

# in my opinion

**Chartered Management Institute** companion **Andrew Summers**, until last month CEO of the Design Council, sees innovation as more than just discovery

Once upon a time, a group of scientists in Hull made a discovery. They found they could control the way a substance called Terfenol-D changed shape in response to magnetic fields. They were very excited. Unfortunately, no-one else was – until, that is, the scientists turned to a designer nearly 20 years later.

In 2000, following a string of attempts to find a commercial outlet for their technology, the university spin-out formed by the scientists invited a designer onto the board. About 18 months later, Newlands Scientific had a highly successful product – a device that plugs into a personal stereo and, via a suction pad, fixes onto rigid surfaces like windows, tables and walls, turning them into loudspeakers. The Soundbug is small enough to sit in your palm, while its £30 price tag puts it in range of the target youth market. And the revenue stream it's generating is supporting the development of more new products.

An inspiring story, but one that illustrates the challenge facing both British businesses and Government. Both have focused quite understandably on the importance of R&D in building competitiveness, but if eight years at the Design Council have taught me anything it's that the discovery and technology are not enough to propel businesses to the forefront of their markets.

What really matters in securing competitive advantage is making that technology and know-how relevant to customers. The birth of 3G phone technology has been long and difficult precisely because busi-

nesses thought first about the technology and then about why people should be interested in it. The interface with the customer, the experience they have with your brand, your product or service, is pivotal to commercial success. This interface is a fundamental part of design, and yet many businesses, especially smaller ones, get round to investing in design only once key decisions, especially those relating to costs, have been taken.

Although more businesses



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nesses than before are using design and innovation strategically at the beginning of service or product development, too many are still wary. This is partly because our business culture is averse to embracing new ways of working – which effective use of design and innovation usually entails.

It takes courage to move investment out of marketing or advertising, for example, and put it into design work that may not bear fruit immediately. But if you look upon design as a risk management tool and indeed a potential cost saver, that decision does not seem such a blind leap.

Just ask the Gloucestershire-based engine-builder Lister Petter. It had not released a new product in 14 years, until it enlisted a designer in the development of a new generating set. Not only does the result look better than its sheet-metal-clad pre-

decessors, but it is much quicker to assemble. Consequently, the company has switched its strategic priorities away from its foundry and machine shop to design, assembly and distribution. In the words of its MD, the business has decided that 'closest to the customer is where investment needs to be'.

Design is unique in showing what something will look like before you make it. It can help you anticipate what customers will respond to in the future,

and innovation effectively stay ahead of their competition by getting new products and services to market more quickly. And they realise the value of an innovation culture, which means ensuring that new ideas are not the preserve of the top brass. Mechanisms must be put in place to encourage the flow of ideas from all levels of a business, and then managed so that the right ideas are adopted for development.

There are encouraging signs

thus giving marketing and engineering specialists, for example, a firm base for strategic decision-making. Design techniques can give you reliable insight into what users need, rather than just what they tell a clipboard-toting market researcher. There can be a big difference between the two.

Philips once held a focus group to determine customer preferences for radios. Participants mostly said they'd prefer a coloured radio to a grey one, yet when they picked up radios offered to them as thanks for taking part, the designers noticed that most took the grey model.

This creates the ability to fail in private before too great an investment has been made, rather than suffer a far costlier scenario of launching a new line that then requires a radical overhaul to meet customers' expectations.

Businesses that use design

in the current DTI Innovation Review that the Government realises the importance of design and innovation to competitiveness and productivity, and that it has a role in encouraging business – through an additional D for design in the R&D tax credit? – to use Britain's world-class wealth of design talent.

This talent has certainly not been lost on the rest of the world. Last year, despite a difficult economic climate, British design consultancies actually managed to increase overseas fee income from £1.0 billion to £1.4 billion. Meanwhile, fees earned in the UK went down, suggesting that design investment is among the first casualties of economic adversity.

Actually, it should be among the last, if businesses want to be in the best possible shape to make the most of a recovery. ■