, "How do we learn more? This is how we should communicate with you." And, of course, with our top customers there, we had our top salespeople there sitting with the customers.. And they saw the customers start to reveal stuff about their future, what they needed from SAP, what they wanted SAP to be, and when you get your top customers asking for something, you get your sales force really, really excited about it.. So it was really kind of an outside-in pull.. - That really is an interesting switch, cause it's one thing when the CEO and the senior executives tell you to do it, and they try to change your incentives or whatever, which happens at every company, but the seating with the customers people start believing it because, well, that's where our money comes from.. So, that's brilliant.. (upbeat music) When you hear the word "friction," what comes to mind? What words, what emotions? - I think frustrating, right, because you know that things could be done in a more effective way..

A lot of times, friction is brought up in a context of innovation, right, so sometimes it's like the opposite of innovation and you're trying to achieve, you know, a speed that you could innovate as fast as you want, you're recruiting people that have that same kind of mindset and it's just like everything opposite of what that kind of mindset is to people.. - Okay, so, be a little bit specific.. Like, can you tell us about a project? - You know, I think the most frustrating thing was, on some of these projects we would actually get to a, when we worked with the product teams we would get it to a prototype, and we'd get customers to acknowledge how they would love for us to kind of take it in that direction.. And it was that thing that always is the death of a lot of things, is you hand it off to another team, right? So you've got the team that did the research, and did the "innovation stuff," you've got the team that actually has the responsibility of doing the execution, and to see that gap.. But the other thing which was sometimes just frustrating, is to see what the vision was, and then to see the compromises.. - Oh, it just got watered down? - Yeah, like this compromise, this compromise, and when you actually saw the final product come out, maybe half a year later or a year later, it was unrecognizable from the original vision.. - So, that's the classic thing, that the journey from fantasy to reality in life is always hell, and it's always gonna be that way, but structurally, that sounds like a situation where, there was the creatives and then there was the implementers, because that's like standard friction problem.. You're throwing it over the wall and then something happens to it and you're trying to get through.. - I think that was one aspect, and the other aspect was just this notion of "Ivory Tower" group, special treatment, you have no concept of what it actually takes to really bring things into the marketplace.. You don't have the same conditions that we do, so there was that friction where you're not aligned from the very beginning, and there wasn't the collaboration and the involvement of the teams from the very beginning, and understanding of their contexts..

You know, design thinking, not only from the perspective of the end user, and what are we doing to solve the needs of the end user, but what about a little design thinking with the teams that we're working with, and what are their pinpoints, and how do we make sure that, at the end of the day, it's not making the "Ivory Tower" group look successful, but at the end of the day, we want to make the internal team successful, and willing to drive that forward, right? That was the big lesson that was learned.. - Okay, now so that is interesting, because, thinking of not just design thinking, but thinking of other movements, one of two things happened, is the believers said they were frustrated because there was no support, but the critics can say, "See, it doesn't work.. We spent all this money, it just doesn't work." - Yeah, and there's a lot of critics.. - Always.. - One of the things I've seen is, when something gets popular you whitewash it, or greenwash it, or whatever you want to call it, and that's really really dangerous, as we saw with design thinking, where people will co-opt the term, but they'll actually have a slightly different meaning or intent with how to use that term.. And then it starts to get diluted very very quickly.. (upbeat music) What we've seen is, people that have co-opted the terminology, but really haven't understood what that means, and you can see that very quickly in the actions that happen.. - The products they make, and how they spend their time.. - It's really kind of, if you ask them to go one level deeper, and ask them how that changes what you do today from what people have done before.. - Okay..

- When you engage, it's almost that very first conversation.. "Oh yeah, we do that already, and we call it this, but we'll just relabel that this." Almost every single time, that doesn't lead very far.. It's people that really take the time to understand what's fundamentally different, and then people that will engage at a lower level and not immediately assign that to somebody else to take over that and run with it.. - That's another thing, it's not somebody else's job.. But it is interesting, because we've both been involved, you more than me, in the design thinking scaling wars for years, and that's one of those symptoms is, you have certain unnamed companies that, while they're really good at talking about design thinking and then you say, "Can you name one product or service that has been affected by design thinking?" They can't name one, or they name one that really wasn't, that's when I get nervous.. - I see also a challenge when you're hiring people in.. People that are too, I guess, religious, about what design thinking means, and this is how it should be practiced because this is how we learned it in school, or this is how we did it at the last company, that's also very very difficult, because I think with every single company,

with every single project even, you have to be willing to compromise some things in order to achieve the ultimate output, and that's going to be different from case to case.. - What are the kind of people you look for, because you can just get frustrated, big company, and say "Oh, I can't get anything done here?" And then there seem to be people who get stuff done regardless of the obstacles.. - Yeah, I'm going to tell a story that Hasso told me once.. - Oh, please..

- So, when he looked for hires, he would look for people that had backgrounds in physics or mathematics.. He would look for people that studied classical languages.. He would look for people that were, maybe semi-pro athletes, or semi-pro musicians.. - Okay, and the common theme is? (laughs) - I don't know if there's a common theme, but a lot of those things is, I think from the science and mathematics perspective, people that thought about things from a first-principles perspective would see a bigger picture.. I think that was also from a Latin perspective, classical languages.. And then from a training perspective, you know, if you're a semi-professional athlete, or working to be part of an orchestra, there's a certain rigor and grit and grind that you have to go through, and I think that's really important in a software company, in an enterprise software company, in a B2B type of company, because it's not just about how fast you get something out into the marketplace, right? That's important, but when you touch 300,000 plus companies around the world, you need to take a look at, well, what's the potential impact that your innovation could actually have, right? And you may have to wait a little bit longer, but the impact could be so much bigger if you're touching 75% of the world's transactions, right? (upbeat music) - Since you've had a lot of purview into many other companies, are there other sources of friction that don't necessarily happen at SAP, but you tend to see other places? - To be honest, I see more patterns of friction as opposed to things that are super unique to one particular company.. - For example? - For example, terminology.. - Oh yeah, because we've been talking about language in some of our other meetings, so talk a little bit about that.. How does terminology cause problems? - Just the term "design thinking," right? Design comes with all kinds of connotations about how things look, you know, making things look pretty.. Thinking is the opposite of doing..

- Right, right, right.. - So, those two words, in a corporate context, you might actually consider those as a terrible term if you want people - It's people sitting around thinking about the color of the drapes, sort of, worst stereotype.. - That's right, but that's a common thing.. It seems like almost every single company has trouble introducing the term "design thinking," except, there's some momentum now, it was worse five years ago, ten years ago, now it seems to be more adopted as a common term.. But I do see over and over again that companies will try to redefine a term for design thinking in their own context.. - See it is interesting, because this is 2017 and we're, whatever design thinking is, is a known movement, there's people who have all these titles now, I mean, our friend, Diego Rodriguez just got a senior job at Intuit being kind of head of design thinking.. But if you go back to the earliest days, this is a language story, Claudia Kotchka, who led the design thinking movement at Procter & Gamble, was very successful, one of the things that she did, this was 2004, 2005, is she on purpose didn't use the term "design" or "design thinking" because she was afraid people would think it was jargon.. She just used the term "innovation," but if you look what she led, it was all design thinking.. It was actually almost a pure design thinking play.. - I think you have to tune it to make sense in your cultural context within your company, and also your historic context..

So, we also, again, design thinking is pretty standard now, but there was a point where we started to position it as the SAP way, because this whole thing started because our founders thought that this was the key ingredient for making SAP successful back to the early days of the founder.. He felt that we could take this design thinking stuff and spread that across SAP.. That was the first vision.. And what initially drew me to that vision was, he said, "This is how SAP used to work, this notion of understanding our customers really, really deeply." - So, being customer-focused, being iterative, constantly doing user testing.. - Yeah, without the language, you know, empathy, and prototyping, and all that stuff.. This is what they did to be successful.. And his vision was to bring that back at SAP.. He had grown from the five people in 1972, the five founders to, at the time when he was learning about design thinking, this was 2004, we've grown to 40,000 people.. He felt that somehow we had lost some of that spark, that creativity, that creative culture that you kind of lose as you start to scale from one organization, from one country, as you start to grow, basically.. (upbeat music) - So Sam, thank you so much for taking time to talk with us..

It's been fascinating to hear about your career, to hear about design thinking at SAP, and also how you've reached out and had an impact on so many other companies.. - Thanks Bob, it was a lot of fun.. (upbeat music) - The thing that I hope you will take away from Sam's episode is the importance of meeting people where they are.. Organizational change doesn't just happen because leadership is on board for a new initiative and orders everybody to do it, and it isn't achieved by just bombarding people with new language and new jargon.. Change is measured by behavior and output, and it only happens when you connect with the people who actually do the work, and figure out their motivations, and, as Sam showed us, change is especially effective when you connect customers as well as employees to your mission.. (upbeat music) Please spread the word about the Friction podcast.. Rate and review us on iTunes, and share your favorite episodes with your colleagues, your family, and even your therapists.. On the next episode, we will be joined by Jennifer Anastasoff, former head of people at the United States Digital Service.. We're going to talk about reducing friction in the federal government, and building a culture based on results, not optics.. And now, for the final tangent..

- It's okay to have some people that only come to SAP and work for one year or two years and move on, because they bring a certain energy and an optimism, and that's part of the culture.. And there's going to be some people that want to stick around and have the grit and want to scale.. So not everybody has to have a 10-year, 20-year, 40-year career.. - I think that's a great point, because so much of the world we're involved in, everybody's supposed to be great at everything, but if you can

just be great at one thing, that's actually really a lot.. (upbeat music) - We can't do this without you.. Tell us what's driving you crazy, and what are you doing to make life better in your organization, for yourself, and for the people that you work with? Please send us your friction stories, tips, and tricks.. We'd love to hear from you via Twitter, @ECorner, or, please send us an email at STVP-Ecorner@stanford.edu.. (upbeat music) The Friction podcast is a Stanford E-Corner original series brought to you by Stanford Technology Ventures Program, and Designing Organizational Change.. Friction is produced by Rachel Julkowski, and Ali Rico.. Jake Smith and Stife Studios are our editor and audio engineers..

Suzy Allen and Victoria Johnson are our writing and marketing team.. Danielle Stussy is our designer and digital products manager and I'm Bob Sutton.. Thanks for joining us.. This is the Friction podcast..