

Lipstick on a Pig

Design is about much more than just a pretty package or a snappy slogan. It's a central function that shapes a brand identity and story. And increasingly, it's about a way of doing business – a human-centred approach that (gasp) puts users and their needs first. But do Kiwis understand that – and do they care?

STORY ESTHER GOH



side from scantily clad ladies, one of the easiest things to find online these days is cheap labour. Just browse Elance or oDesk and you'll soon find dozens of writers, designers, developers and more vying for assignments and undercutting one another's bids. You can get banners or business cards made up for you for US\$5 on Fiverr.com (Kiwi company Lucky Rentals has used the site extensively for sourcing marketing material).

Specifically in the design space, sites like 99designs and Designcrowd employ crowdsourcing contests where you, the client, can put out a brief and designers will compete against each other for your business, submitting concepts for your perusal – anything from graphic design to packaging to web design. And in May, Auckland brand agency Rare Design launched Logo Orchard, a local digital marketplace for businesses to browse for and buy ready-to-use logos, to the chagrin of many *Idealog* online readers.

Much like the craft of writing (\$1 blog posts! \$2 SEO-stuffed articles!), the art of design is suffering from the curse of commodification. While these sites provide an avenue for customers strapped for money, time or both, the professional design community fears they devalue the profession as a whole.

Quips Designers Institute president and Massey University professor Tony Parker: "I wonder if they'd crowd-source lawyers or accountants." He says design is about a relationship between designer, client and end user,

a sentiment echoed by Fraser Gardyne. The director of design agency gardyneHOLT and winner of last year's Designers Institute Black Pin for his contributions to the industry says too many business people see design as being more about styling than best business practice, and something "nice to have".

"I've heard some alarming client stories and seen some crazy crowd-sourcing online," he says, "but I'm not sure that they would be any use to you. Successful visual communication originates from a good brief and a close working relationship between the client and designer. Crowd-sourcing doesn't allow this."

Gardyne says often New Zealand businesses are out to purchase design as cheaply as possible.

"They are scared that a designer might charge them for something they don't like or have an attitude that designers don't understand business and charge far too much."

Yet design is about far more than a logo. It's about branding, identity, and increasingly, a way of doing business.

Just ask John Hatrick-Smith of Better by Design.

"The logo is the simple part. While you can do that quite cheaply, there's much more to a brand," he says. "[Those sites] don't understand what design is and their customers don't understand."

A design specialist at Better by Design for the past five years, he's on the frontline of the movement that's bringing design into boardrooms around the country, which he sees as his life's work. The programme launched in 2005 as a division of New Zealand Trade and Enterprise, following on from a government taskforce report, *Success by Design*, in 2003. The Design Taskforce concluded that better use of design by exporters could result in considerable economic growth; other countries such as the UK, Finland, Ireland and Hong Kong have succeeded at similar approaches.

Its design integration programme starts with a Design 360 assessment, an 8-12 week analysis of company culture, strategy, processes, products and brands, after which changes are implemented and new projects launched. Three accredited teams work alongside the companies – DThree, led by Deloitte; design consultancy Equip; and BRR & Associates.

"You get right inside the business – you do a deconstruction, really, of their business model," says Ray Labone, who chaired the original taskforce and now, through Equip, works with companies in Better by Design. "You question all aspects of the business. You expose them to a different way of thinking about the business."

DESIGN THINKING

While it might seem overly simplistic, a question Hatrick-Smith asks company executives early on is: what is design?

“It almost always starts with the idea ‘oh, it’s what something looks or feels or smells like’. It gets down to the product or service almost immediately, in other words, what we offer. Of course, we talk about it as being something quite different. Sure the product design thing’s really important – but design is much more fundamental than that.”

Design, he says, is not just about graphic design or software design, but the methodology a business uses to create value – in other words, design thinking.

“If you see it like that then you appreciate that to be truly effective it has to engage everybody in the business from the CEO right through to whoever is at the other end.”

By clarifying its purpose and its proposition, a company can home in on its core business; results come from a principal focus on what the business is about.

“Part of what we do is about helping businesses create unique positioning for themselves in a global market. There’s no point in just producing more stuff because our friends in China can do that better than anyone.”

The design approach is human-centred and collaborative. While the UK Design Council design process is laid out in four steps – discover, define, develop and deliver – Better by Design’s has six stages: select, assess, plan, resource, execute, extend.

Previously a designer at Fisher & Paykel, Hatrick-Smith says industrial design is only successful when it has a voice at the table along with the other departments, which requires a total culture shift for many businesses; it can’t just be “lipstick on a pig”.

He distinguishes design as a practice from the broader concept of design thinking. Essentially design is what you do, while design thinking is how you go about it – the guiding rules. That means collaboration across functions or silos toward the end of creating a better product or service for the end user.

“It’s a culture, not a department,” he says. “It’s applying the way designers think to business challenges, firstly empathising with the users or people involved, observing, defining what the opportunity is as an outcome, then developing a whole raft of possible ideas, prototyping and testing them.”

For example, while working on the Gentle Annie washing machine for F&P, his team took some prototypes to a building in the city, and invited people in off the street to get real feedback on it.

But surely that’s just common sense – putting customer needs front and centre?

“Why is it that something so logical is so hard to put across? Fortunately I’m an eternal optimist. You have to be.”



Hatrack-Smith and Better by Design director Judith Thompson are reluctant to put a value on design as a department, preferring to discuss the wider concept of design thinking. That’s in line with the evolution of the Better by Design programme, which is about to enter its third iteration.

The original taskforce, says Thompson, took heed from the UK Design Council, particularly its Designing Demand programme, a mentoring service for SMEs. However, the Kiwi model is strongly focused on creating a point of uniqueness in the international market.

“The first programme was very much focused on doing what was called a design capability audit, looking at what sort of capability companies had to use design strategically, particularly around innovative products and services and the ability to build a brand around those,” she explains. “We evolved that programme and introduced the Design 360 which takes a much more holistic view of design and how companies can integrate design.”

Building on that, the design integration scheme is about to be overhauled, though it will retain the name. Better by Design brought in design consultancy IDEO to help shape the new programme, and Thompson knows of no other schemes globally that are quite like it. IDEO is synonymous these days with the concept of design thinking – where design emphasises output, design thinking is also focused on the process of design.

According to Labone, business people who have been



exposed to the Stanford d.school approach to design thinking (Better by Design took a group of leaders on a tour of Silicon Valley late last year) are enthusiastic, and see it as an enabler of innovation.

"It strikes a chord with business people, [with] business managers. In my view it has made a strong connection with left-brained people. Design in itself struggles to do that – it is a right-brain discipline and struggles to get the same uptake from left-brain trained and leaning business managers."

The other fundamental shift is in moving from the consultancy model to a more collaborative one that more closely involves the client company all along, where experts will help executives perform their own analysis and assess their own capability.

"What a model like that does is it's engaging far more people in the company and getting a lot more input, a lot more buy-in, into what the company's direction is – and building skills at the same time," Thompson says.

"The unique thing Better by Design does, that programmes elsewhere in the world don't do, is our focus is absolutely on integration – how you get people from different parts of the company, from product development to finance to marketing to sales, to actually work together in an integrated fashion to focus on customer needs.

"Other programmes might help a company on a project to help them develop a really new and interesting product or a really new and interesting brand, but if you really want to be a design-led company it's about design integration across all departments of a company."

Hatrick-Smith says the goal is teaching companies to fish for themselves.

"We'd like to get companies to a point where they don't need the trainer wheels anymore. One of the directions we're pushing for now is getting companies to that point sooner than we have been. We don't want to create a dependency on what we're offering or we'll never get anywhere."

By focusing more specifically on methodology, setting

expectations up front and more intensive engagement, he thinks the process can be sped up.

"One of the challenges we had is in our capacity to deliver," he says. "In one sense, we've created a service where small companies were coming in and never leaving. We weren't really handing the fishing rod over. That was a problem of our own making.

"We sought to regulate the intake by making it harder and harder to get in. We really only had capacity when other companies left the programme. I think we started off by saying companies needed to be \$5 million in scale but it grew to be \$20 million.

"Now we're much more interested in the potential for growth, for businesses to add value to the New Zealand economy – how fast can we do that and how effective will design be if we are to apply it to that business?"

Around 150 businesses have been through Better By Design since its inception and around 80 are currently engaged with the programme, including companies such as Les Mills and Comvita.

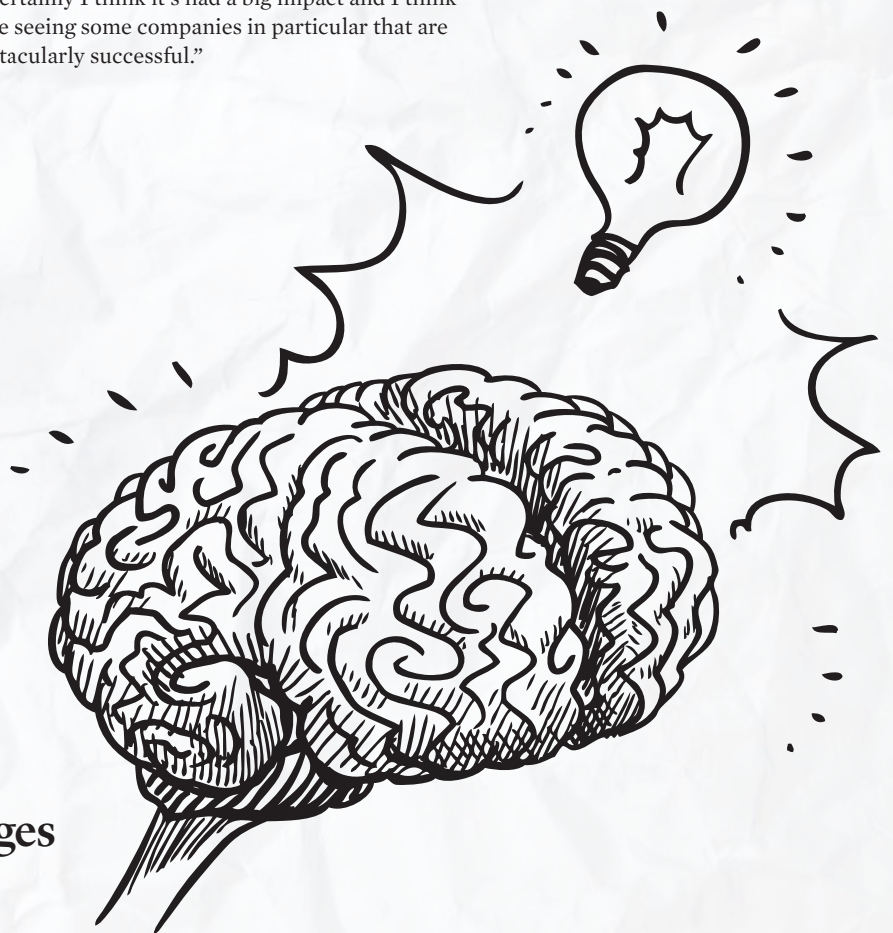
Having dealt with around half of the companies that have gone through the programme, Labone's take is two-thirds have probably seen "some value".

"Certainly I think it's had a big impact and I think we're seeing some companies in particular that are spectacularly successful."



Design can't just be lipstick on a pig. It's a culture, not a department. It's applying the way designers think to business challenges

John Hatrick-Smith, design specialist, Better by Design





The old saying ‘you pay peanuts, you get monkeys’ still holds true

Fraser Gardyne, creative director, gardyneHOLT

Measuring success isn’t always a clear-cut matter. There are tangibles, such as increase in revenue, margin, or export intensity, and intangibles.

“The intangible part is the value that design has actually brought to that. What would have happened anyway? All we can do is measure companies that come into the programme and that use design thinking and compare them to other companies from the same sector and show that they will grow faster and have bigger margins. That’s the type of measurement we look at,” says Thompson.

The taskforce set an ambitious target of 50 companies generating an additional \$500 million in export revenue within five years, growing at five times the annual GDP. Thompson says Better by Design didn’t start out with 50 businesses at launch, but 2010 figures showed its top 50 saw a combined increase in export revenue of about \$722 million (at which stage the programme had been going five years but the majority of those companies had been involved for only three).

And she says research shows that companies in the programme have an average annual revenue growth of 15 percent and average export growth of 24 percent, although most companies would have grown exports to some degree anyway.

Hatrick-Smith agrees success is often measured anecdotally.

“If you talk about the bottom line, design might have made an enormous contribution to the top line but could have been eroded through the business via inefficiency or some poor market connection,” he says.

That said, “some of the anecdotal stories are pretty damn compelling”.

“The CEO of a very large company said to me ‘John, when I first joined this company I came on as a junior accountant’. He said ‘there was a line on the P&L called R&D and my job was to wind that number back as hard as possible because every dollar I took out of that was a dollar that went back on the bottom line’. He’s now the CEO and he now says ‘I see design as being central to everything that we do’. Design, he said, is the glue that binds us together.”



DESIGN ADVANTAGE

Design is a strategic priority for many of the world’s biggest brands – Apple, Nike, Google. While the return on investment of design has not been heavily studied, UK Design Council research concluded that growing businesses are nearly six times as likely as static ones to see design as integral, and companies that consider design a priority are more likely to develop new products or services. And in tracking its own index of 61 design-led businesses, it found shares in that group of companies outperformed the FTSE 100 by more than 200 percent over the past decade.

Further, a 2003 study by the Danish Design Centre of 1,000 companies found a “very clear correlation between the employment of design and the economic success businesses achieve”.

While it did not identify design as the sole contributor to higher revenue, it said increase in gross revenue “corresponds to the degree at which a comprehensive approach to design is adopted”, with gross revenue almost 22 percent higher for companies that employed design compared to companies in general, which rose to 40 percent when companies increased their design activity.

Hatrick-Smith says design tools and practices enable businesses to create greater value as measured by an increase in gross margin or market share.

“You become more highly differentiated, creating unique IP that you’re able to patent. You get a greater margin.”

Thompson sums up the design advantage this way: “A design-led company, by really understanding their customer, will get an insight into a future need even the customer doesn’t understand so the customer can be really delighted in a way they never imagined.

“If you’re just meeting the market needs that’s fine, but someone who uses design thinking can do something extraordinary that you’re not expecting.”

She offers New Plymouth hospital bed manufacturer Howard Wright as an example. Driven out of the ward bed market by price pressure, the company spent a lot of time in hospitals actually observing procedures, leading to the development of an innovative intensive care bed that incorporates X-ray technology so patients can be examined without being moved.

Parker believes design deserves a place alongside the revered STEM subjects. Design is “utterly integral” to the success of a company – without it nothing gets to market or if it does, nobody wants to buy the products. Great design can even turn around an ailing company.

“If you look at Apple for an example, before Steve Jobs came back, that company was in deep trouble. What was one of the things that really helped to make Apple into the world-leading company it is today? The answer is simple: design. How to implement and achieve that is a bloody sight more complicated but the answer is there for all to see.”

SEA CHANGE

So do New Zealand businesses finally ‘get’ design, or are they starting to?

“Is there more receptivity? Absolutely,” says Thompson. “Better by Design was first put on the business agenda back in 2005 but it was very hard to get CEOs to engage with the idea at the time. They thought literally product design, branding, packaging. There’s been a massive shift in those seven years and there’s a real critical mass of business leaders who understand that this way of thinking is being able to offer your customer not just a different product but a different experience. Everything to do with that customer’s interaction

DESIGN YOUR FUTURE

Judith Thompson’s three questions to ask about your business

Who’s your customer?

What are the unmet needs?

How might you meet those in a way no one else can?

The design performance premium

For every £100

a business spends on design, turnover increases by £225

46%

of UK businesses believe design contributes to some extent to increased market share and 44 percent say it contributes to increased turnover

1 in 10

businesses identified at least one area where design made a great contribution to business performance and thought the development of new products and services had benefited from the use of design. Those in the retail, wholesale and leisure services and manufacturing sectors saw the biggest increases

SOURCE: UK DESIGN COUNCIL

with you, whether it’s your website, your product in a retail space, whatever, every interaction will actually be an experience that all feels totally aligned.”

Of course, these empathetic practices are based in normal, natural human behaviours, as Hatrick-Smith points out, and he looks forward to this being the default business approach.

“I like to think of success in our terms as being when we’re no longer needed, when this cultural attribute that is design is just the way that New Zealand is. Maybe we need to put a deadline on it. What’s the tipping point is the interesting question. I think 20 or 30 percent might be, then you’ll start to see a cascading effect. I don’t see that happening yet. We might be 5 percent maybe 10 percent of the way. The hard work still continues. We’ve still got to be telling the stories about why this is important.”

Gardyne says there are increasing numbers of clients who understand the difference that good design can make.

“It is up to the design profession to demonstrate how great design enables successful companies. The old saying ‘you pay peanuts, you get monkeys’ still holds true.”

Parker, for one, was stoked that super-minister Steven Joyce acknowledged the importance of design in his recent announcement outlining details of the new Advanced Technology Institute: “Part of the government’s business growth agenda is ensuring there are better linkages between business, science, engineering and design to make sure great ideas are commercialised and generate income and jobs for New Zealanders.”

Slowly but surely, he’s seen a big change in attitudes toward design, though there’s a long way to go yet. Parker credits the education system and wider society for acknowledging that intelligence and talent can lie in creative endeavours. As consumers, we increasingly demand higher levels of design and usability, creating opportunities for designers to supply the products and services we expect.

“The one thing that concerns me sometimes is when I see people in the general public talking about design and art subjects as somehow still kind of general, not integrally linked with industrial production or the economy or our ability to make our way in a competitive world,” Parker says.

“I think I would die a happy man if by the time I’m in my dotage that New Zealanders have a real belief in the value of design in the community and reward those people who are exceptional at it.”