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The Fundamentals of Design Management

athryn Best

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Ethical: awareness/reflection/debate

The Fundamentals of Design Management

Kathryn Best

An AVA Book

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4

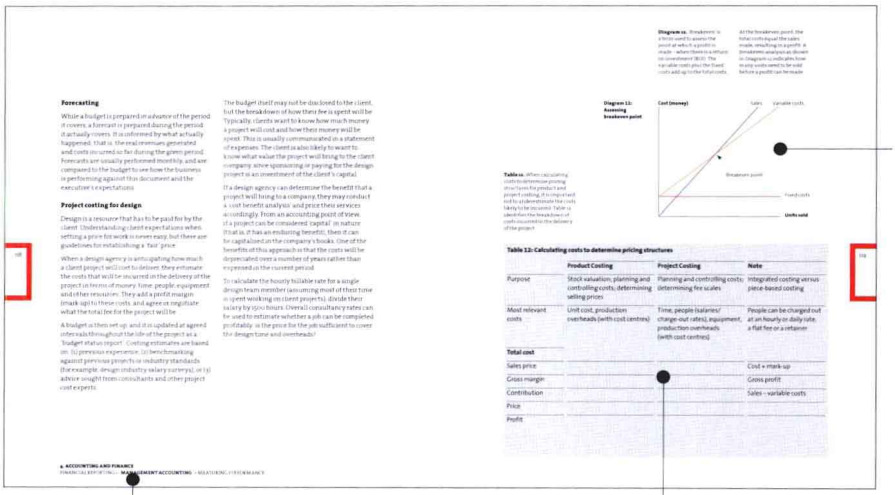
5

6

How to get the most out of this book

Section headings
Provide a brief outline of the key concepts and ideas that the chapter will explore.

Captions
Supply contextual information about the images and help connect the visuals with those key concepts discussed in the body copy.



Diagrams
Help to explain design management theory and its application in more detail.

Navigation
Chapter navigation helps you determine which chapter unit you are in and what the preceding and following sections are.

Tables and box outs
Contain more detailed and contextual information about practices and concepts that are referred to in the body copy.

Case studies
Explore the ideas discussed within each chapter through a practical examination of real-life applications.

Colour coding
Enables easy navigation of chapters.

Contextual perspectives
Interviews with industry professionals highlight key themes.

The Fundamentals of Design Management is intended to provide you with a general overview of design management in an easily digestible, but informative and interesting way. It is based on the insight and practice of design managers working professionally within the industry. Interviews with key figures employed in different sectors of the creative industries tease out their knowledge of design management and provide perspectives on their working practices through real-life examples.

Case studies also feature at the end of Chapters 2–6 and provide an opportunity for you to explore the ideas, skills and knowledge that you have learnt from the content within each chapter. This book will provide you with a solid foundation in the study of design management; and will also appeal to people already working in business who are keen to obtain practical knowledge and theoretical insights about the discipline of design management.

Introduction

Design management is about the successful management of the people, projects, processes and procedures behind the design of our everyday products, services, environments and experiences.

Equally, design management is about the management of the relationships between different disciplines (such as design, management, marketing and finance) and different roles (such as clients, designers, project teams and stakeholders).

The creative industries (also known as the creative economy) include the areas of design, arts and crafts, advertising, architecture, fashion, film, music, TV, radio, performing arts, publishing and interactive software. Current global trends related to creativity in design businesses identify the creative industries as one of the fastest-growing sectors in the world and one of the best ways to increase competitive advantage between commercial companies and even entire countries. In addition, there is growing demand for taking a more holistic approach to the cultural, environmental, political and societal impact of how commercial businesses and other organisations operate. And because design, by its very nature, takes a people-centred approach to problem-solving, it is well positioned to enable a more integrative, holistic approach to solving contemporary 'world' challenges.

Design does not operate in isolation from other disciplines and professions, but in relation to a wide range of different conditions. The external context around design is evident in business, society, technology, politics and the environment. It is also evident in design's relationship to the worlds of marketing, management, engineering, finance, law and economics. The internal context around design includes how branding and innovation, user and market research, client briefs and design audits, budgets and teams, and project aims and objectives, can be leveraged to harness the power of design activity for the benefit of business, society and the economy.

Managing how design can have a positive impact and how it can operate holistically in relation to all these internal and external contexts, disciplines and roles, relationships and connections, is one of the main challenges faced by anyone learning about and working within design, business and the creative industries today.

Design is present in tangible form – in the people, the projects and the products and services with which we come into contact every day. These are referred to as the 'touchpoints' of design, and form an important part of how designers and managers consider, for example, the way people experience an organisation or a brand.

But design is also present intangibly in the working processes and inter-disciplinary relationships that are part of the integrative nature of design practice:

- how we manage the relationships between people – the clients, the design consultancies, the stakeholders and end-users or customers.
- how we organise the teams, the processes and procedures of any design project.
- deciding how products and services come to market – the linking of the systems, the places and the final delivery of a designed and managed customer experience.

Bringing any product, service or experience to market often requires extensive input and support from a wide range of different people, with different areas of expertise, capabilities and skills. And the way in which the people, processes and projects are managed can have an enormous impact on the success, or failure, of the final outcome. The study of design management concerns itself with how to bring all these people, projects and processes together, in an inter-disciplinary and collaborative framework within a wider business, societal, political and environmental context, and in a way that takes into account a multitude of considerations to form a coherent, financially viable and delightfully crafted experience.

One of the most valuable aspects of design management as an approach is that it provides a framework for new processes to be implicitly integrated into existing approaches and methodologies. Design is a problem-solving process where an actual design 'problem' is also a design 'opportunity'; to consider, if necessary, a new approach or engage different stakeholders in finding a solution, if the process of problem-solving identifies this as a need. For example, currently there are increased trends in the areas of co-design, inclusive/universal design (where the needs of a wider range of people are taken into account) and sustainability (where the long-term impact is considered).

In addition, designers are increasingly expected to work alongside other specialists (for example, marketers, engineers, social scientists), necessitating an understanding of the wider context in which design operates (for example, commercial business or societal challenges). Their contributions to a given project may be made as an individual, as part of a multidisciplinary team or as part of a larger collaborative or collective working process enabled by new technologies.

1

Design in context

Design and business cultures

Design and business have their own distinct cultures: their own beliefs, values and assumptions about how they measure success and what matters to them. This can sometimes create a 'clash of cultures'. To be more influential in the creative industries, a better understanding of the challenges and opportunities inherent in different organisational cultures is a powerful advantage.

The creative industries are fundamentally interconnected. Designers need to be aware of standard business and management processes and practices, and the dependent ways in which different enterprises relate and operate. Equally, business needs an appreciation of discipline-specific and inter-disciplinary design processes and practices, and their potential for enabling change.

Currently, many business cultures do not understand the value of, or investment of time and money in, the design process. And many design professionals do not know how to justify the value of design. In effect, 'clients don't know how to buy design, and creatives don't know how to sell it' (Loglisci, 2009). Undervaluing the process of design, by both parties, devalues the profession of design. Taking a responsible approach to making clear the difference between design and business practices is a start.

Design

Design is a people-centred, problem-solving process. To design (verb) is to plan, to create or to devise. It is a process, a practice and a way of thinking. A design (noun) has form and function; it is the outcome of the process of designing. Design professionals operate within businesses either on the client side (as in-house designers within established business functions and departments), or on the agency/consultancy side (within inter-disciplinary client/project teams or single-discipline clusters). Designers also operate in a freelance capacity, bringing expertise to projects both inside and outside organisations. The role of design is expanding in scope to encompass more areas, using its people-centred approach to cross traditional functional boundaries, both client and agency-side.

Examples of design disciplines: Graphic design, packaging design, product design, industrial design, interior/environmental design, digital media/web design, service design, experience design.

Typical design consultancy functions: Creative/design, client account direction and management, business/strategic consultancy, project management, finance, administration, PR/marketing.

Client-side functions in which design is typically present: Design, new product/service development, brand communications, marketing communications, research and development, technology/IT.

Management

The term 'management' refers to the people and processes involved in managing, organising, controlling and administering a business. Frequently, the world of business and management, focused on financial rewards and profit-making incentives, is at odds with the people-centred, problem-solving process of design. The advantages of design may be lost if not sheltered from traditional management controls and incentives; equally, design needs the protection and restraints of an efficient, effective management framework.

Business

A business is a legally recognised commercial enterprise set up to provide goods and services to consumers or organisations. It is a profit-seeking entity intended to generate a financial return in exchange for work done, time spent and risks taken. Viable businesses satisfy a market need and make a profit; those that don't fall into debt and often close.

The most common business structures are:

Sole trader (sole proprietor): a business owned by one person who is solely liable for the business and any profits made or debts incurred. They may employ and work with other individuals.

Partnership: a business owned by two or more people who divide equally all profits and losses. They share full, personal and unlimited liability for the partnership and any debts incurred. Partnerships can be general, unlimited, or limited liability.

Limited liability company (Private or Public): acts in a similar way to partnerships, but the owners have no personal liability.

Corporation: a business that is legally separate from its owners (the owners are in fact the shareholders, who have limited liability). It is overseen by a board of directors, which hires managerial staff to run the corporation. Assets and liabilities belong to the corporation, not the owners.

Cooperative: has members (instead of shareholders) who share decision-making authority.

Examples of business sectors: Retail, real estate, transportation, utilities, manufacturing, finance, agriculture, professional service industries or creative industries.

Examples of business functions: Human resources, finance, sales and marketing, PR/communications, IT, operations, procurement, research and development.

Design and management temperaments: Individuals, and whole professions, tend to think in particular ways; understanding these different approaches (below) is an important part of being a design manager.

Right brain – analytical, structured, linear, compartmentalising, decisive, controlled.

Left brain – holistic, unstructured, iterative, assimilative, questioning, intuitive.

Finance, technology and law

Leveraging the impact of design requires awareness of areas currently undergoing change – areas such as technology, finance and law – and adopting new processes as a consequence. Technology is enabling closer relationships between users (and how they participate) and content (and how it is developed). The phrase 'Web 2.0' describes a range of technology-enabled design approaches such as open-source software and user-generated content, evidenced in offers such as Ebay, YouTube and Wikipedia. These approaches are also changing how we relate to, manage and interact with our legal and financial systems, and how these systems are responding with, for example, new forms of Intellectual Property (IP) protection and digital rights, and new ways to think about the concept and meaning of financial capital. A starting point to how we think about design in relation to these systems is to look at the concepts of finance, technology and law.

Finance

Finance deals with the management of money, that is, supplying or raising money, and managing the relationship between money, time and risk.

The most universally accepted form of money today is cash – banknotes, coins and current account deposits – but, in effect, money could be anything that is readily accepted as a form of payment or exchange of value.

The financial intermediaries who provide credit (*loans*) to facilitate funding (*cash*) are called banks. Banks mediate between lenders (*who charge interest*) and borrowers (*who pay interest*). Banks and other similar financial service providers manage the financial assets and the associated risks inherent in trading assets (*investments*), equity (*stocks and shares*), debts/securities (*bonds*) and insurance (*against loss*), on security exchanges (*trading facilities for stockbrokers*) throughout the world.

In the financial services industry, money is 'a token of wealth' (Boyle, 2003), exchanged in the form of abstract numbers – whether currency, shares, stocks and bonds. These digital flows of intangible money and capital form the financial system. According to Boyle, money started as a form of ritual gift – as a way to make peace; it was about mutual recognition and facilitating human relationships and, only later, became a means of trading. Our current financial system, however, has replaced human relationships with monetary ones.

1. The Co-operative Bank, based in the United Kingdom, has a unique customer-led Ethical Policy which means it will not invest in businesses that operate in areas of concern to their customers. The Co-operative Investments and The Co-operative Insurance take a different approach, listening to customer views expressed in their Ethical Engagement Policies; using their influence as a corporate shareholder to seek to change big companies from the inside.

1

The **co-operative** bank
good with money

Currently, there is a need for a fairer form of capitalism and a financial system that thinks long term. Short-term decision-making – even if profitable for share traders and shareholders – often has long-term consequences that can ultimately harm communities and other stakeholders.

Technology

The context for design, management, creativity, innovation and business has been revolutionised by information and communication technologies (ICT). Digital computing is now fully embedded into the software, hardware, infrastructure, behaviour and flow of our daily lives. Globally, emerging technologies and technological innovations are impacting upon the structure of organisations at all levels, and changing how they interact with and enable new relationships, audiences, processes, practices and forms of engagement. This, in turn, opens up diverse opportunities for the design, delivery and management of these interconnected systems of people, products, services and experiences.

Law

Organised communities uphold and enforce particular rules and codes of conduct with an authority we refer to as 'the law'. There are different legal systems for every country, but in general, the purpose of law is to get people to honour the needs and welfare of others. The legal system exists to allow for the defence of justice, in law courts and legal cases, with guilt or liability being proved or disproved by the presentation of evidence by lawyers.

There are two types of law: common law (laws of tradition or established custom, revisable by judges); and statute law (legislation established by acts of parliaments, congresses and legislatures). Within statute law, there are two main sub-categories: civil law (for upholding the rights of the individual, initiated when one party takes out a grievance against another); and criminal law (for dealing with harmful actions through punishment, such as fines or imprisonment).

All individuals and organisations must recognise and conform to the legal framework; however, what is legally, ethically, socially or culturally acceptable practice in one location may not be in another. What constitutes gift giving in one culture, for example, could be interpreted as bribery in another. Since lack of awareness of local laws is not an adequate defence against such a charge, it is important to gain some familiarity with behavioural and cultural differences to minimise the risk of such eventualities.

Society, politics and environment

Organisations that take business ethics or Corporate Social Responsibility (CSR) to heart within their management structures and product and service offers are able to offer customers clear evidence of how business can benefit society and the environment, and influence local and global political agendas.

Equally, with the rise of technology-enabled communication platforms, whole communities can now question, influence and affect change, through 'bottom up' forms of social and political activism. In terms of design, sustainability – thinking for the long term – and sustaining prosperity is increasingly evident; for example, in the 'Cradle to Cradle' approach, which calls for a 'transformation of human industry through ecologically intelligent design' (McDonagh and Braungart, 2002). McDonagh and Braungart are optimistic that 'an industrial system that "takes, makes and wastes" can become a creator of goods and services that generate ecological, social and economic value'.

Society

People tend to organise themselves into groups that share distinctive beliefs, habits, customs and cultural activities. These shared beliefs, maintained over successive generations, result in the formation of lifelong or permanent groups known as 'society'. Social groups form around desires for companionship (family, villages), shared beliefs (religion, national loyalty) and the mutually beneficial exchange of services (trading, buying and selling).

In response to new and changing conditions, each generation seeks to protect the interests of their society so that they can live peacefully, comfortably and beneficially. How do we protect existing traditions and adapt to external challenges? How do we balance conformity with individualism? How do we safeguard the interests of both rich and poor?

Politics

The Classical Greek philosopher, Plato (428–348 BC) argued that all conventional political systems were inherently corrupt; while Aristotle (384–322 BC), a student of Plato, conversely saw politics as the relationship between the state and its citizens, believing that a truly ethical life can only be lived by someone who actively participates in politics. In a later historical period, during the Renaissance, Machiavelli concerned himself with practical politics: how to behave in any group interaction to attain and retain power – using coercion, manipulation and brutality.