

Speech

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Designing the future in a changing market

The astronaut experience. Big Men and black swans. Lighthouses and droplets of water. What does all this have to do with a financial crisis?

Imagine being an astronaut, looking down on our planet from space. Floating in the vastness and tranquility of the cosmos, so far away from everything that is known and familiar, we would be able to think with unprecedented freedom and clarity, while getting ever closer to your inner self.

The difficulties and disappointments we had left behind on earth would appear petty and insignificant. There would be more profound issues to consider; like peace, equality, beauty, co-operation, sharing and love. And you would experience utter humility. As Neil Armstrong said, "It suddenly struck me; that tiny pea, pretty and blue, was the Earth. I put up my thumb, shut one eye, and blotted it out. I didn't feel like a giant. I felt very, very small."

I don't think there's any doubt that once having seen our planet from afar, our perspective would be changed forever. We really would have what could be described as the bigger picture, a true global perspective.

Why do I say this? Because I believe that in these troubled times, we also need to take a new, fresh look at our world. In 1992 I already talked about the ideas and inspiration I got when flying over Las Vegas at night. Now it's time to go one step further. But much as I think that everyone would benefit from being able to see the earth from the moon, it's obviously not going to happen. And, as yet, there is no world government that will insist that universal values are adhered to in every corner of the globe. So we need to develop a new vision in another way. That's what I want to talk about today.

The Big Man and beyond

The first aspect I want to touch upon is leadership. Which kind of people can rise to the challenge and lead us out of the crisis and into the new millennium with confidence and optimism? If we look at the role of leaders down through the ages we see that different situations have necessitated different approaches. When we were still living as hunter-gatherers, the leader was often literally the 'Big Man'; the largest male in the group, or the best hunter. But his position could only be maintained if he had the support of the rest of the group and behaved in a democratic manner.

With the development of agriculture and settled habitation, a new kind of leader was required; authoritarian figures who could deal effectively with the surpluses created by communities and with increasing conflicts between and within groups. This is the age that gave us figures like Julius Caesar and Napoleon. During the Industrial Revolution this changed again, as citizens and employees acquired a greater degree of freedom and leaders therefore became more egalitarian because people could choose not to follow what

they said. Today, you could argue that the stereotypical leader figure is the charismatic politician who knows how to best balance the needs of businesses as well as citizens, and who also has an enlightened worldview.

During these different phases in our recent history, as we moved from the forest to the village and then created towns, cities and nations, the role of leadership therefore evolved too. But a common characteristic throughout was that an effective leader knew that success was dependent on the proper functioning of all constituent parts of the group being led.

So which type of leader do we need now? I believe it is time for another new paradigm. This will not be the age of the Big Man, or the pacifier, or the authoritarian. What we need is 'collaborative leadership', a greater degree of co-operation between leaders and followers. Because it is not just a case of sending out messages or orders and having people obey them, we need more dialogue and interaction. Our society and its organizations and institutions should be less hierarchical, with greater proximity between top and bottom, and with the distributed intelligence and ingenuity of the people harnessed for the common good. Roles should not be set in stone, so that followers are engaged and dynamic rather than passive and submissive, ready to assume a greater degree of responsibility, especially if there is a seismic shift in the societal and economical landscape.

Black Swan: the icon of unpredictability

This is important because, when talking about collaborative leadership, it's interesting to reflect that none of the political, financial, corporate or economic leaders predicted that the financial crisis we find ourselves in would develop so quickly or become so serious. Should we be worried or disappointed by this? Probably not. Nassim Nicholas Taleb, in his book *The Black Swan*, argues that improbable events actually occur much more frequently than we think. And they have such a huge effect precisely because they are unexpected.

The title of his book comes from the ancient Western misconception that all swans were white, an idea that quickly had to be revised when black swans were discovered in Australia in the 17th century. The black swan thereafter became a metaphor for a highly improbable occurrence. This demonstrates, as Taleb explains, that we often think we know more than we actually do. It also shows that we tend to implicitly trust the opinion of people who claim to be experts but who evidently don't know as much as they would have us believe. Therefore we don't have to follow plans as if they were dogmas. Instead, what we need is a flat organizational structure, with a collaborative leadership capable of rapidly and flexibly mobilizing resources in a way that manages to make the most of opportunities while maintaining the positive shared intent.

The ocean is just a collection of water droplets

This notion of unexpected events having profound impact on our lives still doesn't stop us from playing an active role in shaping our future. In fact, given the ongoing democratization of information and the flattening out of the hierarchical society, it is fair to say that the majority of events taking place in the coming months and years are a direct consequence of individual actions. We may think that what we do doesn't matter, that it is merely a drop in the ocean, but we shouldn't forget that without all the drops there wouldn't be any ocean at all.

We therefore shouldn't be spectators of the future, waiting for it to fall out of the sky, but active participants, directing it, contributing to it, making it that bit better. Whether this is on a personal level, as citizens expressing our opinion through the ballot box or the blog, or as professionals working on our own, teaming up with the others or as part of a company, it is essentially we who determine most of what unfolds on this planet.

Making a difference through design

As designers in some ways we are very privileged because our drops of water can really have a significant impact on people's lives. Think of recent groundbreaking initiatives like Yves Béhar and his \$100 laptop; a simple, practical - and according to many so-called experts, impossible - project that would bring the democratizing power of portable computing to millions of children in developing countries over the world. Or Alberto Meda and Francisco Gomez Paz's environmentally-friendly and low-cost Solar Bottle, which purifies contaminated water so it is fit for drinking, simply by leaving it out in the sun.

If you look at some of the examples originating at Philips over the past few years you will also see what I mean. For instance there is Ambient Experience, which transforms the clinical workspace into a more pleasant personalized and reassuring environment. Patients feel much more at ease, the need for sedation and exposure to radiation are drastically reduced, and clinicians can carry out their work with greater efficiency, which means they help more people while lowering costs.

Then there is our Probes program, which is a platform for carrying out 'far-future' research initiatives intended to identify long-term systemic shifts and anticipate changes in future lifestyles that could ultimately have a profound effect on our lives. Such observations are often crystallized in what we call contextual insights, which contain information on future contexts, dilemmas and solutions and which can be used to support decision-making and help understand the possible implications of change.

For instance, our Habitat Probes examine revolutionary ways of exploring the possibilities of making entire buildings as self-sufficient as possible in terms of energy, water and even food, so the inhabitants can largely function 'off the grid'.

Our Food Probes look at possible fundamental shifts in how and what we eat. Themes include portable scanners that give exact nutritional value readings of food and relate this data to your own personal needs at that moment, and a 3-D food printer that actually reconstructs edible ingredients in any shape and consistency you desire.

The design specifications for our Chulha smokeless stoves, which were co-created with local NGOs in India as part of Philips Design's 'Philanthropy by Design' program, are distributed free so the stoves are accessible to as many people as possible. They are also made from local materials for the same reason and to keep the cost down.

Our light blossom concept envisages a streetlight that opens up like a flower to harness sun and wind energy during the day, energy that is used after dark to illuminate its LEDs when, and only when, someone is in the vicinity.

Meanwhile our Green Kitchen concept allows cooking, entertaining and enjoyment of food together with reduced energy consumption and optimized waste management. For example, you can cook pasta and chill wine simultaneously on the dynamic tabletop interface; and if you move the pot and the bottle around the energy streams simply follow them.

Psychosynthesis and self-realization

But no matter what you do, it's vital - both as an individual and as an organization - to remain true to yourself and your core values, especially in times of crisis. Roberto Assagioli, a fellow Italian, was a psychiatrist who founded the movement known as psychosynthesis. The idea of the realization of the self was central to his theory. He talked about eliminating conflict and obstacles, both conscious and subconscious, which stood in the way of the complete and

harmonious development of the human personality. This was achieved by first gaining a thorough knowledge of one's personality, controlling the various elements that went to make up the person, realizing the true self by discovering or creating what he referred to as a 'unifying centre' then forming or reconstructing the personality around this new centre. Unlike many of his contemporaries, Assagioli had a sense of humor and advocated that people should 'live as well as possible and look at themselves with a smile.'

Although this philosophy may be new to some of you, its central principles should be recognizable to us all. Each of us has many different personality traits. We can be outgoing in some situations, shy in others. Courageous as well as timid. It is through developing and becoming aware of the true self that we also bring these various aspects of ourselves under control. In other words, we have to find out what we really are, what our core values are, in order to bring out the best in ourselves.

Concentrating on the core

The same applies to companies. They have to be in touch with themselves. They have to discover what they really represent, what is at the heart of everything they do. It's not just about selling for the sake of selling, or sacrificing entrepreneurial enthusiasm for the sake of profit. When you look at the origins of my company, you see that founders Anton and Gerard Philips were committed to not only innovation but also creating for the good of the people both inside and outside the company.

Some time ago we realized that we had strayed away from this original direction. Like in psychosynthesis, we had to rediscover our core, to find out our true self again. It was time to get back to basics, to concentrate again on improving the quality of people's lives through the spirit of innovation and exploration. This was encapsulated in our brand promise of "sense and simplicity". It is also evident in the realization that we can't add value in so many different ways as before. Today, by focusing on health and well-being, we channel this spirit into areas where we can really make a difference through offering meaningful and relevant propositions.

Flying over Las Vegas

But, of course, sharpening our focus and returning to our core values does not mean that we have to completely reinvent everything we do. Although Flying over Las Vegas first appeared almost 20 years ago, many of the topics and issues raised then are still valid today.

I talked about clean cycles, which were strategies for the entire life cycle of products, and about a more refined approach to assembly and disassembly so that continuous reuse of components and materials would be possible. I talked about durability, which involves creating relevant objects with a lower environmental impact. About miniaturization, in the sense of reducing the amount of material and energy required to manufacture these objects. About ensuring the objects were highly usable, meaning they enhance people's comfort, satisfaction, pleasure and productivity while being culturally sensitive. And about moving away from the idea of products for consumption towards a new concept of ecosystems in which services are central.

I also said that, in order to bring such ideas to life, interdependency and collaboration was essential. It was no longer a question of creating products in splendid isolation. The way forward was to team up with others. From within the same company, in other companies - who may even be competitors - and sometimes even with those whose areas of expertise seemed at first glance to be so far outside your field of operation as to be incompatible. What today we call 'open innovation'.

Reducing irrelevance

The key is to take valid strategies like these and complement them with new ones, in which we take further measures to reduce irrelevance and focus on what is meaningful. This could mean, for instance, better management of product portfolios so there are fewer different models and variations. Emphasizing value design and engineering. And, like we have done at Philips, to make sure that the objects and services we produce avoid unnecessary complexity and really do make sense in the context in which they will be applied.

My garden is your garden

Going back to the subject I started with, it's vital to take a fresh look at things. If you did see the world from space, you would realize that effectively we are all sharing and living in the same garden. In the past people were more concerned with their own little patch of land, but that's not possible anymore. Rivers carry pollution freely across borders. Airborne contaminants don't stop at customs checkpoints. Melting glaciers and icecaps will cause sea levels to rise everywhere. My garden is your garden, all gardens are our gardens.

This, in turn, means that companies have to fulfill a more responsible role. Towards the end of last century we found ourselves in an era of hyper-choice and rampant consumerism, with an overload of technological complexity, an emphasis on quantity rather than quality. A never-ending stream of new models, new features and new designs. Products enabling people to do all manner of things they didn't particularly need to or want to do. It was all about maximizing profit, ASAP, by whatever means possible, encouraging people to live beyond their means, relentlessly seeking out ways to drive down costs and constantly flood the markets with new goods. Essentially it was a bubble and, like all bubbles, it had to burst some day.

Re-establishing trust

As a result, countless millions of people have lost faith in systems, institutions and companies that they previously considered infallible. It is our task to contribute to rebuilding this faith, by showing that we operate in a way that is relevant, responsible and sustainable.

Part of this task is creating a new sense of trust between companies and consumers. People don't blindly believe advertising like they did in the past. Younger generations in particular are more likely to consult a blog detailing the experience offered by a certain product than to simply accept what the manufacturer says. And they can go much further as well, for instance by finding out whether their company's stated policies on working conditions and environmental initiatives are actually true.

The rise of the 'enjoyer'

I use the word consumer but actually this is misleading nowadays. Consumer implies someone who consumes, but yet as Michael Braungart and William McDonough point out in their book *Cradle-To-Cradle*, people actually consume very little indeed. Neither is it their main goal of life. Essentially, what we want to do more than anything is enjoy our life. We should be helping people do so. That's why I would prefer to talk about 'enjoyers' rather than consumers.

The brand as a lighthouse

But still, as an enjoyer it can often be difficult to get a sense of direction in the vast sea of choice. You are free to go in every direction, but if you have no point of reference it is very

difficult to plot your course. What is required is something like a lighthouse, shining brightly in showing you the way to a safe haven.

The brand is that lighthouse, and in theory the company behind the brand can make the light that comes from it as bright as it wants through advertising and PR. But ultimately the offer has to be credible; if your boat crashes on the rocks, and you feel you were led there are under false pretences, you will not go back. The brand is therefore like a trust portal. Enjoyers who are prepared to commit themselves to that brand are looking for integrity, confidence and authenticity. And design plays a very important role in building this.

Extending the dialogue

How? Through being a medium for dialogue, through being open and inclusive, through widening horizons. At Philips Design we have consistently advocated a people-focused and research based approach as a means of developing a 'dialogue-based relationship' to create more relevant propositions. This is already evolving more towards co-creation, where the enjoyer has a far greater say in how new products and services will eventually turn out. And if we are to take seriously our role as a trust portal - which I think is essential - then we have to extend this even further, involving opinion leaders like politicians, scientists, captains of industry, economists, futurists, journalists, bloggers and professional health organizations.

By engaging with such people we are in a far better position to try to provide users with what they really need, as opposed to what they say they want. There is a crucial difference here. If you take the example of a family, the children may want to watch television incessantly or eat nothing but junk food, but responsible parents realize that it's better for them not to do so. While I am not advocating that we or any other company should take on the role of the parent, I am saying that we should gather and apply the necessary knowledge so we can develop a dialogue-based relationship that leads to co-education and the creation of sustainable propositions that really improve the quality of people's lives, rather than simply satisfy some short-term craving or perceived need.

The beginning of the end of excess?

I already mentioned Flying over Las Vegas. By seeing this icon of modern-day consumption and excess from the air it made me realize that it represented the extremes of consumerism and the loss of quality and significance of the objects that surround us. The growing environmental challenge, manifested as issues like climate change and energy scarcity, was a related theme, as was the widening gulf between North and South, between rich and poor. I saw there was a need to remove complexity, to re-establish the relevance of objects and once again focus on the kind of universal values that underpin human civilization. Technology was to be applied as a force for good, harnessing our positive intent to contribute to a 'landscape of happy objects'. There was a clear need for an 'Etica Nova'.

Given the glaring inadequacies of the current system, we now need to go further, creating a new vision to take us forward. Not some kind of Utopia, but an ambitious program which does not revolve around short-term profit, or cause irreversible depletion of natural resources, or lose sight of ethical and moral considerations. One in which we don't think in terms of individual products or even product ranges but instead adopt a systemic approach, channeling our expertise to tackle major global issues like health, education, transportation, communication, equality, water supply, energy scarcity and pandemics. Where simple and intelligent solutions, like the solar bottle or the Chulha smokeless stove, can have a major and lasting impact on public health. Where appropriate technology allows us to consume fewer resources while still fulfilling our emotional and experiential needs and enjoying the richness of life.

Design with a capital D

In this I see, as I said earlier, the need for a new paradigm of leadership - and followership - to steer us through the uncharted waters that lie ahead. We have to make better use of the distributed intelligence and human potential throughout the world. We have to believe in our ability to shape the future, one drop at a time. And I also see design playing a central role, going far beyond aesthetic and instead being an enabler for social innovation, playing the role of "cultural architect". Even though the global recession can be thought of as a truly unexpected, Black Swan occurrence, we should not forget that from crisis springs opportunity, and this one will be no different. After the plague comes the Renaissance. And design in its broadest context, Design with a capital D, can bring form and expression to the next flowering of civilization.

Of course this is all huge challenge, but it's nothing new. Throughout our history we have faced and overcome monumental obstacles. 40 years after the first moon landing and that incredible view of the Earth as "that tiny pea" we should draw inspiration from probably Neil Armstrong's most famous quote; "this is one small step for a man, one giant leap for mankind". Let's make sure we give true meaning to his words by making the "giant leap" we all need today.

Thank you.