Integrating design into organizational culture

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Ask 20 business executives whether design is a business resource, and if the answer is not “What?” it probably will be “Yes.” But ask how design can best support business strategy and innovation or how design and other business activities should interact or how to measure the impact of design on the bottom line or how the benefits of design can be infused throughout the corporate culture, and you’ll find that answers to these questions are much harder to come by. And yet it is these answers that make design a business resource, with the power to affect business objectives in tangible ways.

To help us to get better, more practicable answers to these questions, I interviewed several design managers about using design as a business resource, and about the integration of design into business culture. These managers came from many of the companies that emerged as design performance leaders in my PhD research study in design management (see the sidebar on page 34, “Design in Business, Global Top 20”).

Since we’ve all seen examples of successful design work, I decided to focus on the ways design management can successfully lead the design output in order to make it a business resource. There are many ways to use design organizational success. Here are seven examples.
Levi Strauss: Design that became an American icon

Since 1873, Levi’s has been the original worker’s jean, and an icon of design. Icons, which often align with rebel subcultures, represent collective human experience and a collective conscience. So how does an iconic design, like Levi’s jeans, remain meaningful to today’s customers? The answer is: the continuation of good design.

And design comes in all sizes and shapes—literally. At Levi’s, design is research-based and customer-centric. According to Caroline Calvin, vice president and creative director at Levi Strauss, “We recently redid all our fits and construction features, undertaking a meticulous fit-testing process—something like 15,000 fit tests. That led to a complete redesign of the product line: refitting, reconstructing, making the jeans tougher, and making our design details more pronounced.” The result is a resurgence of interest in the Levi’s brand, with increased equity measures.

The design management process at Levi Strauss is integrated within the company’s brand values: “It’s synergistic,” says Calvin. “The Levi’s brand has a persona based on our design, and our design starts with our brand values.” But at the same time, this makes innovation a challenge for Levi’s. As the category originator, it’s difficult to maintain the company’s heritage and still meet the expected values of current customers, while also innovating and attracting new customers. Therefore the Levi’s design management process includes core design teams to maintain the base styles, but it also takes on strategic, “quick-release” projects, allowing the company to release something new every six weeks. That’s six weeks—from trend analysis to concept design, to fit design, to manufactur-
The first Design Insight™ International Design in Business Global Top 20

This study, which used the Design Performance Leadership™ Measurement, is an attempt to determine a systematic process to evaluate brands on their design performance. The results suggest that one brand is the best in the world at using design as a business resource. BMW was the only company to score well in all seven categories measured. During the research period from 2002 to 2003, BMW increased its brand value, received numerous awards for product and communications design, and was consistently ranked as outstanding by four different peer group measurements.

First Place
BMW Germany
Only one company scored well in all seven categories.

Close runners up
Adidas Germany
Apple US
Armani Italy
Harley-Davidson US
Nike US
Samsung S. Korea
Starbucks US

All of these brands scored well in six categories.

Honorable mentions
Canon Japan
Caterpillar US
Dell US
Heineken Netherlands
FedEx US
IBM US
IKEA Sweden
Microsoft US
MTV US
Nokia Finland
Prada Italy
Sony Japan

All of these brands scored well in four to five categories.

These 20 companies represent the best-of-class brands. Each has demonstrated exceptional performance in applying design as a business resource.

Research Methodology
To attempt to measure the effectiveness of design in business, seven data points were evaluated in three criteria categories.

Business Performance Criteria
The first screening criteria were companies that merited a place on Interbrand’s Global 100 Brand Scorecard; they ranked in the top 100 for global brand value. A second brand performance measure was added by also scoring those brands that had increased their brand value ranking over the previous year.

Design Performance Criteria
A second criterion was determined based on design awards received and peer recognition. Methodology included product design awards from IDSA, communications design awards from Communication Arts magazine annuals, and a survey of design managers of different disciplines from the US, Korea, and Italy offices of Design Continuum, a leading international design consultancy, regarding each company’s performance in design excellence, design innovation, and design synergy.

Design Management Performance Criteria
A third criterion was determined based upon design manager peer recognition. Methodology included a survey of design managers attending the 2002 DMI annual US conference, the 2003 DMI annual European conference, four design manager focus groups, and a survey of design managers from PARK Strategic Design, a leading international design consultancy, regarding each company’s performance in design excellence, design innovation, and design synergy.

Future Research
The hope is to repeat this study annually, and to refine it in order to monitor how design is used as a business resource, and to further understand the affects design may have on business performance.

Microsoft: Sub-brands, usability, and common platform design

Microsoft uses information design as a resource. It uses a sub-brand architecture: an endorsed identity system, with eight different sub-brands. Generally, in a sub-brand architecture, the sub-brands have their own individual design style.2 For example, although many GM cars share parts, from a visual point of view there is little in common among Chevys, Cadillacs,
Corvettes, Pontiacs, Saabs, and Saturns. Not so at Microsoft. While each sub-brand has unique design elements, they all share a common visual style, which is intentionally consistent for the benefit of their users.

According to Jeff Boettcher, creative director of branding, Microsoft has “distinct business groups that are empowered to build their own brands, product experiences, innovative technology, and designs. It’s a very entrepreneurial environment. But to realize the full potential of these brands, the design has to overlap,” in common user interface and icon design. Whether the products are for home users, business users, or professional IT personnel, they all share a certain visual style, communicated via a pictorial system of icons.

Nadja Haldimann, art director and product design lead for Microsoft Office, says that Microsoft looks at icons as if they were type fonts, pictures, or pictograms. The trick, she says, “is to decide on the essence of the feature, then determine how to visually demonstrate that essence. The metaphor must be precisely correct.” Imagine a tiny 16x16-pixel pictogram on a toolbar, which must communicate a specific task or function by linking the image with your memory of the actual experience of that thing. Now multiply this by more than 6,000 icons for Office, Windows XP, and various server products, and it’s easy to understand the complexity of this design management challenge. Branding director Boettcher describes this task as one of utilizing virtual brand and design teams, integration teams, and engagement managers to “make things fit together.”

Of course, humans have been transmitting information through wordless signs for some 30,000 years, so this isn’t a new idea. Even so, I think the idea of using interface and icon design to provide a better experience for your customers, regardless of brand architecture, is utilizing design as a business resource.

**British Airways: Increased market share with design**

British Airways turned to design to increase its business-class customer traffic. Led by Mike Crump, head of design management, its first task was to study the needs of its long-distance-travel customers. The resulting outcome was the first business-class seating arrangement to allow customers to lie down and sleep on a fully flat surface—a real benefit for long flights, and one that has helped grow market share in business-class travel. BA launched Club World seating on several routes and soon found its revenue increasing on those routes by more than 30 percent. As Crump points out, “The seating design redefined the business-class offering and revolutionized the sector. It helped British Airways realize the influence design could have on business performance.”

British Airways is committed to good design throughout the organization. Design was a key factor in the building of the company’s new headquarters, which was meant to act as a catalyst for culture change within the organization—to create a more open and trusting working environment. The architecture of the building has a “village street” central feature, helping to ensure human interaction. According to Crump, “The customer, as well as the employer, is at the heart of all our design programs. Customers are engaged from initial research and throughout the design development program.”

Throughout the flat-bed seating project, BA created a small “customer family” team to help with the design and development. Involving customers, says Crump, enables the design team to really understand customer needs and aspirations, and is helping the company to maintain its position as global leader.

**StorageTek: Design improved employee creativity**

At StorageTek, we use design as a business resource to improve employee creativity and to build corporate culture. Four years ago, a human resources professional, a facilities expert, and myself, representing brand and design, formed a small cross-functional team. Our objective was to overhaul all the common spaces at our headquarters campus. This consisted of 1.8 million square feet of industrial and office facilities,
including 10 buildings, 82 conference rooms, 24 lobbies, three cafeterias, customer and training areas, and a maze of corridors.

We named the project Great Company, Great Place. We knew we could drive design improvements that would make employees proud. What we didn’t predict was the measured improvement of employee creativity as a result of our interior design project.

With limited resources, our strategy was to focus on paint, carpet, lights, and art. Lots of art. First, we secured corporate approval, expanded the work team, developed a contemporary color pallet, and painted everything in sight. Then we had all the carpet replaced with colorful carpet tiles, creating interesting patterns, diagrams, and built structures at department thresholds. Next, we improved the existing lighting and added new lighting to showcase the 400 pieces of art we brought in. Now our collection has grown to over 800 pieces, including 330 originals from Colorado artists.

The result? StorageTek was selected by the Colorado Business Committee for the Arts as the leading supporter of the arts in Colorado. Our CEO accepted the award at an important community banquet. What’s more, we’ve measured the results with two employee surveys.

More than 50 percent of our employees say that the corporate art program improves their creativity at work, 72 percent say it reduces stress, and 84 percent say it improves their mood or attitude. In this way, design is becoming a more meaningful part of our corporate culture. We have an art curator who built and manages the entire art collection, Ted Jobe, who summarizes, “The art program provides a visually stimulating workplace that increases employee creativity and productivity.”

Design can be a resource in many ways. As this demonstrates, the results can be measured by employee creativity, satisfaction, and corporate reputation.

**Nike: Corporate culture and the sport of design competition**

Nike is one of the few corporate brands that claim superior design performance as a core value. The company sponsors quarterly Design Days, maintains a dedicated design library, and supports an executive Corporate Design Council. What’s more, company executives at the highest levels endorse design excellence as key to achieving Nike’s corporate goal: the “endless pursuit to make the right product to improve athletic performance.” Nike gets it.

Design is not only a resource, it’s also a big part of the competitive nature of Nike’s culture. According to Ron Dumas, creative director for image at Nike Golf, “If you are not on top of your design game, you’re not going to be playing, and you are not going to design a successful product. It forces the entire team to step up and be demanding. We love the challenge, and that’s what makes our products better. I mean, if you can make it for Tiger Woods, you can make it for anybody else.”

Nike’s design management process has a nice balance between formal and informal. The company has innovation sessions it calls “sandbox meetings.” Management develops concepts, and then forms three-person product development teams consisting of a designer, an engineer, and a marketer. Once a project is well defined, says Dumas, the design team is expanded to include industrial design, engineering design, and graphic design specialists. “We get inspiration from all aspects of culture,” he explains. “We look at other objects that are beautifully designed. We try to understand the values and traditions of

Products like the Slingshot club, shown in ideation phase and final design cut-away, help Nike to realize the benefits of its commitment to innovative design.
the sport we’re designing for, and then we add innovative materials to increase performance. In the end, it’s all about using design to increase performance.”

One example is Nike’s new Slingshot golf irons. Senior designer Carl Madore notes that “the center of gravity, the CG, of most golf clubs is within the club face. However, the CG of the Slingshot irons is suspended in air beyond the thickness of the face. This launches the ball higher and makes it easier to square the club face. It’s all made possible by the use of a custom material that makes the face thinner, stronger, and faster. The weight savings is repositioned further back, which enhances perimeter weighting and results in a greater moment of inertia and less twisting.” Here is a design that’s true to brand values—a strategic resource.

**Starbucks: To own your brand is to own your design**

What does a good cup of coffee and design have in common? At Starbucks, just about everything.

From the blends of its coffees, to its packaging, to its espresso equipment, to its store fixtures, furnishings, and graphics—the entire experience is all designed by Starbucks. It’s a simple corporate philosophy: If you want to own your brand, you have to own your design. As vice president and creative director Robert Wong explains, “At Starbucks, the experience drives everything. So we design the experience. Design is part of our inner DNA—it’s a strategic advantage. Because design is core to our business, we’ve invested in our design group.”

As a result, Starbucks has developed very sophisticated design management processes structured to enable the right design—not just to follow design standards. Design management at Starbucks believes that culturally relevant brands need to be alive. The company’s design system is based on shared knowledge, and the design department’s work process is based on frequent interactions among design teams. Says Wong: “To support a charismatic brand that is alive and evolving, the process must be one of high contact. We look at all the work, together, every week.”

If your business is all about experience, why wouldn’t design be a business resource? And here’s an interesting brand “guardrail.” Yes, Starbucks could add more merchandise to its stores, and add more signage to promote it. After all, the store is there anyhow, and so is the customer. But Starbucks has discovered how to manage design very carefully in order to create the correct experience for its customers. Not more, not less, but just right—by design, because design is core to that corporate culture.

**Analysis**

While there are many ways in which corporations can use design as a business resource, I have identified seven common themes that emerge from these mini cases, from the easiest to the most difficult to achieve.

**One: Organizational structure**

In each of these seven cases, the design functions were located appropriately within the organizational structure to enable effective design. For this to occur, each company must first recognize that design has a strategic value to the business. As Peter Drucker has pointed out, organizational structure is key to determining organizational performance.

**Two: Design management processes**

Each of these companies has instituted design management processes that are appropriate, whether they are formal or informal. W. Edwards Deming has described management as a set of processes that keep complicated organizational systems running smoothly. Important aspects of design management, as with any management function, include planning, budgeting, organizing, staffing, controlling, and problem solving.

This raises the issue of design management versus design leadership. Deming claims that management’s objective is evaluation, improvement, and matching management strategy to

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business needs. But what leaders do is prepare organizations for change and help them cope as they struggle through it. Each case I examined involved change, and today building design into the corporate culture is more about design leadership than traditional design project management. At Heineken, changing high-volume packaging required leadership from many functions in the organization, including design management.

Three: Design to enable change
Supporting a design culture requires organizational openness to change. While most corporations talk about change, few organizations change enough to realize intended strategy. However, if they are to be successful, organizations need to embrace continual change as they seek to reduce costs, improve the quality of their products and services, locate new opportunities for growth, and increase productivity. All of these processes require change, and all of them require design. StorageTek realized a change in employee attitude and creativity as the result of improved interior design.

Four: Design-facilitated corporate strategy
Good design brings commercial success, which is, after all, the purpose of corporate strategy. For all the companies highlighted in this article, design is an enabler of corporate strategy, whether it is used as a visualization tool or for the delivery of actual products. British Airways wanted to increase business-class bookings on long-distance flights. It realized its goal by providing customers with better seating design.

Design solutions should be aimed not only at satisfying market requirements, but also at exceeding customer expectations. Almost 50 years ago, economist Lawrence Abbott stated, “What people really desire are not products but satisfying experiences.” Today, many companies work to define, craft, and deliver those experiences to customers through design.

Five: Design to realize innovation
The primary purpose of design—any design—is to create something new. It may be a completely new creation, or an improvement on something that already exists. Successful organizations use design to realize new innovations and then to establish parameters for further development within that context, whether it’s a product, an environment, an identity, or a form of communication. Nike is all about innovative new products, which is why it is so committed to design. Design is a key resource to enable innovation, because innovation may be defined as creativity (idea) plus design (applied).

Six: Design teams and collective purpose
For an organization to transform its vision into reality, it must start with a shared vision of corporate strategy and implementation. And part of this is a shared vision about design—what Robert Bradford calls “designer collectivism.” Paul Odomirok supports this proposition,2 arguing that the core of organizational success is collaborative purpose: the collective, cooperative, and co-owned beliefs and aims of the individuals who are part of a team. The model of collaborative purpose applies to groups of two or more people who work together on joint activities. Each of the foregoing design management case examples falls into this category and required such a collaborative team.

The management of collaborative purpose should be a part of design management, because project success won’t be repeatable without well-defined processes to align individuals and teams. Further, since coordination includes teams and team management, the notion of “it’s not what you know—it’s who you know,” and the power

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of social networks, cannot be underestimated. The argument is that the real work is done in most companies informally, through personal contacts. Therefore, design management has to consider critical linking roles in order to achieve alignment and desired results.

Seven: Design-minded corporate culture
A corporate culture that embraces good design is a necessity. Often design-minded corporate culture is led by executive management. Often it comes about as the result of a “moment of truth,” during which the company realizes a business success directly related to design.

Presumably, all design managers agree with Paul Rand’s 1987 phrase, “Good design is good business.” The trick is to convince business executives and nondesigners. Even harder is building a corporate culture in which design can flourish and realize its potential. All the companies showcased in this article benefited from a design-minded culture. Each appeared to recognize the value of design as a business resource and therefore managed design as part of its standard business process.

Conclusion
The stronger an organization’s culture for design, the greater its commitment to using design as a resource. Businesses need to develop their own design culture by applying design leadership and applying effective design management practice, in order to produce effective design and achieve business results. Only then will the idea of design as a business resource achieve its true power as a means of reaching business objectives.

Acknowledgement
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Suggested Readings

Bruce, Margaret, and Bessant, John. Design in Business (Harlow: Pearson Education, 2002).

Cooper, Rachel, and Press, Mike (eds.). The Design Agenda (Chichester: John Wiley and Sons, 1995).