

State of Design – Design Capital Presentation July 16 2008

The focus of my presentation is a reflection upon *“the mindset required inside the studio and the clients’ office to communicate, differentiate, inspire and motivate.”* I will share my view of the role of design with business, why it’s important, and offer some clues as to where I think design as a profession is heading.

This message is on our front door, *“Welcome to a place where the past, present and future converge with unlimited potential.”*

Declaring my position at the outset will provide a context to my talk. I am passionate about creativity and the power it has to inform, inspire and influence thinking and behaviour. I am a graphic designer who is now in the business of Identity Design. With this mindset, I would like to think that my company R-Co is working with the challenges of the future and embracing the possibilities that change offers.

When discussing business; Peter Druker, the well known management consultant, saw the role of Business this way: *“The purpose of business is to have a customer.”*

When it comes to creativity, the designer, Robert Miles Runyan, probably best known internationally for his design of the 1984 Los Angeles Olympic Games identity gave his view on Creativity when he exclaimed: *“I’ll tell you where the satisfaction is in this whole business. It is my theory of what I call living in the fifth dimension. All creative people, whether they get it from themselves or a deity or whoever it is, have been given this privilege beyond any other in the world...beyond any other people in the world. They are the one-tenth of one percent who live in the exclusivity of the fifth dimension.*

Miles Runyan goes on to say: I’m not talking about the people who are creative attorneys and doctors or even the rest of the world’s masses. The fifth dimension is a privileged, exalted place to live, and that is the entire satisfaction in life. Not money nor the things it can buy...but that creative, ecstatic feeling that has you high up on creativity 24 hours a day. What I am talking about is the bottom line of everything. You see creativity can never be taken from you. If you have it, you really have it...you never stop.”¹

¹

Combining business objectives with creative problem solving, using the process of design, delivers rewarding outcomes far beyond dollars on the bottom line.

Let there be light

My experience includes the re-branding of Telecom to Telstra, Crown Entertainment, Sydney 2000 Olympic Games, Melbourne 2006 Commonwealth Games, Melbourne Cricket Ground, AustralianSuper, Tennis Australia, Melbourne Convention and Exhibition Centre and FoodWorks. Currently we are the Brand consultants to the \$1 billion Equiset redevelopment of Coburg, an image consultant to the Beijing 2008 Olympic Games and the Melbourne Formula 1 Grand Prix.

I have taken Miles Runyan's idea of the 5th Dimension and extended it as a theme for this talk.

Over 25 years I have been involved with the integration of design into the commercial world and supported the idea that creativity (and beauty) add business value when harnessed to strategic thinking. I have been part of a transition from design as a craft, to the commercialisation of design for business advantage, and now as it is used to assist contemporary culture navigate the chaos of convergence, establishing meaningful corrections. I see design as fundamental to creating desire – and to emotionalise the experience.

Dimension 1

Design for business

The focus at R-Co is on negotiating change and using design as the platform by which we can better communicate. In Australia it is only recently that imagination, creativity and design have forged a place on the business agenda. There is a new ROI emerging - *in the new economy Return On Imagination counts for just as much as Return On Investment.*

In a complex and competitive environment the experiences we seek at work, home and play are influenced by our emotional state. Design is fundamental to our sense of well-being. *Design nurtures the heart and engages the mind, stimulating desire and enabling rewarding outcomes.* Many successful businesses of today understand that design has value and use it to create advantage and “loving relationships”.

The graphic design profession has struggled to move beyond the notion of design as essentially an artistic, craft based endeavour. Although today graphic design is part of modern life, the industry prefers to focus on the aesthetic and trend influences, rather than embracing the fact that graphic design is fundamental to effective communication by Government, the community and by business.

Of course there is an important place for the satisfaction of personally crafted outcomes, but there is an even more critical role for design of communications in a world where convergence, complexity and change challenge us every day. And *beauty can be found in the design of outcomes that exist purely for business.*

In every aspect of our lives, design – (as it is expressed through graphics and information) – informs our thinking and shapes our perception. Consider the emotionalisation of messaging using web based communication; information provided through interactive way finding; communications expressed in congested urban and retail environments; essential reading as outlined in corporate collateral; life saving directions in times of need; and lifestyle delivered through the promotion of services, products and packaging. Design is essential for impact and bringing the message to life for the customer as an emotionally engaging experience.

In the field of ‘Design for business,’ creativity and the design process is used to solve problems, meet needs and create connection. Reflect upon the value of brands such as Crown and the integration of its entertainment experiences; the ability of Sydney 2000 Olympic Games identity to generate \$1 billion in sponsorship; the persuasion of the Tennis Australia re-brand as it amalgamated the agendas of six states under one single brand message; the repositioning of AustralianSuper as a \$28 billion financial powerhouse with 1 in 10 Australians as customers; the recognition of the Hamilton Island brand as a lifestyle symbol of the entire Whitsunday region. These organisations have used identity design to communicate their difference and their reason for being. The design succeeds because it differentiates, cultivates and inspires customers. Many visitors and employees tattoo the Hamilton Island brand as the ultimate personal endorsement.

Dimension 2

Enduring Greatness

“ There are only two things that make money, innovation and marketing – everything else is a cost.” So wrote Peter Drucker. This argument has never gained much traction

with CEO's, CFO's and company directors – many of whom regard marketing as an unquantifiable intangible. A recent Australian Institute of Company Directors – Growth Solutions Group survey, found that of the 133 directors polled, only *56 per cent said that the subject of marketing was raised at every meeting*. As Neil Shoebridge observed in BRW, “This is a surprisingly low figure, given the money most companies spent on marketing.”²

Shoebridge goes on to write that, “Attitudes are changing.” The AICD “found that *94 per cent of the companies covered were planning to increase or hold their marketing budgets over the next year*. The directors of companies that planned to spend more on marketing were asked why: 14 per cent said *marketing expenditure has more impact in times when the competition are reining in their spending*.”³

Perhaps this increase in appreciation of marketing and its role in retaining or gaining market share can be attributed to the following factors.

1. *The awareness that customers need to be engaged with*. Marketing 1.01 – But few practice it. As market conditions change consumers look for products and services that relate to their lifestyle needs and aspirations.
 2. *The understanding that price is not the only factor for choice*. That consumer's look beyond the cost for other differentiators.
 3. *Competition is fierce* and differences are sometimes minimal. To gain attention, brand communications must provide distinction and clarity.
 4. *Complexity of a global marketplace* where loyalties are no longer assured and the messages must be relevant in an increasing changing and volatile marketplace.
 5. *The increased sophistication of the consumer* and empowerment of a younger generation, which requires business messages to be engaging and entertaining.
 6. *The environment* and our need to re think and respond with new mindsets and new solutions.
 7. *Convergence of technology* and the move away from traditional channels into new media and virtual experiences. Technology has empowered the customer to the extent that they now own the brand experience (rather than the corporation).
-

There are probably others, but in those factors, strategic thinking and creative design are essential to ensuring the messages and outcomes are engagingly relevant.

I happen to consider that all businesses are marketing enterprises (including design firms). Marketing is all about being in tune with consumer behaviour. In this context *Enduring greatness relies upon inspiring corporate leadership, loyal culture and the capacity to negotiate change through the delivery of relevant products and services*. Jim Collins writing in Fortune magazine said, “ Joseph Schumpeter, the great economist wrote about the ‘*perennial gale of creative destruction*’ wherein technological change and visionary entrepreneurs gave birth to new things that obliterate old things, only to see those new things become obliterated by the next generation.”⁴

Great companies negotiate the marketplace through strength of purpose and focus on who they are and what they do. This sense of significance is expressed through identity and branded outcomes. *A strong sense of purpose enables a business to continually reshape itself. In this model, products, services, marketplace initiatives, programs and personnel can become obsolete, or evolve into something new and relevant*. The leadership of the business and the values as expressed by identity provide a lighthouse of continuity and reassurance as management maintains marketplace relevance.

Jim Collins goes on to say, “When you have built an institution with values and purpose beyond just making money – when you have built a culture that makes a distinctive contribution while delivering exceptional results – why would you surrender to the forces of mediocrity and succumb to irrelevance?”⁵ Collins says, “*The best corporate leaders never point out the window to blame external conditions, they look in the mirror and say, “we are responsible for our results.”*”⁶ Throughout history, the great companies have used adverse times to their advantage. They use confidence in their values and ability to continually evolve, creating quality outcomes that are for their time. Most importantly *they express pride in their brand and what it stands for, and assert its significance throughout all internal and external communications*.

Consider the difficulties that Qantas is facing. This iconic Australian brand is struggling against the challenges of environmental, operational and customer dynamics. The comfortable monopoly of a bygone era is in contrast to the fierce competition and high customer expectations of today.

A recent survey by the Principals indicated that the brand reputation was slipping. It could be that the Creative Idea that defines Qantas today is unclear. Perhaps the spirit that was Qantas is fading. The tone of the corporate message is aggressive in response to marketplace and operational pressures, and the customer communications are at risk of appearing dated with a conservative tone of voice.

Now would be a good time for the CEO and senior management to evaluate how the Qantas brand can secure 'enduring greatness.' Perhaps it should ask itself the following key questions: *who are you, what do you do, why does it matter?* It's possible that the image of Qantas requires evolving to maintain its deserved reputation in the marketplace. If it wishes to be a leader, it must deliver on its core purpose (superior travel experiences and efficient transportation), appear to be a smart business and exceed expectations. The marketplace has a choice and can change behaviour by moving to the competition, travelling less, or adopting new solutions such as video conferencing to maximise efficiency. The messages of Qantas may need to be tuned to suit the mindset of today's customer. Retaining customer loyalty requires more meaningful strategies than giving away Frequent Flyer prizes. It is a difficult time for the airline, but it is a great example of the necessity to continually re-shape to retain significance. In today's world *there is no shallow end.*

In dynamic marketplace conditions, there is reassurance in the corporate belief as expressed through design of identity and its ability to provide the CEO with a flag for internal cultures, a symbol of product and service quality, a benchmark for stakeholder pride, and a reassurance of reputation for the customer and their customers. *The corporate identity is a visual standard of values which links all communication with a consistent DNA of values and distinction.* However an identity that does not consistently represent the aims, beliefs and the activities of the company, is at best window dressing and at worst deception.

Enduring greatness could be summed up by this well known phrase: “ *The more things change, the more they remain the same. The more things remain the same, the more they change.*”

Dimension 3

Empowerment through process

Process and considered thinking drive effective creativity. Process ensures designed outcomes are the result of considered strategy. And it is this strategic approach that separates the “looks nice” crafted aesthetic from the “right solution” outcome. *The combination of Creative Thinking with Thinking Creative, enables a complete business framework to be developed which can be quantified and costed.* It allows the client to be reassured of expertise and the value of the solution. Creative Thinking and Thinking Creative also separates fact from fiction in terms of consultancy experience and capabilities. Simon Bailey, client services director of the global agency Enterprise IG says “*As an industry we need to get better at finding other ways of articulating objectives and defining measurement criteria at the outset.*”⁷

Objectives, understanding, knowledge, best practice, strategy and discipline are essential supports for inspired imagination. There is a widely held belief by the design community that creativity and effectiveness are mutually incompatible. *To be sure, being the most effective does sound a lot less interesting than being the most creative.* Bailey has this to say, “Ensuring we deliver effective creativity at every step is surely the way to win our clients’ confidence. *This means not only producing design that works, but with evidence to prove it.*”⁸

By taking a business approach to the creative process, engaging using strategic thinking, and with analysis applied against business and marketing objectives, the design consultancy is able to be relevant and their creativity effective. The following charts demonstrates the R-Co approach.

Process shared with the client, provides assurance, builds trust, invites engagement and establishes the basis for infinite creativity by the Agency (within the boundaries of time, budget and relevance of course!)

Dimension 4

Collaboration for success

As I have explored in Dimension 3 (Empowerment through process) the best solutions are the result of collaboration. Sharing the journey with the client, establishing trust, respect, and confidence to take risk. *It is the revealing of possibilities that were not known at the start of the journey that provides fuel for the creative mind and marketable opportunities for the client.* True collaboration is not lip service – it's about the relationship. In this way the designer establishes significance. *Collaboration is about cooperation, connection, consistency and competency. Collaboration is for some companies much more than a business association with their design consultancy – it's about partnership.*

In their book, 'The New Age of Innovation,' Professors Prahalad and Krishnan discuss the idea of "Co-Creation";⁹ that the most successful companies no longer invent new products and services on their own. They create them along with their customers, and then do it in a way that produces a unique experience for customers. In today's world no company owns enough resources to provide a unique experience for each customer. By developing a network of suppliers and partners, the desired consumer connections, experiences and brand relationships can be managed and tailored to suit the corporations' business objectives.

In his article in Fortune Magazine, "Here It Is. Now you Design It!" Geoff Colvin discusses the impact of Co-creation and uses the example of Facebook. *"Facebook isn't a product or service, but rather a platform on which users create their own experiences; since it opened itself to software applications created by outsiders a year ago, more than 20,000 have appeared. Facebook (estimated value \$15 billion) couldn't possibly do all this on its own. The whole user experience is Co-Created."*¹⁰

Within this context, the corporation still has to decide which choices are available and design the interface to enable them to be understood by the consumer and engaged with. Co-Creation is the ultimate fusion of design and creativity because together they provide the formula by which *consumers can not only imagine, but also enjoy the satisfaction of their own created experiences.*

This evolution from a centralised model, to a network of resources and consumer empowerment communications that are able to transcend borders and cultures, places greater emphasis on the need for a relationship with the corporate purpose. *The connections with the brand are no longer coming from a single reference point (e.g. where is head office?) they're being Co-Created with the consumer.* Within this convergence, the brand, its values, its reputation and its relevance can find a reassuring, continuing presence and a consistent voice through identity.

Dimension 5

Transformation

And so we come to the fifth dimension – the customer contributing to the ultimate success of the brand – embracing the brand name, the identity, the promise, the product, as an integral part of their Personal DNA. *Its tribal, its status, its recognition, its fashion, its belief.* Most importantly it's an evolving partnership, which is both collective and individual. In this environment, the consumer is constantly giving the company clues as to how the product can be developed to provide a more enriching experience: *"I have contributed to the success of this brand = personal status" = ongoing endorsement = growing the success of the brand.*

In the 5th dimension the gap between the brand, the product, the service and the consumer is reduced to the time between the next Co-Creation. The greatest example of co-creation is Apple and specifically the I-pod. Not only does the I-pod facilitate Co-Creativity (you can load music, TV shows, Podcasts and other content and create your own experience), *it is a connection to personal attitude and a tribal state of mind.*

However the way the identity of Apple is carefully managed remains a reassurance of the values of the brand and the experience that can be expected. Another brand that enjoys a Co-Creation relationship using a clearly expressed identity is IKEA. In both cases *strategic thinking, customer closeness, quality design that reflects the corporate beliefs, integrated with technology and driven by imagination,* are essential aspects of business success. This integration of identity, throughout all customer contact – from the high level signage, to the mundane leaflet, are carefully orchestrated and designed to reinforce the corporate ethos.

As the marketplace moves into the 5th Dimension, designers who do not engage with technology as a fundamental function of design communication risk becoming obsolete. Like the craftsman of old, their skills will become specialist and their business relevance into the future diminished. At a recent Microsoft conference it was noted that in 5 years the traditional graphic design studio will not exist. The web will become the prime vehicle for access to information globally and across all demographics. *Unless designers understand the impact of technology, in a marketing context, the power of knowledge and the client relationship will shift to the Geek.*

So what sort of mindset is required inside the studio and the client offices? In a time when humanity is challenged by environmental destruction, discussion about creativity and design could appear superficial and indulgent. *Imagination, the power of ideas and the process of design will be critical to the solutions we create to meet the challenges.* There is a real emphasis upon *Simplicity*. However, *less means more*. Achieving simplicity requires creative thinking and efficient design process. John Maeda writing in his book “The laws of simplicity,” discusses his 10 laws and how design is critical in abiding by them. Maeda says, *“Simplicity is a quantity that not only involves passionate loyalty for a product design, but also has become a key strategic tool for business to confront their own intrinsic complexities.”*¹¹ This is a perfect environment for design to flourish.

Another influence that is impacting the way we think is *Nurturing*. As our natural environment is starting to shut down, as we respond to scarcity and uncertainty, we focus our attention on deeper, meaningful connections – this puts pressure on the superficial. I believe we are willing to sacrifice to achieve long-term rewarding outcomes. We are prepared to pay more for quality design of products, better services and adjust to new social habits such as conserving resources, and the behavioural changes that this requires. The critical issue for Governments – who should be leading rather than responding to this new mindset – is to communicate the big messages, about the new future that we have to shape through compelling imaginative strategies and creating *the desire for change – not just the logic*. And in a holistic manner for everyone.

Harold Mitchell, writing in Ad News recently remarked, “There is a sea change in how we are approaching problem solving today, and *this new way of thinking is considered to be rather more feminine in character.*”¹²

Businesses rely upon innovation and ideas for marketplace advantage. Business can use better-designed communicators to get closer to customers by being genuine and authentic. CEO’s and Marketing Directors should out seek creative Agencies that believe in what they do, and can establish a respect and rapport with the client. The best and most effective creative outcomes are the result of this synergy.

In his book “In Search of Excellence” Tom Peters describes the role of design and business as fundamental. “*Design is the number one determinant of whether a product/service/experience stands out or doesn’t. In my opinion, as we desperately pursue a basis for differentiation, design is by far the most obvious avenue that makes sense.*”¹³

Paul Rand, the great American corporate design guru, when discussing the value of the designer for business said, “*He adds something to the world. He gives it new experiences. He provides new alternatives and solutions to old problems.*” And as Edward de Bono said “*The cheapest form of investment is in ideas.*”

For designers the message is clear:

1. *Adapt or die* – if you are doing what you did two years ago, you are heading for extinction.
 2. *Develop a business model that is accountable* – there is too much mundane design fluff out there and the client knows it.
 3. *Be specialist* – as collaboration becomes more evident, specialist resources will be in demand. Find your niche. This protects you from others that try and offer an integrated service.
 4. *The rise of the Geek* – the client demands that technology increase its communication role in a converging marketplace mix. The client seeks knowledge and expertise; the designer cannot bluff their way through the science of IT and web.
 5. *Inspired talent* – reject mediocrity, nurture creativity and imagination because when they are empowered by strategic thinking – it’s a winning combination.
-

6. *The return of the amateur* – beware the young propeller heads, straight out of college who – with enthusiasm and given opportunity – create confidence with clients, source solutions from global IT networks and disrupt the marketplace with shallow outcomes and low level fee structures.

In conclusion, *we can either shape our future, or the future will shape us*. As President John F Kennedy said: *“The problems of the world cannot possibly be solved by sceptics or cynics whose horizons are limited by the obvious realities. We need people who dream of things that never were.”* To create new possibilities requires committed belief and imaginative problem solving. That is the important relevance of design and that is the universal mindset that I believe can lead to rewarding outcomes.

What is wonderful about creativity is that it can mean so many different things to so many different people. Today I’ve spoke about creativity and business. I have presented a range of personal thoughts for your consideration. I hope you have found something that is useful for you.

Thank you

Richard Henderson

CEO and Creative Director R-Co

Footnotes

¹ Runyan M.R., *‘State of the Art,’* Obunsha Co., Ltd., Tokyo, 1983, p. 1

² Shoebridge N., *‘To market, to market,’* BRW, June 19-25 2008 p. 59

³ Shoebridge N., p.59.

⁴ Collins J., *‘The Secret of Enduring Greatness,’* Fortune, May 5 2008 pp. 41-44

⁵ Collins J., pp. 41-44

⁶ Collins J., pp. 41-44

⁷ Bailey S., *‘Effective design is measurable,’* Design Week 4 May 2006 p. 22

⁸ Bailey S., p. 22

⁹ Krishnan M.S., Prahalad C.K., *‘The new age of innovation,’* McGraw Hill, USA, 2008

¹⁰ Colvin, G., *‘Here It Is. Now, You Design It!’*, Fortune, May 26 2008, p. 16

¹¹ Maeda J., *‘The laws of simplicity,’* MIT Press, Cambridge, MA, 2006, p. iv

¹² Mitchell H., *‘Never underestimate the female touch,’* AdNews, 27 June 2008, p. 13

¹³ Peters T., Waterman J., *‘In Search of Excellence,’* Warner Books Edition, New York, 1982,