

Design Leadership

Cross-pollinating design and management

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ABSTRACT

In a globalizing world economy, connected by advanced communication technology, low transportation costs and infinitely decreasing time-to-market, economists' assumptions of "perfect competition" and minimal marginal revenues are developing from model to reality. Within this context, design is growing into one of the most important means of differentiation. Not only as a tool for designing great products, but as a tool for designing great ventures. Design theory and design methodology is now being applied to areas of management and motivation. However, who should lead the new, design-driven businesses? Are designers ready to take the next step – to assume leadership of complex business and product development processes?

INTRODUCTION

Recent and upcoming conferences and events in the field of design research have drawn attention to the notion of "Design Leadership". Yet, the interpretation of this term is highly ambiguous and leads to questions such as – Who are the design leaders? What does design leadership mean? Is design leadership equal to market leadership? Why should a designer, without formal business or management training, be allowed to make decisions involving people's jobs and the future of a whole company? Are the "design leaders" just another attempt to inflate the importance of the design profession?

Evolution and technological revolutions shaped a market and an economy increasingly dependent on differentiation. "Standing out from the crowd" (Aaker 2005, Gilmore and Pine 1999, Kapferer 2000, Lorenz 1986, Peters 1997, Steen Jensen 2002) and to "zig, when everyone else zag" (Ridderstråle and Nordström 2004) is of vital importance when the global market approaches. A generally accepted answer to this challenge is to create a "sustainable competitive advantage" (Aaker 2005) or even an "unfair advantage" (Nesheim

2000). Design may be argued to be a good tool for addressing such issues.

NEW STRATEGIC MANAGEMENT

The New Strategic Management Theory, developed by Sanchez and Heene, proposes a model for creating such an advantage, consisting of a logically and internally consistent system of 1) a business concept, 2) an organizational concept, and 3) core processes (Sanchez and Heene 2004).

The business concept consists of three elements:

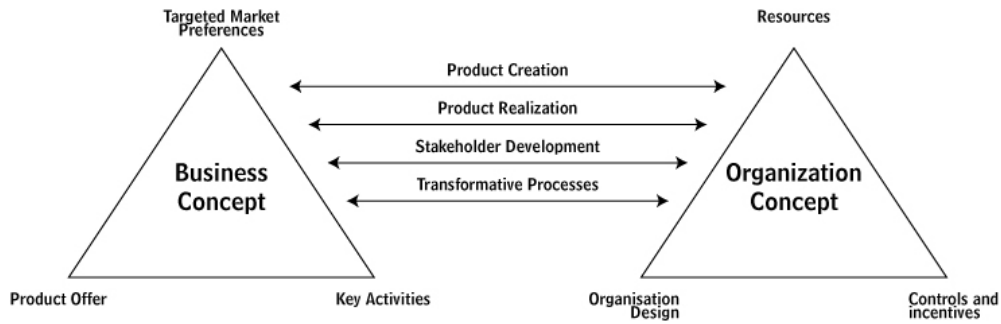
1. Targeted market preferences: Identify, evaluate and select the market segment(s) a firm will serve. Find sensitivities and preferences.
2. The product offer: An eight-dimensional concept focused on creating maximum Net Delivered Customer Value (NDCV).
3. Key activities: Dependent on delivering the greatest NDCV impact on customer perception.

The organization concept also consists of three elements:

1. Resources: The knowledge and core competences inherent in the company.
2. Organization Design: An organisational model suitable to deal with the challenges of the business concept.
3. Controls and Incentives: Common understanding of goals and "good performance" measures.

The organization concept and the business concept work together to drive the core processes of the company: product creation, product realization, stakeholder development and transformative processes.

Designers and managers are normally not a good fit. The differences in skills and values often lead to the impression that designers are only interested in the "higher" things in life, thus unable to cope with financial and strategic issues (Jevnaker 1999, Turner 2000). The authors of *Managing as Designing*, Richard J. Boland and Fred Collopy (2004) insist that managers have a lot



Adapted from Sanchez and Heene (2004): Business Concept, Organization Concept and Core Processes of an Organization (Competences)

to learn from adapting a “design attitude” to problem solving: too much emphasis in the business environment has been given to crunching numbers and quantifying everything.

In order to lead efficiently in an economy based on selling experiences and emotions, managers should not only be able to decide among the alternatives presented to them by staff. As equally important is the ability and the drive to create and design new alternatives (ibid). This argument is supported by Borja de Mozota (2003) when she asserts the “convergence of design and management”.

INNOVATION MANAGEMENT

“A good idea is a lot of ideas”
 (Tom Kelley 2001)

According to Borja de Mozota (2003), design relates to key innovation management issues and new product development (NPD) success, in line with important factors that are critical to innovation success: competitive advantage, the understanding of user needs, and the synergy between innovation and the company’s technological strengths. She asserts that design is value-creating in improving products and organizational processes, and that innovation is a collective and interactive process that is close to the reality of the design process, since it mixes internal and external factors. An innovative design process can help create an outstanding product through:

1. Conscious and prospective research of environment opportunities. The designer is an innovator who goes out, watches, inquires, and listens to the world around him, which means the first value of design is the development of ideas that can become concepts. The socio-cultural sources of design ideas are highly original and valued in terms of innovation, and enables cross-fertilization into a flow of ideas.

2. User-oriented philosophy. High-performance products and services need technological sophistication and innovation of use. This means a market-oriented NPD process and internalized customer information (Borja de Mozota 2003).

A recent, comprehensive analysis of a large number of empirical studies on success factors in R&D and innovation suggests that communication and cooperation are central elements for success, along with “a balanced mastery of all implied factors” (Brown, Schmied and Tarondeau 2002). Assuming that

Design concepts	Management concepts
Design is a problem-solving activity	Process. Problem solving.
Design is a creative activity	Management of ideas. Innovation.
Design is a systemic activity	Business systems. Information.
Design is an activity of coordination	Communication. Structure.
Design is a cultural and artistic activity.	Consumer preferences. Organizational culture. Identity.

Table 1: Adapted from Borja de Mozota (1998): A Comparative Approach to Design and Management Concepts

designers are most comfortable and most efficient working in a cooperative environment (Dumas and Mintzberg 1991) under an "umbrella" of "silent design" (Dumas and Gorb 1987), the activities of design and innovation seems to share crucial elements. Other findings by Brown, Schmied and Tarondeau (2002) suggest that having managers with a technological background on the board may have a significant impact on the innovation success rate. Dumas and Mintzberg (1991) cite the doctoral thesis of Takahiro Fujimoto (1989) when supporting the presence of a "heavy-weight product manager". Thus, in innovation management, especially when it comes to markets of design-driven (Verganti 2003) and brand-driven innovation (Abbing 2005), designers may rightfully assume leadership roles.

DISCUSSION: DESIGN LEADERSHIP

"Design leadership helps define the future, design management is a tool for getting there."

(Raymond Turner, www.design-leadership.com)

Leaders improvise to achieve a synthesis between vision and reality. They energize knowledge processes and innovation by clearly articulating competitive reality, company values and vision or intent (Reinmoeller 2002). Following this definition, designers and leaders have a lot in common. According to Reinmoeller (ibid), improvising suggests the best of both worlds – competition and playfulness, structure and openness, beginner's mind and professional experience, introspection and extroversion.

Several scholars argue that design is a strategic tool (Peters 1997, Jevnaker 1998, Turner 2000, Borja de Mozota 2003, Hargadon 2005) and that design makes an important contribution to innovation (Verganti 2003, Borja de Mozota 2003). Andrew Hargadon (2005) claims that as design, having established itself as a valuable and acknowledged part of a company's sustainable competitive advantage, creates a choice for individual designers: to enjoy their role as "valued contributors", or to play a larger role for leading firms. Hargadon suggests that the last alternative is the most viable one. This is supported by Eckersley (2003) and Turner (2000).

New York-based NextDesign Leadership Institute (NextD) also advocates a changing paradigm in design, where designers need to be prepared to take on larger strategic responsibility. Otherwise, warns van Patter (2003), the design community will end up as a field of labourers. NextD has developed what they call the "Architecture of HOW":

- Level 3: Mastering unframed challenges
Design 3.0
- Level 2: Mastering framed challenges
Design 2.0 (present state)
- Level 1: Mastering tools
Design 1.0

Given an innovation-oriented economy, networked organisations and a neatly intertwined global marketplace, new ventures are getting increasingly complex (Hargadon 2005). This calls for designers who are not only able to master the design of the product itself, or the translation of brand values or strategies alone. A design leader must also be visionary enough, imaginative enough, and have enough business competence to lay out entire business concepts (ibid). Or as IDEO CEO recently underlined: "If designers can get comfortable with the idea that they are 'designing business' on different levels, then they will do a better job of bringing value to businesses" (ibid).

All scholars and nearly all companies agree, in essence, that design and innovation are commercial imperatives. However, few companies are actually ready to put in the effort and money that are needed to succeed (Eckersley 2003, Friedman 2004). There are a number of reasons for this, but the first and foremost reason is risk. Another is a natural reluctance for change. Yet another is that designers today might not yield the sufficient confidence in business circles. Turner (2000) assert that designers acting as leaders may lead to market failure because of lack of business perspectives.

The field of leadership and strategic management is currently dominated by people trained in business schools. The entry barriers of professionals with diverging background, be they technologists, psychologists, sociologists, or designers, are not surprisingly raised to protect this equilibrium from changing (i.e. Porter 1979). The business world will demand clear financial evidence that design has a

positive effect on profits before even considering reserving a seat for a designer at the board room table. A substantial amount of design research has been focusing on how to quantify the effects of applying design early and throughout a product development process (Friedman 2004). A future design leader needs to communicate in ways that both business and technology trained people understand, and to make efficient arguments over design being an issue with considerable strategic and financial implications. Many designers today are unable or unwilling to do so. This may be because they are, in fact, more concerned with the "higher" things in life (Turner 2000), or because they lack competence in business and organisational theory (Friedman 2006).

At the moment, in the vast majority of design schools, these skills and competences are not taught. A few notable exceptions are found within the top tier US design schools, such as the d.school at Stanford University and the Institute of Industrial Design at IIT in Chicago (NextDesign Leadership Institute 2006). Design schools in general are lagging behind, not addressing the needs of future design leaders (Friedman 2006). This may

imply that design schools in some respects carry the same reluctance to change as the business world. While design should be about strategic agility and seamlessly adapting to new settings, the academic part of the design world seems to prefer denying future challenges (NextDesign Leadership Institute, *ibid*).

CONCLUSION

Management scholars within the fields of both design and business are advocating the virtues of the "design process" (Borja de Mozota 2003, Hargadon 2005) or the "design attitude" (Boland and Collopy 2004) in order to cope with an increasingly complex market place. While design scholars are focused on how to introduce or maintain designers in leading strategic positions, business scholars are suggesting taking on a "design attitude" to problem solving. This suggests that the area in which designers have operated as premium "complex problem solvers" is starting to become crowded. As GK van Patter of the NextDesign Leadership Institute notes: "It might be that designers will not be the ones leading design in the 21st century".

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