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Design Leverage: Capturing the Aggregate Value of Design

By Maureen Thurston, *Design Leverage Consultant, Second Road, Pty. Ltd. (Australia)*

The protagonist of this essay is design, or rather, a way of thinking of it as a strategic initiative leveraged throughout an organization. The antagonist is the myopic mindset that design is only a linear, tactical exercise restricted to the development of a product, package, or promotion. Best-in-class quality, production prowess, and persuasive marketing no longer guarantee success or profit. As products and services become more commoditized, leveraging design as an organizational, cross-functional goal has become critically important to sustaining competitive advantage.

Maureen
Thurston

Although designers regard their contribution as essential, time and again opportunities to unlock design's deeper potential seem to fall short. The 'past tense' nature of standard analytical tools makes them incapable of envisioning the future, but design offers a new paradigm of thought and a set of principles that can revolutionize vision-driven strategy. However, too many organizations fail to capture the aggregate value of design because it's fragmented into a series of creative services, trapped in middle management, and isolated within specific departments often with conflicting agendas. To exploit creativity and innovation, design must be lifted out of departmental silos and reorganized cross-functionally. Certainly, companies like Nike and Apple recognize the importance in partnering business strategy with design, but leveraging design is not exclusive to high-end consumables—service organizations must take the same path toward strategic deployment. (For relevant stories visit: http://onenortheast.designingdemand.org.uk/)

Why is it that design may occasionally visit the corporate boardroom but is seldom invited to stay as an active participant? Perhaps the crux of this oversight falls on MBA education, which rarely links design thinking with corporate strategy (apart from the most recognized exception, Rotman School of Business). B-schools tend to relegate design discussions to specific, short-term tactical processes (i.e. the New Product and Service Development program at INSEAD). In Warren Bennis' seminal book, *On Becoming a Leader*, he wrote, "business schools… too often opt for the short-run, profit-maximizing, microeconomic bottom line. Bottom lines have nothing to do with problem-finding. And we need people who know how to find problems, because the ones we face today aren't always clearly defined, and they aren't linear."

It is in a designer's genetic code to tackle complex issues, given their training in non-linear problem-seeking and problem-solving. Designers are an extraordinary strategic resource because of their penchant for conceptual thinking, visualization skills, and ability to translate abstract ideas into executable, commercially viable solutions. But until business schools do a better job acknowledging that innovation is an 'output' of design's 'input' and that integrative design-thinking is a strategic asset, MBA graduates will continue to be skeptical or completely unaware of design's genuine contribution to top line growth.

From planning through development to consumption, design is typically positioned as a downstream tactical activity, called upon to fulfill the directives of marketing or engineering. It's not that this traditional application of design isn't important; it is. However, the real key to sharpening a company's competitive edge is to establish a corporate-wide strategy that leverages design thinking within business systems as well as across business units. For a company to capture that creative "sweet spot," it helps to understand how design can best collaborate with strategy, marketing, finance and operations.

Strategy

When strategists collaborate with designers, there's always an opportunity to innovate. But since design is generally incorporated as a downstream process, it is not brought in early enough into the planning/strategy phase to make a bona-fide contribution. Properly positioned, design visualizes strategic intent, prototypes alternative scenarios, and reduces risk as it conceptualizes market opportunities *before* corporate capital is committed. Partnering design with strategy from a program's genesis is the ideal formula to reduce costs and accelerate development—delivering the *right* products and services to market quickly and consistently.

Marketing

In contrast with many marketing professionals, designers take an experiential approach to user research to gain a deeper, more meaningful understanding of the customer's emotive qualities, attitudes and transactional motivations. Often self-professed "consumer advocates," designers experiment using techniques similar to a cultural anthropologist to uncover the unmet needs buried within a user's psyche, analogous to the marketing focus on psychographic data. Since unprecedented value and a great customer experience are not born of analytical data, powerful solutions require both marketing's statistical intelligence *as well as* design's intuitive instincts.

Finance

Trying to build a reciprocal relationship between the tangible precepts of finance and the intangible value of design can be challenging. There's an important distinction to be made between companies that leverage design operationally as an intrinsic strategy and those that consider it an esoteric exercise. If financial managers measure design as a corporate asset, then it will thrive. If calculated as a fixed-line expense, design will struggle to survive.

Operations

As with any business function, design must be accountable for its contribution to competitiveness (even though definitive ROI measurements continue to be debated). Without proper oversight, redundancies run rampant, talent is underutilized, productivity wanes, and too much money is spent on design with too little return on investment. Internal audits assessing the productivity and performance of all design talent, creative resources, processes, and activities should be conducted regularly. Externally, design perception mapping and benchmarks should be established to identify and qualify appropriate standards of corporate-wide excellence.

Design Leverage

Capitalizing on the sweet spot between the quantitative analysis of business and the qualitative synthesis of design is at the core of innovation and authentic differentiation. However, without a C-suite sanctioned, design-driven vision, a company becomes vulnerable to competitors. Without a design-driven brand strategy the product and/or service experience becomes convoluted, confused, or worse, compromised. Without a systemic *design leverage* mandate, organizations will simply not realize design's full top-line potential. Dialectic organizations have learned how to profit from the juxtaposition of business rationale and design thinking.

Maureen Thurston's DMI seminar, Learning to Lead: A Guide to Nurturing Our Innate Leadership Skills will be run April 7-8, 2008, in Charlottesville, Virginia, and September 8-9 in Phoenix, Arizona.

This article appeared in the December 2007 eBulletin.

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