

necessitates a huge shift for many organizations that have grown up and thrived in the industrial age—they are used to dealing with change in terms of advances in technology and shifts in market preference, but nothing has prepared them for the fundamental challenges that confront them now. As an example, let's look at Bang and Olufsen, a world-renowned Danish company that produces high-end audio equipment. Only a few years ago, the future of this company looked very bright. The company had been well known for over thirty years as the producer of an iconic range of very austere, modernist audio equipment. The identity of the company was strongly associated with these high-quality “design classics” (Dickson 2006). However, to hold this enviable market position, the company could never rest on its laurels: continuous innovation was needed to stay at the forefront of developments in audio technology, and to cleverly incorporate these cutting-edge technologies into new products that would harmonize with the company's signature modernist aesthetic. The company mastered this extremely subtle design game successfully. But the absolute test of Bang and Olufsen's problem-solving ability came when the profitable high end of the consumer market quite suddenly abandoned the traditional concept of a “sound system” as a product that is placed in a living room. These high-end consumers started buying audio systems that are built into the structure of the house itself (*domotica*, or “home automation”) and controlled by a remote—thus hiding the source of all that music from view. The disappearance of the sound system as an identifiable product was, of course, a huge problem for a company that prides itself on the production of beautiful objects. As a response, Bang and Olufsen set out to develop a new way of expressing the core qualities of its material products in a nonmaterial way. It experimented with the creation of interface devices and interface scenarios that would hold the same subtle qualities as their classic products. But as they were performing this pioneering R&D work, another change hit the market. The ubiquitous presence of mobile technology and the Internet paved the way for the integration of music players into computers, tablets, and smartphones. Music became something that was downloaded or bought online, shared socially, and consumed casually on mobile devices. This reframing of the meaning of music in people's lives meant that audio quality became less of a concern to most users, aside from a small select group of connoisseurs. Bang and Olufsen found that it needed to shift its value proposition again, and found that its sophisticated skills, knowledge, and practices were exquisitely honed to a world that had changed beyond recognition (see also the Bang and Olufsen case study in