

Revolution Brewing: Where is Design Excellence in 2017?

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Abstract: Popularly, the “hottest” design brands, such as Apple or Samsung, are defined as target of design research in many companies. However, they are only interested in how the brands “do it”, instead of how the brands “achieve it” through building organizational competencies. With well documented historical cases of Philips, Olivetti, Nokia and Sony, it is shown that it takes several years to build a design organization which is able to churn out innovative products. This implies that the best design organization 3~5 years from today are in making. A suggestion to design researchers is that they should educate companies to value history and transform focus from current industry thinking to path of building organizational competencies, which lead to improved design capacity.

Key words: design capacity; design management; design research; design strategy; organizational competency

1. Introduction

This discussion paper addresses a typical error of design research. One thing companies often ask from design researchers is information about the "hottest" design brands in the world. The question is how a company like Apple or Samsung "does it." The assumption is that through copying these companies, they can replicate their successes. Although the difficulties in collecting reliable data is known, they presume that their researchers could access data not available for competitors, and reverse engineer the skill sets, processes and management structures of these companies from this information.

There is more dangerous assumption behind it. It lies in understanding the nature of how design excellence is built. In fact, it is not through product, or even product line, but organizational competences. It takes years to build a design organization and another several years to churn out innovative products. By implication, the best design organizations 3-5 years from today are in the making: excellence, as defined by Tom Peters in his *In Search of Excellence*, is brewing somewhere, but highly likely, not in companies in the center of attention today. The message to design researchers is that they need to educate companies to value history to developing those organizational competencies that lead to improvements in design.

2. Attribution: What Seems Straightforward from the Outside...

The heart of the problem lies an attribution problem familiar from social psychology. Decades ago, social psychologists paid attention to a perspective problem in how humans understand each other. Our own action does

not seem straightforward to us: we are aware of our own doubts, hesitations, circumstances, interpretations, and for this reason, see only a weak link between what we intend to do and what we actually do. However, when we look at other people, we only see their action, instead of their hesitations. Accordingly, we tend to see their action driven by a fairly straightforward set of motives, seeing a strong link between motives and actions [7].

This is the case in design as well. Seen *from within*, the path to excellence is paved with difficulties. In industry, designers know that whatever they do leads to products only under the luckiest of circumstances. More usually, however, there are many complications between design ideas and products, including issues like office politics, organizational changes, successful technology roadmaps, and pure luck in hitting the right note in the consumer's mind. Seen *from outside*, information about all these contingencies is unavailable, and the path seems smooth and rational. To a good deal, this difference in seeing is simply a matter of perspective.

This difference in perspective is also the trap companies fall into when they ask researchers to focus on the most successful companies of today. If we view their success with historical perspective, we quickly explore that their design takes a long period to reach excellence [3, 5, 8, 9, 10, 11]. In some cases, such as Philips, companies have hired designers who, once successful keep winning supporters, gain more resources, and that way slowly can build more competencies. In some cases, such as Nokia, strategic management has invested significant resources in design to make sure that the company has design capabilities for every important technology and market. In some cases, the power base exists: for example, in Olivetti, Sony, Apple and Alessi, the owner or the CEO has brought design into the company [1, 8, 9, 10, 12].

Invariably however, the development that ultimately leads to excellence in design is long and often arduous. It takes years, lots of effort, several reorganizations, and also tolerance of failure to integrate design into culture of company. Particularly in multifunctional companies, achieving anything even remotely reminiscent of a managed style may be a matter of a decade's work. As history show, this organization can be built in many ways. Philips built a formal design organization, similar as most car companies and the ICT sector [2, 6]; Olivetti kept a small organization in which key designers were only partially employed by Olivetti, and were in fact expected to run their own studios in Milan [8]. Also, these organizations are never permanent; for example, Sony reorganized its design three times during 1978-1985 [9].

3. It takes time to develop excellence

Of course, defining excellence is an elusive concept. It can mean market success, but also prizes and inclusions in collections of design museums. A more typical measure, however, is the organization's ability to churn out market-winning and prize-winning designs repeatedly for a prolonged period of time. This is exactly what the most highly esteemed industrial companies have done: Philips has an excellent track record that goes back to decades; Sony design appeared invincible for ten years; Nokia stayed at the top of the mobile industry for a decade until touch screens swept the market; and Apple has been able to create designs that sell well for slightly over a decade by now.

Design excellence requires more than a few talented designers working at the height of their powers. The environment is equally important: these designers need to be trusted by the key power breakers; their works needs to be integrated in the key product development processes on a wide basis; they need to access to the early stages

of product development; and there has to be enough designers to keep up with technology, the market, fads and fashions in design, as well as company politics; or there has to be a reliable and flexible subcontractor network of design firms. Finally, like in science, excellence is also rewarded in design: it attracts talent, trust and investment [4].

For researchers, instead of jumping after every fad and fashion, they should focus on things leading to excellence, not to run after one-hit wonders. When the interest is in 2017, this means that the best design organization 2017 is brewing somewhere, be it Shenzhen, Rio de Janeiro, or Wolfsburg, but highly likely, it is not in Soul or Cupertino. As it would be pure guesswork to say where they are given current information, paradoxically the best way is to read histories of the dominant design organizations of earlier times.

4. Excellence comes and goes

Another thing history teaches us is that every great design organization has had its ups and downs. Companies like AEG, Braun, Lufthansa, and Philips have had their award-winning periods, but they have also seen less glorious days. Even though the ICT sector is relatively young, its experience points to the same direction. IBM's fall from grace is well-known; Sony went from strength to strength in the 1980s, before becoming a fairly ordinary company in the nineties; Ericsson and Nokia replicated these stories in mobile industry; and despite the Messianistic history-writing around Steve Jobs, Apple has been on the brink of collapse several times.

Obviously, there are numerous reasons for these fluctuations. Some are from the design organization and its immediate environment. Firms develop routines. Some of these routines may lead to excellence, but they may also turn to be hindrances to excellence. In the mobile industries, Nokia was the design leader from 1999 to 2006, but the seeds of its fall were already sown during the same period. There was little genuine innovation in its portfolio from 2002 to 2009. Furthermore, it did not see the touch screen revolution, although it had all the technology. The same thing seems to be happening to Apple. Its current flagship, the iPhone has changed very little since it was first introduced to the market in 2006. Legacy [6] is a double-edged sword.

The problem may also lie in the expectations around design. What designers can do depends on the place of design in the company. If no one in the company buys designers' visions, they remain fantasies in the archive. To achieve anything, design needs support from many agents in the company, including manufacturing, research, marketing, or strategic management. All it takes is that a new CEO freezes R&D, or decides to focus on engineering, marketing, or cost management rather than design.

Part of the reason, quite naturally, lies in consumers. Why people buy things depends on many things other than design, including market availability, reputation, mass market communication, and so forth. A good example is Nokia's current difficulties. It built its excellence on its experience in maybe the most advanced cellular market in the world in the 1980s, Scandinavia. However, the USA was not relevant in its strategy. This left the field to American rivals, and then the iPhone came. Apple's success probably built on a unique mix of factors, like location in Silicon Valley, the undeveloped US market, contacts with the government, and rivals' strategic choices rather than its design as such. Of course, design has its fads and fashions too: sometimes minimalism reigns, sometimes playfulness. Hitting the right note ultimately depends on luck. Even the greatest of designers fail: Ettore Sottsass Jr. may be the leading Italian designer of the second part of 20th Century, but out of his massive portfolio, only a few products were successful.

5. Message for design research

In this short essay, we have pointed out a problem faced often by design researchers – companies approaching them to tell why some rival is successful – as well as outlined a series of troublesome assumptions in this problem. The main message of the paper is that if design researchers want to be responsible in their dealings with companies wanting to learn about design competence, they would do well to rethink the assumptions behind these requests, and teach them to be wary about the pitfalls hidden in these assumptions.

The first problem lies in the nature of excellence: it takes years to develop it in design. The historical cases of companies like AEG, Olivetti, Philips, Alessi, Sony, Nokia and Apple show that researchers should search patterns that lead to excellence from several cases. Requiring too close a match to current problems is mostly guesswork from too small number of cases. The second problem is that although some companies can be successful in design for years, historical evidence shows that excellence comes and goes. The most successful companies in 2013 are excellent because of work they have done for years. By implication, excellence in 2017 is brewing somewhere, but not necessarily in companies that seem invincible in 2013. As researchers, we might do well to be philosophical and patient about excellence.

At the heart of the question lies an attribution problem known from social psychology [7]. When companies benchmark their rivals, they see intention and determination, not infighting, doubts, agony or failures. These difficulties they should also see in their rivals: an important part of becoming excellent lies in managing these difficulties.

6. Acknowledgements

This paper is based on Koskinen and Liu's conversation in Hong Kong in December 2012. Its basic observation builds on our experiences in dealing with companies in Pearl River Delta. We are indirectly in debt to John Heskett.

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