



SEE DESIGN
Sharing Experience
on Design Support
for SMEs

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TRANSCRIPT

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So, just to refresh our memories, the way we did this was to set up a system of three questionnaires, so in the first instance the client companies were to be sent a questionnaire about what they expected design support to do for them. At the same time the design support agency was supposed to undertake a questionnaire about what they thought about this firm and whether this firm was likely to be receptive to design, etc. Then there's the provision of design support, this being timed, going across the horizontal axis and at some point in the future the client firms would be revisited to find out what had happened. This is a process that can take place over a considerable period of time so the gap may be four years, in a sense we've developed the full system but we haven't fully tested and implemented it. It's more like a pilot, if you like, to get going.

So at this stage what we've got is 56 live answers from 56 organisations who've participated in this part of the study. So we don't have answers yet from the client firms down the road in say, 3 years time. Maybe you guys want to revisit them to see what's happened. We also don't have any information as yet from the design support agencies in terms of the people who they were supporting – questionnaire 2 or 3, I may have got those two numbers the wrong way round. However it's 56, which we can use for some analysis.

So the 2nd methodological approach was to look at your past clients and in this case we have questionnaire 4 and we wanted to find out a bit about how they have used design support and what design has meant for them and in this case we have 76 responses to these retrospective questionnaires.

So what I'm going to do is just a very quick run-through of some of the results from these. In the first case, the ones in which we started up the system. We've had 56 responses from 3 countries, primarily from Wales and Flanders with a few from Denmark. This is enough data for a fairly simple descriptive analysis and some comparisons. Data is a bit like the telephone system, when you have one phone it's completely useless. Nobody in their right mind across the world would ever want to have the first telephone because you can't call anybody. When you have two, it's maybe useful to call your mum but it's not particularly useful. The point is, once the telephone system gets enormous it's extremely valuable and it has what we economists call network externalities. So essentially there's a benefit to having lots and lots of data. This is a fairly small telephone system so it's useful but it has a lot of rich potential within it should it ever be expanded.

So, one of the questions was the extent to which firms use design and so this is a sort of hierarchy between it not being used systematically and just starting to think about design so if you add these two together you get about half the sample. Half the firms said they were just starting to use design. Then there's a few in the middle who said they used design as a last finish or for styling. And design as an integrated but not controlling element and, perhaps what's surprising here, is that a third of the responses said they used design already as a natural management tool for the company. Now, I thought that primarily the people coming in to receive design support would be at this level (starting out with design), but quite a lot, in our sample at least, were already quite strong users of design support.

If you break it down by the 2 organisations that provided most of the responses you see quite a different pattern. I've called these A and B just because I don't want to get into who's who, but you can probably guess.

So organisation A: 65% are targeting design support on novice organisations who haven't used design support before whereas organisation B, according to the data received, have quite a strong orientation towards organisations which are already engaging in design to a considerable extent. So you're looking at quite different scenarios in terms of the type of firms that are being supported which is interesting because the different programmes of support would be different for the different firms. An analogy would be schools. So A is orientating themselves towards primary schools whereas B appears to be orienting themselves towards people going to college, so they've already received an education, whereas A is oriented to those who have yet to start. And clearly education programmes in schools are quite different from those in college, allegedly.

So another piece of evidence here is the extent to which the firms are already engaged in various design disciplines, we gave them a list of about 6 and we'll come to those later on, but the question was how many of these disciplines have you engaged in in the last year and how many do you expect to engage in next year? So you see about half of the firms here have engaged in none, so they were novices if you like, but 10% had engaged in as many as 4, so that's kind of interesting. And if you look at their plans going forward you still see that 20% don't plan to engage in any but clearly they have increased their commitment. But again what's interesting is the differences between the two organisations.

(Q from IV, inaudible)

Indeed, it does seem odd, but that's statistics, you always find these outliers and you can try to look into them.

So organisation A, 70% of their clients had not used the design disciplines before and another 19% had used just one discipline. So you can see that 90% of their clients are basically novices with respect to design. And clearly, maybe they're just testing the water, they're coming along to see if design is for them, but clearly they increased their commitment.

Organisation B, only a quarter weren't engaged at all in any disciplines prior, and about half were engaged in two or more. So according to this data, organisation B are supporting organisations in the main that already have some commitment to design. Again, they migrate up so they are increasing their commitment.

These are the particular design disciplines that were mentioned, so the previous slide was an account of these: communications & branding, product and industrial, interior, fashion & textiles, digital and service. So basically you could do up to 6 of these. And you see how the extent of the commitment, so 40% basically on communications and branding and what's interesting is over here. Because you see this is the extent of the organisations taking up and you can see there's quite an extent of taking up. But what's also interesting is over here, the proportion of firms that are stopping a particular design area. Maybe they're stopping communications and branding and moving into another one and that's something that comes out of this data, which is actually that firms seem to use design support agencies to help them transfer from one area of design to another, so it seems that you are not just helping novices get into design but you're also helping them – and I'll show you another way in which you appear to be helping them – you appear to be helping them to move from one area of design to another and so there's a sort of churn factor and that's one of the ways in which design support is helpful.

So this is the factors important to competitiveness. One of the questions we asked was how important do you think these factors are to your competitiveness and they had to rank them from not important, and that's a separate category, limited importance, some importance, high importance and crucial, and so you can see that the weight – for example 80% of the firms felt that customer service was crucial to their competitiveness which may be somewhat surprising when you experience customer service in the average firm, but nevertheless, 80% thought that customer service was crucial to their competitiveness. So we can take an average of that and if we give a score of 5 to crucial, 4 to high, 3 to some, 2 to limited and 1 to none we can take an average and I've basically ranked them in terms of their average importance to the firms. So you can see that customer service, sales and marketing, financial management, operations management, all come higher than design on average, then R&D, internal communications and HR management at the bottom. If you do a factor analysis on this what you find is that R&D go together and the other aspects of management go together as well, so you get a two factor solution or a two principle component solution. And if you look at these two organisations in terms of the scores that their clients gave them, they're actually quite similar.

There's a little bit lower consideration of design amongst organisation A than B but as we saw previously B has been tending to support organisations that already tend to use design and so we would expect them to place a greater importance on design and A's clients tend to be more novices and so if in the future we were

going to do this survey again, we would hope to find a bigger increment here amongst the clients of A than we would amongst the clients of B.

You're looking a bit puzzled, are there any questions?

GRM: I'm just wondering, with these results, if we can link design with customer service ... that would be a key thing, because then we make design important for the most important thing for the company and that's customer service.

IV: (Inaudible) ...much more impact on financial outcome – that in these 5 years you have much more from product design there was no difference. If you had new products on the market it didn't have any impact in Flanders on the economics. And if they use communication design, service design, they grow...

BT: OK we can't do that with this, but what if the system of questionnaires were fully implemented we could probably do that – this is the before situation, what we're also interested in would be Q3 which is some years down the track. What we'd hopefully find is that firms who have invested in design, you could then take two groups – firms that heavily invested in design and those that didn't and hopefully both the subjective attitudes and the objective performance of firms who invested in design would do better than firms who didn't, but we don't have that information as yet.

Any other questions?

IV: Who's A and who's B?

BT: Ah, it's a secret! You're (Flanders) B and Wales is A. We've only got 57 observations so the analysis can really be oriented around one source of variants. If we had more data we could orient around more variants., We can look at the two organisations and the extent to which they already have a commitment to design – we can say how do firms that already see design as a key management tool compare against firms that haven't yet used it and you can see those two groups and look at differences in size in the sector, classic sorts of variants that we could use. Statistically as a rule you need 25 observations, 25 forms, per dimension of the variants, so if you have data sets of thousands you can start putting lots of variants into a statistical model and you can see if it matters whether you're in Wales or Flanders, size, sector, etc. so our problem now is that we can't necessarily ascribe the difference to the source of variants because we essentially looking at bi-variant data not multi-variant data.

So this is another question which asked about the expected impact of design. These firms were asked about the expected impact prior to receiving design support and in many cases prior to using design. There are 12 questions and they were asked to scale from no impact to a great extent of impact and we've given those a value and ranked them. So what we see is that most companies expect design to improve their image. One company thinks it won't, but most also think it will increase turnover, enhance competitiveness, improve client communications, increase profits, increase market share, they're actually very high expectations. If you look at these, over half the firms expect a great impact. So this raises the issue of managing expectations. Are companies expecting too much from investing in design, it's a question for you guys. Where they don't expect so much impact is enhancing efficiency and productivity, when you think about things like service design there's a less clear distinction between product and process, so that's something to think about. There's a less direct impact on employment, which is understandable, and also they don't see design as less powerful in terms of their environmental performance, perhaps they don't care in many cases.

LM: Can I just inject something here? My work with SMEs has been on the last one, to improve environmental performance, there's a huge effort going on and people who supply that kind of advice argue quite successfully that if you set out to improve environmental performance you will improve all of the others.

BT: Any company that increases its turnover is very likely to increase its employment so in a sense there's a trickle down effect, if you enhance your turnover or increase your market share you're almost always going to improve your employment, but that's not necessarily what we're thinking about. Perhaps it's why are you trying to invest in design – these are the micro agents reasons for investing in design.

We can see that A and B are very similar here – the biggest difference is in gaining access to foreign markets. The Welsh companies tend to be very small, the ones we got data back from, the Flanders tend to be bigger, so perhaps the Welsh companies are at an earlier stage in their development. What's striking about this is the lack of difference, given that they are quite different populations, so it's interesting that they report quite similar findings.

The 2nd bit of analysis we can do is the analysis of Q4 - this was sent to companies who received design support in the past. About half the sample comes from Wales and the other half from other companies, a

total of 39. None of the other samples are big enough to give any purchase on the variants so it's enough for some descriptive analysis and some simple comparisons. We'll just go through the main results. They were asked to reflect on the impact of design/design support on their organisation and they could answer that something has decreased slightly through to increased greatly. The primary achievement if you like is awareness of design – 85% increased this and 60% increased their awareness substantially. The 2nd outcome is investment in design – 2 companies actually reduced their investment which is interesting. That may reflect something about the more efficient use of design but it's very small, so I don't want to interpret too much, but there is a very interesting pattern in the behaviour of some of these companies that we'll come to shortly. Most of them have increased their investment substantially. Sales turnover again, you see that's gone up and if you compare the investment in design against the increase in turnover it looks like people have proportionately increased their investment in design more than they've increased their turnover, which is interesting. Exports – firms tend to increase their exports, about half remain the same, roughly half increased. Profitability – it's a pretty good picture again, a couple declining. Employment – again it's a pretty good picture. It's the sort of table that you as agencies might want to present to your sponsors because it does paint a pretty good picture of the positive impact of design and design support. Of course if you're cynical you could say that you picked good companies, but nonetheless, economists are cynical people! This asked the extent to which firms were engaged in the various disciplines – it's just a count. So 43% weren't engaged in any of the 6 design disciplines prior to receiving design support but over half were engaged in one and have increased their commitment. So most are now doing two or three and a third are doing one. A few haven't committed to any, they may have moved in and out, but generally you see an increase of commitment.

These are the particular disciplines in which firms have engaged, in all cases they've increased except with interiors and exhibition design. And particularly high is the increase in product and industrial design, you can see the proportion of firms that have taken it up. What's particularly interesting is the level of churn – churn is firms moving in and out of an activity. If we think about mobile phone companies they talk about levels of churn which is the number of subscribers that take up their services and then drop them or go to a rival. The level of churn is surprisingly high, almost a quarter of the firms that were doing communications and branding design have dropped it and moved to other areas of design presumably. This goes back to one of the things I mentioned earlier that one of the things design support agencies seem to be doing is they're helping companies move from one area of design to another.

IV: But it depends on the year, because your research is always mentioning 12 months?

BT: Not in this case this is simply before and after receiving design support

IV: Yes but this after can be one or two years. If a company builds a website it costs a lot of money, he will not do this every year, so communication and branding you do it every 5 years.

BT: Sure, clearly there's limitations on what we can know from a two-page questionnaire, the more precise it gets the less people will want to answer, so we have to interpret.

So this is a questionnaire which asks the firm about the extent of design within the company. So again a hierarchy from no design at all, through occasional use of external designers, regular use of external consultants, having internal designers to having a dedicated design function. It's possible for all kinds of answers within that – it's possible to have an internal design department and also use external designers. To simplify things what we tried to do was identify the firm with the highest answer – so if the company did both of these we only coded the highest one to simplify things.

So you see that before receiving design support about 10% had a dedicated design function or department, another 15% had internal designers, about a quarter used external designers on one basis or another and then 20% had no form of design. What's interesting here is that since receiving design support there seems to be a convergence to using external design consultants. So if you go back to a previous slide you saw one firm that had reduced its investment in design which may be a result of having less internal designers and more external. So if I identify three things which it looks to me like design support agencies are doing which I hadn't realised before, first of all you're taking firms that are novices and giving them an induction into design and design activities and it does appear to be pretty successful on the whole. The second thing is transforming the design activities that the firms are engaged in. They might have been engaged in communications and branding and you're helping them to take up product and industrial. But the third transformation activity is to some extent helping companies move from resourcing design internally to using design externally. The number of firms that had internal activities appears to be reducing and you're particularly helping to establish good relationships with external design consultancies used on a much more ongoing, regular basis so, if you like, you're helping to establish networks as opposed to integrated organisations. So the number of firms using external consultants on an ad hoc basis has doubled, but the number using them on a continuous basis has gone up from less than 10% to almost half, so that's an interesting result.

This question asks about how firms perceive the impact of design support on their organisation. Asks them to give an answer on a scale between not at all, limited extent, some extent to a great extent. The answers have been ranked in terms of the average impact. From improving the image, 60% said it has a great impact on their image and 30% say some impact – so positive from 90%. Improving new products, client satisfaction, competitiveness, communication with clients, helping develop new markets, and foreign markets then you get to the wider economic impacts – turnover, market share, profitability and efficiency, increased employment and environmental performance. So this type of pattern isn't unexpected, again you get the trickle down effect. The impact on these things is the most immediate and obvious but then an improvement in these things leads indirectly to an improvement in these aspects and from policy to perspective it's really these aspects that matter.

IV: Bruce, here too you see the impact on environmental performance but I think it's also to do with the time. Q4 we sent out to our workshop participants from 4 to 6 years ago and we're only talking about eco design for 1 to 1.5 years so you can't have results on that because it's a new topic.

BT: Clearly, if you'd sent this Q4 to Frank's clients in Design Wales and you'd had these results, it would be a bit disappointing, but given that this was sent to all sorts of firms and in the future maybe we could connect the particular programme that they were associated with so you could take out the ones that were more environmentally oriented to compare them to the other ones. But I don't think that's a bad result, 70% saying that design has had an impact on environmental performance is well over half. Given that wasn't the primary objective in most of these firms, as a consequence, it only looks poor because it's at the bottom of the table but you have to look at the absolute values as well as the relative ones. On the whole you can tell a nice story about that.

The conclusions: the quality of the information we have is actually good. Most of the questionnaires have been answered very fully, we tried hard to keep them simple, two pages which is about as little as we could get it down to, perhaps we could reduce it a bit further. So the quality of the information we have is good, the quantity is less good, but never mind. Q1 and 4 seem to be working well, I think some interesting patterns are certainly emerging, I think there's potential for using this for internal insight. I was talking to Gisele about people at Design Wales some of whom are a bit nervous about using some of this information. Certainly the quantity of information we have is insufficient to identify all the sources of variants, so if I was a design advisor in Design Wales I wouldn't be terribly nervous about these differences because the level of information is not sufficient yet, but even there there's an opportunity, if there was enough information, to use it more effectively to say 'Fred might be particularly good at dealing with small companies in industrial design and pretty hopeless at dealing with large companies in communications branding.' So you can use the information in a positive way rather than pointing a finger at Fred and saying he's useless.

One of the things this project has done is bring together data sets of all sorts of programmes from all sorts of partners, what emerges from this data is different patterns of provision, so in a way you are teaching different kinds of students if you go back to the school analogy. So in the sense that just finding out the number of programmes that are provided may not be sufficient, but then you start saying well we provide these sorts of programmes because our client base is different to yours and then you can start to make more informed comparisons, beyond the type of information provided in a small document.

Also it provides external ammunition, this is the sort of information that policy makers tend to like, the results are positive, past clients are happy about the outcome. Of course you can be cynical about who might have responded but amongst those who did, the pattern is very positive and encouraging. These differences amongst design support agencies emerge and there does appear to be different types of firms using design support which might be useful for tweaking programmes of design support in the future.

GC: Thanks Bruce that was really interesting. Already it's going to give us, Design Wales, we're doing a process of presenting ourselves to our regional government again so it gives us some more information to tell them. I thought it was interesting – I know most of the responses came from Flanders and Wales – but the answers were similar despite differences ... also what we've learnt by not being able to do what we originally set out to do, realising that with all the different models we had, it was impossible to do direct comparisons, we might learn from them.

IV: Q4 from Design Flanders was sent out to attendees of the workshops, Q1 we did for one-to-one advice – it's a completely different field. Secondly before we talked about the cost of the one-to-one in comparison to the workshops and how the workshops are expensive, but be careful the cost of the workshop includes the printing costs of the book about the workshop proceedings. If you want to know what it costs without the book I can tell you.

BT: Those details are important but my plan was just to use A and B, because it can cause problems so it's better to call them A and B.

MG: Is it possible to have a map of the different services all over, because one interest is to have a better typology of programme and services.

GC: Does that link to Bruce's research or are you talking about a map about what's going on?

BT: In a previous analysis we tried to make a map of types of design support or promotion. One of the problems we had was that most of you had moved away from support to promotion, certainly in Denmark, so that's why we've got almost no data from Denmark. We can try, but clearly we have in this document the list of practices so if we want to take out the ones done by the partners we could always expand out.

GC: Would it be useful if we went away and spent half an hour writing down what we did 3 years ago and what we do now to see if there's any difference or trends.

BT: At the moment we've only got this information from these 76 companies on the impact of design support, their changing perspectives, but we still need information on what design support they received. Some may have attended workshops or one-to-one advice or something else. So if there were substantial numbers in each group – say 20 – then you could compare those that did workshops to those that got one-to-one advice and if one-to-one is more expensive than workshops then maybe you could conclude that workshops were more effective, for example.