

THE STRATEGIC POTENTIAL OF DESIGN

Irene Lønne, The Royal Danish Academy of Fine Arts, Denmark

Summary

My research is focused on the strategic use of design. I am interested in the relationship between the use of design and its connection to strategic management. I am carrying out two case studies as part of my PhD- research and the purpose of this work is to explore the potential for integrating design in strategic thinking with focus on companies that are not “design based” i.e. do not have a design product. The two companies in my cases are large Danish companies with around 10.000 employees and in both cases the subject of the case study is communication design. The preliminary observations of the first case study indicate that the design process has brought about the implementation of solutions to strategic issues as they were visualized and discussed.

The process behind Danisco’s annual report 2004/5

The projected results which are outlined in this paper originate from the process behind Danisco’s Annual Report 2004/5. Danisco’s annual report has just been published on the internet and is currently being printed. The process is therefore not complete but a certain amount of material has been collected which has led to preliminary observations and projected results. During the process notes were taken and observations made as the project proceeded and a series of interviews were carried out with key persons.

Danisco’s annual report consists in reality of four different publications with different target groups: *an annual report with accounts* which addresses itself to the professional shareholders and analysts as well as the financial sector of the press, *a profile brochure* which is directed at the private shareholders and which is also used as general profiling material, *a sustainability report* and a *web section*.

Observations from the process

As an observer of the process I have identified some key areas from which the discussion and the process have arisen and developed. These key areas have been identified as they are subjects of crucial influence during the course of the process – they have e.g. proven to be very controlling, partially absent and difficult but on the positive side have contributed to shedding light on the matter under examination. Subsequently in the interviews I have tried to investigate these key areas more thoroughly. The key areas are described in the following sections.

Economical and strategic goals

Major controlling elements in the process were the finances and keeping to a budget. Economy was the dominating strategic goal while other goals were not mentioned. However it was evident that, as the employees were very conscious of professed strategic goals such as the company’s values and mission-statement, these were to a large extent implicitly present in the process. However at no time was a priority list or special goal for the annual report set up. Therefore it was left up to the individual participant in the process to prioritise according to his/her own judgement. Asked during the interviews many commented on the fact that they had not given much thought to precise goals as they felt they had a clear idea of what the outline of the objectives were. It is my opinion, however, that a clearer and explicit strategic statement would have produced more consistent discussions about design and I noted that there was not always agreement between the priority assessments of those sharing responsibility.

On the other hand finances and the budget as a strategic subject was a dominating feature of the process. The aim was not to use too much money on the annual report. As in the two previous years Danisco wanted the financial part of the annual report to be published in a spartan version, printed with as few colours as possible and without pictures. This led to the report being referred to, within the company, as the “talebans report” because of its appearance. It was understood in the preliminary meetings the annual report, the profile brochure and the sustainability report are recurring events that the enterprise *must* carry out, but it is not here the company prioritises development work in communication. Investors and analysts are the target group for the financial report and it is an important signal that costs are kept on a reasonable level. The profile brochure on the other hand is directed towards the private shareholders and has therefore a more “narrative” and “image creating” character which justifies the use of more funds on e.g. photographs. In spite of the economic restrictions, the production of the combined annual report is considered important and resources are set aside to work on the project and to cover expenses for printing, design/layout and photo shoots.

A very important factor in the economic goal was the choosing of a design consultant. As soon as Danisco had chosen who was going to carry out the job the process became less dominated by the economic goal. It was decisive for the choice that the work costs and the service delivered by the consultant balance out. The consultant was chosen partly because it was known to Danisco – this gave security (the design consultant produced the material in the previous two years) but also because of the price. Together these two factors contributed to the fact that this design consultant had the best chance of being selected. Experience showed that the consultant could be trusted to deliver a product within the price and time frame that had been agreed on. This was considered much more important than the consultant’s qualifications within design and communication. This mutual security between the supplier and Danisco gave on the other hand and somewhat surprisingly more manoeuvring space in the process as questions relating to design, communication, structure, pictures and colour could be discussed more freely precisely because it was not considered risky in relation to the economic frame. In the interviews carried out after the process the interviewees commented that it was not their impression that the economic goal was the controlling element in the process and that they did not feel restricted by the economic frame. These comments were made in spite of the fact that in the beginning of the process it was obvious that the economic goal was the most controlling element. From the outset design as an expense increasing factor was mentioned several times, but when the situation in relation to the finances of the process was settled there was room for a more open and productive design process.

Language of design

In the project a person was chosen to be responsible for each of the individual publications of the annual report which look after the different interests and represents the different sectors of the enterprise. Those respectively responsible for the sustainability report and the profile brochure focused on visual communication. They both mainly characterised design as *visual communication*. In the preliminary meetings of the process it was obvious that these two people needed to emphasize this focus, but they did it by implication and expressed for example that it was important to make things more “edible” and that therefore it was necessary to have colours and photos in the published material. At that stage of the process finances and budget were still dominating factors and the superior project leader was not willing to discuss this topic. Clarification in relation to the economic frame led to more openness and gradually as the process progressed and design consultants joined the project design was referred to more often especially in relation to pictorial style, colours and format. Those involved however were lacking in a

concrete language to use when talking about design and found it difficult to talk about topics relating to design – this also applied to the design consultant. This is possibly explained by the fact that in the beginning there were strong signals that “there should be no design or development in this year’s publication”. However this is a declaration full of contradictions as it must be considered impossible *not to design* so as to be able to carry out the task. It must therefore be assumed that the word “design” refers exclusively to surfaces, colours and style and not to the integrated design process. The process therefore is in nature of a silent or emergent design. In the process where several interests were constantly vying for attention design was consistently placed at the bottom of the hierarchy. Design was so to say “sneaked” in – none of those involved spoke of design as anything other than photos, colours and style. At one stage it was suggested that the four publications should have “a connection”, “look alike”, “be the same” – but at no time was it clarified why this was important and how one could achieve this. It was understood that what was being talked about was superficial connection (styling) i.e. a recognisable feature in the use of colours and style of photos. No one elaborated what significance this could have for Danisco and what signals one wished to send with a joint visual expression. In the interviews most persons were however able to explain why they thought that the publications should have some common features. It became quite obvious that it also was about signalling internally that Danisco is *one* company with common goals. This must be characterized as being an important strategic goal and one must assume that the process would have benefited if this had been explicitly expressed and if there had been a more heightened consciousness that the design process could be used strategically here.

Visualisation

With reference to the above the participants in the process characterize amongst other things design as visual communication and it has had a bearing on the process that precisely this definition has been the prevailing one. From the very start the design consultant tackled this area and influenced the discussion about the publications’ visual features commenting most of the time exclusively on colours, pictorial representation (photos) and format in relation to design and to a lesser degree on design as an integrated process (– i.e. lack of design language in previous section). In relation to the visual field the design consultant presented objective, operational and practical arguments. Early on in the process it was obvious that it was necessary to improve the pictorial representation as compared with the previous year. The design consultant responded by coming up with different suggestions which were positively received. Danisco is an industrial enterprise, but the end product for the consumer is foodstuffs. For several years, food, lifestyle and happy people have constituted the predominant image at Danisco’s – a focus on people not test tubes and machines. The discussion this year was concerned with presenting an alternative to “shiny happy people” and finding an equilibrium between a lifestyle orientated, “back to nature” and cookery-bookish image and the company’s actual product (white powders = ingredients for the food industry).

During the process Danisco acquired a new company with a slightly different range of products in relation to ingredients which are directed towards the industrial market. As foodstuffs and lifestyle are an essential part of Danisco’s visual identity this new acquisition created some insecurity in relation to how one now could represent Danisco visually as being related to products other than foodstuffs. The ensuing result was a discussion about the pictorial style of this year’s profile brochure. At the final presentation the design consultant’s visualisations had a direct effect on the attitude of those present to Danisco’s new acquisition. It became very clear that the company had changed character and that this had to be taken into consideration as the visualisations represented the “old Danisco”. This was unintentional, but resulted in the

clarification of an important strategic issue. The discussion on the basis of the visualisations led at first to some uncertainty, but was followed by definite clarification in relation to what the enterprise represents and what it should signal. In the last few years Danisco has used the slogan "first we add knowledge" and during the discussion it became clear that it is precisely *knowledge* as an ingredient that is the message to be promoted. It was also determined that a joint branding strategy would be continued and that the new acquisition would be included in the joint visual profile. After a few adjustments the pictorial style as proposed by the design consultant was approved and brought about a general clarification as to the overall strategic issue.

Method and choice of case

I followed the whole process as an observer during a series of meetings at Danisco. Some of the meetings were internal, others work and presentation meetings with the participation of the design consultant. This was followed by interviews with key persons involved in the project as well as Danisco's CEO and the external design consultancy. When the end product will be available in its totality it will be assessed by a professional group within communication design as well as by lay men from the target group. The product will be compared to previous years' production and assessed in relation to the company's other communication design, visual identity and branding generally as it stands at the moment.

The second will be carried out in the same way and when both cases have been completed they will provide the basis for a concluding analysis.

My case methodology can be characterised as a bottom-up process where I have outlined a hypothesis and tried through case studies to examine this, put it in perspective and on the basis of the results to postulate a theory. The theory takes shape as the empirical study progresses. There is however a theoretical reference frame which is based on theories of strategic management. The cases have been chosen as a result of a combined critical and opportunistic strategy. The first case is chosen with a view to examining design in a non-design based company as main case. The second case is chosen as a supplementary case which supplies a different perspective and represents a service enterprise with a long tradition within design, The companies are similar to one another in some aspects (size, age, history) but differ on others (product, geographical distribution etc.).

Design is broadly defined as stated by Herbert Simon: "Everyone designs who devises courses of action aimed at changing existing situations into preferred ones" ⁱ. In this design definition it is understood that during the design process a value increment implicitly takes place in that a given situation is changed into an improved/preferred situation. Moreover this definition underlines the fact that it is not only *the classical designer* that carries out the design ("everyone designs"). This leads to the possibility of perceiving design and designers in a broader perspective. Value creating and an extended design concept provide the basis for the study of the phenomenon. Strategy here is understood as company strategy and strategic management i.e. the way in which the company generally describes strategic goals. The company's strategy is classified according to Minzberg's Strategy Safari ⁱⁱ – which gives a general view of strategic management.

In the first case detailed above (Danisco) I examine the product and the process leading to the production of the annual report 2004/05.

In the second case I examine the redesigning process of an internal communications medium. This is the internal employee magazine/newspaper in the company (DSB). This employee

newspaper is considered as an internal strategic tool for the company and is linked to strategic management especially in relation to the company's values, vision and mission. The company can be considered as being "design conscious" and has a clear position on design.

Background

My claim is that a strategic decision in a company often results in a design decision for example when it communicates externally and internally and through the products it produces. Design decisions are often present, but are carried out more or less consciously and assigned different levels of significance. The decisions could be characterised as silent design decisions and often affect specific design products (communication design, web-design, interior design, industrial design, architectural design) and if design is defined as an interdisciplinary activity many more processes can be characterised as design related (services, business structures, procedures etc.).

My motivation for carrying out this research stems partially from many years' experience within the field of design. As qualified architect and designer I have seen both sides of the situation and experienced that design decisions are often detached from and fragmented in relation to the company's management and strategic aims. The design branch is generally at the moment upgrading itself so that it can participate more strategically in the way one works with design.

My point is that not only design-based companies (companies based on design – especially product orientated companies) use design in their daily activities. Other companies also use design to differentiate themselves. I have therefore wished to examine how design decisions are taken in a non design-based company and I am trying to establish to what extent it is possible to link company strategy to concrete design tasks, to what extent the company uses design strategically and whether there is a potential for better integration between design and strategic management.

ⁱ Simon, H., *The Science of the Artificial* p. 111 ('69)

ⁱⁱ Minzberg H., Ahlstrand B. & Lampel J., *Strategy Safari* (The Free Press, USA '98)

A list of references can be provided by the author.