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Design Belongs in the Boardroom

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Are you prepared to compete in the new global marketplace? Do you have a clear grasp of the new global context? If you rely purely on traditional strategies to create a competitive advantage, the time has come to broaden your approach in order to differentiate your business.

3 fundamental changes

Consider how these fundamental changes have impacted the business environment:

- Startups, fueled by technology advances and the dreams of young people, are disrupting whole industries by offering a simpler, cheaper, or more convenient alternative to an existing product or by addressing a market that previously couldn't be reached.

- In the past, many companies could succeed in spite of producing inferior products by investing heavily in advertising. These days, however, the public is so inundated with branding messages that advertising can have little to no impact.

- Asian companies have moved up the value chain and can now pride themselves with many well-known brands. They often offer cheaper alternatives to western offerings while still maintaining a high quality.

All of these changes are rapidly creating a new reality for even the largest and most powerful corporations.

As a result, design has become one of the most important factors in any company's attempt to create a competitive advantage, to stay relevant, and grow. A company's products and services must continue to deliver on their promise and be better than those of its competitors' in order to retain customer loyalty.

Many companies have already realized the value of design in guiding corporate level strategies, and how it can contribute substantially to their financial bottom line. Some have even introduced a new title at C-level – the Chief Design Officer – to take on a role that may previously have been absorbed by a Chief Marketing Officer or delegated to lower-ranking product managers or design executives.

The reason for this shift in the last few years? A superbly designed product sells itself. Those who "saw the light" early had great successes, and others took notice. A time when the success of a company depends on the strength of its design is in the not-to-distant future.

But what is "good design"?

Design means different things to different people, but should be about bridging business objectives with an actual market need though a thorough understanding of the business's capabilities, limitations, resources, and values on the one side, and the target markets needs and trends on the other.

Design should be used as a strategic tool to articulate and position a business to establish a competitive advantage and ownership in a particular space. If done properly, design can tangibly and forcefully create a strong connection between a company and a market, and drive growth.

As a business leader, you should know the truth of your business, and any attempt to integrate design into your business should ring true to you. If it doesn't, walk away. Alongside the notion that design should be a factor in one's overall business strategy is the rise of digital media and worldwide online sharing. This new environment has increased the number of designers who are image-driven. Many designers are creating simply to provoke a response from the larger online audience, rather than immersing themselves in the inherent intelligence and strategy that already exists in a company and its surrounding ecosystem. Just like the tree that evolved in response to its environment, so must design evolve from the existing company ecosystem, of which the online world is only one part. Smart, strategic, business-driven designers know the social media and online universe isn't always your prime target audience. Don't fall prey to the 'shiny objects' syndrome online.

The paradox of quantifying benefits upfront

Few companies have a robust method for assessing design's impact on performance, especially the financial impact. There also seems to be a paradox: the greater the requirement for design to prove its contribution upfront through detailed analysis, the more conservative the approach taken. This can result in lower impact on performance. To address this, top management must trust, to a certain extent, the value of design and the work of designers.

A new analysis by the Design Management Institute, a Boston-based nonprofit focused on design

management, puts numbers to what designers suspected all along. It found that in the past 10 years, design-driven companies outperformed the Standard & Poor's 500—a stock market index of 500 large publicly traded companies—by 228%. These companies included Apple, Coca-Cola, Ford, Herman Miller, IBM, Intuit, Newell Rubbermaid, Nike, Procter & Gamble, Starbucks, Starwood, Steelcase, Target, Walt Disney, and Whirlpool. The investment put into better user experiences and innovative branding by these companies apparently paid off

Design in your strategy

As you consider how to include design in your strategy and make it an integral part of your processes, here are a couple of tips:

- Align design with your business strategy: Designers, with their in-depth knowledge about markets, customers and manufacturing, should act as a major resource for strategy formulation in all issues of corporate strategy – what markets to compete in, what segments to target, what strategy to adopt, which partners to strategically ally with. In order to convey these holistic perspectives, it is imperative that design is represented in the boardroom by someone who can speak to the directors and the CEO in their language.

- Connect your boardroom with your customers: Irrespective of how innovative a company is, how committed its employees are, and how competent the management is, if the company doesn't connect with the customer, success will be elusive. Management should evaluate their strategic decision in the context of customer feedback regularly. The boardroom and the CEO should be kept up-to-date about the latest customer preferences and how well corporate resources are aligned to meet those evolving needs.

The challenges

To us at Todd Bracher Studio, it is evident that design belongs in the boardroom, and we feel compelled to help eliminate some of the impediments we have witnessed. Here are a few reasons we believe many companies have not embraced design at a strategic level in spite of the mounting evidence to support it:

- Relating design activities to long-term effects
- Separation of individual design activities from other actions
- Use of purely financial methods for justifying and benchmarking design investments
- As such, designers are not given the opportunity to participate in the strategic decision-making of the company.

Two daunting challenges are:

- Measuring design outcomes: Design fundamentally differs from other functions within a company, such as finance or operations. Design is not as predictable as a machine process and there can be a considerable amount of time between design actions and the intended outcomes. Further, measuring outcomes will involve both financial and non-financial metrics. Given these underlying challenges, it is often difficult for designers to convince top management of design's ability to competently allocate resources and significantly contribute to the company's growth.

- Explaining design's centrality in a company: Design has evolved from being a tactical departmental function into a company-wide strategic discipline. Given designers' knowledge about customers and markets, design plays a central role in leveraging the internal capabilities. To assert such a central role within any company, designers should be able to understand the

different aspects of the company, its strategies, resources, and limitations. Designers face an immense task in educating and convincing the C-suite of their capabilities and rightful status.

Here at Todd Bracher Studio, we're constantly singing the praises of design-driven businesses. But "good design" can seem subjective and nebulous. If you are considering how to use design to create a strategic differentiation in your business, contact our studio to schedule a meeting.

About Todd Bracher Studio:

Todd Bracher Studio helps a wide variety of businesses realize strategic differentiation through design. Over the past 20 years, Todd Bracher has collaborated with some of the most prestigious brands around the world with experiences ranging from heading Tom Dixon's design studio, acting as the Professor of Design at l'ESAD in Reims France, serving as Creative Director of the Scandinavian luxury brand Georg Jensen, and acting as strategic partner to 3M, Humanscale, Herman Miller, HBF, Dupont, and Issey Miyake.

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About Rethinking Design:

Design has become one of the most important factors in any company's attempt to create a competitive advantage, to stay relevant, and grow. Rethinking Design will bring you thoughts and perspectives, and inspire and provoke you with examples of how design is reshaping our world.

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