DESIGN; A BUSINESS CASE

Brigitte Borja de Mozota – bbm@designence.com
Steinar Valade-Amland – sa@three-point-zero.com

THE DESIGN MANAGEMENT SERIES - ARTICLE # 2 / 7

Why design management *now* ?

We have set out to explore

- **WHY companies are not using design strategically despite design's overwhelming case**

As part of that exploration, we need to explore where the fears of using design come from and discuss what went wrong in the pursuit of creating an understanding of what design, design thinking and design management can do. While the fear of engaging strategically with design and designers exists, we also believe that, as most other fears, it is based on a combination of biases, experience and facts. Thus as facing one's fears is a first step to new discoveries, we will contribute by suggesting some of the reasons for this fear and hopefully helping those, who recognise it in themselves to challenge the biases, revisit their experiences and discuss how the facts can be overcome. We therefore start with four theses of why these gaps are still there.

- **WHAT the most imminent challenges of management are**

We also need to explore what the major challenges of management is to find out how design, design thinking and design management could better resonate with the needs in organisations under constant pressure of improved performance. And, as part of this exploration, we will portray four individuals, who in different sectors and with quite diverse points of departure have harvested the success of working systematically with design excellence – thus also, however indirectly, the organisations in which they have served.

- **WHAT happens when design thinking & design management are added to strategy**

A healthier equilibrium between design thinking and design management is needed. We need to show the different roles they play, but not least, to demonstrate the immense potential represented by applying both – side by side and in sequence, adding up to design excellence – to manage change and to counter the fear that

change tends to carry with it. Design thinking is an invaluable source of insight and inspiration, while design management is an equally valuable key to enabling great solutions. Design thinking inspires and informs, and by reflecting the vision of an organisation's leadership, it empowers the organisation to pursue end persevere. Design management enables by putting in place the knowledge, structures and resources necessary to transform a vision into tangible results; to embody its creative capital through design.

Despite a rather massive pool of documentation accumulated over the last two decades, demonstrating the effectiveness of design, applied onto either a specific sector or at large, to SME's in particular or the public sector – it is all there and on a general note quite convincing. And yet, the growth in the number of organisations working strategically with design is hardly growing. This, of course, leads to asking what makes design so different from other concepts and approaches introduced during the same window of time – with far greater success in terms of penetration; concepts like lean and agile, just to mention two. We will try to discuss some possible cause effects.

Thesis # 1; Why are companies like yours not using design strategically despite design's overwhelming case? Perhaps we need to revisit the discussion about what design is...

Unfortunately, history shows that the design community waited a very long time before it started taking its own medicine; starting with understanding the user. The discourse and the cases and all the storytelling around it – what design was and was coming to – revolved around the design industry itself. A more end-user centric approach to arguing the role and value of design has emerged much more recently, but we still see remains of designer-centric design – in fact popular media seem to find this kind of design much more interesting than designs that actually make a difference to someone, who is not a design aficionado. One could suggest that designers are so sure of their own worth – of their talent to create value, and of the inherent qualities of their professions that they forgot asking basic questions about their market; who they were and what they needed. Big parts of the design community failed to understand and accept that at large – people did not truly understand what the hype was all about. And how could anyone expect the marketplace to demand design services when they had a hard time understanding what it was all about?

Design management supported by the adoption of a design research attitude has provided help and guidance to overcome this barrier for decades through a vocabulary and a logic, which did not originate in the design community, but which aimed at explaining in understandable ways what the methods and principles of design were, the nature of and skills needed to provide professional design services, and which expectations any given company could realistically have from entering into a design process partnership.

Unfortunately, this help was never truly embraced by the community of design practitioners and design critics, who hard-headedly continued to discuss design on their own terms and like the "box" of design creativity. In consequence, there still tends to be some massive barriers for design to be understood by non-designers.

The ambidexterity and ambiguity of design

A starting point could be the many different ways in which design has been portrayed over the last many years. It has come to a point, according to Don Norman, Director of The Design Lab at the University of California in San Diego, and a prominent voice in the design debate, where a choice has to be made. In an article from 2017, he says that;

The move from craft-based to evidence-based design, from simple objects to complex sociotechnical systems, and from craftspeople to design thinkers suggest that we are now faced with a fork in the road with two different possible futures for design: 1) A craft and practice; 2) A mode of thinking.[1]

He might be right, but there is also the possibility that design might survive and grow with and fuelled by its own ambiguity. This ambidexterity, by the way, in many ways mirrors the thinking around ambidextrous leadership, balancing exploration and exploitation – by many characterized as a key organisational behaviour to foster innovation.

The concept of ambidexterity informs us that leaders need to develop a broad set of leadership tactics to enable the dualities of innovation captured by terms such as creation and implementation. As the process of innovation unfolds, the importance of each sides of a duality and the set of leader behaviors that are effective alternate in an iterative manner. [2]

If we go back to three other design gurus, representing three stages in the development of modern design, they argue three very different, but equally important aspects of the design process.

Herbert Simon represents an approach, which could be labelled "*problem solving"*- as clearly reads in his probably most famous quote from his book from 1969 - "*The Sciences of the Artificial";*

---

[1] Norman (2016): *The Future of Design: When You Come to a Fork in the Road, Take It*, Article published on May 17, 2016

[2] Bledow, Frese and Mueller (2011): *Ambidextrous Leadership for Innovation: The Influence of Culture*

Everyone designs who devise courses of action aimed at changing existing situations into preferred ones. The intellectual activity that produces material artefacts is no different fundamentally from the one that prescribes remedies for a sick patient or the one that devises a new sales plan for a company or a social welfare policy for a state. [3]

Moving fifteen years ahead, the philosopher Donald Schön introduced an approach to what the core of the design process is, which – to some degree in opposition to Simon could be labelled as "e*xperimentation*". In his book from 1983 *"The Reflective Practitioner: How professionals think in action"* he refers to design practice as an exploratory process;

When the practitioner reflects in action in a case he perceives as unique, paying attention to phenomena and surfacing his intuitive understanding of them, his experimenting is at once exploratory, move testing and hypothesis testing. The three functions are fulfilled by the very same actions. [4]

A third, more recent voice in the discourse, Willemien Visser, a cognitive psychologist, reverts to what may seem a rather purist approach to what design is, and what could be labelled as *"representation"*. In an article from 2006, she challenges both Simon and Schön;

Rather than conceiving designing as problem solving - Simon's symbolic information processing (SIP) approach - or as a reflective practice or some other form of situated activity - the situativity (SIT) approach - we consider that, from a cognitive viewpoint, designing is most appropriately characterised as a construction of representations. [5]

These three approaches currently co-exist in some kind of harmony – perhaps in part because they have all challenged the time in which they emerged. Looking back at a less theoretical and rather schematic account of how design was progressively perceived throughout the time span of the three aforementioned researchers' contributions, design started as a representation and a craft, while exploration and experimentation on one hand and problem-solving on the other evolved in parallel with the complexity of the problems to be solved and the new ideas to be explored.

---

[3] Simon (1969): *The Sciences of the Artificial* – Third Edition 1996

[4] Schön (1983): *The reflective practitioner - how professionals think in action,* Basic Books

[5] Visser (2006): *Designing as Construction of Representations: A Dynamic Viewpoint in Cognitive Design Research,* Human–Computer Interaction Vol. 21 , Iss. 1, 2006

In a discussion with Fred Collopy [6] a decade ago or so, he framed the act of designing in a fascinating way, saying that *to design is to approach a problem with true concern for all stakeholders, making sure that all interests are duly considered*.

Regardless, however, of how valuable the endeavours of scholars to label design practice and its related process over time, it has also created an abyss of mistrust between design practitioners on one hand, who simply exercised their trade and talents and the various players of the marketplace for design services on the other, who grew increasingly confused about what design could actually do for them.

Another source of cross communication is the liberal use of the term design itself, currently including an array of activities ranging from giving form to objects to any form of structured, conscious planning of or method for any undertaking or process; as an input or as an outcome. Moreover, as a consequence, a certain degree of confusion has grown out of this proliferation of the concept of design, mixing design as a phenomenon, the act of designing and the designer's unique skillset and approach to the two aforementioned.

The three concepts need to be described and defined separately for a meaningful discussion to take place.

While design as a concept has undergone a development from primarily representing an expression in the cross field between the aesthetic and the functional to gradually including a prescribed methodological approach to design as a process, the discussion becomes more complicated the moment we want to qualify ***designing*** as a specific competence, and – perhaps even more so – the trained design professional – as the sole, or even prime representative of design as a specific skillset and trade.

Building a rationale on a synthesis of the approaches of the three design gurus, we see the contours of a concept – design – which encompasses a certain approach to problem solving, which includes exploration and experimentation as part of the process, and which – as a means to finding the best possible solution integrates physical or visual representations of these experiments – which would often be referred to as prototyping. It also entails that design is inherently aspirational – driven by the desire to change, undogmatic – open to discovery and change of direction, and sensorial – depending on physical, visual or psychological interaction with different stakeholders.

One of the authors of this series of articles, in a previous article about design for the triple bottom-line, made an attempt at capturing what design is all about – rather than what design is;

[6] Fred Collopy is Professor at Case Western University in Ohio, USA

Design is about attractiveness, sensuality, aesthetics, and functionality, about real people and real problems, about individuals and their encounters with systems, about encouraging responsible behaviour and choices, about challenging our prejudices, about fellowship and ownership, and about expressing identities for individuals, groups of individuals, corporate entities and society at large. It's true; design is all about "people, profit and planet. [7]

From such an interpretation of design comes that the act of designing requires an ability to integrate and exploit the value of as many accessible, specialised competences as possible. Hence not only designers represent the notion of 'designing' and thereby design.

However, the designer can and will often play a significant and often clearly defined role in such processes. This role – based on the unique approaches to problem solving, dialogue, analysis and method, abstraction and visualisation as well as the ability to shape which are all part of their training – becomes to initiate, encourage and create a framework for, and by the means of a professional response, to facilitate dialogue and reciprocity between other specific competences in order to design, but also, and as importantly, make others design.

One of the classic competences, so to speak, of the design professional is to add to the solution a sensuous and aesthetic dimension; to orchestrate the aesthetic relations between an individual and an object or experience. Thus, this aesthetical dimension also needs to be included in the discussion of both design thinking and design management – not as an end goal in itself, but as an evidenced means to enhance the performance of human beings, the perceived quality public services and the user experience of any given transaction, in addition to the competitiveness that aesthetics add in a market consisting of what you might otherwise consider to be comparable products and services.

Disciplines and attitudes

Designers come in all kinds of shapes and sizes, and as a professional trade and practice, designers cover almost any conceivable sector and discipline. This, one can argue, makes the challenge of finding the right designer for the right job more difficult than ever. At the same time, as individuals and design firms, we see an increasing degree of specialization, offering at least a certain degree of solace.

There is a conception of designers as being more or less unanimously determined to bring to the world another mind-blowing artefact; a chair or a lamp or a frock – thus entering the hall of fame and becoming a

[7] Valade-Amland (2011): *Design for People, Profit and Planet* – DMI Review, Volume 22, Number 1, 2011

household name. That might also be a quite common motivation to start design school, and admittedly, not everyone succeeds at giving up that dream for another, more meaningful mission. However, design education today is about so much more than giving form and shape to chairs, lamps and frocks. Current design curricula focus on solving real problems (Simon), on exploring new and better futures (Schön) and on creating better, more meaningful and more sustainable representations of people's dreams and cravings (Visser). All three are pursued – in parallel and with the same determination of making a difference.

As a result of a constantly growing platform of academic design research as well as new generations of faculty, demonstrating an entirely different aspiration for design as a profession and skill-set that their predecessors, design education has improved greatly over the last two decades; improved as in becoming much more responsive – however inherently with a certain delay, as planning and designing educational programmes is often a lengthy process – to the needs of the marketplace and vastly more focused on creating synergies between the three pillars. The main challenge, however is that the marketplace struggles to see and understand this movement, and sometimes seems to remain as confused about what design is and what it can do as it always were.

We will get back to a more detailed analysis of which mind-sets, skill-sets and tools are needed to undertake design thinking, design practice and design management later on in this series of articles. However, it is crucial to understand that design education does not prepare anyone for all these roles, and even within design practice, different skills and different motivations are needed to excel at different types of design practice. Notwithstanding certain commonalities in terms of theory and methods, there is a world of difference between working as an author designer – the kind we know from glossy magazines – and being part of a cross-disciplinary team and a complex value chain, and the difference exists in the extent to which the designer sees him or herself as a problem solver, an explorer or a materializer.

Furthermore, design education is characterized by strong attitudes, often guiding both curricula and how design is being talked about on a day-to-day basis. Is design primarily a question of creating commercial value, or is its objective to create better communities, to eradicate poverty or to fight global warming? Those designers, who are good at the first, might not necessarily be very useful to pursue the latter.

In other words, design schools and the community of professional designers cannot be blamed for making it easy for potential clients to manoeuvre in and between the different approaches to design and the vast number of designers, who might not be as articulate about which type of designer they are, what kind of problems they can solve and which value chains they fit into.

We have established that the constantly increasing range of design disciplines in combination with diverse attitudes and motivations complicate the search for relevant design resources. Two additional factors, which constitute significant barriers, are language and prejudice.

Creative professionals like designers and business professionals struggle to understand each other. They think differently, and they speak different languages. Not many design practitioners are verbally articulate about what their expertise is and wherein their value proposition lies. Likewise, few business professionals are able to frame their expectations in a manner, which resonates with the aspirations of the designer. Due to this barrier, countless collaborative project never got started and probably even more projects fell to the floor as a result of cross communication.

Lack of insight into each other's professional domains and practice keeps prejudice alive, reciprocally. Unfounded assumptions of untamed creativity and hot air on one hand and ruthless exploitation on the other do not exactly further the dialogue between the two. Perhaps this can also account for the fact that designers as professional service providers on average earn a mere 63% of what other business advisors do and have an income of only 71% of the average salary in Europe. [8]

This undervaluation of design as a professional service starts already wile in design school, where smart companies and business professionals see design schools as idea boxes and sources of free concepts and ideas – based, of course on their understanding of design education as being all about creativity.

What designers want to do...

While business strategies are driven by short or long-term profit, designers rarely see their role as a means to maximize corporate performance. And, when they do, they tend to overestimate the potential role of their own contribution to do so. Only rarely do we see true convergence between the articulated motives and perceived realities of the two parties.

Observing the obvious fact that some designers do not fit into the following, on a general note, designers are driven by one or several out of the following desires;

- *create meaningful products and services*
- *make the world more beautiful*
- *make people's life easier*

[8] Bureau of European Design Association, BEDA (2016): *European Survey of Remuneration of Designers*

- *humanize technology and improve user experience*
- *protect the planet*
- *eradicate poverty, famine and decease*

What is interesting, though, is that a vast majority of the world's successful businesses are successful because they excel within one or more of the same objectives. There is no fundamental conflict of interest between the business and design communities.

Thesis # 2; Why do business and design not seem to go all that well together? Perhaps we don't know enough about what excellence in management is...

Business and design come from different places, philosophically as well as with regard to what constitutes value and how it is being measured. Design management exists because of this gap, and has as one of its most significant missions to explain and demonstrate the relationship between the two. And yet, the gap is still there, and the prejudice and misconceptions are as fervent as ever. Not only has the design advocates of more than half a century failed at drawing a portrait of what design is, how it creates value and why it ought to be top of mind for business leaders. Equally unsuccessful has the business community been at articulating what excellence in management is and why this search for excellence constitutes a unique opportunity for design and designers' skills to join the movement – with their aspirations of and tangible propositions for how to achieve such excellence.

Design management has acted – to the extent that its outreach has allowed – as a mediator between design and business, between design and management. This juxtaposition – wedged between design on one hand and management on the other – has over the last three or four decades proven quite effective at building bridges and of creating a certain degree of understanding and respect between the two, going back to fundamentals of management and revisiting business gurus to prove and argue the natural links between design and management.

This on-going bridge building, however, unfortunately has only reached a very limited flank of the two communities respectively, namely the most pragmatic and realistic wings of the design community – boasting ambitions beyond the mere artistic, and the more progressive and alert to new movements wings of the business community – realising that competitiveness and innovation cannot be achieved by cutting costs, by robotizing and technological advance and by scale and dumping prices only.

Design historically lacks business orientation

All professions build palisades around themselves to protect their expertise, their lingo and their culture. The design community is no different, and even within the perimeters of the construct; the design community – there are silos and strong mechanisms to perpetuate the barriers mentioned before.

To the extent that there is a defined design community, it consists of four different categories of players; the community of professional design practitioners, design education, design promotional institutions and design support centres. All of them dispose of various forms of outreach and mechanisms to communicate with audiences outside of the pond, and all of them tend to have different views on and different relations to the business community and other players on the side of the design services market and procurement.

What binds them together is the notion that design is the epicentre of all development and change.

The design industry – meaning those, who offer professional design services to a professional market – often build a wall of inward-looking communication to guard their domain, often celebrating one another by means of design awards and commemorative publications – invariably focusing on the most iconic designers, the stars and the provocateurs.

Design schools fight for student and for funding, and for convincing figures showing their worth as producers of valuable expertise. Their means range from research and academic articles, primarily reaching an audience of peers, to graduate shows and exhibitions and partnerships with the specific private and public sectors within which their students are prepared to play a future role.

Design promotion centres are often wholly or partially financed by local, regional or national governments to promote the value of design to audiences ranging from professional communities to the public at large, to show best practices and cast some light over how constructive dialogue between designers and industry can lead to more attractive and more user-friendly solutions to tangible or intangible challenges.

Design support mechanisms sometimes come as appendices or integrated elements of promotion centres, and sometimes as independent bodies with a mandate to support the growth and professionalization of the design industry as a means to foster innovation and competitiveness. One typical role of design support mechanisms is to act as a mediator between the design community and the marketplace and to support first time use of design in companies and organisations.

In addition to these four, a number of other players influence on the perception of what design is and what it can do – from trade organisations for designers and design companies, media – both professional publications, newspapers and glossy magazines to business book publishers, art museums and trade shows.

Altogether, the design industry and design as a professional domain is blessed with more focus and attention, but also with more voices telling different stories, than most other professional communities. What it leaves us with, though, is a professional domain with only limited focus on the actual difference that design can make for what's actually in demand; better profitability and effectiveness in businesses, better services and increased efficiency in the public sectors and more competent, more agile and more productive organisations across the board.

How much do designers care about business?

The very short and not very friendly answer would be; very little. Designers are often dismayed and discouraged that their clients do not understand what design is. However, judging by the amount of focus on design in business newspapers and magazines, in management books and even at hard-core business events like World Economic Forum, one could claim that at least the business community makes a whole-hearted attempt at growing awareness and an understanding of the value of design. The question is rather whether designers make enough of an effort to understand what it is to run a business, to fight for market share and margins, to reinvent and innovate propositions and business models to constantly stay on top of the competition and to keep costs at a minimum – all at the same time. Where are the celebrated empathy skills of the designers when it comes to their own clients?

Some have tried to awaken the business gene of design professionals – both as part of their training and as part of their encounter with the real world. In the provocatively titled book *"Designers are Wankers"*, aimed at design students and practitioners, the author tries to cut it short;

Design is a business. You need to understand what business is and how it works. How do you plan to fit into that business? Essentially, if you are employed, you need to be worth more than you cost. If you are self-employed, you need to earn more than you spend. These basic facts apply to any business. [9]

It's not that designers don't care. More likely, it has never occurred to them – and it certainly was not part of their training – that the wellbeing of their potential clients is the first prerequisite to be appreciated as a trusted supplier of a professional service.

[9] McCormack (2005): *Designers are Wankers* – About Face Publishing, London

Instead of investing some time in researching and developing narratives for what it would take to work with a company, designers tend to knock on their door and present a portfolio. Am I not talented…? Most designers are talented, and most designers would probably add valuable skills and input to most organisations they come into contact with, but for their counterparts – the manager or CEO of any given company – talent is not that easily spotted. They need reassurance that the designer understands the nature of their business, their challenges and their goals.

One could hope that there is a shift happening – however slowly – towards a more harmonious relation between the two parties. More and more designers find themselves working as members of multidisciplinary innovation teams, and already in design school, they often contribute to projects taking place in partnerships between design schools, engineering schools, business schools and industry partners. Through such collaborative projects, all partners start learning each other's languages while at the same time challenging their individual prejudices.

How much do companies know about themselves?

Being aware that you need a designer who understands your company culture thus shouldn't discourage you from trying to find one. On one hand, not all designers were trained in cocoons and with ambitions of stardom, and on the other, you also want to make sure that you find a designer, who can contribute with something that is not already present in your organisation.

Finding the right designer also requires a deep understanding of where your own company comes from – how it was already designed and how its culture and identity was built. Where is it heading and what kind of designer can help you realise its dreams? What makes up its pillars and its intentions? Products or services or both, manufacturing or distribution, commodities or added value, marketing or sales, local, national or global markets, incremental or radical changes…? Depending on who and what you are and on what you already have of skills, methods and expertise in-house, what kind of designer you need and who would contribute the most to your success can vary greatly. Thus – just as there is a need for more understanding of business among designers, and a better understanding of what design is and what it can do among business people, there is also a need for a more profound understanding in many businesses of what they want to achieve and what can help them achieve it.

Very often, this understanding comes gradually and either through accumulated experiences in one's organisation or through confidence in documented experiences of others. However, it can be a long journey from not even considering design as a relevant component of one's business strategies to embracing design in a manner, which unlocks the potential of design for one's company.

How companies and managers articulate their needs for design

The first step is to realise that design is not a pastime – an art form and a matter of styling and facade. The next step is often to try – sometimes reluctantly – to engage a designer or a design firm to deliver a specific and narrowly defined output, such as packaging, a logo, an app, a web-site, a product or even a store. From there on, one crucial factor is whether the experience is good and whether a direct correlation can be established between the designed element and its performance – whether a commercial benefit can be ascribed to it or not. If that connection is not firmly established, design tends to remain a matter of decorative enhancement rather than a strategically vital element.

Another crucial factor is whether the designer or design firm exploits the situation to demonstrate the value of design beyond the aesthetics and functionality of the delivered solution. Is the brief answered uncritically, or does the design professional question where and how the most value is added. Are the given opportunities exploited – to prove how design is also a source of new thinking, a form of applied research and an opportunity to challenge the existing, and not only a creative skill and a maker's method?

There is a distinct difference between the awareness of design's role and importance in industries, where design has always played a pronounced role; industries like fashion and luxury items, furniture, cars, video games and many others, and industries where design is a rather new notion. Examples of such industries are mechanical or engineering based, traditional services like banking and insurance, commodity based industries and many primary sectors, like agriculture and fisheries.

The first category understands that there is no business without design and designers; it's part of their history and tradition and it's a core element of their interface with the outside world. The second category might need much more time and much more conviction before they see the relevance of design for their own business and how design could become a part of their strategies.

At the same time, it needs to be said that some of the companies that have not only embraced design as a strategic asset, but which are frontrunners in using design, building a design culture and benefitting from the competitive advantages that design can spur belong to the second category; companies such as Barclay's Bank and IBM, Carrefour and Grundfos – the world's largest manufacturer of pumps.

Thesis # 3; Even though design thinking is so popular NOW – is it disconnected from the design industry…? Perhaps we need to look at the interfaces between the two…

Then design thinking came about – or rather; was discovered by the MBA community. This was no coincidence. Throughout the nineties, following massive digitization and globalization, new social structures, new buying patterns and a surging interest in behavioural economics and systemic thinking, design thinking suddenly came across as a viable approach to the challenges at hand.

A new term was introduced; *Designomics* – in 2010 explained by Business Week's Bruce Nussbaum as follows;

Designomics is important because both parts of the word – design and economics – are undergoing vast change as we speak. The global economy is emerging from the Great Recession, the worst recession since the Great Depression, with a very different shape, a very different trajectory and a very different set of growth engines. Design, with a capital "D" is also emerging from the recent crisis, with a different form and function. A Design-based business model and a Design-based economy provide the best new opportunities for creating economic value, growth, revenues, profits, jobs and wealth for the decades ahead.

And – in the same article;

Increasingly, people are turning to Design and creativity as a new paradigm to understand the needs and desires of changing cultures and creating entirely new options that never existed before. It is the ability to generate fresh concepts today that lead to new products, services and even social systems in healthcare, education and transportation tomorrow. In an era of cascading change that doesn't pause or end, Design is providing a pathway to the future. [10]

Design thinking resonated – not only among business leaders, but also among public sector managers and policy makers. Our centralized systems - "factory world" – providing services for health, education, politics, business support – they all have to be reinvented and decentralized into more humane systems. The tools and methods of design thinking; empathy, stakeholder engagement, co-creation and prototyping – constant re-scoping and re-framing – all suddenly proved both pertinent and surprisingly – to many – effective if managed properly.

[10] Nussbaum (2010) at the Design Indaba Conference, South Africa – from the Design Indaba News, 1 May 2010

What this means, implicitly, is that there is an emerging new role, emulating that of the design manager, but coming out of and still belonging to the business domain; the manager designer. This happens when designers' skills become pertinent to re-invent the role of management, driven by the reinvention of organisational structures, the demand for speed and agility and the changes that people management are undergoing. These changes call for less rigidity, more dialogue and engagement, experimentation,

project-to-project process design and re-activation of the senses in managing individuals, teams and organisations. Design tools and design skills suddenly prove appropriate to fill in the gaps of classical management.

Despite, however, the tools and skills needed to manage exactly those kinds of processes – design management – already exist; they are still unknown to many. Thus, lots of talented people are currently engaged in re-inventing the wheel – under new names and with new fancy models in their wake.

The most obvious way of elaborating on what design thinking is and how it addresses the challenges of business and management is to portray two of the pioneers in making the concept accessible and relevant to those, who could potentially benefit from it; businesses, organisations and society at large. The first one, Tim Brown, has – amongst many other things – contributed by creating a language to help managers and others to understand what design thinking is, while Alexander Osterwalder has contributed by guiding people form all fields and sectors in how design thinking can be applied and made tangible as an approach to assessing the potential of any business or any project.

Tim Brown

If anyone succeeded at entering into a meaningful conversation with industry leaders and thinkers from management, organisational theories and innovation, there is no way around IDEO and some of the key individuals building the firm. The founding partners, late Bill Moggridge, David Kelley and Mike Nuttall all contributed to redefining the role and scope of design, putting the user at the centre while advocating the strategic importance of not only design as a skill, but of design as a multi-disciplinary methodology to create more meaningful, more profitable and more lasting products and services. They all argued the value of "design thinking" as an approach after David Kelley re-introduced it as a business concept rather than its original connotation to architecture and urban planning, as in Peter Rowe's book "Design Thinking" from 1987, as well as in Bryan Lawson's "How Designers Think" from 1980 – both building upon Herbert A. Simon's book from 1969 – "The Sciences of the Artificial", introducing the idea that design was actually "a way of thinking".

A testimony to the position that IDEO had built through its first decade of existence was "*The Hasso Plattner Institute of Design*" at Stanford, commonly known as the d.school, developed as a collaborative project between IDEO, Stanford University and Hasso Plattner, co-founder of the global software company SAP. From its inauguration in 2004 and up until today, thousands of c-level business leaders from all over the world have acquired new insights and a new approach to running their businesses at d-school – based on the concepts of design thinking and framed to resonate with their already proven business practices. The d-school programmes are based on eight principles, which could probably also be called the d-school "recipe" of design thinking; Navigate Ambiguity, Learn from Others (People and Contexts), Synthesize Information, Experiment Rapidly, Move Between Concrete and Abstract, Build and Craft Intentionally, Communicate Deliberately and Design your Design Work.

Later on, we'll see that all the above are almost universally accepted as key elements of applying and benefitting from design thinking.

IDEO's CEO since 2000 has been Tim Brown. His contribution to the proliferation of design as a proven approach to radical change, better bottom-lines and a better world can only be under-estimated. Through articles and by contributing to the design discourse – both in the academic and more popular domains, such as through TED Talks – and not least through his bestselling book "Change by Design: How Design Thinking Transforms Organizations and Inspires Innovation" – Tim Brown has achieved what few others did before him; to become a business leader guru through a consistent message of what design can do. Citing directly from the resume, the book takes the following point of departure;

Design thinking is a collaborative process by which the designer's sensibilities and methods are employed to match people's needs not only with what is technically feasible and a viable business strategy. In short, design thinking converts need into demand. It's a human−centred approach to problem solving that helps people and organizations become more innovative and more creative.

This rather straightforward promise has resonated with business leaders as well as business magazines and journals. In their review of the book, Business Week said;

In his new book, the CEO of design shop IDEO shows how even hospitals can transform the way they work by tapping frontline staff to engineer change,

- while the magazine Inc. seconded by stating that

This should be mandatory reading for marketers and engineers who can't understand why a product as cool as the Segway wasn't a breakout hit.

And, the two testimonials somehow also capture the gist of Tim Brown's message to the world, as it is sharply cut in laying out the premises for the book;

The reason for the iterative, nonlinear nature of the journey is not that design thinkers are disorganized or undisciplined but that design thinking is fundamentally an exploratory process; done right, it will invariably make unexpected discoveries along the way, and it would be foolish not to find out where they lead. Often these discoveries can be integrated into the on-going process without disruption. At other times the discovery will motivate the team to revisit some of its most basic assumptions… seen not as a system reset but as a meaningful upgrade. [11]

Through the book and his many other interfaces with a global audience of executives, Tim Brown managed to wipe away the scepticism surrounding the emerging fuzz around design thinking, resulting from all kinds of earlier, however just not as credible attempts, leading to more misconceptions of what design thinking was than to a change of behaviour and appreciation of design as a relevant approach to innovation and change.

Alexander Osterwalder

Another and more recent contributor to framing the role of design in a manner, which has resonated broadly with both established businesses and in start-up communities – as well as in business support organisations throughout the world – is Alexander Osterwalder, a Swiss political scientist and business theorist, and head of the consultancy firm Strategyzer. His contributions to a more holistic understanding of what it takes to succeed in business include the best-selling book "Business Model Generation" and his role as the lead creator of the omnipresent Business Canvas Model, on which his book is also based – a "paint-by-number" model, which has proven valuable as a tool to ensure that new ventures – be it a project or a start-up – build upon a minimum number of considerations, such as key partners, key activities and key resources, value propositions, customer relationships, customer segments and channels, and finally – cost structure and revenue streams.

[11] Brown (2009): *Change by Design: How Design Thinking Transforms Organizations and Inspires Innovation*, Harper Collins – p. 17

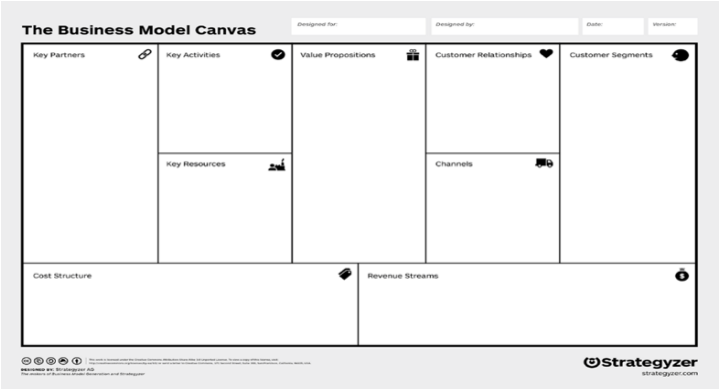

Fig 1: Osterwalder & Pigneur (2010): The Business Model Canvas

"*A business model*", according to Osterwalder, "*describes the rationale of how an organization creates, delivers, and captures value.*" [12] Perhaps the main reason why this rather simple and highly accessible approach to business planning has resonated both in business communities, design circles, and – not least – among educators of both design and business – is the way it bridges the two domains. For one, it is a visual representation of what we otherwise know from thick reports and long reads, thus more easily embraced by designers (who in general are more apt at visual than verbal deciphering) – and at the same time a refreshing reminder of textbook knowledge among people with business training. A second factor is the way that the development team attributes the tool – and its success – to a series of well-known designer skills, tools and processes; co-creation, open design process, mood-boards, paper mock-ups, visualization, illustration and photography. And, as the "sales pitch" declares, the too was co-created by 470 strategy practitioners and was designed for doers – for those ready to abandon outmoded thinking and embrace new, innovative models of value creation: executives, consultants, entrepreneurs and leaders of all organizations. That's music in the ears of anyone believing in design as an approach – not only to give form and shape to products, communication and environments, but also to give direction and meaning to processes, organizations and new ventures.

The fact that Osterwalder comes from a business theory background – and has yet not only embraced design as a methodology and approach, but actually applied it directly onto the development of a business model mechanism only proves that there is a certain rationale in also exploring what design can do to theories of management, innovation, organizational development and learning;

This section describes a number of techniques and tools from the world of design that can help you design better and more innovative business models. A designer's business involves relentless inquiry into the best

[12] Osterwalder & Pigneur (2010)

possible way to create the new, discover the unexplored, or achieve the functional. A designer's job is to extend the boundaries of thought, to generate new options, and, ultimately, to create value for users. This requires the ability to imagine "that, which does not exist." We are convinced that the tools and attitude of the design profession are prerequisites for success in the business model generation. [13]

Thesis # 4; You think that design cannot be measured – does that discourage you from managing design...? Perhaps we need to better connect the benefits of design to business logics...

Design management includes all the elements of "classical" management disciplines and does not dodge the obligation of measuring and being measured on the benefits it brings and the value it creates. Several metrics for measuring the effect of design management have been developed and absorbed by the global design management community – and others – to document and create a language for design management effectiveness. DME Awards[14] is a project, which since 2007 has existed to assess and award excellent design management behaviour. The assessment is based on a thorough questionnaire, on the basis of which each entry is judged as to its level of design management engagement – from no design management via design management as a project to design management as a function, and ultimately as a culture; embedded throughout the organisation. The model and thinking are inspired by and consistent with the original "design ladder [15], categorizing an organisation's exploitation of design as being either "non-design", "design as form-giving", "design as process" and "design as strategy". A comprehensive survey of design management practices in Europe was conducted by DME in 2009 [16], confirming the situational analysis made by the EU Commission the same year;

There is a clear potential to improve innovation performance and competitiveness at company and national level through the use of design.[17]

To determine the overall design management merits of an organisation, five factors are scrutinized; awareness (of design and design management in the organisation), planning (capabilities and engagement), resources (allocated to design and design management), expertise (within as well as commissioned by the organisation), and finally – process (to which extent it supports the strategies of the organisation and its specific objectives).

---

[13] Osterwalder & Pigneur (2009): *Preview version; Business Model Generation*

[14] http://designmanagementeurope.com/

[15] Danish Design Centre (2001)

[16] https://www.bcd.es/site/unitFiles/2585/DME_Survey09-darrera%20versi%C3%B3.pdf

[17] EU Commission (2009): Staff Working Document; Design as a Driver of User-Centred Innovation

The ten years of case studies assessed, and awards given, the overall observation is that when applied professionally and embraced by an organisation's leadership, design management augments not only the benefits from applying design and design skills, but also the quality of the organisations' processes, project management and performance.

The Designence model [18]

In "The Handbook of Design Management", the authors write that;

The Designence Model turns design into an activity of the organization and a resource that improves its organizational, knowledge and information capital. [19]

1. Design as differentiator: Design as a source of competitive advantage in the market through brand equity, customer loyalty, price premium or customer orientation

2. Design as integrator: Design as a resource that improves new product development processes (time to market, building coordination and consensus in teams, visualization skills); design as a process that favors a modular and platform architecture of product lines, user-oriented innovation models, and fuzzy-front-end project management

3. Design as transformator: Design as a resource for creating new business opportunities; for improving the company's ability to cope with change; or (in the case of advanced design) as an expertise to better interpret the company relationship with its larger environment and context and the marketplace

As a transversal observation, each of these three, substantial design objectives can be measured financially by help of design impact indicators.

4. Design as good business: Design as a source of increased sales and better margins, more brand value, greater market share, better return on investment (ROI); design as a resource for society at large (inclusive design, sustainable design)

What we see emerging is design driven leadership, as the skills and tools of designers do not only inspire managers of processes and teams, but also senior level management; the CEO's COO's and other C-suite

[18] Borja de Mozota (2005): *The complex system of creating value by Design: Using the Balanced Scorecard model to develop a system view of design management from a substantial and financial perspective*, The 6th European Academy of Design Conference "Design System Evolution", University of the Arts, Bremen, Germany, March 29-31

[19] Cooper, Junginger and Lockwood (2011): *The Design Management Handbook* – Bloomsbury, London

members of larger organizations. The question is how the movement can be supported by evidence and best practice, and also how it can be made more readily available for the members of senior management, who see the value and potential of design thinking and design management.

Often attributed to Peter Drucker, there is a saying that "If it cannot be measured, it cannot be managed". Some parts of the business community – namely large consultancy firms like Deloitte and others – maintain the argument as a key selling point of many of heir services, while others question whether some of the subtler values of doing business, such as the resilience of corporate culture and the capacity to change and adapt. Another popular version of the saying is "If you cannot measure it, you cannot improve it" – seemingly relevant in a design context, as a definition of design often referred to is Hebert Simon's

Everyone designs who devises courses of action aimed at changing existing situations into preferred ones.[20]

Whether the metrics used are chosen for the purpose of management or change, the fact of the matter is that the existence of evidence to support its effectiveness is crucial for any concept, method or investment to come across as credible in a business environment. Design has struggled with that. Despite an increasingly steady stream of reports from well-reputed government agencies and research institutes, the facts and figures – which have been consistently encouraging for decades now – have failed to resonate among business leaders to the extent that design has become a given. As an example, Design Council in the UK – one of the most valuable sources of such research, in 2015 assessed design's influence on the UK's gross value added, productivity, turnover, employment and exports of goods and services, including how design contributes to the financial performance of businesses, the regions and areas where design makes a substantial contribution to local economies, as well as design workforce demographics. [21] And yet, it just doesn't seem to be enough…

As previously mentioned, there are mechanisms to measure the effectiveness of design on a company by company scale, and for most companies, that measure would most probably com out as very positive if the design project was clearly defined, undertaken by the right design practitioners and managed professionally. The challenge, in most cases, is getting them to a point where they are ready to invest in such an undertaking in the first place.

Thus, we can conclude that measuring design effectiveness is valuable to reassure the board and to guide future projects – and alongside that, we can conclude that decades of convincing reports and large-scale

[20] Simon (1969): *The Sciences of the Artificial* – Third Edition 1996

[21] Design Council (2015); *The Design Economy - The value of design to the UK*

evidence is not enough to incite the sceptics of design to change their perception of it.

What can we do, then, instead of piling reports on top of reports? One approach would be to take the elevator down to the ground floor and ask ourselves; What do business leaders need? What is a business, and what makes up its logical framework and its cornerstones of evidence end truth? And how could design possibly fit into the corporate rationale and legacy?

Bridge

In this series of articles, we aim to cast some light over the increasing blur that seems to have emerged alongside the already mentioned consolidation of design as a force and factor influencing the performance of organisations across sectors. Design thinking – however not en entirely new concept – during the last five years or so seems to have become an MBA darling concept, which in many ways is the best news ever for design as a profession as well as an approach to finding meaningful answers to increasingly complex challenges. However, without anyone deliberately wanting to do so, design management seems to have momentum at the same pace as momentum was gained by design thinking. Almost, as if they were mutually inter-changeable and as if design thinking was – merely – design management version 2.0.

Another central approach and anchor as far as framing design as a mechanism to solve complex problems and to enhance the performances of business and organisations is the global design firm IDEO – the by far most cited source of accessibly articulated design thinking – in this series of articles embodied in Tim Brown, the firm's CEO and president, but also its head philosopher and design thinker.

This has not only changed how we talk about, but much more importantly how we utilise, design. The key to this new paradigm of design is the extent to which design is considered a strategic asset and the growing awareness of design's role in terms of enhancing user journeys and experiences by adding additional sensorial and aesthetic dimensions as well as adding meaning and trust to products, services, environments and communication. Design hence acts as a mediator between various links in any given value chain and as a response to the fear and uncertainty entailed by rapid change.

Perhaps the most pronounced example of this is Alexander Osterwalder's Business Model Canvas – a tool popular both in design schools and business schools

Hence, we will systematically try to build bridges between design thinking and design management on one hand and on the universally embraced business approaches of W. Chan Kim & R. Mauborgne (Blue Ocean Strategy), Gary Hamel & C. K. Pralahad (Competing for the Future), Clayton Christensen (Disruptive Strategy), Henry Chesbrough (Open Innovation) and Joseph Pine & James Gilmore (The Experience

Economy). Moreover, the fundamental ideas of Michal Porter on competitive advantage, Chris Argyris' works on organizational learning, Ikujiro Nonaka and Hirotaka Takeuchi's observations on the knowledge-creating company, Henry Mintzberg's critical views on current organizational theories and Karl E. Weick's focus on sense-making will all be used as guiding lights and cornerstones on which our ideas about design excellence will be built.

If we succeed at our mission, we will contribute to bridging design gurus and business gurus together, creating a common space and a common language of what design in a management context is, and how design excellence can contribute to opening up new opportunities.

Our approach

We will – as promised in the introduction and as a response to this paradox – try to build bridges between design thinking and design management on one hand and on the universally embraced business approaches of a series of internationally acknowledged business gurus. We believe that they represent the evidence that resonates with business leaders and managers around the globe. We also believe that their thinking and their models for management, innovation and competitiveness, and on organisational development and learning – that it all goes perfectly well with what we believe that design, design thinking and design management can do. We will not challenge any of their theories or models, but we will take the liberty of exploring what could happen if design were added to their thinking, and what happens to their pool of evidence.

Next Week: The Design Management Series, Article # 3/7: The most imminent challenges of management