DESIGNING BUSINESS

Keynote Speaker

PETER LAWRENCE
Chairman
Corporate Design Foundation
Boston, U.S.A.
URL : http://www.cdf.org
Email : admin@cdf.org

On a number of occasions after telling people about Corporate Design Foundation and what we do, their reaction is "well, business now understands the importance of design, right?" The answer is yes and no. There is, as they say, good news and bad news.

A growing number of senior business executives do understand the possibilities of design. But many still do not. Unfortunately, the majority of mid-level managers do not. While there has been an increasing amount written about design in the business press, there has also been an equal amount in the general press which is misleading or just wrong. There is a great deal more to do.

We should probably begin with a definition. Design is a process that produces all of the things around us. If it did not grow or was not here already, somebody designed it, very often badly. It is a process that produces all the physical manifestations of organizations. In summary, the results are all forms of communications, products, and buildings. Design is about both appearance and performance. It is both form and function. Whether the design is a piece of printed material, a product, or a building, the end result must be easy to understand and use, as well as attractive.

You may have a great looking building, but as Donald Norman has aptly pointed out so often, most recently in *The New York Time*s, if you can not easily locate the entrance of a building and quickly figure out how to open the door—the designer or architect has failed.[1] The PalmV is a phenomenal success because it is both elegant and simple. It is easy to understand, easy to use, and does not try to be everything to everyone. People rave about the design of our magazine *@issue:,* done by Kit Hinrichs and others at Pentagram. But it is more

than elegant, it's easy to read. Our illustrations and captions make things easy to understand. One of the stories we've reported in @*issue:* is Tupperware.[2] Tupperware was reinvented under the design leadership of Morrison Cousins who for ten years provided exceptional examples of great performance and appearance in Tupperware products. We have unfortunately lost this design leader, Morison Cousins passed away last year.

While working on this article, I called RitaSue Siegel, thinking if anyone should know if things are changing, she should. Her company, RitaSue Siegel Resources, a search consultancy for senior creative and design management, is now part of Aquent. RitaSue feels that today many more business people know that they need design than did three years ago. A lot has changed in the past three years, senior executives in marketing, product development, and engineering understand design or they would not have gotten where they are. Now, you could say that this is a self-fulfilling prophecy. The people who get it go to RitaSue because they need design talent. The ones we need to work with are the people who do not call her. So, there is still work to be done, but let us look at what has changed. But it was particularly encouraging when I spoke to RitaSue in February, she said that activity in Product Design and Development was 'surprisingly good'.

There are a growing number of business success stories that we continue to write about in @*issue:*. The PalmV, designed by IDEO.[3] IBM's long term commitment to design which has been re-energized under Lou Gerstner's leadership and commitment to all aspects of design – their products, their communications, and their buildings.[4] Sam Farber founded OXO Good Grips on the principles of universal design and the company grew 50% per year for the first six years of its existence.[5]

There are others we haven't heard about. RitaSue told me about some of the companies that are constantly calling her – the unknown design stories. She told me about a call she got from a company that manufactures windows and doors. The caller said to her, and I paraphrase:

I'm a VP of marketing and product development. I just came to this company and I found that we have two engineers in product [development]. I know they need an industrial designer – how could they possibly think that they are going to come up with products that people are going to like without an industrial designer? There's a young guy here who really seems to get it, an engineer. The older guy doesn't know what the hell we are talking about so I am going to replace him with an industrial designer.

Or, there is a copy writer/creative director at Blue Cross of New York:

Whoever my predecessor was just giving this stuff out to every Tom, Dick, and Harry—whoever would do it cheaper. I think that we should have a look about our company. When we send something to our agents they should know that it comes from us. This is Empire Blue Cross of New York. We should have literature about us for our own employees that they should be proud of

and should be easy for them to read what their benefits are.

And there are many more of these stories. So it is changing, more managers understand design. They are not just hiring people because they were told to do so, but they understand why they need design expertise.

What has caused this? What else has changed to enable this to happen? Four things have been going on for some time that have influenced business understanding of design. The first is articles in the business press. There are more stories in the business press about design. We are particularly indebted to Bruce Nussbaum of *BusinessWeek* for his pioneering design coverage many years ago; his collaboration with IDSA on the IDEA awards; and working with AIA and McGraw-Hill on architecture awards. *Fast Company* has covered design since it began. Articles about design appear in the general press: in *The New York Times*; a recent cover story in *Wired*; a front page article in *The Boston Globe* about the Aeron Chair, and so on.[6]

The second is design evolution in retail. It began with specialty catalog companies concentrated in the San Francisco Bay area: Smith & Hawkin, Williams-Sonoma, Patagonia – high quality products presented in exceptionally high quality catalogs and later in the retail environment. On a larger scale, there is Crate & Barrel's complete attention to design, including temporary employees at Christmas getting a talk about design before they started work. All these efforts have raised the design bar, but they have been in somewhat specialized markets.

A more recent example, Target has raised general design awareness to a new level. We reported on Target's exceptional example in Volume 5 of @*issue:*.[7] Target's program began with many things including an exceptional advertising campaign featuring models wearing a paper clip blouse, or a necklace made of wrenches, and of courese, their line of products designed by Michael Graves. That relationship began when Graves was working on a scaffolding design for the Washington Monument Restoration, a project heavily funded by Target. Here is a company working with an internationally known architect and designer, Michael Graves, to design the scaffolding for the restoration of the Washington Monument. The result was liked so much by the residents of Washington DC that they wanted to keep it up longer. An exceptional program in every way that's definitely pushed the envelope. So that was a digression on the second of two changes that have taken place over some time.

Third, a new generation. Both Alan Weber, one of the co-founding editors of *Fast Company*, and George Gendron, the editor of *Inc.* feel that the recent ranks of business leaders are more design conscious. This younger generation of leaders are more visually astute than their predecessors. The new leaders in the window company and in Blue Cross New York intuitively get it. The leaders we've reported on in @*issue:*, Jeff Hawkins, co-founder of Palm; Joyce LaValle, Senior Vice President of Marketing, Interface; Kenny Kahn, Vice

President of Marketing, Muzak, all get it.

The final change that I think has influenced this increasing understanding of design is brand awareness. It's almost being talked about too much. Bernd Schmitt, Professor at Columbia's Business School, co-author of the book *Marketing Aesthetics*, and more recently *Experiential Marketing* covers this awareness of the importance of brand.[8] As this brand awareness goes up, there is usually, not always, a parallel understanding of the power of design to represent the brand promise. Alan Weber, in his interview in @*issue:,* talks about brand as "promise to the customer" –something that is more important that ever on the web, which, "is so overloaded with clutter and information, that brand becomes an important differentiator."

One of the most important events in the discussion of brand is the publication of Joe Pine and Jim Gilmore's book, *The Experience Economy*.[9] Pine and Gilmore talk about the progression of economic value from commodities, to goods, to services, to experiences. They use many exceptional examples such as coffee: moving from the commodity of coffee beans, to goods sold by Maxwell House, to the coffee service at a diner, to the experience of getting coffee at a Starbucks. The design implications of this transition are enormous.

So things are changing, a growing number of managers understand the power of design. This has been accelerated by the business press, the retail world, a new generation of business leaders and a focus on brand.

But there are still problems, or we should say opportunities. There are still a large number of mid level managers who do not understand the resource design offers. To them, it is still an unessential add-on at the end of the process. Why is this? Given the changes that are taking place, why are there still those that do not get it. I want to touch on a few of these reasons and then what you can do about it.

Tom Peters, who also was interviewed in @*issue:* says that it is "because we [executives] are literalists. We're trained as engineers. We have MBA's. Because we believe that business is a reductionist activity rather than a holistic activity." At one point in the interview, Tom told me that one of his MBA students told him that 'MBA' should stand for Master of Business Analysis, "because we never do anything real we only talk about stuff."[10]

Another reason for design not catching on with business is that, up until recently design has not been part of the business vocabulary, not part of business literature, nor part of business education. It has not been on their palette, it has not been on their radar screen. This is changing, but business has not changed enough. The majority of business publications do not write at all about design. The majority of business schools still do not have anything about design in the curriculum. Although at the Foundation we are definitely trying to change that.

An engineering focus is the other part of the problem, reported in a *US News & World Report* feature, "High Tech Overload."[11] As one subtitle read "gadgets

were supposed to make life simple, but some just make people crazy." Businesses run by engineers tend to be technology focused rather than people focused - the more features that you can throw at a person, the better. Yet, statistics from the Gartner Group show that most people use only about 35% of the technology that they get their hands on. This is as true of software as it is of hardware. The problem of this engineering focus is well reported in Alan Cooper's excellent book, *The Inmates are Running the Asylum.*[12]

The press is the final part of the problem, in particular the general press. Some articles reinforce design, but many continue to be in the Art & Leisure section, reinforcing the idea of design as style and fashion. *Time Magazine* in March of 2000 had a cover titled "The Rebirth of Design".[13] Unfortunately, the subtitle read, "Function is Out, Form is In." *Time* got it all wrong, with good design function is never out. The cover photograph of a rubber-encased radio in a bowl of water was not exactly the image to inspire business confidence. But it got worse in this cover story article. The article said that the US auto industry was finally paying attention to style, but in fact the problem the US auto industry has had was an over-attention to style. The rebirth of the American automobile industry began with the Ford Taurus and the vehicles of Chrysler, which focused on ease of use in repair as well as appearance. The designers of the Taurus got a standing ovation from a conference of service technicians because of how they made what was under the hood easy to find and identify.

So what can designers and architects do about all of this? How can you get better clients and achieve greater results whether you are a consultant or you are working in-house? And if you are a client, what can you do to advance the understanding of design? Here are seven ways you can start:

1.) *Understand the client* – know the client company, the industry, and the potential customers before the first meeting. Clients must be willing to commit the time to provide this information.

2.) *Be a partner, not a consultant* – Rich Silverstein of Goodby, Silverstein and Partners, almost yelled at me in an interview when I referred to designers as 'consultants.' Consultant, to him, is a dirty word because they are "here today and gone tomorrow".[14] Rich described Goodby, Silverstein as "partners, in it for the long haul." This is as true for in-house designers as it is for consultants. This is how designers must think of themselves - as partners.

The way to do this is to collaborate with the other stakeholders. Collaboration is about bringing together a wide range of ideas. Designers are exceptional integrators, but it is also about achieving buy-in. If the client's product and marketing people are part of the process then the preferred solution is much more likely to actually happen.

3.) *Be strategic in your thinking, not tactical* – The designer may have been asked for a tactical solution and should respond to this. But also, using knowledge of

potential customers, the industry, and the company, the designer should present more long term strategic options. This must be done in the language of business, addressing how business goals will be reached.

4.) ***Read the business press***—*BusinessWeek, Fast Company, The Wall Street Journal, Harvard Business Review*. Designers and clients must do this to understand what's going on in business, but also to be aware of the design success stories in *BusinessWeek* and *Fast Company* (and occasionally others). For example, a recent issue of the *Harvard Business Review* had an article entitled "Enlightened Experimentation: The new imperative for innovation," by Stefan Thomke.[15] This article talks about the importance of experimentation. Thomke says "experimentation lies at the heart of every company's ability to innovate." He goes on to talk about the importance of "failing early and often but avoiding mistakes", and the role of designers in creating prototypes enable this to happen.

5.) ***Public Relations*** – As the publishers of *@issue:*, we get a lot of press releases from design firms. I can not overestimate how bad they are. They are irrelevant and useless. Almost all of them end up in the trash. Who cares that so-and-so was promoted to chief designer or partner? Designers must rethink the PR process and get out success stories in the language of business. How is design part of a business success story? In *Wired Magazine's* January 2001 issue devoted to design, the story "flash forward" about Polaroid's five year design plan happened because of the efforts of Dave Latori, Polaroid's director of industrial design.[16]

6.) ***Stretch*** – Designers should not hold back a wild idea that you think the client will never go for. I hear stories from design firms that the solution chosen by the client was the one that they thought they would never accept. Given the increasing awareness of design, companies are going to designers for innovation – give it to them. Many companies should try this more often. Successful stretching requires two sides: the designer and the client.

7.) ***Education*** – Encourage interdisciplinary university courses that bring together students and faculty from business, design and at least one other discipline. If successful design is a collaborative process, then it would be a good idea to start doing this as soon as possible. Corporate Design Foundation has had a great deal of success in encouraging and facilitating interdisciplinary product development courses that bring students and faculty from business, engineering and industrial design together in courses. We are now using these successful courses as examples to establish other kinds of interdisciplinary courses about communication and the design of the workplace.

To help you achieve these goals I offer Corporate Design Foundation as a partner. I was asked to tell you a little bit about the Foundation, so let me do it here. Corporate Design Foundation was established to promote an

understanding of design by working with business schools to have design become a part of the business school curriculum. The mission of the Foundation is to improve the quality of life and effectiveness of organizations through design. We work to establish interdisciplinary courses that bring students and faculty from design, business, and other disciplines together in interdisciplinary courses about product development, design of the workplace, or communication. What is most convincing to executives and business school students are success stories, examples where the understanding of design has made a real difference to business success. So in closing, I will return to a few examples from @*issue:*

Muzak

When you say Muzak to almost anyone, you get an immediate but negative reaction: "elevators" or "elevator music."[17] In 1997 this well known company was in trouble. According to Kenny Kahn, who had recently become Vice-President of Marketing, the company had "insufficient cash flow, increased debt, negative growth, and an horrible corporate culture." New senior management had given Kahn the mandate to revitalize the band. Muzak worked with designers at Pentagram to first analyze what the situation was. Negative perception based on an old idea of the company was holding the company down. The company's visual identity was so fragmented that it looked different in every city and region.

The opportunity was to communicate how Muzak's audio architecture can capture and project a brand, whether in a restaurant, a store or a company. The design objective became to shift from communicating about the science of background music, to the "art" of what Muzak could do for a company. To communicate that Muzak was about emotion and what they could do for a company, Pentagram developed a complete identity including a logo, visual vocabulary, a wide range of products, and a variety of media – from stationary to signage – and promotional brochures to vehicles. With the Seattle software company, Saltmine, Pentagram developed a multimedia sales presentation for a laptop computer entitled "In Motion." They did not just present what Muzak did, but engaged individuals in exploring the essence of what music can do for a company.

The final phase for the transformation of Muzak was a new corporate headquarters, designed by Pentagram partner Jim Biber. As part of the transformation of the company they moved, from Seattle to Fort Mill, South Carolina, into a new headquarters building that expressed the company Muzak had become. Kenny Kahn describes working with the architect, "Jim helped us figure out what sort of culture we wanted to create and was able to bring concepts from around the world into the design." The headquarters is now a destination for clients. Its open, exciting environment gives clients confidence

to trust their audio identity to Muzak. In talking about the design and work done with Pentagram, Kahn commented: "Pentagram gave us a visual foundation that let us actively and creatively show people what music can do for them. Design has not only been great for Muzak's business; design has given Muzak its soul."

Fast Company

In an interview with Alan Webber, one of the co-founding editors of *Fast Company*, he said the following: "Design was a key element from the start. We felt the magazine had to be as much a personal tool as a laptop, cell phone, or pager."[18] Here is somebody who really understands that design is about both form and function. Before there was a magazine when it was just an idea, Alan spoke about "prototyping the company" by working with Roger Black, an exceptional magazine designer. He spoke about having a very handsome prototype of the magazine done by Black and the fact that "his credibility aided our credibility." Webber felt having this prototype was an important factor in Mort Zuckerman providing funding to launch Fast Company. One of the things I stress when talking to corporate executives or business school students, I ask them to think of designers as someone who speaks a language that everyone understands. They are experts of speaking the language of models – one and two-dimensional representations of some future reality. An extremely important resource, not just for the next product line or annual report, but for discussions about what the company really wants to be.

Alan said something else to me which did not make it into the final interview: "Designers have a moral responsibility to think of themselves not as people who add the frosting on to the cake – but are in the kitchen when you're discussing what goes into the cake in the first place."

I will leave you with a final thought from Steve Jobs, CEO of Apple Computers, "design is the fundamental soul of what we create."

Endnotes

1   Kenneth Chang, "From Ballots to Cockpits, Questions of Design," *New York Times* (23 January 2001): 1, 4 (Science).

2   Corporate Design Foundation, "Tupperware Shows its Colors," *@issue: The Journal of Business and Design,* Vol. 5, No. 1 (Spring 1999): 6-13.

3   Corporate Design Foundation, "Beyond Techno Gadget," *@issue: The Journal of Business and Design,* Vol. 6, No. 2 (Fall 2000): 16-23.

4   Corporate Design Foundation, "Big Blue Reinvents Itself," *@issue: The Journal of Business and Design,* Vol. 4, No. 2 (Fall 1998): 16-25.

5   Corporate Design Foundation, "Getting a Grip on Kitchen Tools," @issue: The Journal of Business and Design, Vol. 2, No. 1 (Spring 1996): 16-24.

6   Beth Healy, "The Seat of Power," Boston Globe (2 February 2001): A1, A14.

7   Corporate Design Foundation, "Targeting Design," @issue: The Journal of Business and Design, Vol. 5, No. 1 (Spring 1999): 26-31.

8   Bernd Schmitt and Alex Simonson, *Marketing Aesthetics: The Strategic Management of Brands, Identity, Image,* (New York: The Free Press, 1997); Schmitt, *Experiential Marketing*. (New York: The Free Press, 1999).

9   Joseph B. Pine II and James H. Gilmore, *The Experienced Economy: Work is Theatre & Every Business a Stage* (Boston: Harvard Business School Press, 1999).

10   Corporate Design Foundation, "Tom Peters on Design," *@issue: The Journal of Business and Design,* Vol. 6, No. 1 (Spring 2000): 3-5.

11   James Lardner, David LaGesse, and Janet Rae-Dupree, "High-tech Overload," *US News and World Report* (15 January 2001): 31-36.

12   Alan Cooper, *The Inmates are Running the Asylum: Why High-Tech Products Drive Us Crazy and How to Restore the Sanity,* (Indianapolis: Sams, 1999).

13   Frank Gibney, Jr. and Belinda Luscombe, "The Rebirth of Design," *Time* (20 March 2000): 66-75.

14   Rich Silverstein, *Business, Design & Communication: The Reedy Memorial Teleconference* (transpcript), (Rochester Institute of Technology, 1997).

15   Stefan Tomke, "Enlightened Experimentation: The New Imperative for Innovation," *Harvard Business Review* (February 2001): 67-75.

16   Jessie Scanlon, "Flash Forward: Polaroid's five-year plan," *Wired Magazine* (January 2001): 170-176.

17   Corporate Design Foundation, "Muzak on Key," *@issue: The Journal of Business and Design,* Vol. 7, No. 1 (Spring 2001): 16-23.

18   Corporate Design Foundation, "Alan Webber on Design," *@issue: The Journal of Business and Design,* Vol. 6, No. 2 (Fall 2000): 3-5.