

Design Management – How to develop an innovative design led business

Good design management skills are critical in areas such as branding, corporate identity, and product development. In addition a good design process can add value in many unexpected areas. This whitepaper will help you understand and improve your ability to add value to your business.

About Inside**Out**

InsideOut is a Growth Consultancy focused on developing businesses through the application of specialist strategy, marketing, sales, online business and finance expertise

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Design Big Picture.

Why do we brand? To give meaning, to give consistency, to make sure we stand for something. Good branding isn't easy. Just being consistent isn't easy. Being great and consistent is tough. But that's what you have to do – you've got no choice. These days it isn't enough to just satisfy customers – you have to delight customers. But delighting your customers really isn't really enough either. You have to be able to do this again and again and again. You have to develop a relationship with your customers that is real that is lasting. You want your customers to become your advocates, working for you, supporting you.

Frederick Reichheld in his HBR paper proposed the only number you need to grow is the amount of customers that would recommend your business to a friend or colleague. Do this and your business will grow. We all know it's hard to get customers talking about your products and services. It's easy to get them to talk about complaints, but you have to do something special to get them talking positively and recommending your services.

Now that's the point, this isn't easy. However what's the alternative? Advertise your way to success or discount your product to a point where it has to sell? Ultimately both of these strategies aren't going to get you where you want to go. Great branding alone isn't enough anymore, what you have to do is to get customers to fall in love with your brand. Only then, only when they are in love with your products, will you get customers to talk about your product, to recommend your product, to give you feedback on your product (Kevin Roberts – Lovemarks).

Again what is the alternative?

Cheap? Look at China - you cant beat China on cheap. There is only ever going to be one brand that is the cheapest – the rest have to add value. How do you add value – you can do something through your advertising, your distribution, your packaging but ultimately it comes down to design.

So what do we mean by design. Design is a fundamental business lever but only over the last 10 years or so has the business community in general really begun to understand this. Now movements such as betterbydesign.org.nz are promoting great design as a must have. New Zealand can never compete based on cost. We must design more sophisticated, emotional, high value products and services.

Design is about differentiation, we have to differentiate; we have to make our goods and services unique and different. We have to add value. Just being from New Zealand isn't enough, just being from this beautiful green environment isn't enough, we have to capitalize on all of this and develop products that are better, that are great, and that are desired. Now the ultimate goal of design is to improve the quality of our lives by improving our experiences, this can be with through product design, graphic design, fashion design or even furniture or architecture.

Again why is design important?

Just to underline the point with numbers. In the UK there has been an intensive economic drive to improve design capability throughout the economy. Two studies were completed; the first in 2004 found that of companies where design was an integral part of their operation, 44% saw a resulting increase in competitiveness and turnover. The second study in 2005 found that design intensive companies outperformed the FTSE by 200%!

The good news is that there are some great examples of NZ brands that are already doing this. So who has this right; there are some great examples here today – Orca, All Blacks, Bendon. There are other great NZ brands as well: F&P, Navman, Icebreaker, MacPac, ClickClack, 42 Below, Zespri, Formway, Huffer, Karen Walker.

These are all brands that are out there striving to be different. These brands are leading with design, from Snowboarding outwear to sophisticated GPS mapping technology. There are a wide range of NZ companies that can do this. What we need is more companies to become committed to becoming design led and developing great design management practices. So what does that mean?

Design Management.

Design Management skills and process are what we need to develop in order to deliver great design consistently. Design Management is about taking the big picture. It's thinking about the whole system, the whole market and figuring out how to design a business, a product, a brand to fit into that successfully. There is a great deal of overlap between branding and design thinking but there is power in terms of getting the order of the thinking aligned.

Design Management. At its highest-level design management is about maintaining enhancing and developing the design capabilities within an organisation. There are four key areas in a design led business model.

Purpose	Competitive Strategy
People	Performance
Environment	Action

The boxes on the left hand side are about creating the right environment to support a design led culture.

Purpose.

Every organisation needs a purpose. A clear sense of purpose gives an organisation direction, an energy and momentum to propel them forward. It gives you a framework for decision making, it liberalises your team as they can make decisions and recommendations based on the purpose of the organisation. Your purpose needs to be inspiring as well as directional. It should challenge your people to look for new ways of doing things. Having a well designed purpose does this. A completed purpose framework consists of a Vision, a Purpose and Values.

People.

You have to have the right people on the bus, as Jim Collins would say (Good to Great). Having the right people in the right roles is critically important. Many would argue that you should make sure your people are all in the right roles before you even start to think about defining your strategy. That said having the right people, with clearly defined roles, responsibilities and accountabilities is critical. The next step is making sure there is a culture that supports design and innovation. To do this I would suggest three things;

1. Make sure that your MD, or CEO is signed up as the Design Sponsor for the organisation. This means they have ultimate say and signoff for the developed Purpose and they are also a cheerleader for the value of design and the design process in the organisation. They don't have to know the details but they have to believe. If they don't believe then this will be a much harder road to travel.
2. Secondly you need to have a Design Champion – typically this Marketing Director, GM Marketing or GM Product Development. This person is directly responsible for managing the design process, product development team and design agencies.

3. Lastly you needed to develop a design led culture. There are all sorts of things you can do to develop a design led culture;
 - a. Hire the right staff
 - b. Give staff time to be creative – allow %age of time for exploration
 - c. Allow failures – encourage risk taking
 - d. Involve staff in decision making
 - e. Develop R&D
 - f. Training
 - g. Set up idea capture schemes
 - h. Value – strive for great design

On the other side of the Design Led organisation box is the organisations Competitive Strategy and Performance. This side is about action.

Competitive Strategy.

Having created the right environment the organisation must continue to develop and execute its strategies. The Competitive Strategy quadrant is the space most Marketing Managers deal with every day. Its about product management; what's the competition doing, what do our customers think/want, how can we make the product better, cheaper, how do we get it to market.

It's critical to spend the time to get the competitive strategy right. That is deciding how you are going to compete, what markets, what products, on what set of features and services at what price. If you get this right then you get to play the game. What's really critical is how you execute. Executing well is how you win the game. Great execution is about having the right people working at the right level of performance.

Performance.

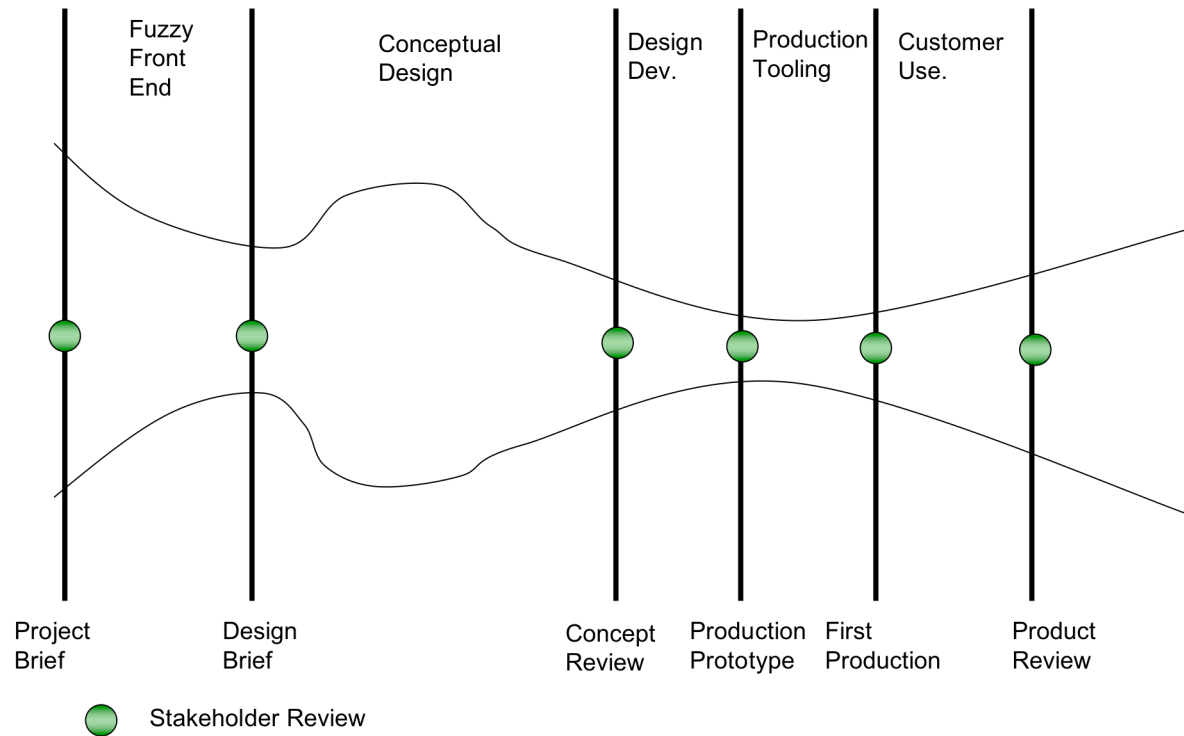
Performance is about discipline. The discipline to do things right and to get things done. It is about great technical skills whether they are in Marketing, Operations, Finance or Management. Without great performance you don't have a business. You have to be able to manage projects and balance the books. Most importantly, you have to be able to deliver your brand promises to your customers, consistently.

Consistent performance is a key element of a great Design Management process. So let's take a closer look at two elements that will help you deliver.

1. Design Process

In developing and designing great products you need to have a great design process. The following is a process that I have used in developing products and services for companies such as Air New Zealand, ICPbio and ihug. Recently however I attended the Better by Design Masterclass workshop and this was the process as illustrated by Mark Pennington the design director at Formway.

Design Process - Gateways



The key to a great design process is to have a clearly defined process where you have a series of stages that you progress through. At each stage to progress further you must pass through a **gateway**. At this gateway the key design team must approve the progression of the project to the next stage. This design team must be a key stakeholder group – not just the designers working on the project. It must include the key people that will make the project a success.

The shape of the funnel represents the amount of freedom or flexibility for exploration by the designers. Both at the beginning and in the conceptual design stage there is the most flexibility. As the process progresses things tighten down until you get to a final production product.

You have to recognise that the design process is a creative, exploratory activity. It's about understanding the data and information you have, the knowledge of the customers, competitors and marketing and forming insights which generate ideas – unique solutions. Again this is the point – to create something unique.

Other critical success factors from Formway include;

- Winning Brief – well researched, ownership, live reference
- Committed Team – passionate, creative, focused
- Balanced project management – pragmatism v exploration
- Cross functional collaboration
- Budget – for entire project.
- Stakeholder Reviews – clear responsibilities and accountabilities,

2. Creating a Winning Brief

Now briefing is a key skill that is as important for briefing a design agency, an advertising agency or a web development house. One of the greatest mistakes that can be made is not briefing adequately or at all. I have seen many businesses where there is not enough discipline around the briefing process. When this happens issues arise, the job isn't done to expectations as these weren't communicated; the job has to be redone, the costs and time to complete the task go up. The team become de-motivated and the quality of work declines. This isn't what you want.

A good brief does 6 key things for you;

1. Defines what you want done
2. Explains the problem that needs to be solved
3. Provides background
4. Gives direction
5. Sets outcomes
6. Provides expectations around timesframes and budget.

With a well-documented brief you have a reference point to discuss whether a design outcome is great or off-brief. Often you can be dazzled with brilliant ideas that don't solve the original problem. Having a tight brief will keep the creative team and you on track. So what are the key elements of a great brief?

1. What is the purpose/problem?
2. What background information is relevant? Include any specific research.
 - Company
 - Product
 - Problem

Remember the creative/designer working on this may not have met you or know about your company in detail. Even if they have, this section can cover off specifics so they are crystal clear about what they are working on.

3. What is the desired outcome?
What do you want to happen as a result of this project?

4. Who is the target customer

The most difficult thing for a designer to do is respond to a brief stating the target market is everyone. The designer has to have a crystal clear picture in their head of who the target is, not just demographic but psychographics as well.

The designer needs to feel an intimate understanding of what the audience wants, needs and desires. That understanding needs to be of a depth that it allows the designer to picture clearly and accurately an individual within the target group.

The designer should be able to close her eyes, see the person, picture his home and yard, know how he likes to spend his free time and understand what most excites and scares him in life.

5. What is the proposition?

What is the unique selling point (USP) that will differentiate your product from the competition. What is your evidence or justification for this?

6. Timelines

Remember great design doesn't happen overnight and it doesn't happen under pressure. You need to allow time for ideas to ferment and also time to refine these ideas. Any agency can knock out quick ideas but to get a true breakthrough idea takes time and persistence.

Conclusions.

- Design, creating a difference and adding value are all essential if we want to New Zealand survive and thrive.
- We can't win by being the cheapest
- New Zealand has a strong developing design community. We need to develop the innovative No 8 wire mentality and mould that into striving to achieve great design.
- We have great companies doing great things here – but we need more champions.
- Design needs strong champions to lead and develop the businesses, products and brands. You can't do this by yourself you have to build a team and a culture to succeed.
- You can't create a great brand and a great organisation from Marketing alone. You have to build your alliances across the business. Especially with the MD and HR teams.
- Define your Purpose and know what you are going to be the best in the world at.

Most of all remember to make a difference!

Moving Forward

If you have a design project that you need to undertake and need some assistance go to www.iout.co.nz to look for more tools and information.

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References & Further Reading

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