Leading Business by Design

Why and how business leaders invest in design

Design Council

Design Council champions great design. For us that means design which improves lives and makes things better. As an enterprising charity, our work places design at the heart of creating value by stimulating innovation in business and public services, improving our built environment and tackling complex social issues such as ageing and obesity. We inspire new design thinking, encourage public debate and inform government policy to improve everyday life and help meet tomorrow's challenges today.

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About Warwick Business School

Located at the centre of an outstanding university, Warwick Business School (WBS) is one of the world's elite business schools, providing top-class programmes for ambitious people. WBS is led by innovation, creativity and change, and engages with the big debates in business and public policy. Its vision is to be the leading university-based business school in Europe. Its mission is to produce cutting edge research and world-class, socially responsible leaders capable of shaping the way organisations operate and businesses are managed.

About the Warwick Business School – Design Council partnership

In 2011, WBS and Design Council formed a new collaboration to explore the intersection between design, business and behavioural science. Its mission is to place design at the heart of business education and research, and transform the science of behaviour into real world solutions.

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Executive Summary

Design is everything, because without it we have no business. … There is intense competition, and anybody can design a decent product. They can't all design outstanding products. So, design is the differentiator.

CEO, Pentland Brands plc

Design is now firmly on the business agenda. No longer the cherry on the cake for high-end goods and luxury brands, over the past decade it has gained relevance for the way organisations are structured, how they operate and how they think. An increasing number are starting to use design strategically – to differentiate themselves from the competition, to launch new brands and strengthen existing ones, and to inform strategic choices. There is already considerable evidence for design acting as a mechanism for business growth and innovation.

This research, conducted by Warwick Business School on behalf of Design Council, aims to build on such evidence by asking business leaders of various organisations how they use design, and how they benefit from it.

Our findings
Interviews with business leaders from world–class companies like Barclays, Diageo, Virgin Atlantic and Herman Miller led to three main findings:

01. Design is customer-centred – Benefit is greatest when design is intimately related to solving problems, especially customers' problems.

02. Design is most powerful when culturally embedded – It works best when it has strong support in the organisation, especially from senior management.

03. Design can add value to any organisation – Design can benefit manufacturing and service-based organisations, small, medium or large.

These findings are further examined below. Examples of impacts of design are reported in the company case studies.

01. Design is customer-centred

Most of our respondents linked design to traditional attributes of aesthetics, functionality and usability, but above all they regarded it as the capacity to solve customers' problems. This means that design does not correspond just to a specific function (design unit) or group of people (designers), but also to a way of thinking and working. In a business, design can shift the emphasis from products and services to customers. Indeed, interviewees established a clear connection between design, customers and financial results. The ultimate goal therefore is not to create a great design, but to develop a great product / service that solves a problem and that the customer is willing to pay for.

02. Design is most powerful when culturally embedded

Our research found that design can be used in three different ways:

01. As a 'service': design is treated as an organisational function with a narrowly defined remit and designers are mainly technical experts that fulfill pre-defined tasks.

02. As a key perspective in the development process: design and designers are involved in the process of new product / service development, from beginning to end. In this case, design plays a more influential, sometimes strategic role, and it is considered at the same level as other functions (e.g. marketing, advertising).

03. As a strategic perspective: design shapes business strategy and, often, designers act as process leaders.

Design appears to work best when used strategically and integrated into product / service development from beginning to end. Whether design is used strategically or not seems to be determined by three main factors:

01. The presence of a sponsor among senior management (such as the CEO / founder).

02. The role of the Design Manager / Director is crucial, especially when leadership support is lacking, as he / she must both influence and educate decision-makers about design.

03. Rigorous documentation and review of successes, especially when design has been capable of reflecting and strengthening the company's brand(s).

03. Design can add value to any organisation

This research shows that businesses invest in design because it can add value by:

— Driving innovation and opening up uncontested market spaces

— Differentiating products and services to attract customers

— Strengthening branding, embodying a company's values and improving recognition.

Most interviewees described several quantitative and qualitative benefits of design. Business leaders cited sales growth, increases in market share, cost reductions and enhanced efficiency in production. In several companies, especially the service–based ones, introducing design processes corresponded with increased consistency in the company's portfolio, faster time to market, and more successful product launches. Non–financial benefits included higher brand recognition, enhanced customer satisfaction and advocacy, greater consistency in product / service output and reduced project failure rate. Importantly, a correlation was made: the more strategic the business's use of design, the greater the benefit.

Finally, design can also improve the work environment and impact on people's behaviours:

— Facilitating interdepartmental collaboration and encouraging dialogue, teamwork and creativity

— Changing the physical space of the office to better reflect the brand or improve working practices

— Providing a more structured and consistent approach to product / service development.

The paradox of quantifying benefits upfront

No company in our sample has a robust method for assessing design's impact on performance (especially the financial impact). Also, several interviewees identified a paradox: the greater the requirement for design to prove its contribution upfront through detailed analysis, the more conservative the approach taken – resulting in lower impact on performance. As a consequence, our interviewees – both designers and non–designers – emphasised the necessity for top management to trust, at least to some extent, the value of design and the work of designers.

Recommendations

This research makes eight recommendations on how to maximise the impact of design, applicable across industries and company sizes: no matter what business you are in, they can apply to you.

01. Don't limit the context in which design can operate
Design is not just for companies that produce premium goods. The companies involved in this study show that there are huge opportunities to use design to differentiate any kind of product or service, meet customer needs and improve working practices. Design is about making an organisation stand out from the competition, and is therefore valuable in any sector.

02. Use design to differentiate
Design can be a powerful differentiator if used primarily as a way to solve customers' problems. Therefore, especially in the exploration and ideation phase of new product / service development, the focus should be on needs rather than an analysis of what is currently being offered by competitors. Key questions should be around why things are being done in a certain way and what the alternatives could be, keeping options open.

03. Integrate design and branding
While exploring new options and scenarios, the key attributes of a brand should always be considered. Design is successful when it embodies and reinforces the brand, and speaks a language that is consistent with it.

04. Introduce a design process
The design process should be clearly structured and well understood by all relevant parties to ensure consistency of output. It should also be both collaborative and strongly led: collaborative, as it has to involve all relevant stakeholders and functions to ensure buy-in and common vision; strongly led, as decisions should be made by a select few to avoid lengthy disagreements and diluted end results.

05. Trust and support your design talent

Successful design and innovation often entail making brave decisions. Trust in the relationship between top management and design is therefore fundamental. Such trust can come from the company history, from the leader's belief that design and innovation can make a positive difference, and from the Design Director's influencing efforts, both internally and externally. Internally, to manage expectations and influence colleagues on the value and contribution of design; externally, to establish the initial connection with the customer, and strengthen the brand and company values.

06. Embed design in your organisational culture

In its broadest sense, design is about solving customers' problems. A focus on problem-solving and on the customer / user is fundamental from an organisational point of view and should be embedded in the company culture. The design process and designers' influencing roles can play a crucial part in making this happen.

07. Design your work environment

Design is about process, customers and work environment. It should provide clarity and consistency in the development of services and products; it should have customers as focal point; but design should also be present in the work environment, enabling collaboration, exchanges of ideas and teamwork.

08. Don't let the designer's role be a straitjacket

Designers often start their careers as technical specialists with functional expertise. But for strategic design to work, they have to be able to join cross–functional teams and act as influencers who champion design internally and externally. They have to be capable of using and understanding different languages and perspectives and be fully aware of commercial considerations. Having gained a high level of trust and position, they can also play leading, visionary roles in which they get increasingly involved in articulating concepts and future scenarios.

01. Introduction

In 2011, Warwick Business School and Design Council formed a collaboration to explore the current and potential role of design in business and education. This research project was launched in 2013 to examine how businesses – including organisations not traditionally associated with design – can benefit from it.

Background

There is an increasingly widespread understanding that design can add significant value to organisations of numerous types. Over the last decade, a growing number of books, articles, reports and blogs have looked at companies investing in design, and the number of business schools offering modules and courses on this subject is rising.

This is partly down to the success of companies like Apple, which are typically associated with design. However, in practice, it is more about a widening remit for design that makes it applicable well beyond the discipline's traditional focus on products or graphics. Design is now frequently used to create user experiences and act as a primary motor of innovation.

There are numerous factors fuelling this trend. The economic downturn has put companies under increasing pressure to differentiate their offerings, with the persistently resilient German economy offering a paradigm of how quality and innovative thinking can deliver growth even during a slump. The digital economy has generated an opportunity and a need for companies to think more creatively about services. Resource depletion creates pressure to do more with less and, in general, to derive value from what we do rather than what we have. Global wage harmonisation, likewise, will significantly diminish companies' ability to compete on price. In this scenario, design is playing an increasingly crucial role, as it helps identify and address users' needs, and is capable of supporting both incremental and radical innovations.

What we know

The evidence base for design as a motor of innovation and growth is well established, as is the importance of creativity in business more broadly[1]. Several authors have demonstrated the impact of design on performance[2] and Design Council research has shown that, on average, for every £1 businesses invest in design, they gain over £4 net operating profit, over £20 net turnover and over £5 net exports[3].

But design impact can also be about less directly financial benefits such as improved brand recognition, strategic thinking, morale and productivity. In practice, however, it matters how you use design, and, in particular, to what extent it is embedded in company culture. The Design Ladder, created by the Danish Design Centre, maps the different levels of design use within organisations.

At steps 3 and 4, design is used not as an add-on but to structure development and strategy. Research has shown that organisations benefit most from design when it is used at these levels[4]. Danish companies adopting a "comprehensive and systematic approach to design" saw "a clear difference in their bottom line"[5].

Source: Danish Design Centre 2003

04
Design as
Strategy

03
Design as
Process

02
Design as
Styling

01
No Design
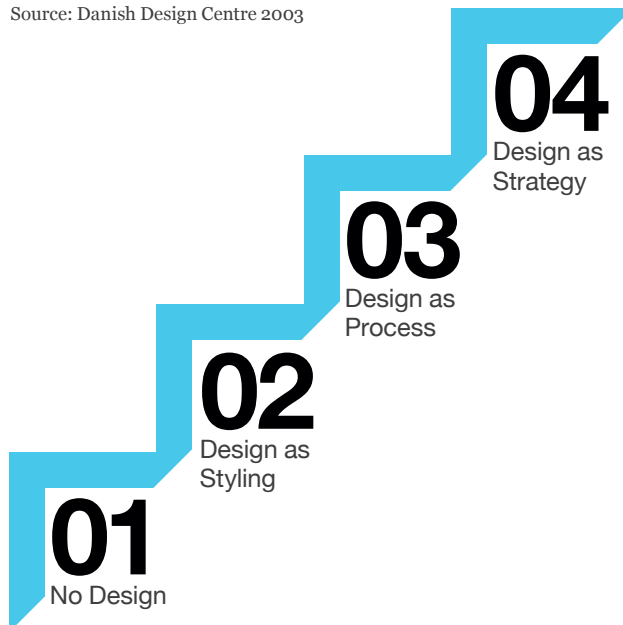
1. Gemser and Leenders, 2001; Herteinstein et al, 2005; Ravasi and Stigliani, 2012
2. See, e.g., Gemser and Leenders, 2001; Hertenstein et al., 2005; Gemser et al., 2011
3. Design Council, 2012
4. Chiva and Alegre, 2009; Design Council, 2007
5. Danish Design Centre, 2003

02. Methodology

What we wanted to know

Building on this evidence, we felt it was time to look at the specific details of how design works in different companies: how they use it, how it affects their culture, and how they think it adds value. In particular, we focused on three main questions posed to business leaders:

— What triggers the strategic use of design?

— How is design used in and integrated into organisational processes?

— How does design contribute to the success of an organisation?

Definitions

What do we mean by 'strategic design'?

Design in new product / service development has a vast number of potential definitions. While it has traditionally been regarded as the aesthetics of a product, sometimes in relation to functionality and usability[6], more recently, authors have connected it to the creation and development of meanings[7] and to a way of thinking and doing[8].

Strategic use of design refers to whether design is embedded in organisational processes and informs strategic choices; whether it is used as a means to differentiate from competition; and whether senior management have a good understanding and appreciation of design.

Approach

This study is exploratory and qualitative. Its purpose is to examine phenomena, opinions and perceptions derived from interviews with a series of individuals ranging from Board members to frontline staff. Although the interview protocol was set at the beginning, it evolved as data was being collected.

We looked at design in sectors where it would be commonly expected to play a major role (e.g. furniture, sportswear) and sectors where it would not. We did this for two main reasons: first, most studies only look at design in contexts where it is a recognised success factor; second, there is evidence that design can have greater impact if adopted strategically by organisations operating in sectors in which it is rarely used[9].

Twelve private companies were involved in this study. Eight are large organisations (Barclays, Diageo, Herman Miller, Jaguar Land Rover, O2, Reckitt Benckiser, Speedo-Pentland and Virgin Atlantic), four are SMEs (Challs, DCS Europe, Gripple and Trunki). Eight are predominantly product-based, four mainly service organisations. The aim was not to present a series of best-practice examples, but to look at a diverse range of companies using design.

A total of 48 interviews were undertaken, lasting an average 60 minutes and involving people working at different hierarchical levels and in different functional areas – mainly design, marketing, general management and finance.

All data was collected between March and July 2013. All interviews were recorded, transcribed, and analysed through content and thematic analyses. Two researchers were involved in the collection and analysis of data. Draft reports were also sent to the participating companies for validation.

The interviews focused on the following aspects:

— Roles of design – e.g. design in the development of products / services; integration with other functions; design management practices.

— Investment in design – why is the company investing in design or not? How much is it investing?

— Impact of design – both financial and non-financial.

Interview protocol
Interviews were semi–structured. The interview questions are included as an appendix to this report on pages 84 and 85.

6. Chiva and Alegre, 2009
7. Verganti, 2009
8. Brown, 2008
9. Gemser and Leenders, 2001; Ravasi and Stigliani, 2012

03. Research findings

While some aspects of companies' design use emerged as more contextual – levels of design investment and cultural embeddedness, for example – there was a remarkably high level of thematic consistency in terms of how companies understood the role of design and its value within their organisations. Given the range of companies under observation – SMEs, multinationals, companies with a product focus and those weighted towards services – this is highly significant. It provides clear evidence that design thinking offers a set of widely applicable principles that can be of huge benefit to many types of businesses – perhaps even all businesses. Essentially, it suggests that rather than being a method solely for creating desirable objects, design can be fundamental to businesses in helping them innovate and define strategy.

*"What is the connection between creativity and innovation?
... Well, it's design."*

Chairman, DCS Europe

*"... not just a shape or a form or a function, but ... a new way of seeing
things ... a new point of view ... The product itself is only one way of
expressing that idea."*

External designer, Herman Miller

This section describes the three themes that emerged strongly from the research.

Theme 1:
Design is customer-centred

Solving the customers' problems

Typically, design is associated with aesthetics and ergonomics. Our interviewees expressed a different emphasis: design is first and foremost about solving customers' problems.

This is often a route to radical innovation because it means challenging existing offerings and schemes, looking at whether they really meet a customer need or desire. Starting with the customer's problems may even mean taking the focus off existing offerings and giving oneself a blank sheet of paper to create something entirely new. Crucially, none of the innovative projects we came across began with the analysis of existing offerings; they started by understanding customers' needs (explicit and hidden).

This approach makes design strongly customer-centred, but not necessarily customer-driven. The difference is that the former is about understanding customer needs and wants they may not even realise they have themselves, while the latter is simply a matter of responding to existing demand. Being customer-centred allows companies to lead and innovate, not just be buffeted by the market.

We start basically with the problem and that's what this business is really all around … The fundamental differentiator in my mind between success and failure is identifying the [customer's] problem.

Product Manager, Gripple

A deliberate approach

"There's a level of thoughtfulness that is going into both product design as well as the application of the brand presence. So, we aren't doing things randomly; we're doing things very, very deliberately."

Director of Insight and Exploration, Herman Miller

The stereotypical view is that design and innovation require endless freedom and that creative results are the product of random activities. Our case study companies demonstrate exactly the opposite: design processes are clearly structured and often codified. Even more, several companies in our sample emphasised how design is used to provide rigour and a 'deliberate approach' to new product / service development. This can result in:

— Greater collaboration between departments: "Priority Moments, which is the UK's most successful digital loyalty programme, went through [the Customer Centred Design] process. And the great thing there was to see how teams just collaborated in a different way." (Head of Service Management, O2)

— More consistent and recognisable offerings: "That is a Speedo print: it's recognisable, something that is a brand for me and I recognise that signature equity, the boom or the slope, the feel of it, the design of it. Nobody else can match that." (Global Marketing Manager, Speedo)

— Successful products and services: "I think the process that we've then created … is producing winners. And the process itself, I wouldn't say it guarantees, but there will always be very good designs." (Director of Business Transformation, Jaguar Land Rover)

Importantly, awareness of and commitment to commercial imperatives was almost equal among designers and non–designers.

Theme 2:
Design is most powerful
when culturally embedded

Integrating design

Our analysis reveals that the impact of design is lowest when design is seen as a 'service' – an organisational function that has a well-defined and limited scope. It is higher when designers are involved throughout the process of new product / service development, from beginning to end.

"Design, marketing and advertising: I pulled this team together and we worked together on defining the look, tone and feel of this brand before we even started to write concepts … [This is] a good example because it has brought design in at the very beginning of the project where the design brain and design power has been able to imagine what this brand could be and should be in the future of this category, and then, together, we ideate against it."

Global Design Manager, Reckitt Benckiser

The impact of design is greatest when design and designers challenge existing assumptions and meanings of products / services, categories, etc.

We are bringing the organisation together – business, technology, control functions, all together centred and anchored on the customer or the client through human-centred design.

Chief Design Officer, Barclays

The role of senior management

How does design become embedded in an organisation, part of its DNA? For all companies, and particularly for SMEs, the initial answer is clear: the CEO and top management have to support and believe in it.

"[The company founder] is the strong leader … He firmly believes in design and marketing … and this makes a massive difference."

Production and Technical Director, Challs

"[What] makes this happen is our Chairman … is a firm believer that you always put money back into ideas and innovations, because that is the thing that makes the company grow."

Design Engineer, Gripple

"Being the CEO with design training, it's all about problem solving and looking at things differently. Why do we do things that way? Is there a better way of doing it? So that thinking has been applied across the business rather than just in the product."

CEO and founder, Trunki

The role of the Design Director

Some of the companies involved in this research, such as Herman Miller, Trunki and Virgin Atlantic, have traditionally invested in design and are renowned for being pioneers. Design is unquestionably part of their DNA. Others have recently established a design department and process (e.g. Barclays, Diageo, O2, Reckitt Benckiser). In that context, the role of the design leader (such as the Design Director / Head of Design / Chief Design Officer) emerged as fundamental, not necessarily in terms of technical expertise, but as the person able and willing to promote design inside the company.

"When I meet with my peers … what I say to them [is]: you've got a big influencing job here to do, to find your sponsor, to persuade, to help people understand. And if we only talk to people on the financial level, then we're completely missing the boat. Of course we have to talk the language of business, and finance, and return on investment … but it is also our job as leaders of design within organisations to help people understand the thinking behind it, the theory."

Global Design Director, Diageo

I don't know if you could ever really … put a number to it. I know if you take [design] away, it's not going to work … You know, it could be most of the value of the company.

Director of Finance, Herman Miller

Creating trust

Although it is important to connect investment in design to product / service outcomes, none of the companies we looked at have developed a robust way of assessing design's contribution to business performance. Difficulties in estimating inputs and outputs, separating design from other interventions, and the existence of time lags between investment and outcomes make measurement of impact difficult.

"I don't think you could measure the return on the money we've spent on the Innovation Room and all the design; you couldn't measure that."

Finance Director, DCS

Interestingly, many interviewees emphasised that, if the value of design is constantly challenged, its impact is likely to be negligible. This is a paradox: the more design has to prove its impact, the lower that impact will be.

"The worst thing is when that trust disappears or is not there, and so you become constantly questioning the values, the expertise, the knowledge and the drivers of the other people, and that's hell, you know."

External Designer, Herman Miller

Both designers and non-designers highlighted the importance of trust in what design is capable of delivering.

"We have to trust our designers ... You have to trust them to ... continue to build on the unique designs for the business."

Group Sales Operations Director, Jaguar Land Rover

"We worked very closely as a team ... and we ended up with a product that was considerably more successful than it probably could have been."

Senior Customer Experience Design and Research Manager, O2

Trust in the relationship between management and design can come from the company history (evidence of success over time), from the founder / directors' belief in design, and as a result of the design leader's lobbying and influencing efforts.

The roles of designers

In line with previous studies, we found that, as designers progress in their careers and as organisations mature in their use of design, designers play different roles. The progression is roughly as follows:

01. Technical specialists with functional expertise

02. Members of cross-functional teams – capable of using and understanding different languages and perspectives

03. Influencers who champion the value of design internally and externally

04. Leaders capable of articulating visions: not just products / services, but also concepts and future states.

If design and designers are to play a more strategic role in organisations, they have to shift from being technical experts to taking an influential and perhaps leading role. However, changes in role require new skills, such as the ability to take a strategic overview of the business or tackle increasingly open questions: "From this new idea of a new paradigm, how can we create great performance?" (External designer, Herman Miller)

When design starts to play a more strategic role, it is capable of getting everyone in the organisation to think differently and challenging existing paradigms. Design therefore entails "having the right people around you, either in that team or close to that team, who are going to challenge you and challenge you with data from the outside … It's about having the right voices coming in to give you a push." (Director of HR and External Affairs, Virgin Atlantic)

While we do spend literally billions of pounds on advertising our products, our best place to catch the attention of our … shopper or consumer is right at the initial stage, which is the bottle design and the label design.

General Manager, Innovation, Diageo

Theme 3:
Design can add value to any organisation

Where would you be without design?

Design can be a powerful differentiator and a key means of enhancing customer experience and commanding higher prices. The value of design emerged clearly when we asked interviewees what would happen if their companies were to drastically reduce investment in design:

"We would lack differentiation … We would need to go out there and compete with one hand behind our back."

General Manager, Innovation, Diageo

"It would hurt us drastically. Because our reputation is built on design. We're considered the pioneers."

Senior VP Global Marketing, Herman Miller

"I think we'd lose the respect of the customers. We'd lose our brand recognition … We'd lose employee engagement, first of all, and I think we'd also lose any enthusiasm from our customers."

Core team leader, R&D, Herman Miller

Innovation

In several instances, design emerged as a powerful means of creating a relatively new and uncontested market space. This is particularly important in sectors that are relatively saturated and where competition is increasingly on cost. The cases of Virgin Atlantic's Upper Class Suite, Gripple's Trapeze, Trunki's ride-on suitcase and the Range Rover Evoque (see Case Studies) are good examples of such 'blue ocean strategy':

"We identified a white space opportunity, which was in the compact, premium SUV segment … We used design … as a major factor for that product to make sure it was basically creating a segment."

Director of Business Transformation, Jaguar Land Rover

Attracting customers

Design is often what draws the customer in and enables a first connection point. This then returns us to the importance of appearance, ease of use and functionality, but from the customer's point of view. Design can strongly support and complement marketing and advertising, even in sectors in which advertising budgets are typically very large:

"You have really much stronger standout from the shelf, but also the packaging and the communication of the packaging is much more engaging with consumers."

Global Brand Manager, Reckitt Benckiser

However, it is important to note that such thorough use can only occur when design plays a strategic role in the organisation.

Branding

"I don't think that design should necessarily be limited to how our products look on shelf. I think that design should be part of our organisational culture, it should be embedded in how we do things, who we are, everything, you know, start to finish. ... This bottle – that looks like that because that's who we are."

Finance Manager, Challs

Design can do much to embody and strengthen a company's brand(s), and convey its values (what it stands for) and its uniqueness to the outside world.

Although most of the participating companies give considerable freedom to designers, they are also very clear that design should reflect and be guided by the brand's attributes. Examples include the 'Brand Bible' at Diageo, the 'Design Bible' at Land Rover and the ten brand tenets at Herman Miller.

"We see design as being critical for our business and we have some very clear design language in a design bible that says, this is what makes a Land Rover a Land Rover."

Global Brand Director, Land Rover

The work environment and culture

"I think having the open workspace helps. We don't have people in offices, you know, they're not hidden away."

Brand Manager, Trunki

Design can add value not just by reflecting a brand or helping sell a product externally, but also by changing the work environment and culture internally. A key theme that has emerged from this research is that design is not just about outcomes but also about how people work and where they work. Environment, process and outcomes are inextricably linked and reinforce each other.

Great examples of changes to the work environment come, perhaps somewhat unexpectedly, from SMEs and include 'Innovation Rooms' at Challs and DCS Europe, the establishment of a new office and department at Gripple (the 'Ideas and Innovation' team), and the creative division of space at Trunki.

Other companies purposefully reorganised the working space to reflect their brand internally (e.g., Virgin Atlantic) or set up space for special projects (e.g., Herman Miller) and design reviews (Diageo).

"Our board of directors on an annual basis reviews our ... design output. [We create] a very large space where we set up an extraordinary showcase of the work that's been done in the previous 12 months. And everyone in the company files through that space ... It is the real focus and attention of our board of directors. So design is not something that is sort of pigeon-holed and demoted to designers. It is something that is held as critical to the company at the very highest levels."

General Manager, Innovation, Diageo

Case study: Barclays

Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking and wealth and investment management. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 140,000 people.

Barclays has a strong track record in innovation; for example, it created the first ATM and introduced the first credit card in the UK. Over the past two years, it has set up a design function to work across the entire group, and recently appointed a Chief Design Officer.

Why invest in design?

Banking is not an industry one would typically associate with design. However, the recent financial crisis, and the introduction of new regulations and of technological innovations are changing a fairly inward looking and commoditised industry. In this scenario, Barclays took the decision to aim to be the most design focused and technologically cutting-edge bank in order to deliver the best products, services and experiences for its clients and customers in a rapidly changing world.

At Barclays, design is regarded as:

01. A means to connect with customers and their needs. The Chief Design Officer argues that "our insights are informed based on [customers'] behaviours and … not necessarily what they tell us in focus groups, but it's the observation of their behaviours in their environment that we try to design around".

02. A perspective which encourages exploration and experimentation; according to the Digital Director, designers "are looking for opportunity wherever it exists, and not just looking for obvious places where the business would like to look".

03. A way to focus on value and purpose: "you can obviously create and bring something into the world, be it a physical object or a service. But it's how you do it and why you do it, and what's driving it [that matters]" (Group Design Director).

04. A way to create a more emotional connection with customers and, in the words of the Group Design Director, to provide services that customers want as well as ones "they didn't know they needed". For example, the company is currently exploring biometric technology.

BARCLAYS

Leadership support

The choice to invest in design and technology was strongly influenced by positive experiences gained in the bank's retail segment, and the appointment of Antony Jenkins – previously Chief Executive of Retail and Business banking – as Group Chief Executive. According to the Chief Design Officer, "the thing that sets Barclays apart at the moment is, all the way to the top, to the CEO, [people are] embracing the entrepreneur start-up approach" in which design plays a fundamental role. Such support is demonstrated through active engagement in projects: "on the design of Pingit, for example, we had regular sessions and [the CEO] would challenge on why we had so many digits in the pin, for example" (Chief Design Officer).

Design and branding

For a company like Barclays, the brand is what customers experience when they interact with the bank. According to the Group Design Director, it is very important for a brand to "come alive in … your experience patterns and your design language ... That really has to be thought through. There's a real art to that".

Therefore, design plays an important role in creating the products, the services and the experiences that the brand is built on. In the words of the Chief Design Officer, "marketing officially owns and protects the brand, but we work intimately with them to ensure that our design language, our design thinking, our design process fits intimately with the overall brand at Barclays".

The Barclays Mobile Banking App net promoter score has reached

+62

Work environment

To facilitate greater collaboration and promote creativity, Barclays has redesigned some of its offices. The Head of Design says; "We have ripped out Level 22's flooring and designed and developed a new floor – a new way of working … if you just come off the street and just go to that floor, you would think it was a design studio. It's very open, funky furniture, soft seating, tons of collaborative and drawing space."

Also, a different set up for new projects is being promoted. So-called 'hoppers' are being utilised to bring together people assigned to the project, for example, a designer, a business analyst, an operations or a technology person, and a program manager. We "put all of them at one table – a hopper - and they're solely responsible for that product. They don't work on anything else, and instead of multiple meetings throughout the building, they all work very closely together" (Head of Design).

Impact of design on performance

According to the Chief Design Officer, investing in design and focusing on improving customer experiences can lead to higher net promoter scores, which, in turn, drive higher income and reduce complaints, thereby lowering costs. For example, the Barclays Mobile Banking App net promoter score has been steadily climbing upwards and "that's simply by bringing the retail and cards experience together in a brilliant experience and design for the customer in a mobile banking application that's seamless and easy for them to use".

The design of Pingit

Barclays Pingit is a mobile payment service that allows customers to send and receive money using a mobile phone number. Traditionally, a waterfall method would have been followed, starting from technical requirements and sequentially working on design, implementation and verification, culminating with the launch of a product inclusive of all features. However, such a process would have been too time consuming in this instance. Therefore, as the Head of Design says, the development team thought: "what if we did it differently? What if we did it like a start-up? What if we said: you don't have to work on anything else, just Pingit?

And you're going to roll up your sleeves and sit at the same table with the operations guy and the coder and the developers and the marketing guys – we're all going to sit together and make decisions and build this product."

This more collaborative approach allowed a much faster time to market. Interestingly, despite tight deadlines, the development was much more grounded in customer insight than usual: "the design guys very quickly understood what the customer wanted, and they were very quickly able to take that customer need and turn it into a very usable product" (Digital Director).

Pingit has now been downloaded 2 million times, has won over 20 awards for innovation in the banking space and is proving a commercial success. It has also enhanced the brand through delivering a differentiating, innovative service for customers that makes their lives easier.

Pingit has won over

20

awards for innovation

Case Study: Challs

Challs, a household product manufacturer based in Ipswich, is a leader in the UK's drain clearing market. It was set up in 1990 by Graham Burchell in partnership with a large franchise company. In 1995, the two parted company and Challs set up its own manufacturing facility to support new product development. Its relatively small size, however, makes it challenging to experiment and develop new products.

This influenced the decision to streamline and redesign its brands and product range in recent years in what is a niche market. It remains focused on its best-selling Buster brand, which sells 2.5million units in the UK each year.

The business leader as an advocate of good design

The company employs just over 50 people and has a relatively small management team, led by the managing director, Graham Burchell. In 2003, participation in a Design Council-led programme helped the company think through the business. It looked at not only its packaging design, but also how it presented this to the retail trade.

"It's about reinforcing and re-educating people ... and embedding that message in the culture of the organisation."

Finance Manager

The experience re-energised Graham's conviction that good design can give an SME like Challs an advantage over competing brands that can spend far more on advertising. It becomes all about convincing people to buy based solely on what is on the shelf, and that is all about design. "I have become quite an advocate of design", says Burchell, "and I feel very passionate about it … I do generally believe it gives us the point of difference, so we can't match the big companies in spend … but that doesn't mean that we can't match them in design quality".

Buster

Design is culturally embedded

"Graham has been the strong leader ... He firmly believes in design and marketing."

Production and Technical Director

Challs believes that design should be embedded in everything the company does, used to connect all activities, as well as planning and shaping what the company wants to be in the future. As part of developing its principles and processes, the senior management team at Challs have created an Innovation Room to get people to map out ideas and think through and analyse projects. The Finance Manager says, "It's about reinforcing and re-educating people … and embedding that message in the culture of the organisation".

The Buster range was developed a decade ago and it has since delivered huge return on investment: an estimated initial outlay of £100,000 has resulted in sales of about 2.5 million items every year.

However, in 2001 when Challs turned to Design Council for help, the company as a whole was having difficulties and knew a rethink was required. The redesign was not just about bottles and labels.

The first step in the design process was work with the management team to analyse the company's business and product portfolio.

The Buster range was developed

The product portfolio proved to be badly structured, while on-shelf presence lacked coherence and some products were delivering poor returns.

The decision to focus on the Buster range was about playing to the company's strengths – though even Buster was then fighting for shelf space against better known competitors.

The range was rationalised with all but four products either discontinued or moved into another Challs brand, leaving Buster dedicated to cleaning and unblocking plug holes and drains.

Challs then invested £40,000 – a year's profits at the time – in a design project to clarify the Buster brand's personality and positioning. Only then were products redesigned to stand out better on-shelf.

Burchell points out that while the main success of the redesign was increased sales, it also showed Challs how design could apply to a much broader context than they had previously imagined: the graphic but also the product strategy.

An estimated initial outlay of £100,000 has resulted in sales of about

2.5m

items every year

Case Study: DCS Europe

DCS Europe is a seller and distributor of health, beauty and household brands. It employs over 300 people and in 2012 reported sales of £149 million. Denys C. Shortt OBE, the founder, CEO and Chairman, has also devised a toiletries range comprising 70 products and exported to 65 countries.

DCS recently reached Top Track 250 – the top 250 private companies in Britain. Innovation, creativity and design are at the heart of what they do.

Entrepreneurial founder who believes in good design

"If you go back 15 years, there were ten companies that did what we did. Now there are three and those companies have not responded to change. They've not been at the forefront in innovation, they've tended to work a low-cost, low-profit model … they haven't all fallen by the wayside because they haven't had a nice design and big meeting rooms, but it's all part and parcel of creating the brand identity, which is DCS".

Commercial Director

DCS is an entrepreneurial company that aims to grow through innovation and design, and that is very customer-focused. "Everything we do here is entrepreneurial, everything we do is about growing sales … I've actually poured creativity, design and innovation as a wrapper around the whole business … It's something that we have to continue to do because it is so important for us to be innovative, modern, trendy … finding new customers, new white-space business … can come about through being good on design." (CEO, DCS Europe)

This perspective is shared across the organisation, and is reflected in the work environment, the offices, and a recently designed 'Innovation Room'. All interviewees agreed that physically representing in the workplace the company's beliefs in innovation and creativity was having a positive effect. The Finance Director says, "It's impressive, it makes you more confident if you're representing a company that's clearly investing and spending money on design and technology".

Design to enhance customer experience and increase sales

DCS also works with suppliers, manufacturers and retailers on bestselling products and how to display them in the most effective way.

For example, the company has invented a trademark called Poundzone through which it supplies point-of-sale stands and products to petrol stations or small stores, transforming them instantly into discount stores. This is significant, as this is the fastest growing area in UK retail. It also creates displays for large stores like Tesco and Sainsbury's and can repack products for smaller stores.

"What's special about these displays", says Shortt, "is that they're very high volume of stock … and it creates a massive volume driver [for sales] … Design and ideas and innovation can create huge [sales] and we know that, and that's why we tell all our customers about it".

Design to achieve competitive advantage

Emphasis on design and innovation and the creation of a recognised brand have ensured DCS's survival and growth since its inception and set it apart from its competitors.

The Innovation Room

The Chairman always wanted to have a nice working environment, but also a room that could demonstrate to clients what DCS stands for and is capable of doing. He decided to invest in an Innovation Room – something unusual for this type of business. The CEO says, "Some customers come in, not having known the company, and just think that we distribute products.

The innovation room … suggests instantly that we are a lot more than that and we have got a lot more added value sections within the company that can enhance their use of us". The room has not only improved DCS's external image, but also its employees' confidence and engagement. Shortt says, "When suppliers or customers visit, the whole room energises a meeting. It creates curiosity, it creates a competitive nature, it creates ideas and thought. We think every business should have one!"

Case Study: Diageo

Diageo is the world's leading premium drinks business with a full collection of beverage alcohol brands across spirits, beer and wine. It has a global presence, operating in 180 markets in 80 countries, with over 28,000 employees.

Since 2006 Diageo has placed particular emphasis on design and innovation with the aim of ensuring sustainable growth. The conversion of ideas into commercial projects is led by a dedicated innovation function and technical staff. While only 300 employees have 'innovation' in their job title, the company is creating a culture in which innovation and design are owned by the company and part of everyone's roles. In addition to its six international innovation hubs, Diageo also collaborates with external agencies and institutions on design.

Support from top management enhances the value of design

In 2006 the Diageo Executive Committee felt that design was playing too marginal a role in the company. It decided to appoint a Global Design Director and build an internal design function. The Global Design Director describes the role as leading "the thinking within the organisation, to define, get alignment to and then hold to a strategy around design".

Currently, rather than merely fulfilling an operational role, design is used to inform strategic choices over branding and positioning of products. This is only possible thanks to the organisation's growing appreciation of design's value, especially the backing from the Diageo Executive.

"This [level of involvement] is very unusual and I know it's a real privilege", says the Global Design Director, while, conversely, also recognising the need to further embed design in the company culture: "We have to talk the language of business, but it is also our job as leaders of design … to help people understand the thinking behind it, the value that a design approach can deliver".

The approach seems to be working, with the change felt among the network of external agencies Diageo relies on for project delivery. An external designer commented, "[The Brand Director's] understanding of what good design is, and judgement, has really grown".

DIAGEO

The design process

The culture at Diageo is collaborative and alignment-based. However, getting everyone's opinion to align on a design is generally difficult and can be dysfunctional. To avoid such issues, a two-stage design process was developed:

01. Consultation with experienced people who can represent a region, market or business division

02. Approval of work by a maximum of two people.

The first part is mainly consultative: a critical role on projects is played by "experienced people who have got the skill-set and the authority to represent their region, market, or business division" (Global Design Director). Then, to avoid endless debates and the negative consequences of so-called 'design by committee', "we will have absolute clarity on who is approving [the work], and that's a maximum of two people. Two decision-makers … experts who really know what they're doing … My view is you need strong, single-minded, knowledgeable, and insightful leadership … to drive through real design brilliance at pace" (Global Design Director).

Alignment between design and branding

While Diageo continues to launch new-to-world brands, design and innovation work also includes range extensions for existing brands and enhancement of strong equity-based brands. Good alignment across departments is seen as key here. When the design team and the brand team are not in full agreement with a brief it is taken as a cue to rethink.

The design of the label, the bottle, the glassware, the outer packaging and the marketing are critical tools in conveying clear and compelling messages about products and brands. A lot of time is devoted to understanding what the Creative Director calls 'the brand's world', so that things like bottle design and packaging grow out of and express a certain sort of emotional connection. The Global Design Director says, "If we redesign something … There's a reason that we've redesigned it, there's a significant improvement … and we'd like to shout about it".

As a result of successes over the past seven years – for example, the redesign of the Johnnie Walker range (see page 44–45), Guinness and Tanqueray – design spend is increasing. As one external designer says, Diageo now has a "culture of putting design at the heart of what they actually do … The brands that they look after are more seen as more premium brands … From a designer's perspective, it's very inspiring … The expectation is that every single presentation is so high … Our creative level is pushed all the time".

The impact of design on performance

The emotional connection discussed above is key to Diageo's design strategy. As the Global Design Director says, "the core of our thinking … around design is … that areas such as beauty and craft and ideas connect to people very deeply, and will bring about a level of emotional connection and love for brands".

The Creative Director adds, "People desire beautiful things. They desire them more, they've got a higher desire to purchase them and they're willing and likely to pay more". In other words, good design sells.

Importantly, this emphasis on design has also had a positive impact inside the company, both in terms of work environment and how people feel about their work. The Global Design Director says, "In re-engaging with … beauty, experience, emotion … we've helped people fall back in love with our products and our category … And that comes through to consumers, that you really love what you do".

The re-design of Johnnie Walker Blue Label

Johnnie Walker is one of the most celebrated whisky brands in the world. The brand has six core variants (Red Label, Black Label, Double Black, Gold Label Reserve, Platinum Label, Blue Label) as well as more premium priced variants (King George V, Odyssey and The John Walker). It also regularly launches special editions and associated luxury gifts.

Johnnie Walker has a long tradition of product and design innovation, with design and advertising icons such as the square bottle and the Striding Man logo.

Innovation in Johnnie Walker happens across both product and packaging.

Product innovation is developed on the basis of research into evolving consumer preferences and experiments with different blends of whisky. Packaging innovation aims to enhance Johnnie Walker's brand image and raise the overall value of the product. Johnnie Walker Blue Label is a good example of how design can impact performance. A recent redesign was core to the re-launch of the brand, "an inspired, full repositioning, with new marketing collateral" (Global Design Director). The 2012 Diageo Annual Review stated "the unveiling of the new Johnnie Walker Blue Label bottle was the re-launch of an icon. The design speaks to the rarity and authentic luxury credentials behind the ultimate expression of Johnnie Walker, fuelling global net sales growth of 27%".

The re-design of Johnnie Walker fuelled global net sales growth of

27%

Case Study: Gripple

Gripple is a multi-award winning manufacturing company founded in 1985 and based in Sheffield, UK. It is the market leader for wire joiners and tensioners in the agriculture and viticulture markets, as well as the leading provider of wire rope suspensions in the construction market. It is a business with 400 employees and a turnover of £40 million. It sells in over 80 countries, with 85% of its business outside the UK.

Investments in design and innovation have led to the creation of a loyal customer base. In spite of a Gripple product costing 25% to 30% more than traditional ones, Gripple can deliver higher performance, time savings and health and safety improvements, coupled with very high service quality.

The company Chairman believes strongly in good design

Innovation and design are embedded in the company and in its mission, and are at the heart of everything that it does. At the root of the 'Gripple Way' is the company Chairman who passionately believes in creating a long-term sustainable business; his mantra is 'Innovate or die'. He is a firm believer in the principle of always reinvesting a good share of profits into ideas and innovations. "He has a completely different attitude and a different way of looking at the world and he's been lucky enough to develop a product into a company" (Design Engineer).

Individuals are greatly empowered; interestingly, they have no job descriptions and are all expected to work on everything that needs to be done. "We're encouraged to be different, we're encouraged to fix problems, and we're encouraged to move into markets that nobody else wants to go into" (Design Engineer).

Design is used to provide a solution to problems

Gripple believes that the fundamental difference between success and failure is the capacity to understand and address customers' needs. "We tend to work on providing a solution. If you come to us as a client and give us a problem it's usually because there's nothing else out there" (Design Engineer).

Therefore, an 'Ideas and Innovation' team was set up "to bring out something that's completely new, completely different. So we're not a function that's trying to strive towards being better than a competitor. We're a service that's going to give you a solution to a problem" (Design Engineer).

The way of engaging with customers reflects the company values of innovativeness and collaboration. First, customers are invited to explore issues and challenges in the Ideas and Innovation office with Gripple staff. Then, opportunities for collaboration are discussed and potentially lead to the start of a new project. Importantly, throughout the product development process, designers interact with customers and users directly as well as with other internal functions, rather than fulfilling a purely operational role.

Learning from failure

At Gripple there is freedom to explore ideas and "we don't see failure on the path of a project as a bad thing … [In fact] fear of failure actually means that you're not actually going to take a design to the extreme" (Special Product Manager).

The company has set a target requiring that 25% of sales come from products that are less than four years old. To do this, they decided to build and use their own machines, creating an integrated system and eliminating manual product inspection. "Whereas most manufacturers have actually gone down the traditional routes where everything is fundamentally streamlined, it all looks the same, we've actually gone completely the reverse" (Special Project Manager).

Gripple's mission and values are to create innovative products, value their position at the forefront of their industry, and recognise that there is always room for improvement.

Design of Trapeze

Traditionally, the Gripple was a twin-channel product designed to provide either an inline joint or a loop termination around a post or some other fixing. The original Gripple would be used in a loop fashion to fasten to the ends. Trapeze is a single channel product, which means that the wire is only fastened through one direction.

This design allows a more discreet streamlined fastening. Trapeze has been very successful and there are now five products in the range. "It's a new product for a different application and provides to the end user, the installer, a potential cost saving" (Special Product Manager).
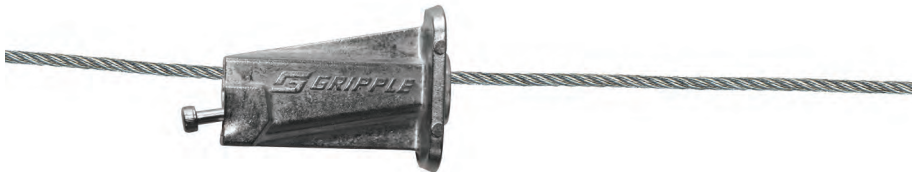
Case Study: Herman Miller

Herman Miller is a recognised innovator in contemporary interior furnishings, solutions for healthcare environments and related technologies and services. By the middle of the 20th century, the brand was synonymous with modern furniture. A publicly-held manufacturing company headquartered in Michigan, USA, it has operations in over 100 countries, with revenues that increased from $1.3 billion in 2010 to $1.7 billion in 2012.

It is renowned for collaborating with world-class designers and its iconic products such as the Aeron® chair, introduced in 1994, which redefined the design of office work chairs.

Design as a philosophy and a way to radically innovate

Herman Miller is one of the most celebrated examples of strategic use of design. Over its century-long history, the company has been able to challenge and reinvent concepts and products in multiple environments where people work, live, learn and heal. This ability to innovate – often radically – has its roots in design, with the company culture strongly linking design to problem-solving. As the Core Team Leader, R&D, says, "A culture that leads to great design is really about getting to the core of problem solving. And so it's not just creating something beautiful, but, what's the purpose? And, how will it make the lives of the people around us better? And, I think, having been here this long, I can honestly say, how does it enrich the lives of the employees who work here?"

Such a holistic perspective on design and innovation is embodied in the creation of concept books, which articulate the ideas at the heart of a new design. For example, when Bob Propst designed the innovative Action Office® for Herman Miller in the 1960s, it was accompanied by a whole book on how people work and why people need to work like this.

Such practice is still in use, as demonstrated for example by the concept book created for the Resolve® system designed by Ayse Birsel, one of our interviewees.

HermanMiller

The design process

New product development at Herman Miller follows a stage-gate process from ideation to launch. Although the elements of the process are standard, the execution is unique. Designers play the role of 'provocateurs' during early explorations. The approach is one of design-driven innovation. As the Director of Finance explains, where other companies commission design through their marketing departments in response to what they consider market opportunities, Herman Miller's approach is more exploratory and open-ended: "Find a few really good designers – external – then trust them … We kind of go: 'Well, here's a problem to solve. Send it out to the designers and see what they bring back.'" In addition, although some ideas come from this internal problem definition, they may also arrive unsolicited from external designers.

The open-endedness of the process and the trust placed in external designers is seen in the freedom of those designers to challenge briefs. As the Director of Insight and Exploration says, "They are provocative in their responses; in saying, perhaps: 'Here's the answer for what you asked for, but I don't think you asked for the right thing'".

Such reliance on external designers can only succeed if supported in four main ways:

01. Herman Miller has to identify and develop strong relationships with very capable individuals. The Director of Insight and Exploration says, "Over the course of a development process that … can last two, three, seven years … you develop that relationship and … trust by working together day in and day out".

02. Although great freedom is given to the designers, the company has clear and explicit brand tenets that guide the creation of new products. As the Senior VP Global Marketing puts it, "Is this a Herman Miller-worthy design or not? … We have ten tenets to describe [the brand]. And we live by those tenets".

03. Royalty agreements are made between the company and the designers to align goals and rewards.

04. Herman Miller has the internal capability to develop a concept into a commercial product.

Impact of design

Design and innovation are not ends in themselves. Great designs have to result in profitable products that customers are willing to pay for. As the Core Team Leader, R&D, explains, such market success comes from meeting both the design intent of the designer and the performance requirements that the customer is asking for.

Design plays a fundamental role because it differentiates Herman Miller from its competitors, especially in an industry like office furniture where there is high competition and very similar offerings, particularly at low price points.

The design of the SAYL® chair

SAYL® is a family of chairs designed by Yves Béhar, founder and principal designer of the studio Fuseproject. It was launched in 2010 with first customer shipments in 2011.

The project began with Herman Miller's intention to enter a lower price market, producing a chair that could be sold at $300 for contract customers and $399 for end users. The challenge was to create a low-cost chair that stayed true to the company values of quality, ergonomics and environmental sustainability.

Béhar had never designed a chair before, but had always wanted to. Herman Miller had the knowhow that would complement his design expertise to produce a workable product. After discussing the project with Béhar and Fuseproject, Herman Miller expected a standard response to the brief.

Instead, while Fuseproject did produce such a response, they also delivered a visually provocative and higher performance product at that same price point. The latter, more in line as it was with Herman Miller's portfolio and its profile as a design pioneer and environmental leader, was chosen.

The result, the SAYL® chair, is a great example of the designer's role in informing and leading new product development. The product is performing well, hitting the price and margin targets. It has exceeded market expectations globally, selling particularly well in Asia and in the United States.

SHOW&TELL

Case Study: Jaguar Land Rover

In 2002 the Ford Motor Company united the Jaguar Cars and Land Rover businesses to create a single entity. Jaguar Land Rover has existed in its current form since 2008 as part of Tata Motors. It operates six facilities for R&D, manufacturing and assembling in the UK and India. In the year ending 31 March 2012, it sold over 300,000 units, an increase of over 25% compared to the previous year. Sales are almost equally split between continental Europe, United Kingdom, North America and China, with China soon to become the dominant market.

After recent successful new product launches, the organisational structure was modified to put the Design Director at the same level as the Engineering Director. Our research focused particularly on Land Rover.

Design reflects the brand

Land Rover has a clear brand positioning that combines design and capability. Product development is very formalised, with a clear design language laid down in a 'Design Bible' that defines what makes a Land Rover, while still leaving room for it to adapt to a changing world. A new vehicle must have its own distinct personality, but be recognisably part of the family too.

Therefore, design has to play a double role: to spur and enable innovation, while keeping true to the brand values.

"Even though they've got their own personalities, there's certain design cues that are immediately apparent across those Land Rovers. We're not going to produce cars that aren't true to the brand. So we have a brand position, if you like a brand DNA. Land Rover makes SUVs, sports utility vehicles. Jaguar makes sports cars, sporting sedans: that's the DNA. That's the heart of it."

Group Sales Operations Director

The role of design and designers

Thanks to recent commercial successes such as the Range Rover Evoque (see page 58), Jaguar Land Rover has increasingly invested in design and the design team has been given greater prominence, so much so that design is now embedded in the company culture. The Director of Business Transformation say, "I think there is a general understanding that design is of the utmost importance in terms of being able to compete in our marketplace … it's seen as a differentiator".

The design of Evoque

The Range Rover Evoque was launched in September 2011, developed to enter the fastest emerging segment in the automotive world: the compact premium SUV market. The first test of a concept car (called LRX) was undertaken in January 2008 in Detroit, and feedback was very positive, as it was both a design concept and a car concept.

The Group Sales Operations Director says, "it was … testing some design cues, design language if you will, that our Design Director was looking at the time, which has had a big influence on subsequent cars that have come out".

Importantly, design was leading to the creation of a new market space for the company, the Director of Business Transformation explains, "We identified a white space opportunity … the compact, premium SUV segment … We used design … as a major factor for that product to make sure it was basically creating a segment". Throughout the development process, technical adjustments and customer feedback informed the process, but design retained a leading role.

As the Director of Business Transformation explains, "as you go through the detailed feedback from customers and the detailed technical engineering of the product you make adjustments accordingly, but the design led the market research rather than the other way round".

Case Study: O2

O2 is a leading provider of mobile services with a strong brand at its core, offering communications solutions to customers and corporate businesses in the UK. The brand is part of Telefonica Group, and has 11,000 employees, 22 million customers and a turnover of 7 billion Euros. It continues to enter new product and service categories, challenging and changing the use and functionality of mobile phones.

Good service design is a critical success factor for a company like O2. To improve time to market and customers' uptake of and satisfaction with new services, a Customer Centred Design process (CCD) was recently introduced.

Design is a process that helps bring service to life

At O2 design is a way to connect different departments and to provide rigour and consistency to new service development. As the Chief Marketing Officer puts it, design at O2 "is not about the look and feel. It is about being deliberate". This is a natural emphasis for service design, which is about configuring the service's 'touch points' – the points of interaction with the service – to create the best possible customer experience.

Customer Centred Design (CCD) helps teams achieve this by taking them through a visioning stage, a crystallising stage and a prove-it stage, before they go into build phase and full launch. The process was trialled for six months before being rolled out company-wide.

Great emphasis is placed on tighter collaboration and consistent execution, with the new CCD process adding clarity of roles at different stages of the process.

The Lead Designer says, "Design was introduced because nothing was joined up … The new design process has brought people together". Part of this has been about strategic use of the physical space to create a highly agile and collaborative work environment: no closed meeting rooms, lots of white boarding and desk types that allow teams to quickly reconfigure space.

Following the introduction of CCD, the company uses soft launches and pilots – a huge help in getting a handle on the erratic nature of projects.

Recent successes borne out of the CCD process are My O2 (see page 63) and Direct to Bill. The Head of Service Management describes the latter as an example of "brilliant execution where we've used the CCD process in anger and really delivered a great product that works every time. We've not had any significant problems with it since launch. It's very simple, everyone likes it, it works well and it does what it says, basically" (Head of Service Management).

The design ethos

There is a design ethos that is embedded in how O2 works. It is not just about creating a physical representation of something before it is designed and built. Rather, the design ethos extends to how to commercially design a new product or service. What is the simplest commercial model for a particular product?

How do you design elements of the service that could affect the customer experience but that are not visible to the customer? This thinking gives everyone a lens on the customer experience that runs through a product or service in all its dimensions.

The Head of Service says, "Design ethos is about simplicity and elegance in the user experience. It's about the brand look and feel, the little touches that make it O2; it's about quality and it's about consistency".
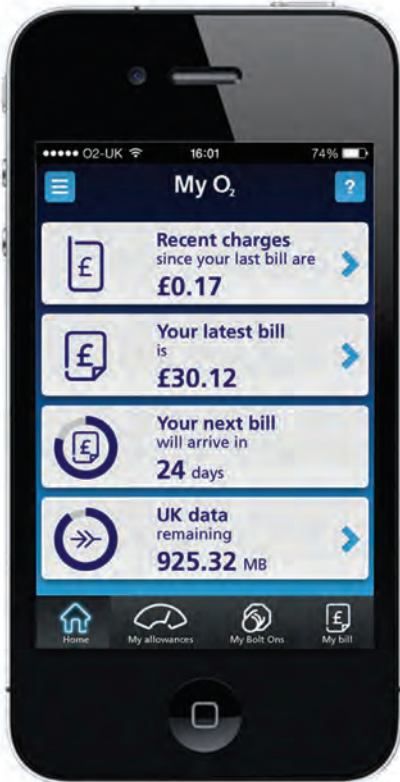
My O2 App

The My O2 App has been available to customers since 2009, allowing them to check bills and the status of their allowances. Version 3.0 was launched in April 2012 and was not well received. It had been designed more from a technical than a customer perspective, resulting in unsatisfactory user experiences, negative feedback and a failure to meet O2's 'digital first' ambition for enhancing self-service.

With CCD, the redesign of the application naturally started by placing emphasis on the customer. Customer segmentation analysis and typologies helped keep the focus on the target audience and maintain knowledge as the project went through its various stages.

User research was undertaken and the product developed iteratively: User Stories helped prioritise functionality; the CCD 'crystallise' stage focused on customers' wants and needs; in the 'prove' and 'build' stages, the target experience was prototyped and refined, checking back with customers; in 'launch' the application was Beta-trialled internally with 130 users.

Throughout the process, a Customer Experience governance board repeatedly provided seamless and quick support, helping to prioritise functionality and get views from other parts of the business that would previously not have been involved.

The result was dramatically increased efficiency: the new application was developed in eight months and launched to over one million users in the first week without any issues. It has very high customer satisfaction and has helped reduce the number of calls to customer service, saving O2 millions of pounds.

Case Study: Reckitt Benckiser

Reckitt Benckiser is a multinational consumer goods company. Headquartered in Slough, UK and with operations in around 60 countries, its products are sold in nearly 200 countries, with total revenue in 2012 of £9.6 billion. Formed in 1999 by the merger of Reckitt & Colman plc. and Benckiser NV, in 2009 it reorganised around 19 Powerbrands, including Dettol, Strepsils and Veet.

The senior management team's strategy of 'innovation marketing' – a combination of increased marketing spending and product innovation, focusing on consumer needs – has been linked to the company's ongoing success. Five years ago a new design unit was created to increase design's contribution to the business in the form of improved brand recognition, cost effectiveness in the supply chain and overall strengthening of existing brands.

Design and corporate culture

Introducing a design department and recruiting designers was a matter of culture, not just structure. For design to be effective, its importance has to be recognised by other departments and its processes integrated with theirs. As the Global Marketing Excellence Director puts it, "if we're developing packaging around innovation we're also developing communications, we're developing digital marketing programmes … Getting all the people to contribute to the creativity upfront in a project is important".

The Global Design Director took a conscious decision to lift the company's use of design to a higher level, instituting clear step-by-step processes, managing expectations and educating constantly. The design team shares case studies and good practice wherever possible, to tease and provoke people elsewhere in the company.

Design and branding

For a product to succeed it is necessary to develop the "design strategy and brand strategy first: to make this project effective … the process has to be effective as well" (Global Design Manager).

Before the design team was established, there was inconsistency in brand communication and diversity in brand appearance on shelves. Over the past few years, the design team has been gaining influence on how the product looks, feels and communicates to consumers.

The Global Design Manager says, "You can't just put a new bottle on the shelf and expect this brand to be repositioned. It's got to be from the core, from the heart … With design, your company will be recognised by, and loved by consumers for breakthrough ideas, exciting products, exciting campaigns; brands that you can adore".

The role and impact of design

At Reckitt Benckiser design is about not just packaging, but also consumer experience and cost effectiveness. The Global Marketing Excellence Director says, without design "I think we would instantly start to lose the global look and feel of the brands … [also] there are cost efficiencies in what the design team have done around harmonising packs, designs, etc."

HEALTH · HYGIENE · HOME

Re-design of Lysol

The new Lysol range was recently redesigned both in terms of structural packaging and graphics, with a switch from labels to sleeves and a new way of communicating benefits to consumers. Packaging creation was strongly influenced by consumers and that ensured it was engaging for consumers. Design was used to make the product simpler, more engaging and more effective.

Reducing the text on the package delivered much stronger standout from the shelf, taking it from being a product within a sea of triggers to really standing out. The Global Design Director says that design impacted sales very positively.

The quality of design has improved enormously since we've had the design team and they constantly provoke on this whole issue of cost versus value.

Global Marketing Excellence Director

Case Study: Speedo

Speedo is a top manufacturer and distributor of swimwear and swim–related accessories, established in 1914 in Australia. Since 1990 it has been part of Pentland, a private, family-owned global brand management group. Known for its products designed for Olympic athletes, Speedo's main customer target group is competitive swimmers. In the performance swimwear market segment, worth £130 million overall, it has more than 60% market share.

Since its beginnings, Speedo has been committed to innovation, using cutting-edge technology to increase its competitive swimsuit product line's performance and style. To stay ahead of the game, Speedo established 'Aqualab', its own internal state-of-the-art R&D facility, employing garment engineers, materials experts, designers and product developers.

The role of design

Design has been the differentiator for Speedo since its creation, key to ensuring it is seen as the world's fastest swim brand. Its high point was the Beijing Olympics when the company had 94% of all gold medals in the pool, based on the design of the LZR Racer suit.

"Design is everything … without it we have no business. In all of our brands and all of our categories there is intense competition and anybody can design a decent product. They can't all design outstanding products. So, design is the differentiator."

Chairman, Pentland Brands plc

At the same time, Speedo's products aim to be stylish, appealing and desirable. "Speedo isn't just about dark blue and black swimsuits or jammers, it's actually about colour. Good design sells." (Global Marketing Manager, Speedo)

Design as a differentiator for the brand

The final goal of design and innovation is the brand, and the delivery of the product in line with the brand and with the company's strategic direction. Within Speedo there is increasing interest to align design and branding.

"What we want is something really ownable by us, distinctive … something that is a brand for me and I recognise that signature equity … Nobody else can match that, and I think that's where the importance of innovation and design comes in. It's having something ownable. So we've got to keep striving for that."

Global Marketing Manager, Speedo

The design teams work internally to promote greater appreciation of what design is and what it can deliver across different areas of the business, as well externally to educate the business partners, who interact directly with the customers. Recently, a Retail Lab was created to develop mocks of the store interiors and to say: "This is what looking great looks like, partner and retailer, and if you do it like this you'll both win. Wholesaler, you will sell more in because the retailer will sell more out" (Global Marketing Manager, Speedo).

The design of the work environment encourages creativity

Speedo offers a vibrant, well-designed work environment. There are also works of art at the parent company's headquarters, and cross-functional conversations take place in informal settings. For all interviewees, it was important to see design being utilised not only in Speedo's products, but also in office spaces. It is important to have "a nice, well-designed environment that has colour, that is well laid out, has lots of light … It's a really nice design from the entrance to where people work, really nice.

I think that works really well" (Global Marketing Manager, Speedo). "It's quite an alive environment … people working here have quite a lot of passion for swimming and also they do have a passion in the sport category" (Senior Designer, Speedo).

"Speedo isn't just about dark blue and black swimsuits or jammers, it's actually about colour. Good design sells".

Global Marketing Manager, Speedo

Aquapulse Goggles

Aquapulse Max is a product focused on the male swim fitness market. It has a distinct look. From a design point of view, Speedo is offering something different to the market in a category that is strategically important and in which it is investing.

From a financial point of view, Aquapulse Max has been very popular: "It does feel like a really successful product … it's sitting very profitably and … it's a typically higher price point than most of the rest of our goggles" (Finance Director, Speedo). This is fundamental, since, in the goggles market, "if you want to fight a battle on the basis of cost, I don't even see the point of starting the battle" (Senior Designer, Speedo).

Case Study: Trunki

Trunki is the brainchild of designer Rob Law, who first came up with the concept for a child's ride-on suitcase in 1997. The company formally started trading in 2006 and believes travelling should be an exciting and educational experience for children.

Its talented team of designers are dedicated to creating products to fulfil this aim. As of 2012, Magmatic, which owns the Trunki brand, has sold more than 1.8 million Trunki suitcases across 97 countries worldwide. The company now sells over 50 products and the suitcase has won many awards.

Design is used to create a lifestyle brand for children and families

Trunki's branding strategy supports and encompasses all the products in its different categories. The company uses design to develop innovative products that address the travel needs of both children and parents, focusing on creating memories and making the journey as exciting as the destination. The CEO says,"We're creating a whole family of products that address travel needs so, yes, a travelling family would be interested in purchasing the whole range".

The main challenge for the company is to educate customers and retailers about its products. The CEO says, "The challenge when we first started [with the ride–on suitcase] was luggage buyers thought it was a toy and toy buyers thought it was luggage, because it's a new product category. No one knows what it is and no one wants to take the risk; so you've got to educate the customers first about it and that they can buy it from somewhere". The Marketing Manager says, "We're trying to create a travel category because a lot of our stores don't necessarily have a … travel area so we're trying to get as much product together in one place as we can".

A young, design-led culture

The design and innovation work is driven by the company's internal values, which are innovation, dynamism, responsibility and having fun. According to the CEO, "design goes a lot further beyond just the products though. It's within the whole organisation from the working environment to the management thinking".

The company never tries to match what other people do; instead, it focuses on finding a new space to fit in. It does so by identifying the customer needs and then coming up with concepts to address those needs. There is no standardised process, it is more about the culture and the extent to which design-led innovation is embedded in how the teams think and work. The Head of Design says, "What we want to be and … what we really enjoy is being that company that people look to for something new". This is echoed by the CEO: "It's all about problem solving and looking at things differently. Why do we do things that way? Is there a better way of doing it?"

Design makes products distinctive and marketable

Trunki's main product – the ride-on suitcase – was developed not in response to existing items, but to solve a problem. The CEO explains, "Some markets travel more than others, some travel more by plane than others; but children all over the world get bored while travelling, so there's a big opportunity".

Beyond that, design makes the products stand out in a saturated market and it gives them credibility and desirability. All our respondents were clear on design's importance in this respect. For the Sales Captain, it ensures that the product ticks retailers' boxes for both desirability and functionality. For the Head of Design, it builds a fan base, creating brand loyal customers who will continue to buy Trunki products into the future.

The redesign of the Trunki suitcase

The ride-on suitcase is Trunki's most popular product. As the Sales Captain comments, it has become synonymous with kids' travel, with something like one in 20 kids in the UK now owning one. Trunki's 2 millionth ride-on suitcase was sold in October 2013.

The design is recognisable and iconic, but design is not just about aesthetics. Recently, designers and engineers completely reengineered the UK version of the suitcase. They eliminated all metal components, reduced assembly times and cost, parts needed and part costs, and made the product much more reliable.

Case Study: Virgin Atlantic

Virgin Atlantic was founded in 1984 and it is the UK's second largest airline. It has a fleet size of 41 and it flies to 34 destinations. It was the first airline to provide passengers with in-flight entertainment and has won numerous industry and design awards for its services over the years. It is also recognised for its international Clubhouses.

Virgin Atlantic has been earning double-digit profits since its inception and innovation and design are at the heart of the business.

Design is culturally embedded in the organisation

Innovation and design are key to Virgin Atlantic's success. The leadership team is very design-literate and recognises the importance of design to the business. "Because it's a fundamental part of our DNA, there is a real strong recognition that innovation and design … is what makes our brand strong." (Director of Brand and Customer Experience)

Importantly, design is not just a function, but a perspective, a way of looking at things: "What you are embedding is the important bit. Are you embedding design and the design team? Or are you embedding a point of view?" (Head of Design).

This perspective is one that should strongly connect with the company brand: "Brand and design is not something that is done by this team of crazy kids on the third floor, but it's part of everything, part of everybody's world" (Director of Brand and Customer Experience).

Similarly to other companies in this study, interviewees emphasised the importance of design being connected and supported by the CEO and top management: "You can be the best designer in the world and have great ideas, but unless you have directness and linkage and a common point of view, you often fail … We've always had a very direct and understood relationship as a design team with the CEO, so there's directness [in decision–making]" (Head of Design).

Design is about solving problems in a creative way

Design is often associated with the creation of beautiful products and smooth access to services. Instead, at Virgin Atlantic design has a much broader meaning: "The design team is … a creative, problem-solving function, expert in human behaviour. [That's] how we see ourselves" (Head of Design).

The service design process starts with understanding customer needs – functional, practical and emotional. To do so, a range of approaches and tools are used, for example, customer feedback, customer satisfaction surveys, observation, semiotics and ethnography.

"And then when it comes to designing the customer proposition or the service, we … use the brand as a lens … Rather than it being a generic response to a customer need, it's: how do we get it in a Virgin Atlantic way? How do we make it different?"

Director of Brand and Customer Experience.

Success therefore depends on the capacity to deliver a unique experience to customers: "You can design something beautifully, but if the customers don't find it to be what they've been wanting and it's not differentiated, it's difficult to sell" (Sales and Marketing Director).

And it is fundamental to create a service–oriented culture that focuses on people's wants and needs, rather than on the services / products themselves. Within service projects, the design team emphasises the emotional qualities of the service experience and "that ultimately service is all around people. So it's the people that really are the key differentiator for many organisations, not necessarily the products" (Head of Design).

Design is an expression of the brand both externally and internally

The external and internal expressions of the brand are equally important. About two years ago, the company decided to refresh its working environment using the culture and spirit of the brand as a lens. As a result, a large project was undertaken "to completely revitalise our internal environment [so that now it] absolutely reflects the external expression of what we do" (Director of Brand and Customer Experience).

For example, break-out areas were added in offices, so that interaction would become about meeting spaces, rather than necessarily about formalised meetings. Also, "we had a lounge at Heathrow – obviously, our Clubhouse – which is beautiful for all of our customers, it's a great place for our people to work. But then our cabin crew, we could just put them in a room with a bunch of chairs, but, no, we've created a space for them that … has a sense and a feel of our Clubhouse, so that they also are treated like customers in our business" (Director of HR and External Affairs).

Upper Class Suite

One of the best examples of service or experience orientated design at Virgin Atlantic is the Upper Class Suite. This project originated from Virgin's recognition that there was a business need around creating a flat bed. Competitors focused mostly on the product itself, whereas Virgin adopted a broader perspective around customer needs, therefore the project "incorporated everything from the meal service to the on-board service, etc.

It was a good example of how you take an initial brief and you work it through and you involve key stakeholders and … key management to really challenge itself to think differently" (Director of Brand and Customer Experience).

Work on the Upper Class Suite and customer journey resulted in creating "almost a private terminal feel in a big airport like Heathrow with the Wing, which is where you can go in with a private drop-off, private security corridor straight into the Clubhouse. It's such a differentiator. And it's the start of your journey. And starting a journey like that, you feel great" (Director of Worldwide Sales and Marketing).

Appendix:
Interview questions

General information
01. What is your position within the company? Can you briefly describe your role and responsibilities?

02. One interviewee per company: Age and size of unit (headcount and turnover)

Projects
03. Name two projects – one successful and one less successful (also from a design point of view)?

Same questions for projects 1 and 2:
04. Why was this project successful (or not)?

05. What was the role of design? When did it come into play?

06. What were the conditions that made this project succeed (or fail)?

07. Is there evidence that design led to improved performance (or not)? (Probe: financial aspects (e.g., profitability, sales growth) and non–financial ones (e.g., raised brand awareness, improved strategic thinking)?)

08. Considering the two projects, were the following attributes recognisable, and can you give quick examples of how?

Strategic use of design

09. To what extent is design represented at boardroom/strategic level in your organisation?

10. What is the role of design in your organisation? (Prompt: Would you describe yours as a design–led organisation?)

11. If design is of high or increasing strategic importance, what triggered this? (Prompts: a successful design–led project, an incoming leader who valued design, analysis of competitors)

12. Why is the organisation investing (or not) in design? (Prompts: top–down management decisions vs. bottom–up initiatives; success of a specific project; competitors or other companies using design)

13. Are there specific barriers to the adoption of design at a strategic level (organisational culture, organisational structure, lack of executive sponsorship, etc.)?

Impact of design

14. Do you think, and can you give any examples of how, design brings financial benefits to the company?

15. Do you think design brings benefits in terms of creativity, innovation, morale, organisational development, culture, skills and training?

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