



STRATEGIC DESIGN MANAGEMENT AND THE ROLE OF CONSULTING

Research Report

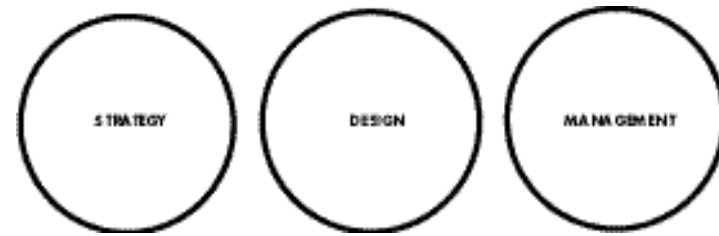
By Brian Gillespie

The research outlined in this report was carried out between January and April 2002 during the course of the University of Westminster's Design Management MBA. The goal of the research was to arrive at an understanding of the meaning of strategic design management and discover how external consultants can and do play a role in its practice within organizations.

It was an exploratory and explanatory study whereby an understanding of strategic design management was arrived at through extensive literature research. This was accompanied by a combination of quantitative and qualitative research of U.S. and European consultants in the fields of Marketing, Multi-disciplinary Design, and Information Technology. Consultants were surveyed, questioned, and interviewed to determine whether their practices included or could include strategic design management consulting services according to the understanding established in the literature research. This research included web site audits of 39 consultancies, self-administered online questionnaires completed by 47 individual consultants from almost 40 firms, and semi-structured interviews with 3 U.S.-based senior managers from each of the three consulting groups and one from Europe. The research also benefited from further firsthand personal interactions at the European International Design Management Conference held in Dublin in March.

PART 1: WHAT IS STRATEGIC DESIGN MANGEMENT

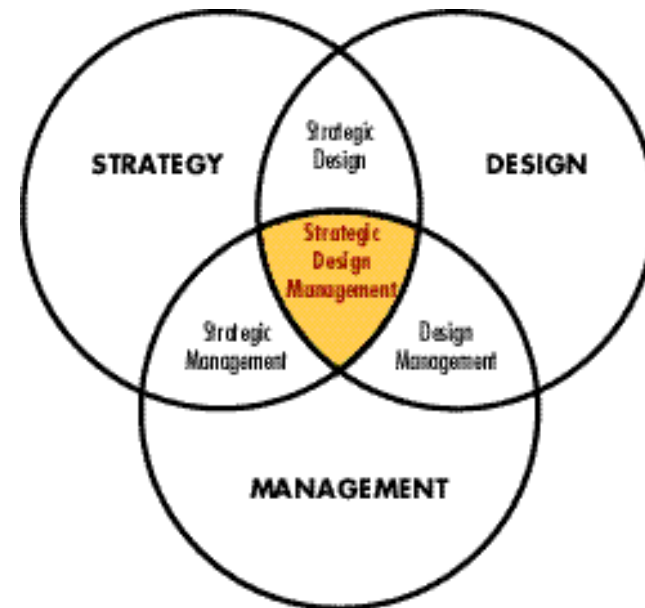
The literature research was built around a terminology construction device that sought to arrive at an understanding of “strategic design management” by investigating the individual meanings of individual and combined terms and the relationships between them that produces the essential ingredients of the term “strategic design management” (SDM).



Though not entirely necessary to the project, a byproduct of the research suggested a definition of SDM.

(A Definition)

a business process that incorporates design and its management into the strategy formation process, and implemented at every level of the organization



STRATEGIC DESIGN MANAGEMENT

The research also revealed a number of characteristics of SDM which were used to evaluate the extent to which consultancies might be successful in offering strategic design management consulting. The set of characteristics does not purport to be exhaustive. It does however suggest both barriers and opportunities to practicing this type of consulting.

CHARACTERISTICS OF CUSTOMER-FOCUSED STRATEGIC DESIGN MANAGEMENT

Organizational Context

- Design viewed as strategic resource
- Three levels of strategic (corporate, business and functional) and design (strategic, tactical, and functional) management
- Organizational structure supports vertical and horizontal integration and coordination of people, practices, and processes
- Strategy and design are enterprise-wide activities
- Multiple channels of interaction with customers

Consulting Context

- Strategic design management is not design specialty or practice specific
- Strategic design management should be separate from design implementation consulting
- Design implementation is part of a continual strategic design formation feedback loop
- Design implementation is concerned with forming unique design strategies in support of strategic design goals

PART 2: SUMMARY OF KEY FINDINGS FROM QUESTIONNAIRE

Introduction to Findings

The following section outlines the results of the questionnaire. Results have been simplified to reflect overwhelmingly positive or negative responses to the questions asked. Though the final sample group is not particularly large (46 consultants from over 40 firms) the responses provide a range of feedback that is both encouraging and discouraging to the practice of SDM as a consulting service. There are still a number of factors absent from the organizational context that will continue to make it difficult for firms offering design implementation solutions to fully participate in their client organization's strategy process. On the other hand, there are many opportunities for firms to produce design, on a project-by-project basis, that can have a great impact on their client's current and future corporate and business strategy. There are no specific conclusions drawn from the sum of the responses. The feedback has been incorporated into a general set of conclusions, which derive from the sum total of the research. Some of these general conclusions are included after the key findings.

Corporate Design Objectives

- 76% of consultants surveyed said they work with senior management to define corporate design objectives for their client's entire organization.
- Consultants say that 72% of their clients are more likely not to have developed corporate design objectives for all areas of their business.
- Additionally, 65% of clients only occasionally or rarely communicate corporate design objectives before consultants commence their work.

- 74% of consultants agree that much consulting work is on a per project basis and that within this client-consultant relationship it is often difficult to influence the development of the client organizations' emerging strategies.

Strategic Design Objectives

- 60% of consultants surveyed say they are asked to work with management to develop design strategies for their clients' entire organizational design needs to some degree or another.
- 84% of those surveyed said their clients more often hire consultants to both develop and implement strategy.
- 53% of those surveyed said their clients more often hire them to implement strategy only.
- Those surveyed were split 50/50 over clients hiring them to develop strategy only.
- 73% agree that their clients employ design services tactically, not strategically.

Integrating Corporate/Business and Design Strategies

- 59% of consultants surveyed said that their clients actively coordinate and integrate design strategies with corporate and business strategies and objectives.

- 70% responded that their client's marketing management group most often performs this coordination role. This number would increase to 81% if we include some of the "Other" responses provided by respondents that point to marketing roles.
- 68% responded that their clients more often than not ensure their consultants design strategies are coordinated and integrated with corporate and business strategies and objectives.
- 59% responded that their clients make sure that they are aware of all other business and design activities that have a strategic relationship to their work.

Network Management

- 50% agreed that a full-service consultancy was the best model for satisfying multiple design needs, from strategy through implementation. Only 4% felt that a holding company model was best (20% were from "held" companies), whilst the rest were split between the formal and informal network of independent houses.
- 75% of those surveyed were independent consulting houses.
- 66% of the independent houses responded that forming networks or strategic relationships with complimentary design consultancies is part of their company strategy. A further 8% said that it is not now but will be in the near future.

- Of those who were already part of a network (73% of respondents) only 24% expressed satisfaction that the full potential for strategic relationships that satisfy all their clients business design needs was being leveraged.
- 46% of respondents said that they more often than not helped identify strategic design partners for their clients.
- 50% of those questioned said that they more often than not led the coordination of multiple design partners with their clients internal groups.
- Reflecting the answer to Question 19, 55% said that it was more usual for a member of their client's organization to perform this network coordination role.
- 63% said that a marketing manager most often performed this design network coordination role for their clients. This number grows to 76% when you add in the "Other" responses relating to marketing management.
- 62% tended to agree that when clients are simultaneously working with other design vendors the management of inter-relationship dependencies could be disadvantageous to the effectiveness and success of the clients' objectives.
- 84% of the consultants questioned were from firms with between 1 and 200 staff. 48% were from companies with a staff of 1-20.

PART 3: IN CONCLUSION...

Design management is effective when end customer-focused. When design is included in the strategic management of organizations it can be a source of competitive advantage achieved through customer-focused differentiation. Customer-driven design and marketing involves market-based practices that inform the strategy formation process, especially in the transition from planned to emergent strategy, and the creation and iteration of all customer interactions through the design of products, services, environments, and communications.

Strategic design management consulting is concerned with the management of design in the identification, diagnosis, and resolution of business issues that are of strategic importance to an organization. The degree of success can be dependent on the organization's perspective of design and the infrastructure in place to support design management. To be effective requires an organization with vertical and horizontal integration involving communication, collaboration and coordination of people, practices, and resources. The support and involvement of senior management is critical to successful integration. The degree to which a consultant can be strategic will depend on the level of organization the consulting engagement is initiated from.

It is virtually impossible for consultants that implement design solutions to support every possible strategic solution for every possible organization's strategic design need. Though strategy is often advertised as a service and capability, strategic management, design management, and strategic design management are rarely, if ever, advertised or marketed by consultants offering design services.

Strategy formation and strategy implementation may separate strategic design management consulting from design consulting. Nevertheless, both are inextricably linked and are essential

to the overall organizations' design and strategy management processes. There is possibly a market for a new model of consulting services, divorced from specialist design outputs, the goal of which is to help organizations manage Design as a critical element of strategic management. The service is designed to have a universal application to any organization and facilitate the optimal outcome from any of the numerous design implementation specialists available to companies, whether supplied by an internal design group, external consultants, or a combination of both.

Please feel free to contact me if you would like to discuss any aspect of this research.

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