

‘Only one company can be the cheapest. Everyone else must use design’

Article by *Simon Creasey*

The fact that business and design misunderstand each other isn't an amusing quirk, it's a failing that is costing the UK millions. Experts from both worlds discuss how business can make the most of design



The panel

DCM invited a panel of business leaders and design experts to join a virtual round table to discuss the relationship between design and business. Those taking part were:

Harry Rich

Deputy chief executive of the Design Council

William Owen

Principal at the emerging service design specialists W. Owen Associates

James Davenport

Financial controller at drinks firm Innocent Ltd

Nicholas Green

Chief executive of digital solutions experts Tangent Communications.

The cultural gap between business and design is symbolised sartorially: in cliché, the businessman lives in a pinstripe suit, while the stereotypical designer flaunts a black polo neck sweater. The chances of suit and sweater having a meaningful conversation aren't improved by the many differing definitions of design. In 2003 a Danish study identified four levels of design awareness among businesses: non-design (where the process is an inconspicuous part of product development, often done by people who aren't designers); styling (where design is seen as offering an aesthetic finish); process (where design is used early on in a collaborative, multi-disciplinary approach to product development) and innovation (where design collaborates with management to innovate across the business). In the study, firms that saw design as a process or used it to innovate increased their sales by 50% more than the norm. Worryingly, given the economic importance of design and innovation, these businesses are a minority in the UK. The Design Council's research shows that just 28% of British firms use design in product development, while only one in seven call on design to help form strategy. It doesn't have to be this way. When the Korean giant Samsung pitches for funds from its investors, its designers do most of the talking. In this virtual conversation, our experts reflect on the business of design and design in business.

Do businesses and designers know how to communicate with one another?

Rich If you generalise about 'all designers' and 'all businesses', the answer is no. Most growing, successful designers can talk to business. But many designers tend to talk about creativity without backing this up in business language and benefits, such as return on investment. Many businesses work well with designers, but

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James Davenport Innocent Ltd

many are afraid. They often don't know enough about design and its place in business to ask intelligent questions. That said, there is evidence that more companies understand design is a strategic activity, which places the onus even more on designers to show the impact they can have on performance.

Owen As a rule, designers and their clients in business communicate badly with each other – it would be surprising if they did not. These are two entirely different cultures: one carries sketchbooks, the other calculators; one uses instinct, the other logic; one values fame (or truth or progress), the other money; one is messy, the other ordered. Design schools and management schools foster opposing ethos, attitudes and working practices. If designers and business managers were not dissimilar they would have little to offer each other, but if that difference is valued they can combine well.

Green Good businesses have a vision of how they want to be perceived by customers. For me, the designer's job is to interpret this vision. This is not always easy, but clarity in understanding your customers and explaining your objectives are key. Designers should do as much as they humanly can to understand the brand. This could be one person's vision or a company vision but designers should »

Herman Miller

If the story of Herman Miller, the famed American furniture company, has a lesson, it's trust design. In the 1930s the firm braved recession with risk-taking design, ditching historical reproductions for modern furniture.

In 2001 the company was faced with a similar crisis as sales of its Aeron chair, an icon for the dotcom generation, slumped. The business slashed costs and invested more in R&D and blue sky ideas, leading, five years later, to its biggest ever range of new products. For Herman Miller, the plunge in sales was a catalyst. Looking ahead, with growing competition from China, management felt they had to be more daring and expand the core business. Design has helped the company do just that with award-winning products for the home and workplace.

Of UK businesses surveyed, what percentage believed design...

	%
Increased market share	46
Increased turnover	44
Developed new markets	42
Increased profit	42
Increased competitiveness	38
Contributed new services	37
Increased employment	26

research the customers' perception of a company's brand, consider the values and core elements that make up a company and its long-term goals.

What are the financial considerations for businesses using design?

Green Keeping a fresh identity. Not changing everything all the time but revisiting the principles that created the design and cost effectively examining refreshes.

Rich Businesses usually make investment decisions based on a financial argument; design investment is no different to any other kind. It's up to designers – supported by evidence of the kind gathered by the Design Council – to argue persuasively that design works. The case is compelling, especially in a competitive market where design can differentiate your product.

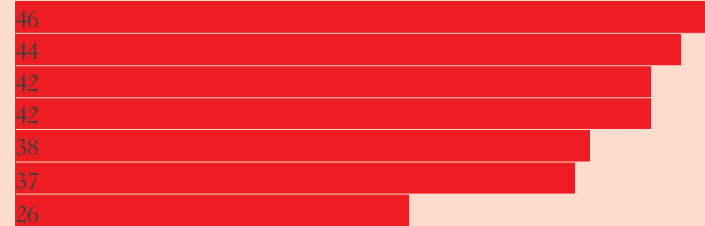
Owen Inexperienced businesses, focused on narrow ROI calculations and easily quantifiable results, view design expertise as an expensive luxury. They cut costs up front and pay the price in project delays and over-runs and by making things their customers don't want. The cost of failure can be two or three orders of magnitude greater than the cost of hiring the right designer, but knowing this takes experience and foresight.

Could the government and academia do more to help businesses use design?

Green Not really – it's down to business leaders at the end of the day.

Rich I agree. In the end it is up to businesses to equip and run themselves properly

%



and invest their funds in core activity, such as design. Government can have some impact, for example through its funding, mostly through the business support networks of the Design Council's Designing Demand [see box, right] programme which helps businesses invest effectively in design.

Owen Why don't design schools and business schools collaborate more? The results should be fascinating and instructive to students who meet as professionals.

How vital is design for a successful business?

Davenport Fundamental. We have regular feedback from consumers on how much they love our packaging, from the design to specific copy. When we've tweaked the packaging, sales have increased. For example, when we launched our 'gold standard strawberries and bananas' smoothie we made it very clear that there were more strawberries inside by drawing the exact number on the bottle. We got very positive feedback and our sales increased.

Rich Growing businesses report that design is integral to their growth. But it's not just about good and bad design – it's about appropriateness.

Owen In a mature, stable, well-defined, strategically secure business (a lucky monopoly-operating utility, for example) design may not add much. But design is integral if your business faces disruptions such as media and technology convergence, the internet, social networks, more demanding customers, globalisation, new rivals... in other words, if you're in any other kind of business.

Rich If you're an entrepreneurial company, you'll always be looking for new opportunities and be open to the opportunities design brings to you.

Davenport An entrepreneurial business is quick thinking, flexible and listens to

'The stock market shows there are tangible benefits to design and innovation. If I were a fund manager I'd use design as a reason to invest'

Harry Rich Design Council

consumers. Design must move with the times – so they go hand in hand. There is a fine line between keeping a classic design and not refreshing something often enough so it looks stale and tired. Design can help keep consumers engaged so innovation is critical. A business scared of change is likely to be scared of design.

Owen It's hard to innovate successfully without thinking holistically about customers, systems, processes, products, services and brand communications. You should consider the entire system of activities and relationships involved in delivering a product or service to a customer, across multiple channels or touchpoints. Design comes into every aspect of that.

Rich The stock market shows there are tangible benefits to design and innovation. Our study of 61 British companies who won the most design awards between 1994 and 2004 showed they outperformed the FTSE-100 by 200%. If I was a fund manager I'd use design as a reason to invest.

What brands have, in your view, best used design to boost their bottom line?

Green Apple, Innocent and Red Bull have all proved that design can encourage innovation, change the market and drive business forward.

Davenport Dorset Cereals took consumer feedback seriously and refreshed its packaging. Its new look is fresh, innovative and suits the brand.

Owen The supreme example of integrated service, product and brand development by designers, engineers and business innovators working together is Apple's iPod and iTunes. This striking convergence of product invention and design, customer interaction design, complex commercial plans, automated royalty disbursement, customer data management, clever brand communications and packaging launched Apple into a commanding position.

But what does bad design do to business performance?

Owen 'Design' should become a set of goals rather than a process or practice. The value of design diminishes rapidly if its practice and goals are not incorporated at the start of innovation.

Green Design is the key to illustrating to your customers without conversation what your business is about but it probably won't make your business perform poorly – that's down to people and service. But bad design is hardly going to help your business grow, is it?

Davenport At Innocent, we know good design helps us perform better. The labels on our drinks stand out from everything else on the shelves and more people buy them. As to whether or not bad design can have an adverse effect, look at the Cillit Bang cleaning products – they've boosted Reckitt Benckiser's sales by 15%. We may not personally agree with the design aesthetically, but something is working.

Rich It's often said, especially with high-tech products, that differentiation relies just on branding. But if the only thing that distinguishes a product from the competition is the badge, customers will ultimately be smart enough to start choosing on price. Suddenly the product becomes a commodity with ever reducing profit margins. As Rodney Fitch, designer and chairman of the multinational design company Fitch & Co, said: "Only one company can be the cheapest. All the others must use design."

What do you say to the quarter of UK firms who don't use design at all, many claiming they can't afford their own design resource?

Green There are a lot of small design companies that can help businesses get started. Whether they are from the Top 100 or Yellow Pages, making the mental leap to engage with a design business is the important step.

Davenport As a business you have to decide the things that are going to be most important for your company and invest in them. As with anything – beer, for example – you can usually find the money for things that matter. If you don't think you have the money for design, perhaps you need to reprioritise your budget and not spend so much on fancy office chairs. ☹️

The next step

For businesses wanting to know how design can help them be more innovative, productive and competitive, the Design Council has created a new national support programme. Designing Demand provides mentoring and support to help businesses realise the potential of design to drive competitiveness and improve performance, and help them seize design opportunities.

The programme aims to support all small and mid-sized UK businesses – whether its an established company or a new high-tech venture – make design a deep-rooted and ongoing part of their decision making.

Designing Demand will be available across the country by 2008. For more information visit the website at www.designingdemand.org.uk.