

Open Source Business Resource, December 2009: Value Co-Creation

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A Social Vision for Value Co-creation in Design, Liz Sanders & George Simons

"We are not seats or eyeballs or end users or consumers. We are human beings - and our reach exceeds our grasp. Deal with it."

[The Cluetrain Manifesto](#)

The Cluetrain Manifesto was introduced in 1999, calling for a "powerful global conversation" between companies and the people they serve. Since then, the conversation has started and is finally gaining momentum. Co-creation is the buzzword of the day to describe the various types of conversations that are taking place. But the conversation can be applied to multiple domains ranging from sales tactics and branding contests to strategic, human-centered means of affecting social transformation.

In this article we try to articulate a vision for value co-creation by focusing on its social aspects. We organize the seemingly disparate applications, comparing the mindset, goals and results of three types of value co-creation: monetary, use/experience and social. Although these three types of value co-creation are all relevant, we believe that the social type of value provides a real opportunity for significant change. However, the rules of engagement for this type of co-creation are particularly challenging. Participation must be face-to-face to allow for real-time interaction to take place. Empathy for the people who will be affected by change is key. Visualization of the collective assets is essential. And having the appropriate mindset about co-creation is the single most important component for success.

What are Co-creation and Co-design?

Co-creation is a very broad term with a broad range of applications. We define co-creation as any act of collective creativity that is experienced jointly by two or more people. How is co-creation different from collaboration? It is a special case of collaboration where the intent is to create something that is not known in advance. The concept of co-design is directly related to co-creation. By co-design we refer to collective creativity as it is applied across the whole span of a design process. By these definitions, co-design is a specific instance of co-creation.

We see many different types of co-creation happening today, including:

- co-creation within communities
- co-creation inside companies and organizations
- co-creation between companies and their business partners
- co-creation between companies and the people they serve, who are variously called customers, consumers, users or end-users

We focus on the type of co-creation that occurs between companies and the people that they serve. This is the type of relationship and conversation that the authors of the Cluetrain Manifesto were addressing.

What is Value?

Value is a multidimensional concept with a range of meanings. Value can refer to rank, importance, material or monetary worth, power, or usefulness. Values also refer to one's judgment of what is important in life. From a business perspective, a value chain refers to all the functions and activities an organization needs to undertake in order to create or add value to its products or services. Value co-creation refers to one or more form(s) of value(s) produced through the collective creativity of people.

Why do People Create?

Central to the concept of co-creation is the belief that all people are creative and seek outlets for creativity in their lives. People today have been inundated with [many ways](#) to satisfy their consumptive needs while their creative needs have been usually ignored.

People are increasingly seeking outlets for their creativity. This activity can be observed most readily online in the form of user-generated content that appears on [YouTube](#), [Facebook](#) and [Etsy](#). It is also seen in the growth of the crafts and hobbies industries, and the growth of the "big box" do-it-yourself chains such as Home Depot. One of the key values of value co-creation is that it satisfies the need for creative activity while addressing the need for social interaction.

Creativity is a challenging concept. We describe four levels of creativity. Individuals differ in the level of creativity they attain in different domains. In fact, they may find themselves at all four levels of creativity simultaneously in different domains. Being creative can result from activities at any or all four levels of creativity.

The most basic level of creativity is doing, or accomplishing something through productive activity. For some people, washing and folding clean clothes makes them feel creative and they would miss this level of hands-on doing if they became incapacitated. The next level of creativity, 'adapting', is more advanced. The motivation behind adapting is to make something one's own by changing it in some way. Someone might do this to personalize an object so that it better fits their personality. Or they might adapt a product so that it better fits their functional needs. For example, a person could feel creative in the act of shortening a pair of pants or adding a patch. The third level of creativity is 'making'. The motivation behind making is to use one's hands and mind to make or build something that did not exist before. There is usually some kind of guidance involved such as a pattern, a recipe, or notes that describe what types of materials to use and how to put them together. The most advanced level of creativity is 'creating'. The motivation behind creating is to express oneself or to innovate. A person will certainly feel creative in designing and making a one-of-a-kind item.

The four levels of creativity are being manifested in collective formats such as publications and websites. At [MAKE](#), people share patterns and instructions that they have created with others.

New trends in technology have helped to democratize creativity and support broad audiences who participate in design, at many levels. Examples include elementary schools that teach courses integrating Google Maps and the drawing program [SketchUp](#). This allows students to evaluate geographical locations, terrain information, weather patterns and localized business development and then draw and annotate directly on the maps to illustrate possible solutions to class assignments. The iPhone offers opportunities for co-creation with applications that support various creative and design activities. One example would be the iPhone application [Brushes](#), which provides a powerful tool for creating original artwork and animation on your mobile device that can then be sent to others. In another example, a physical therapist, while working with an architect on a new therapy clinic, used an iPhone application to plan and design what she thought the department should contain. In real time she could describe not only the equipment but also the layout of the equipment in the space – all to scale, printable, annotated, and electronically delivered to the design team.

The Types of Value in Co-creation

There are at least three types of value in co-creative activities and relationships: monetary, use/experience and social. We will describe them as separate entities.

Monetary Value

In [The Brand Gap: How to Bridge the Distance Between Business Strategy and Design](#), Tom Peters was quoted by Marty Neumeier as saying: "There is an old saying in business, what gets measured, gets done". The monetary value of co-creation is the one that usually receives the most attention in business circles. Co-creation that results in monetary value is fueled by the desire to make money in new ways, more efficient ways, or in ways that provide sustainable revenues over longer periods of time. Economic value is a quantitative proposition and based on relatively short-term needs. Further, it is mostly based on transactional metrics of exchange between what the company offers and what the customer consumes and/or experiences.

Co-creation associated with monetary value may not require direct contact between the company and its customers because the conversation can be mediated by tools of information and communication. This can be seen in web-based surveys that ask consumers to select features of choice or the crowd-sourcing of large numbers of respondents.

Use or Experience Value

In Co-creation experiences: The next practice in value creation, [C.K. Prahalad and V. Ramaswamy](#) noted that "The meaning of value and the process of value creation are rapidly shifting from a product- and firm-centric view to personalized consumer experiences". The [Dornbirn Manifesto](#) states that "The users-producers-participants are creating direct use value, videos in YouTube, knowledge and software in the case of commons-oriented projects. This use value is put in the common pool, freely usable, and therefore, does not consist of scarce products for which pricing can be demanded. The sharing platforms live from selling the derivative attention created, not the use value itself".

The use/experience value of co-creation is fueled by companies' desires to transform consumers into users so that the products and services they design, produce and sell will better meet people's wants and needs. One could argue that this is directly related to monetary value, this value extends beyond monetary gain.

The experience value of co-creation applies not only to products and services, but also to brands and branded environments. There is a new [attitude](#) that a brand is really an emotional connection, built fundamentally on trust, and a gauge of how invested a customer feels about a company's product/service. A [charismatic brand](#) develops an allegiance whereby followers are concerned and invested in not only the brand's survival but also its growth. Followers are willing to get involved in making these brands stable and successful.

Social Value

[Eero Saarinen](#) reminds us to "Always design a thing by considering its next larger context — a chair in a room, a room in a house, a house in an environment, an environment in a city plan".

The social value of co-creation is fueled by aspirations for longer term, humanistic, and more sustainable ways of living. It supports the exploration of open-ended questions such as "how can we improve the quality of life for people living with a chronic illness?" When working within this context one does not generally have preconceived notions of the outcome since determination of the form of the outcome is part of the challenge. Co-creation of this type involves the integration of experts and everyday people working closely together. Rapid prototyping and collective visualization of ideas and

opportunities can enhance their collective creativity. Direct personal involvement between people is needed for this type of co-creation. Multiple divergent points of view need to be expressed, listened to and discussed. Empathy between co-creators is essential. Although social networks may be used to help identify and locate the participants, the real work in this form of co-creation favours more personal interactions and conversations.

All three types of value in co-creation are important to understand and develop, and are at times inextricably linked. Social value can provide use/experience value as well as financial reward. Table 1 compares the three types of value co-creation by emphasizing their differences.

Table 1: Comparison of Three Types of Value Co-creation

CO-CREATION OF VALUE	Objectives	Mindset	How people are seen	Deliverables	Timeframe
Monetary	Production	Business	Customers	Marketplace results	Short-term
	Consumption	Commercial	Consumers	Business advancement	
	Maximization of shareholder wealth	Economic		Products that sell	
Use/Experience	Positive experiences	Experience-driven	End-users	Products and services that people need and want	From life-stage to lifetime
	Personalization	Service orientation	Empowered consumers		
	Customization				Long-term
Societal	Improve quality of life	Human-centered Ecological	Partners Participants	Transformation Ownership	Over many generations
	Sustainability		Owners	Learning Behavior change Happiness Survival	Longer-term

About the Design Process

Co-creation activities and relationships can happen throughout the different stages of the design process:

- pre-design: where innovation and opportunity development take place
- design research and/or discovery: where research and translation to design occur
- design: where exploration, design, and development take place
- marketing, sales and/or distribution: where implementation, roll-out and sales occur
- after sales: where product use and service experience take place

The pre-design phase, also referred to as the “fuzzy front end” because of its ambiguous and chaotic nature, describes the many activities that take place in order to inform and inspire the exploration of open-ended questions. In the fuzzy front end, it is often not known whether the deliverable of the design process will be a product, a service, an interface, or something else. The goal of this exploration is to define the fundamental problems and opportunities and to determine what is to be, or should not be, designed and manufactured.

Where in the Design Process does Co-creation Happen?

An interesting pattern emerges when the types of value intersect the different stages of the design process at which co-creation occurs. Value co-creation with a focus on monetary objectives is more likely to take place later in the design development process, in the design adoption stages such as marketing, sales and distribution. Value co-creation of the use/experience variety tends to take place during the design process, including in the discovery stage. And social value co-creation is most likely to occur in the very early front end in the pre-design portion of the design process. Table 2 provides some examples of co-creation occurring at different stages of the design process. The websites for the starred items are in the Recommended Resources section of this article.

Table 2: Co-creation and the Design Process

CO-CREATION OF VALUE	Pre-design	Discover	Design	Marketing and Sales	After Sales
Monetary			Nikeid	IKEA Dell Ideastorm* MyStarbucks Frito-Lay	
Use/Experience		Riversimple*	Mini Cooper Threadless	Scion Converse (red)*	
Societal	Aid to Artisans*	Tom's Shoes* Red Cross CDC	Aid to Artisans Rural Studio* Social Designer*		

The earlier in the design development process that co-creation occurs, the greater and broader the likely impact. Social value co-creation tends to start at the very early front end, well before any specific concept definition and/or exploration. Unfortunately, design and designers are not usually involved this early in the process. Any user/consumer/customer information is most often based on past experience and metrics. This phase is conventionally held closed by the business entity and this is where the vision and definition is set for what the company experts think should be developed. Moving co-creation from the company to the people it serves into these front end efforts will most likely produce the largest benefit in terms of social value. Although use/experience value and monetary value may follow, it is often not visible at this stage in terms of a business value proposition. The [Acumen Fund](#), which identifies large social issues such as poverty, water shortage, and the spread of disease, involves people to solve their own problems, in the context of their culture and location. Small amounts of monetary investments are made, and guidance is provided. Many of these efforts have had far reaching results, some have become larger businesses, and most are highly sustainable due to the localized stakeholder ownership.

Meaningful conversations associated with the social value of co-creation are more about people's needs and inspirations than transactions based on consumption or business needs. At this level, co-creation creates a dialogue and conversation that may uncover what others did not perceive as a need or opportunity, did not understand as a problem, or did not understand how to address. Examples could include our national dilemma of obesity and diabetes, homelessness, or debt.

As we further develop the mindset required for social value co-creation, we see an interesting side benefit to co-creation. In the example of obesity, a co-creation process educates simply through involvement. During participation, the obese as well as their healthcare providers, get smarter, gain insights to the problem, learn how to develop frameworks to address their issues, and develop higher levels of motivation to succeed and improve the situation.

[Aid to Artisans](#) focuses on the synergistic integration of a first world culture partnered with a third world culture. Aid to Artisans matches a designer to a small community with the goal of designing and producing products that create value beyond the immediate region of the producer. The shared and expanded knowledge developed through immersive time together, combined with a broader world view and distribution opportunities, leads to products that can sustain villages beyond their current capabilities.

Implications for the Future

In [Problem Seeking: An Architectural Programming Primer](#), William Peña noted that "You cannot solve a social problem with an architectural solution". In a world that is constantly changing at ever increasing rates, we cannot episodically understand the world. This is especially important when one is engaged in long-term development projects such as architecture, and where projects require the merging of industries that operate and evolve at varying rates. Think of the speed of change of architecture versus communication technologies, or developing strategies for sustaining communities in third world environments.

The shift for companies in seeing their objective change from designing for people to co-creation is profound. It takes many years for the mindset and practices of co-creation between companies and people to permeate and change an organization. Organizational barriers often stand in the way and without support at the highest of levels within the organization, the shift is not likely to occur.

There are a number of prerequisites that are needed to support and open the stage for the practice of co-creation with implications for social transformation:

- the belief that all people are creative and will participate in a creative process if they are motivated and are provided the tools to do so
- diversity is a key driver: if all participants are of the same background, perspective, and opinion, the outcome may be limited and even predictable
- joint problem definition, not just joint problem solving, is the driver in the fuzzy front end of the design process
- continuous dialogue and conversation, in conjunction with workshops, that involve a broad range of stakeholders are needed
- the exploration and use of design tools, materials and methods that put all the players on a common ground is needed
- there is a focus on experiences, not just on products and services
- there is a focus on the whole of an experience, not just an episode or single touchpoint

Conclusions

Co-creation puts tools for communication and creativity in the hands of the people who will benefit directly from the results. We have discussed a social vision about the different types of value in co-creation and the place within the design process that best supports them. Our goal has been to focus on social value through co-creation in order to stimulate interest and provoke conversation and action. Contact the authors if you want to continue this conversation.

Recommended Resources

[SocialDesignSite](#)

[The Co-Creation Effect](#)

[Mass Customization & Open Innovation News](#)

[Riversimple](#)

[Tom's Shoes](#)

[Rural Studio](#)

[Socialdesigner](#)

[Dell Ideastorm](#)

[Converse](#)