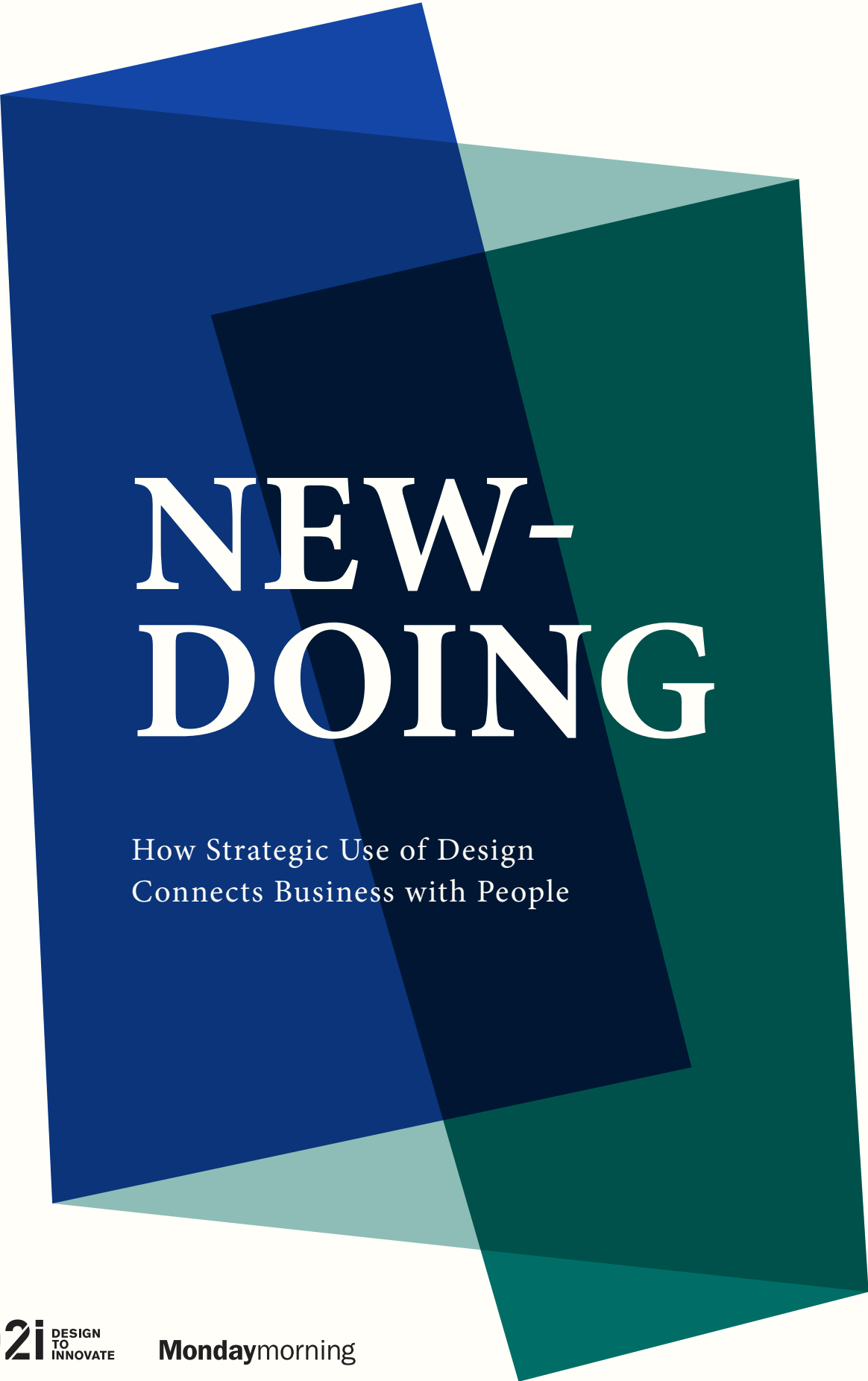




NEW- DOING

How Strategic Use of Design
Connects Business with People

NEWDOING

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How Strategic Use of Design Connects Business
with People

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‘Optimisation and increased productivity is important. But if we seriously want to improve our competitiveness, it takes more than adjustments and adaptation. There is no way around strategic use of design, because design connects a profound understanding of the surrounding world and the users with product and business development.’

Thit Juul Madsen, Head of Secretariat at D2i - Design to Innovate

A NEGLECTED GROWTH FACTOR

Arne Jacobsen chairs, PH lamps and blue fluted china. These are classic examples of Danish design. But design is so much more. Design includes – when used strategically – top executives going on observation trips far from vision statements and Excel charts. It entails employees bringing practical knowledge from the production lines all the way to the company's top strategic planning board. And it allows customers to take part in the development of products, enabling them to spring from specific needs and lived lives.

In short, strategic use of design is a growth factor and a job generator, because it helps companies optimise and improve everything from production to product, from strategy to process.

After several years with financial crisis, the Danish economy is finally showing positive signs. But our growth is still weak. The Danish GDP rose by a modest 0.5 per cent in the first six months of 2014, compared to the first two quarters of 2013. And our competitiveness is waning; for several years now, Denmark has tumbled down the World Economic Forum's Global Competitiveness Index. In 2008, Denmark was in third place, in 2011 we came in eighth, while in the latest rating, we are down to number 13. This is why it is still vital that we support growth and job creation in Danish companies. Strategic use of design is an obvious, but often neglected, solution.

In the Growth Plan for Creative Businesses and Design (Vækstplan for kreative erhverv og design, ed.), the Danish government acknowledges that design rhymes with growth. But we need to think design into the very core of Danish busi-

ness development to a much greater degree, because design is more than shape and finishing touches in the final production phase. Strategic use of design constitutes an approach to product and business development. And as this publication reveals, it works.

The publication includes articles, interviews and fact sheets. But more importantly, you also find seven cases on how small and medium-sized Danish companies work with design, and the value they believe it adds to their business.

D2i – Design to Innovate and Monday Morning collaborate because we believe that we need to learn about and discuss more examples of how we can generate growth and maintain jobs in Denmark. There are many different takes on this, which is something Monday Morning has spent several years unveiling. D2i – Design to Innovate is at the heart of the Region of Southern Denmark's concentrated effort to use design as a driver for growth and conveys design knowledge and experiences to the companies in the region. These valuable experiences can be used as inspiration for future business development.

It is our hope that you will join us on this new path to growth and job creation.

Enjoy the read.

THIT JUUL MADSEN

Head of Secretariat at D2i – Design to Innovate

MORTEN HYLLEGAARD

Director of Monday Morning Welfare

The People We Talked to

.....

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Tina Thomsen, Design and Development Manager, Bjert Invest
Ulrik Gernow, Senior Vice President, LEGO Group

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WHAT IS STRATEGIC USE OF DESIGN?

Strategic use of design is about utilising methods and tools from the world of design systematically in order to come up with new ideas and develop products, production methods and business strategies; and always with the user at centre stage.

Strategic Use of Design and Business Development

Strategic use of design connects an understanding of the surrounding world – people as well as tendencies – with the company's resources and strategy.

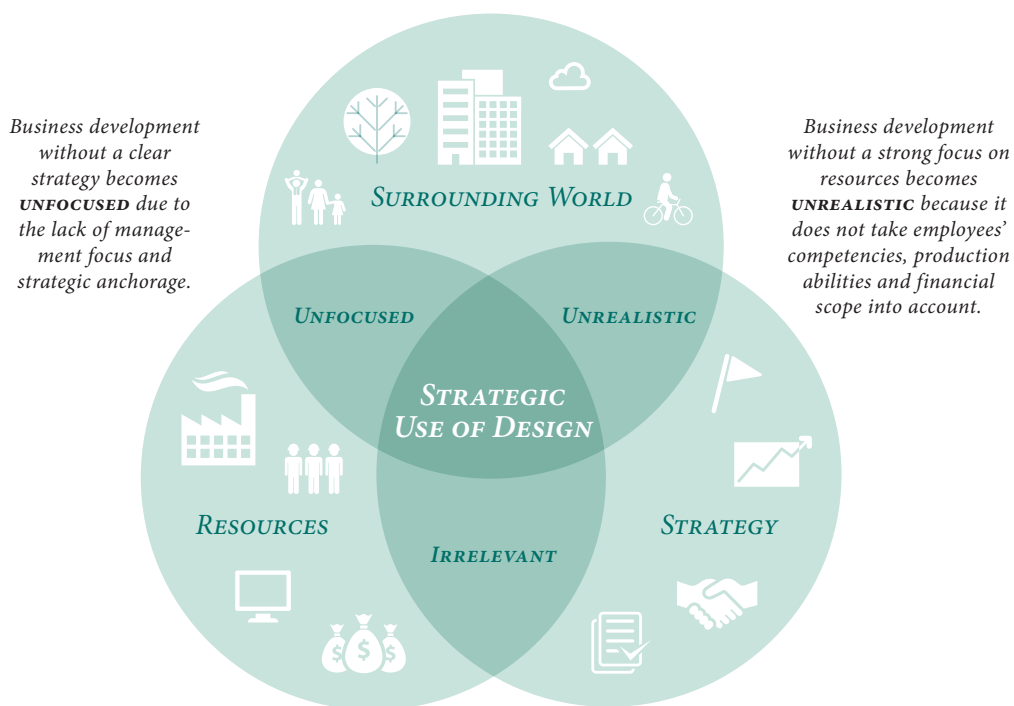


FIGURE1 *Strategic use of design becomes a driver for business development by connecting an understanding of the surrounding world with the company's resources and strategy.*

Source — Monday Morning, inspired by IDEO

Using Design: A Creative Process

Car manufacturer or mobility contractor?



FIGURE 2 *An example of a car manufacturer's strategic use of design.*

1) **RESEARCH:** By way of anthropological fieldwork and interviews with drivers, the car manufacturer's designers find that most customers do not care about motor power and finish. Several families with children do not even want to own a car – they simply want to get comfortably from A to B, the fastest way possible.

2) **IDEA GENERATION:** Designers use creative tools such as brainstorm and bodystorming to come up with new solutions based on customer needs. They come up with a car-sharing concept and develop an app, which makes it easier for drivers to share a car.

3) **PROTOTYPES AND TESTS:** Designers create prototypes to visualise the car-sharing concept and the layout of the app.

Customers, employees and contractors test the prototypes to ensure that they are attractive, customer friendly and producible.

4) **NEW SOLUTIONS:** Designers select and complete the car-share app, which enables families with children living in the city to not own a car. This new solution also inspires a new business strategy: the company transforms itself from only being a car manufacturer to also becoming a mobility contractor. This shift gives way to flexibility in meeting future needs within transportation.

From here, the design process can start anew, enabling the company to continuously use design methods to innovate and stay at the forefront of development.

Source — Monday Morning, inspired by D2i – Design to Innovate



‘Each week, we have children coming in to play with our products alongside our designers. We involve our users, we test ideas, we build prototypes and we make sure that employees at every level are allowed to utilise their creativity.’

Ulrik Gernow, Senior Vice President of the LEGO Group

A NEW STRATEGY'S IN TOWN

A number of studies document that companies who use design strategically do significantly better than their competitors. But even though strategic use of design can generate growth and maintain jobs in Denmark, far too few Danish companies incorporate this approach in their overall business strategy.

While the rest of the world struggled with the most severe financial crisis since the depression in the 1930s, the Danish LEGO Group quadrupled its business over ten years, even shortcutting the American company Mattel (they are the ones with the Barbie doll, ed.) to become the world's largest toy manufacturer.

'The key to our success is our ability to remain innovative and to continuously renew the products we offer to our customers,' Managing Director Jørgen Vig Knudstorp stated in a press conference in February 2014, as he presented an impressive profit of DKK 6 billion after tax for the year 2013. The total turnover was DKK 25.3 billion.

Behind the success of the LEGO Group lay targeted work with strategic use of design methods (*see text box 1*), which helped establish a creative and user-oriented work ethic, resulting in the current employment of 180 designers from 26 different countries in the LEGO Group's product development department.

'Our innovation process is highly systematised, and we use a great number of tools to stimulate brainstorming, idea generation and business development. Each week, we have children coming in to play with our products alongside our designers. We involve our users, we test ideas, we build prototypes and we make sure that employees at every level are allowed to utilise their creativity,' Senior Vice President Ulrik Gernow explains.

'We often say that we understand the world of children; what stimulates them and what's cool. We generate ideas, then validate and hone our ideas as we go along, by way of consumer insight, and then, when we launch a new product, we are fairly sure it'll be a success,' he elaborates.

Strategic Use of Design Works

The success of the LEGO Group exemplifies what a number of international studies have indicated for quite a few years now: that companies who implement strategic use of

‘Companies can choose to compete on price, which includes having to knock down costs to an absolute minimum. Or they can choose to differentiate. Think of Apple’s iPhone, B&O or LEGO. They implement a very clear differentiation strategy, with strategic use of design as their key method. It’s a durable competitive parameter.’

Poul Rind Christensen, Professor at the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark

TEXT BOX 1

TRADITIONAL VS. STRATEGIC

The PH lamp, Arne Jacobsen chairs and blue fluted china; these are all iconic Danish classics that easily come to mind when we talk about design. However, strategic use of design is much more than classic design and clever graphics. Strategic use of design is about the employment of tools and methods from the world of design in order to purposefully and systematically improve anything – from production to product, from strategy to process.

A classic example of the difference between traditional and strategic design thinking emerges when we look at the two companies Nokia and Apple and their take on the mobile phone. In the 00s, Nokia designed numerous models and handsets, but they never changed their basic understanding of the mobile phone. Apple, on the other hand, decided to put all their eggs in one basket – the iPhone – only they redesigned the concept of the mobile phone by making it a platform for different services, which allowed the users to ‘design’ their own specialised telephone by way of apps.

Read more about strategic use of design on page 8, which companies that use strategic design on page 24, and different companies’ experiences from page 28.

design perform better than their competitors – and this is true for large, medium-sized as well as small companies. See text box 2.

- * In 2013, a study from the Design Management Institute, an independent American design institution, showed that over a ten-year period, companies who utilise strategic use of design did 228 per cent better than the rest of the 500 companies on the American S&P 500 Index. See figure 3.
- * A 2007 report from the British network organisation Design Council reached similar results in Great Britain and concluded that there is ‘clear evidence of a relationship between design investment, business performance and long-term stock market value.’
- * In Sweden, the employers’ organisation Teknikföretagen, followed more than one thousand companies over a period of seven years (2003-2010) and documented that companies who implement strategic use of design increase their value greatly beyond companies who do not (13.4 per cent compared to 8.7 per cent).
- * In a report from 2011, the Danish Business Authority established that ‘there is a clear connection between design utilisation and innovation,’ and those conclusions are unequivocally backed up by figures in the Region of Southern Denmark’s report from 2014 about design utilisation in local companies, which concludes that ‘companies who utilise design are more innovative.’

Strategic Use of Design Equals Dollars

Value growth in USD in design-driven companies compared to companies that are not design-driven.

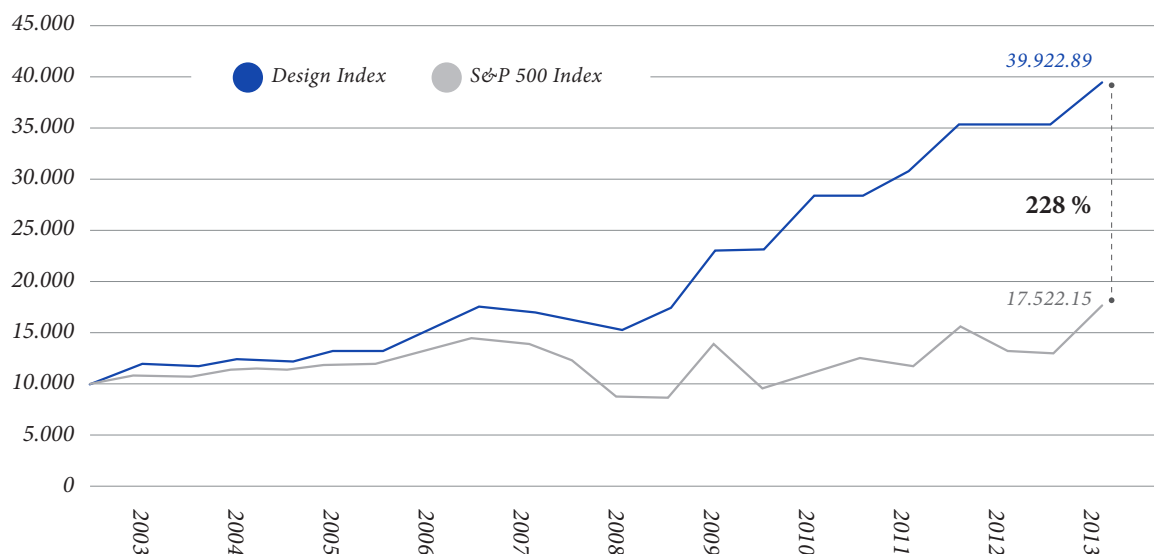


FIGURE 3 Over the last 10 years, 15 companies driven by strategic use of design have maintained significant stock market advantage, outperforming the S&P 500 Index by 228 per cent.

Note: The S&P 500 Index is an index of 500 American companies that have been picked by the analysts at Standard & Poor's as representative of the American stock market. The Design Index is an index of 15 design-driven organisations including Apple, IBM, Starbucks, Coca-Cola, Ford, Nike, Walt Disney, Target, Whirlpool, Steelcase, Starwood, Procter & Gamble, Intuit, Herman Miller, and Newell-Rubbermaid.

Source — Design Management Institute, 2013

A Durable Competitive Parameter

Monday Morning has spoken to a number of experts in design and business development, and they confirm that strategic use of design methods provides a significant competitive advantage for Danish companies who may otherwise have difficulties competing with Asian and Eastern European companies on traditional parameters such as price and promptness.

'Companies can choose to compete on price, which includes having to knock down costs to an absolute minimum. Or they can choose to differentiate,' Poul Rind Christensen, Professor at the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark, explains. 'Think of Apple's iPhone, B&O or LEGO. They implement a very clear differentiation

strategy, with strategic use of design as their key method. It's a durable competitive parameter,' he states.

Sabine Junginger, Associate Professor at Design School Kolding and fellow at Hertie School of Governance in Berlin agrees, 'Technology is easily copied and prices can be cut. But if you build a company on strong customer and employee relations and use this to generate innovation and development, that's something you can't just copy,' she explains.

By implementing strategic methods, Danish companies can develop new products as well as new production methods and solutions, which will increase value and push commodities up the global value chain – as we saw it in the 1980s and 1990s, when the production apparatus of the textile industry in Central Jutland was moved to low-income countries such as China and Vietnam and



'In Denmark, we have particularly beneficial frameworks for strategic use of design. First and foremost, we have been brought up to think and act for ourselves, which is obviously a great advantage when companies have to work from the user's perspective. Secondly, our Danish design inheritance is beneficial because we are born with a sense of design.'

Søren Birkelund Pedersen, Regional Project Manager at Invest in Denmark

substituted by new positions in logistics and marketing.

'In the future, a company will have to compete on its business model and not its specific products,' Sam Bucolo estimates. He is an expert in strategic use of design and Professor of Design and Innovation at the University of Technology in Sydney where he, among other things, heads the Design Led Innovation program, where they try to encourage more Australian companies to utilise design methods.

'Traditionally, design is about the company's output, but if you change the context of what designers look at, and it becomes about the company's business model or strategy rather than output, then design thinking can provide enormous competitive advantages for a company,' he states.

Numerous Danish Advantages ...

And Denmark already has a number of advantages, which can help establish the country as a global design centre.

Danish workplaces already operate with a fairly flat hierarchical structure, which enables employees to challenge the common assumptions about how the work should be carried out. This is a prerequisite if companies want to generate new thinking in relation to both products and production methods.

At the same time, a study from Copenhagen Business School and Rambøll from 2014 reveals that Danish companies are extremely adept at focusing on customers' needs, and this is good news. To come up with new, innovative solutions, it is imperative that companies understand customers' needs and that they do not simply develop solutions that spring from a managing director's gut feeling or an approach along the lines of 'well, that's the way, we've always done it.' The study concludes that the bottom line in 'customer-oriented companies' is five per cent better than in other companies.

TEXT BOX 2

DESIGN IS FOR HEAVYWEIGHTS AND FEATHERWEIGHTS ALIKE

Strategic use of design is not only for big companies such as the LEGO Group, Maersk and Novo Nordisk. Small and medium-sized companies can obtain equal benefits as exemplified by the zinc manufacturer Linimatic (40 employees), located in the small town of Helsingør in Northern Zealand.

Linimatic opened in 1967 and specialised in casting zinc components for big design companies such as B&O, Louis Poulsen and Montana. For the first couple of decades, being a subcontractor was the obvious choice, because the demand for standard services was great.

However, in the early 00s, the phone stopped ringing. Linimatic's customers had found cheaper alternatives in China, and the financial crisis in 2008 did little to improve matters. The number of employees dwindled from 40 to 25 and Linimatic was forced to rethink its business model.

'We discovered that we were sitting on lots of valuable knowledge. Our clients wanted to know more about materials, colour nuances and castings, which is knowledge we have accumulated,' is how Jacob Himmelstrup, Managing Director of Linimatic, remembers it. 'It means that

we can be so much more than subcontractors. We can help optimise the quality of the final product by offering advice from start to finish rather than merely delivering what's in demand,' he explains.

By way of a new slogan: 'We support great design – how may we support yours?' Linimatic created a whole new means of existence: they went from subcontractor to partner.

Today, Linimatic does not only design finished zinc components, they also operate as co-designers and partners, offering support for clients' needs while also challenging and developing ideas and designs throughout the entire process. And there is money to be made from that. Since the financial crisis, Linimatic has again reached 40 employees, and their clients include both BMW and Audi. Jacob Himmelstrup acknowledges that their success is primarily down to design thinking:

'Design thinking has enabled us to adapt to the reality we are now part of. The most important asset has been our new positioning. Without it, we wouldn't have been here today,' he concludes.

Furthermore, Denmark has a growth layer of modern design bureaus who work with strategic use of design. Bureaus such as Hatch & Bloom, Experienced, DEVELOPA, Design-People and Designit help build a culture where Danish companies utilise design strategically. *See text box 3.*

It is the same positive picture that Søren Birkelund Pedersen, Regional Project Manager of the Ministry of Foreign Affairs' initiative Invest in Denmark, paints when he talks to international corporations and companies in London or New York, emphasising the advantages of being based in Denmark:

'In Denmark, we have particularly beneficial frameworks for strategic use of design. First and foremost, we have been brought up to think and act for ourselves, which is obviously a great advantage when companies have to work from the user's perspective. Secondly, our Danish design inheritance is beneficial because we are born with a sense of design. Those are conditions that other countries cannot purchase – no matter how much money they spend on design consultants.'

And according to Søren Birkelund Pedersen, international companies are in fact noticing Denmark:

'Volvo is a great example of how attractive Denmark is on account of strategic design. As a matter of principle, Volvo is not based outside Sweden. And yet, they have es-

tablished a user-driven interaction and development centre in Copenhagen.'

... **But No Lead**

However, despite the obvious advantages, Danish businesses have not yet seriously begun to implement strategic use of design. A study from 2014, conducted by Aarhus University, shows that only 30 per cent of the 140 companies who participated in the survey collect and process new ideas structurally, and one in four top executives consider their companies inadequate in terms of launching new business ideas.

According to the Danish Business Authority, only nine per cent of Danish companies involve designers in defining new business models and half of them do not even see design as a strategic possibility. Only 13 per cent have a design policy. *See fact sheet page 24.*

The Danish business landscape is characterised by having few large companies such as Maersk, Novo Nordisk and the LEGO Group, and lots of small and medium-sized companies. Because the small and medium-sized companies make up the backbone of Danish trade and industry, it is essential that they become competitive within the global market, in order to maintain growth and jobs in Denmark.

Strategic use of design could very well prove a useful

TEXT BOX 3

A GLOBAL DESIGN PLAYER – IN DANISH

The world's third largest strategic design company is Danish. Designit, as the company is called, opened in Aarhus in 1991 as a traditional design bureau, where they would design products for companies that included Stelton and Royal Copenhagen:

'Only we quickly realised that design was much more than fancy articles, that even back then, design was moving away from shape, colour and free fantasy. Design is not merely a creative discipline, it is a strategically creative discipline, and it can form the basis of a company's development,' Mikal Hallstrup, Chief Visionary Officer and Founder at Designit, explains.

'You have to think several steps ahead and ask yourself, "What will make sense tomorrow?" The challenge is not what the next telephone should look like, it's about

how we'll communicate in the future,' he explains before continuing, 'The greatest challenge facing the design industry today is being able to adapt fantasy to business and future customer experiences. That is where the big possibilities lie for design, industry and trade alike.'

This insight proved valuable. Today, Designit has 300 employees across 10 offices in countries including Germany, Japan and Brazil. The company has become one of the big global players in the field of strategic use of design, and its biggest competitors are American design giants, including IDEO and frog design.

It is not just anybody who pays a visit to Designit's global offices either. World-leading companies such as Vodafone, IKEA, Cisco and Audi are regular clients of the rapidly expanding company.

road for companies to follow according to Elsebeth Gerner Nielsen, Rector at Design School Kolding and former Danish cultural minister. But it is not easy:

‘Getting small and medium-sized companies to engage in innovation in this manner is a huge challenge,’ Elsebeth Gerner Nielsen says, and she continues: ‘Large companies do it: Grundfos is definitely on their way, LEGO and Coloplast are utterly fantastic, Novo Nordisk is engaging, as is Maersk. But how do we get small and medium-sized companies to join in? That may well be Denmark’s greatest challenge,’ Elsebeth Gerner Nielsen states.

Confusing Concepts

Paradoxically, the strong Danish design tradition can also become a barrier that keeps small and medium-sized companies from using design strategically, according to Sam Bucolo:

‘In Denmark, there’s an incredibly strong sense of what it is design does: it’s a quality in a product like a chair, for example. In Australia, we don’t have the same design tradition, which may make it easier for us to see design as a way of thinking and not necessarily as a product quality, however it is still a challenge. Design is both a verb and a noun, but too many people place too much emphasis on the noun.’

This means that many may not be able to see design as a method of generating new ways of thinking, which will enable them to create something new.

‘The companies I’ve had a hard time working with are in fact the companies with the longest design traditions. It’s hard for them to rethink their understanding of the concept,’ Sam Bucolo explains.

Price Tag Unknown

But there are also other barriers, which keep small and medium-sized companies from using design strategically. Often, these companies do not have the same budgetary scope for experiments as larger companies do, which makes it difficult to justify spending money on a design process whose outcome you have no precise way of predicting.

‘When a designer approaches a company, s/he will often say: “I know that this process will generate lots of promising things. I just don’t know what they are yet”. And justifying investments in things like that is difficult, when you can’t convert it into dollars,’ Sabine Junginger explains:

‘Design works with a view to the future, in order to create something new. Money can only be weighed backwards, and that’s always been a problem for design,’ she elaborates.

As opposed to traditional business development tools, often born of economic thinking, design thinking does not merely aim at optimising existing processes and products, it is about thinking ahead, to develop and renew. And the

‘In Denmark, there’s an incredibly strong sense of what it is design does: it’s a quality in a product like a chair, for example. In Australia, we don’t have the same design tradition, which may make it easier for us to see design as a way of thinking and not necessarily as a product quality, however it is still a challenge. Design is both a verb and a noun, but too many people place too much emphasis on the noun.’

Sam Bucolo, Professor of Design and Innovation
at the University of Technology in Sydney

rationale behind it is different from the linearity and rationality that influences traditional business theory. This is also why strategic use of design is often viewed as a direct opposite to the efficiency tool *lean*, which the Japanese car manufacturer Toyota developed in the 1960s to optimise the assembly line processes.

In addition, Sabine Junginger points to the fact that the numerous traditional development methods used by various companies are far from risk free: ‘Eight out of ten investments in new products actually fail,’ she states.

Demanding a Demand

In response to small and medium-sized companies’ concerns about strategic use of design, Elsebeth Gerner Nielsen from Design School Kolding argues that it is important to establish ambitious public programmes to support the companies.

‘The fact that Denmark does really well in areas such as foodstuffs and renewable energy is due to substantial state investment in innovation and research. These areas have been heavily subsidised and because the state has been willing to accept part of the private risk, we’ve developed strong industries. We need to do the same with design. Strategic use of design is not a tool many small and medium-sized companies consider applying; it’s a tool they think of as

More Design, Please

Far too few small and medium-sized companies in Denmark implement strategic use of design as part of their business development. Fortunately, there are a great number of things we can do to disseminate these design methods.

We need to create and facilitate:



A NEW CONCEPT OF DESIGN

Strategic use of design is not merely about graphics and styling, it is about facilitating creative processes, which will help the companies innovate and come up with new thinking.



A NATIONAL STRATEGY FOR BUSINESS DEVELOPMENT

A business strategy where strategic use of design becomes an important method of securing growth and maintaining jobs.



A HELPING HAND

Advisory organisations that can help small and medium-sized companies implement strategic use of design.



TARGETED FINANCING

Targeted funding to support companies who wish to work with strategic use of design in relation to business development.



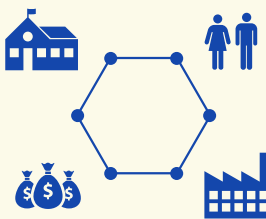
ACCESSIBLE KNOWLEDGE

A strong national research centre that collects and conveys international knowledge about design.



INTERDISCIPLINARY EDUCATION

More interdisciplinary studies programmes which combine business and design. Designers need to know more about business, and businessmen need to know more about creative idea generation.



CLUSTER THINKING

Clusters where companies, knowledge and educational institutions, public agencies, consultancy companies and investors are closely knit, as we currently see it in the Kolding area.

‘The fact that Denmark does really well in areas such as foodstuffs and renewable energy is due to substantial state investment in innovation and research. These areas have been heavily subsidised and because the state has been willing to accept part of the private risk, we’ve developed strong industries. We need to do the same with design.’

Elsebeth Gerner Nielsen, Rector at Design School Kolding
and former Danish cultural minister

risky – which is why it makes good sense for the state to offer support,’ Elsebeth Gerner Nielsen states.

– *But if strategic use of design really is such a brilliant and ingenious concept, won’t all companies start using it on their own accord ... ?*

‘Nothing points in that direction. In small economies, such as the Danish economy, where there isn’t a great domestic demand, it’s important that the state helps generate a demand that will then generate innovation,’ Elsebeth Gerner Nielsen says.

The Danish Ministry of Business and Growth informs Monday Morning that the Budget for 2014 does not include specific subsidies for design; neither the ‘classic’ design industry, including fashion and furniture manufacturers, nor companies who wish to implement strategic use of design to improve innovation and growth. Instead, the ministry refers to the Growth Plan for Creative Businesses and Design from 2013 (Vækstplan for kreative erhverv og design, ed.), which allocates DKK 200 million over three years as ‘risk-bearing capital’ for creative companies. The state also supports the Danish Design Centre with DKK 15 million annually.

This confirms the conclusion reached by the 2012 Sharing Experience Europe, an association that works with the European Commission (comprising nine European design centres, ed.), that strategic use of design is not often included in public innovation funds across Europe.

However, design used as innovation is on the region-

al business growth agenda in the Region of Southern Denmark, where the Southern Danish Growth Forum (Syddansk Vækstforum, established by the regional council to support business growth in the region, ed.) has established the cluster-organisation D2i – Design to Innovate. This cluster-effort is based on the Region of Southern Denmark’s strong research and knowledge environment as regards design. D2i – Design to Innovate collects research and practical experiences and offers support to companies entering into design-based development and innovation processes.

Guaranteed Profit

It is, however, not only public organisations that take an interest in strategic use of design. In Kolding, the private company Bjert Invest – who invests in properties, businesses and securities – utilises design as a tool to help them develop the new district ‘Design City Kolding’, which is under construction in the town centre; neighbouring on both the University of Southern Denmark and Design School Kolding. Bjert Invest has made use of their close proximity to the design knowledge intrinsic to the area and have participated in design workshops with schools, institutions, the municipality, private companies and entrepreneurs as a means of honing in on what is needed to make this new part of the city as attractive as possible.

Søren Birkelund Pedersen from Invest in Denmark has





also noticed how, internationally, design is becoming an increasingly decisive factor in how and where companies choose to invest:

‘Numerous investment funds demand that the companies they invest in work strategically with design. They figure that strategic use of design is a guarantee that a given product will also have a market – that someone will buy it.’

Airbnb, a hastily expanding American online market for subletting and renting accommodation, is a great example of how it is no longer a question of big companies swallowing the smaller companies. It is more a question of innovative companies swallowing big companies. Søren Birkelund Pedersen explains:

‘Hilton has spent the last 95 years setting up business in 90 different countries, while Airbnb has started up in 190 countries since 2008. This is due to design thinking. And the big consulting agencies seem to be picking up on design as the way onto future markets. For example, consultancy agencies such as Accenture and KPMG now buy up design bureaus to prepare for the future.’

Interdisciplinary Design Schools

Strategic use of design is also gaining momentum in the educational system, including the private school Copenhagen Institute of Interaction Design (CIID), a one-year training programme that combines strategic use of design with business operations and entrepreneurship. *See text box 4.*

In 2014, the school was named the second best design school in Europe and it is now no. 17 on the American web-site Business Insider’s list of the world’s best design schools.

We also witness a dawning focus in public education. One example is the master’s degree in Management of Creative Business Processes at Copenhagen Business School, which combines business sense and design. Another example is the collaboration between the University of Southern Denmark and Design School Kolding on a master’s degree in design management, which combines design and humanistic methodology with economic business sense.

‘The fact that the degree is based in Kolding enables a close collaboration between the theoretical university milieu and Design School Kolding’s creative approach,’ Head of Campus Kolding at the University of Southern Denmark Per Krogh Hansen states, before proudly adding, ‘The degree is so popular that in 2014, we had to turn down 40 per cent of our applicants.’

These statements are verified by Sabine Junginger’s assessment that we need more interdisciplinary degrees. Junginger points to the fact that several of the world’s leading business schools, including Harvard Business School and Stanford, have already established grand design pro-

‘Technology is easily copied and prices can be cut. But if you build a company on strong customer and employee relations and use this to generate innovation and development, that’s something you can’t just copy.’

Sabine Junginger, Associate Professor at Design School Kolding
and Fellow at Hertie School of Governance in Berlin

TEXT BOX 4

DESIGN ON THE CURRICULUM

Designers of the future should be aestheticians, anthropologists and entrepreneurs. This is the philosophy behind the private school Copenhagen Institute of Interaction Design (CIID), a one-year master's level programme, where only 25 students make it through the eye of the needle each year. The students include designers, engineers, computer scientists, sociologists and artists, and they come from all over the world. Right now, there are only three Danes, the rest are from countries including India, China, Lebanon, the US and Austria.

'We believe in learning-by-doing. We make prototypes from the moment we get up until we go to bed. It's our key tool. We believe in prototyping as a process to create engagement and ownership amongst all people involved in the creation of new solutions. Those people often speak different languages, and we believe that prototypes can help creating a common effective language. At CIID we try to reduce the gap between academia and industry as much as we possibly can, which is why we work closely with Danish and global industries on real life and

market cases,' Simona Maschi, CEO and Co-Founder of CIID explains.

'All our students get jobs within three months of graduation. We have no problems with unemployment,' Simona Maschi explains and elaborates: '50 per cent of our graduates accept job offers from design agencies and industries inside and outside Denmark, while 50 per cent decide to become founders of their own business. Their entrepreneurial spirit is growing year after year.'

The school is partly financed by student fees of DKK 100.000 per student and partly by partnerships with companies including Novo Nordisk, VELUX, Maersk, Microsoft, Intel, LEGO Group, Orange, Philips, Electrolux, and others. There are no permanent teachers, but intensive modules of only a few weeks with international personalities from companies that include Apple, BBC, IDEO and frog design.

In addition to the training, CIID conducts consultancy work and research and they also run an incubator for design entrepreneurs, the Nest.

grammes and that countries such as India and China invest heavily in this area. According to Junginger, other universities and countries should be doing the same.

At Design School Kolding, Rector Elsebeth Gerner Nielsen also believes that the coupling of strategic use of design and economy is a winner: 'I believe that we stand to gain a great deal by on the one hand providing designers with a greater economic understanding while on the other hand, showing the business world what design is and how it can be used,' she states.

A New Managerial Skill

It is exactly the coupling of strategic use of design and business that is essential, if design is to generate serious value, says Sam Bucolo. He explains that the Australians often

talk about the ability of design to innovate and direct creative processes in different ways than we do in Europe. In Australia, design is starting to be considered an essential managerial skill.

'The question "how do we change their way of thinking?" is really more of a managerial than a design task. I do not necessarily believe that designers are the only people to do this. But the most important thing is getting managers and CEOs to think differently about their businesses, and this requires a new mindset,' Sam Bucolo says.

This is also why, according to Sam Bucolo, strategic use of design should play a much more important role in traditional business schools: 'Economists must learn how to work more determinedly with challenging their own business concepts and ways of thinking,' he states.

WHICH COMPANIES USE DESIGN STRATEGICALLY?

Innovative companies

96 per cent of the companies at step 4 complete innovation projects.
See figure 4. This is only true of 56 per cent of the companies at step 1.

Export companies

60 per cent of companies whose exports make up at least 50 per cent of their turnover are at step 3 or 4. See figure 4. Only 40 per cent of companies that do not export are at step 3 or 4.

Big companies

71 per cent of companies with more than 100 employees are at step 3 or 4. See figure 4. This is only the case for 36 per cent of companies with 20 or fewer employees.

But overall ...

Only **9 per cent** of companies who utilise design, use it to define new business areas.

Every other company does not consider design a strategic tool.

Only **13 per cent** of Danish companies formulate design policies.

This is a shame because the companies that do use design strategically experience that it improves their bottom line. See figure 5.

Source — The Danish Business Authority, 2011

How Danish Companies Use Design

The percentages indicate how many Danish companies consider themselves at the respective step.

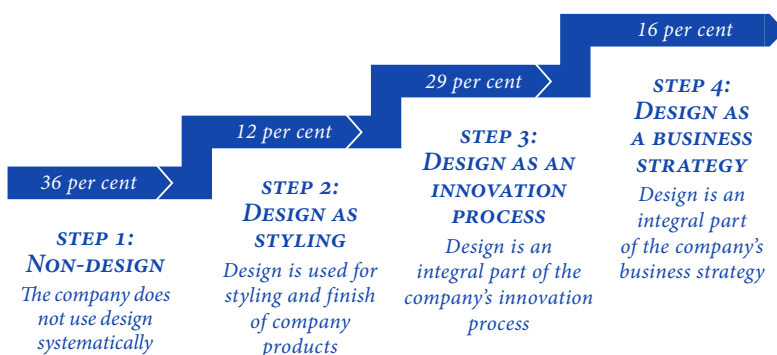


FIGURE 4 In all, 45 per cent of Danish companies use design strategically (step 3 and 4).

Note: The numbers are based on 1,932 interviews conducted by Epinion for the Danish Business Authority in 2010, 7 per cent of the respondents answered 'don't know'. 1,665 companies refrained from participating all together, because design was of no consequence to them, which indicates that the number of companies who are at step 1 is in fact higher than the 36 per cent shown in the study.

Design Improves Our Bottom Line

Percentage of Danish companies who experience design as having a positive effect on their bottom line.

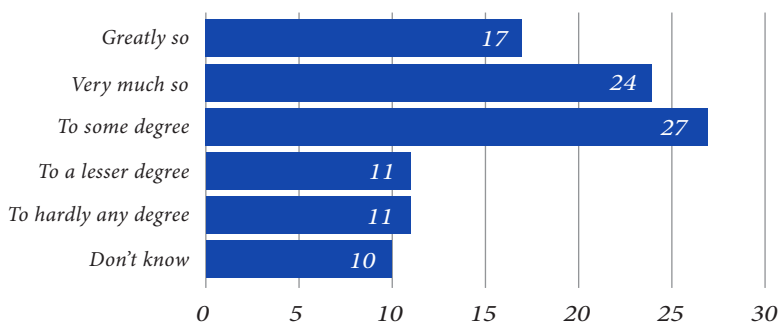


FIGURE 5 41 per cent of the companies asked believed their work with design to have a great or very positive effect on their bottom line.

Source — The Danish Business Authority, 2011

A Regional Perspective

A Growing Number of Companies Utilise Design

Percentage of companies in the Region of Southern Denmark who themselves believe that they work with design.

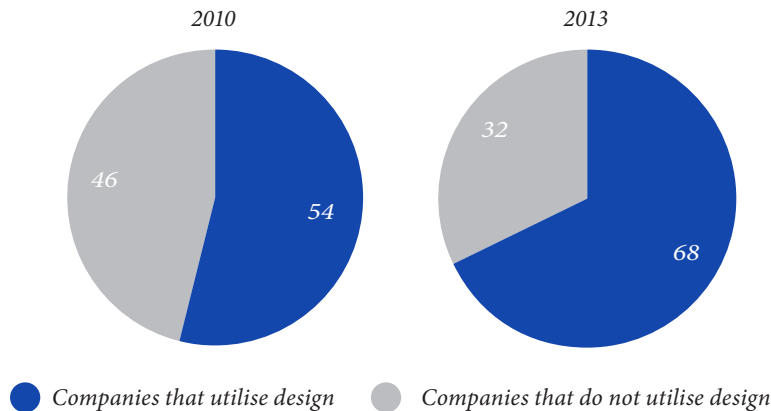


FIGURE 6 The percentage of companies in the Region of Southern Denmark that utilise design has risen from 54 per cent to 68 per cent from 2010 to 2013.

Companies that Utilise Design Say that They Perform Better

Percentage of companies in the Region of Southern Denmark who expect:

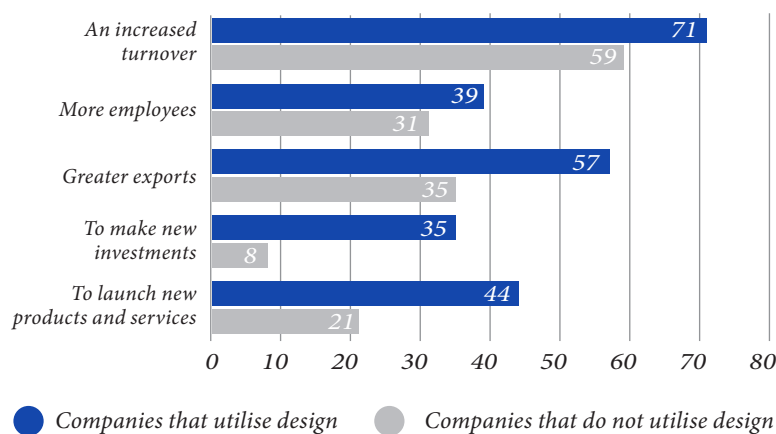


FIGURE 7 Companies in the Region of Southern Denmark who utilise design believe themselves to perform better than companies that do not utilise design.

Source — The Region of Southern Denmark, 2014

EASYFOOD

FRENCH HOT DOGS
AND DANISH JOBS

‘Why do you have the same requirements for different products?’

Although it may sound like a rather banal question, it actually proved the instigator of great changes in the food company Easyfood, where they, amongst other things, produce sausage rolls for petrol stations and cinnamon rolls for bakeries.

Easyfood had invited a team of designers from Sustainable Interruptions (Bæredygtige Forstyrrelser, ed.), a development project under D2i – Design to Innovate, to help them minimise production waste. As part of the process, Project Manager Lykke Bloch Kjær and her colleagues spent time observing the employees who sorted sausage rolls and sandwiches, before they were wrapped and shipped off to retailers.

‘It turned out that many employees would scrap products based on their own gut feeling, and if in doubt, products would go in the waste bin. That resulted in an enormous waste,’ Lykke Bloch Kjær explains. Her background

is textile design, which she used to introduce Easyfood to a way of thinking inspired by the fashion industry.

‘We have now divided our products into gold, silver and bronze products,’ Flemming Paasch, Managing Director of Easyfood, explains. ‘In much the same way that a clothes manufacturer does not have the same requirements for their cheapest and their most expensive items, our sausage rolls, which are one of our cheaper products, can differ slightly in shape, while our more expensive products such as the pulled-pork sandwiches have to be perfect each time,’ he elaborates.

From User-driven to Design-driven

Working with minimising waste is the latest example of how Easyfood implements strategic use of design in order to develop and optimise their business. Since its founding in 2000, the company has put a lot of effort into user involvement and the collection of information pertaining to customers’ relations to their products. Easyfood’s employees observe

EASYFOOD A/S IN SHORT

Office: Kolding, Jutland

Product: ‘Convenience pastries’ such as sausage rolls, cinnamon rolls, bread and other baked goods.

Typical customers: Petrol stations, wholesalers, bakeries, canteens and sandwich bars.

Employees: 130

Founded: 2000

and conduct interviews with customers at petrol stations and bakeries all over Denmark to observe and listen to their reactions to foodstuffs, prices and taste.

‘For example, we have figured out why the French hot dog is so popular at petrol stations,’ Susi Philipp, baker at Easyfood, explains. As part of the course ‘Easypilot’, she was taught how to make user surveys. ‘It’s because the

hot dog is handy and suitably sized – it's not just because it tastes good. We use this information to develop new products,' she elaborates.

Another insight gained from the user surveys is that petrol stations and corner shops can increase their sales of sausage rolls with up to 30 per cent, if they heat the rolls in a high-intensity oven, while the customer is watching, rather than selling sausage rolls out of hot cupboards, because customers associate products from hot cupboards with something old and stale.

A Shared Responsibility

It is insights like these that enable Easyfood to maintain a sizable part of its production in Denmark rather than relocating to Eastern Europe where wages are lower.

'The production costs in Denmark

'Design is about systematically collecting and using knowledge about the customers' needs while simultaneously adhering to our own strategy and the technical possibilities embedded in our production.'

Flemming Paasch,
Managing Director of Easyfood

require Danish employees to inject any given product with 5-6 times the value a baker in Poland would have to, for it to be worth our while to keep the production in Denmark. We obtain this extra value because our employees are constantly actively engaged in developing and improving the products we offer our customers,' Flemming Paasch says.

To Flemming Paasch, strategic use of design is quite a central part of Easyfood's business development:

'Design is about systematically collecting and using knowledge about the customers' needs while simultaneously adhering to our own strategy and the technical possibilities embedded in our production. This coupling is quite central for our ability to create products that meet customer needs and offer them something they didn't realise they wanted.'

DESIGN CREATES JOBS IN DENMARK

In 2001, Easyfood started its production of buttermilk rolls in Poland. It stayed there for a decade. But in 2011, the company moved the production to Denmark and created eight new jobs in Kolding. The decision had nothing to do with patriotism, it was all about business, Innovation Manager, Kirsten Møller Jensen, emphasises: 'When production and development departments are right next to one another, rather than across borders, we have the ability to test whether the ideas we come up with are also practically feasible. The short distance ensures that the knowledge we generate in the development department through user surveys is quickly incorporated into the production line,' Kirsten Møller Jensen explains.

Jan Stentoft, who is a professor at the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark, conducts research into Danish companies who move their production apparatus

abroad or back to Denmark. He recognises Easyfood's line of argument:

'Developers need to have continuous access to knowledge about what is practically doable on a production line,' Jan Stentoft explains and not all information carries well across borders or through telephone and email:

'You can't always describe something verbally – you need to see and feel to get an understanding of the possibilities and challenges in development processes. Otherwise the development will stay theoretical,' he says. He also explains how Easyfood's production is different from that of the textile industry, which has otherwise been hugely successful in outsourcing its production to Asia:

'There are no great changes to the technology used in textile production. They know what the possibilities are and they have standardised the language to describe them. And then it's no problem to situate your production on the other side of the globe.'

ISABELLA

CONSULTING THE NORTH SEA FOG





In the 1950s, in a basement in the town of Vejle in Jutland, Søren Odgaard started making his own tents, which he then hired out to Danish families for DKK 1 per night. It earned him the nickname, ‘the pioneer of camping-Denmark’, and when in the 1960s, the caravan became popular with middle-class Danes, Søren Odgaard quickly eyed a new business potential: as the first person in the world, he invented an awning for caravans, which set him off on a 50-year adventure with the company called Isabella, currently the world’s largest manufacturer of awnings and equipment for caravans.

However, the financial crisis took its toll on Isabella. Sales dropped, fewer caravans were registered, and the prognoses stated that most young people cared little for camping life. Something had to change, if the company was to continue its success.

‘Anyone can produce and sell,’ according to CEO Lars Bilde, who has taken over the reins at Isabella from founder Søren Odgaard, ‘which is why we are dependent on our ability to differentiate our company in the market, ensuring that the awnings that future campers buy will also be Isabella’s. And strategic use of design helps us do just that, because it allows us to better understand the reality that Isabella’s awnings will be a part of,’ he says.

From Customer to Partner

Today, Isabella’s approach to the design process has changed. It no longer

starts at the drawing board in the office, but in camping sites across the country, where Isabella’s designers observe and talk to campers. It has evolved into more of a collaborative relation between Isabella and their customers, and the latest addition is a panel of campers who test Isabella’s products before they are put on the market. The panel generates important knowledge about the context that the awnings will be part of.

‘The sea fog along the North Sea coast is not considered when testing awnings in Vejle city centre. By sending the awnings to our test pilots, we get to listen in on the actual conditions in which they will be used, and it provides us with unique insights into how durable the awnings are as regards, for example, changes of temperature and condensation,’ Development Manager Ditte Olesen, explains.

To get more input and to systematise the studies on the awnings, Isabella has created an innovator app, which campers can download and use to suggest improvements.

Unique Tendencies

Among other things, the inputs from numerous campers have drawn Isabella’s attention to a new camping trend: creating your own awning.

‘Campers no longer want to have the same type of awning as their neighbour; they want customised products to fit their own particular needs. This is of course a trend we also have to act on. After all, the production should reflect the people who’ll be using the

end product,' Lars Bilde states.

This is why Isabella is working on the designs for a number of unique components, which can be combined in different ways, enabling people to create their very own awning, rather than having to make do with prefabricated ones.

At the same time, Isabella is aware that design thinking should also be included in the production process itself:

'By and large, you could say that we used to design awnings that we, at Isabella, would consider nice. Today, we increasingly also design our production. Nice awnings won't keep us afloat if costs fly through the roof, or if they're so difficult to put up that nobody will buy them,' Ditte Olesen says.

Design on Par with Management and Productivity

Strategic use of design and user-driven innovation is now part and parcel

of Isabella's business strategy on par with areas such as management and productivity. This will result in a new department in 2014: 'the wonderlab', run by two employees, who will focus on gaining an understanding of future camping habits and spotting future 'camping wonders', which will allow Isabella to stay one step ahead of everyone else.

At the same time, Isabella, in collaboration with the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark, has created a business PhD with the aim of systematising the user-driven insights and transforming them into action.

'Design thinking is central because it's about people – employees, retailers, customers and indeed society in general – and it's humans who facilitate change,' Lars Bilde sums up.

ISABELLA A/S IN SHORT

Office: Vejle, Jutland

Product: Awnings and other equipment for caravans, including sunblinds, windshields, blankets and furniture.

Typical customers:
Camping retailers across Europe.

Employees: 250

Founded: 1957

DESIGN GENERATES EFFICIENT KNOWLEDGE COLLECTION

To ensure an efficient knowledge sharing within the company, Isabella has established the 'Isabella Academy', where employees and retailers are taught about and invited to advise on new designs, tendencies and products. This ensures coherence between production and sales and it generates a shared language of innovation and design across the company's different departments.

Isabella has also appointed a production group with representatives from the subsidiary companies in Norway, Germany, the UK, the Netherlands, the development department, sales, marketing and the managing director, who meet up four times each year to share the employees' accumulated knowledge.

'Our new approach to design means that the development of new products has become much more of a

shared task among all our employees – it's no longer just the production department's responsibility,' Ditte Olesen, Development Manager at Isabella, explains.

According to Julia Frederking, Project Leader and Senior Interaction Designer at the Copenhagen Institute of Interaction Design (CIID), internal communication and knowledge sharing are vital factors if you want to anchor your business strategy in design:

'For design to be strategic, we cannot design in a vacuum; it has to fit in with the company and company culture. Engaging the right stakeholders is important, as is the general empowerment of employees and staff,' Julia Frederking explains and continues: 'The real value of design lies in its interdisciplinary approach, which allows companies to "look into the future" and work with their on-going need to change and adapt.'

ZEALAND

PEOPLE ON PAR WITH
BIOCHEMISTRY

Researchers at Zealand in Glostrup, outside Copenhagen, were puzzled: even though practically all the insulin-treated diabetes patients they spoke to worried that their blood sugar would suddenly drop dramatically and send them into the life-threatening state of shock called hypoglycaemia, hardly any of them followed the experts' advice to always carry with them a so-called glucagon kit, in case of emergencies.

The reason? All approved glucagon kits on the market are so complicated to use that patients simply cannot be bothered. It turned out that the existing medicine for emergency treatment had been developed by focusing on biochemical possibilities, rather than the everyday lives of patients. That spelt a business opportunity to Zealand.

A New Drive

On the basis of the valuable knowledge from interviews with patients with diabetes as well as doctors and relatives, Zealand is currently in the process of developing a new and easy to use glucagon injector 'pen':

'The most important factors here are easy-to-understand instructions, that anybody can use the product without

prior training, and that the 'pen' can fit into a handbag. By involving the patients with diabetes in the development and recognising that relatives, who typically help the diabetics and in fact constitute the actual users, need to test the idea, we optimise the value and thus the market potential,' Adam Steensberg, Vice President and Head of Development at Zealand, explains.

Today, Zealand has changed its perspective from solely focusing on biochemical connections to also including a focus on human beings and their needs. Now, Zealand always asks their researchers: 'Which positive effects will your idea have for patients, relatives and caretakers, and what will they do differently that is exciting?'

Human beings, and not just biochemistry, must drive the development of their business.

Another Way to Beat China

'To be honest, it was a little provocative at the beginning,' Rie Schultz Hansen, Principal Scientist at Zealand, remembers about the focus shift from biochemistry to human beings. 'After all, we are used to everything being ruled and guided by biochemistry in our research. On the other hand,

ZEALAND PHARMA A/S IN SHORT

Office: Glostrup, outside Copenhagen

Product: Medicine for the treatment of heart and metabolic disorders, in particular obesity, diabetes and cardiovascular disease.

Typical customers: Ultimately people who live with a disease, but as a research and development focused company, global medical companies such as Boehringer Ingelheim, Eli Lilly, Helsinn Healthcare and AbbVie function as agents. By way of example, Sanofi markets Zealand's first product, Lyxumia®, used to treat type 2 diabetes.

Employees: 94

Founded: 1998

we also want to invent something that can actually be used,' she elaborates.

Neither she nor Adam Steensberg is in any doubt that the increased focus on patients' needs generates more relevant products and that this can prove an advantage for the company in the tough, competitive global market for

‘We don’t ask, “what would you like?” but rather, “what do you do, and what is your everyday life like?”

The real innovator is the one who comes up with a solution that the users are not aware of themselves.’

Adam Steensberg, Vice President and Head of Development at Zealand

biochemical medicinal products.

‘I believe that a broader understanding of the contexts in which our products are meant to be used is particularly relevant for a country like Denmark, if we are to succeed internationally. In terms of production, China, for instance, will be able to match us in no time, which is why we need to work extra hard at generating new knowledge in order to ensure that the items we choose to put into production are relevant and have business potential,’ Adam Steensberg explains.

‘Value is not only generated by research; we also have to base our early innovation and development on user-driven knowledge,’ he elaborates.

Scientific Synopses and Storylines

As a result, Zealand has also changed their success criteria. In addition to stating medicinal objectives, includ-

‘I believe that a broader understanding of the contexts in which our products are meant to be used is particularly relevant for a country like Denmark, if we are to succeed internationally.’

Adam Steensberg, Vice President and
Head of Development at Zealand

ing percentage reductions and durability, as their only goal, Zealand also includes the product’s importance in real lives as part of their success criteria to ensure that their products improve the everyday existence of doctors and patients.

Such storylines ensure that users are always at the centre, and to make them Zealand conducts continuous interviews and observation studies among patients and doctors. Here they utilise design tools, including ethnographic field studies and storytelling techniques, to search out new market potentials.

‘We don’t ask, “what would you like?” but rather, “what do you do, and what is your everyday life like?” The real innovator is the one who comes up with a solution that the users are not aware of themselves,’ Adam Steensberg concludes.

DESIGN ENSURES THE BEST PRODUCT SELECTION

You have to be patient to work in the medical industry. It can easily take ten years from idea to finished product, which is why biotechnological companies have to be brave and wise when selecting their future investments. Strategic use of design helps Zealand make those tough choices.

‘Design thinking helps us select the products it makes most sense to invest in, because it provides us with a picture of how an idea can improve the life of its user,’ Adam Steensberg, Vice President and Head of Development at Zealand, explains.

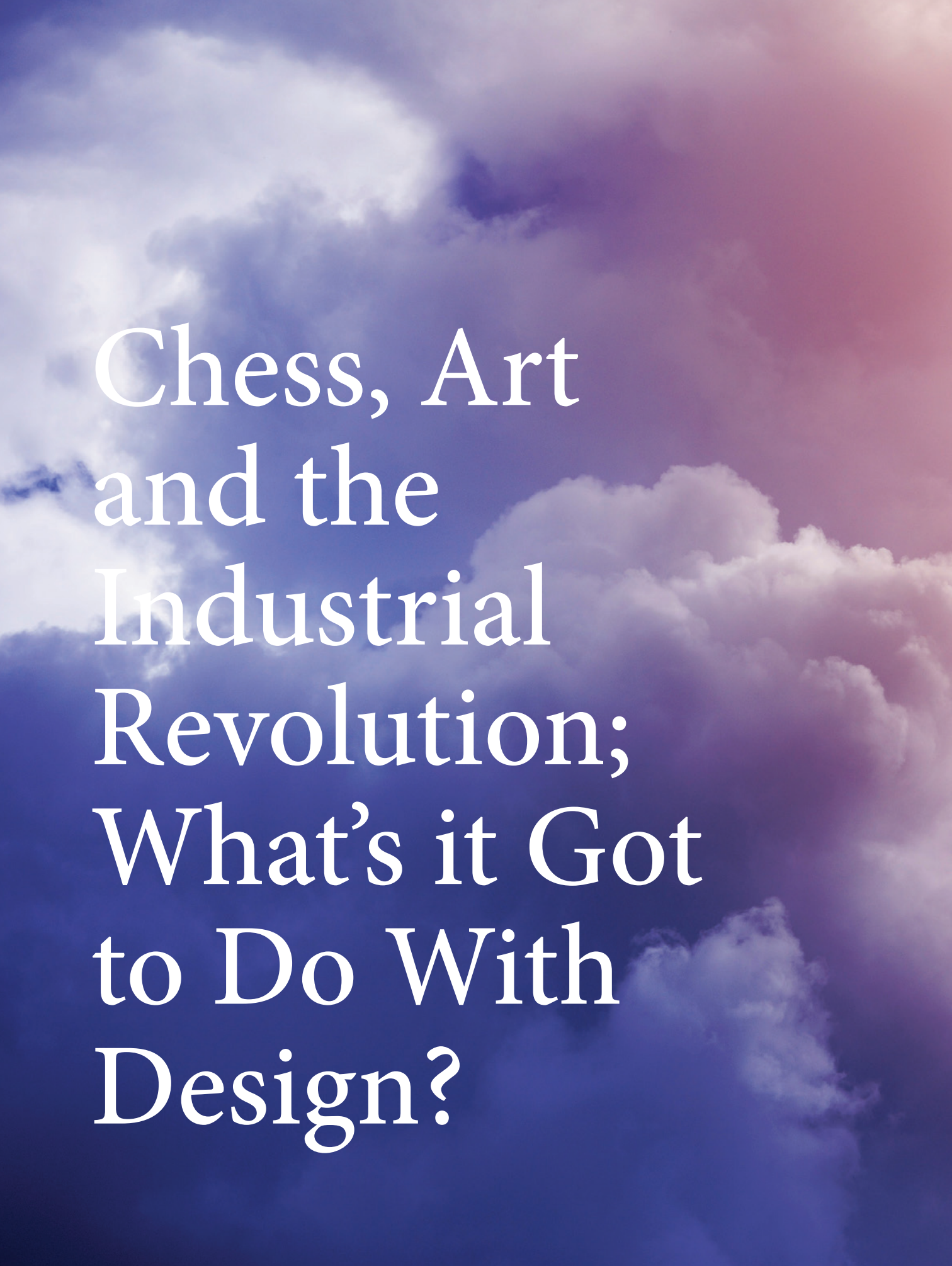
Tad Simons, who is Managing Director and Co-Founder at Pyxera (a health care specialised design bureau, ed.), former co-leader of IDEO’s health practice (the world’s largest design bureau, ed.), and the primary force behind Zealand’s investment in design, confirms

Adam Steensberg’s thesis:

‘Our idea was to use design thinking *plus* good science to choose projects more or less wisely and make research activities more productive. We wanted to understand why people do what they do, not just describe what they do and capture what they say. Design thinking brings new insights to the table, which allows for a more thorough and nuanced assessment of ideas.’

And according to Tad Simons, Zealand is not the only place where strategic use of design can add valuable insight to research. In his experience, design generally helps generate new knowledge, which traditional tools for optimisation and development do not usually generate.

‘Design thinking helps companies eliminate bad ideas faster and helps them stay focused on what really generates value for the end users,’ Tad Simons explains.



Chess, Art and the Industrial Revolution; What's it Got to Do With Design?

What is design? How do you use design strategically? And what kind of value does it generate for companies? A researcher, a head of education and a design director share their thoughts.

MH

Mikal Hallstrup

CVO and Founder of Designit International

SM

Simona Maschi

CEO and Co-Founder of Copenhagen Institute of Interaction Design

PRC

Poul Rind Christensen

Professor at the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark

Q What does strategic use of design mean?

MH It's a little like a game of chess: you have to think several moves ahead and ask, "what will make sense in the future?" Why does Google go offline and start fiddling with thermostats, robots, self-driving cars and other physical gadgets? Because they hold an enormous business potential.

To me, strategic use of design is about understanding the big picture, seeing what's above the clouds, that which we usually only realise is there when it's too late. Everybody knows Google Glass and driverless cars, but hardly anybody thinks about the long-term consequences. Self-driving cars reduce the vehicle to a service, which potentially makes street lighting and car insurance superfluous and it can reduce the weight of cars by half due to altered safety requirements. These kinds of consequences can turn established industries upside down in a second.

Strategic use of design includes contemplating and understanding the

technologies, markets and user needs of the future.

In a Danish context, I often think about the TV-series 'The Cronicle' (Kroniken, ed.), where a young man, Eric, returns from the US, full of new ideas. He wants to implement flow engineering, but his father and head of the family business, Kaj Holger, is utterly innovation resistant. I believe that we all have a Kaj Holger inside, whom we need to confront.'

Q So, Eric from the TV series was a strategic designer?

MH In my book, he is. He was an inspirational and visionary change agent. Design is not only about wrapping media technology in wooden panels with aluminium plates and black glass. If, for instance, Tom-Tom, who pioneered the navigation industry, had called us ten years ago, we would have advised them to give their navigator a snazzier design. However, on the night that Google launched their free turn-by-turn service with built-in Google Maps, a broader product design would have made no dif-

ference whatsoever. Strategic use of design focuses on the structural challenges that are most often located in companies' blind spots.'

Q *In what way would you define design thinking?*

PRC 'The classic design concept pertains to aesthetics, shaping and functionality. Design schools are built on these concepts. The new concept of design, however, is about designers as creative people who facilitate creative processes, who rethink and include the users. They generate new meaning by breaking with traditional thinking. If you have to design a hospital bed, you don't just ask the patient. You also ask the porter, the nurse, the doctor, the manufacturer, etc. The designer then translates all this data and they visualise and create prototypes, which ensures that everyone involved understands what the ideal bed could look like. Designers work from a different logic than traditional business people.'

SM 'Design aims at creating new solutions for people and environments. Any activity from scouting an opportunity to implementing and delivering the final solution can be considered part of the design process. In my view, the very distinct value designers have is the ability to imagine and visualise solutions that don't exist yet: from short- to long-term futures, from small to big scale interventions.

So, design is both about designing a new bike for tomorrow as well as envisioning the way people will move around the world fifty years from now.'

MH 'Strategic use of design can also include telling the people who want to make Rejsekortet (a Danish version of London's Oyster card, ed.): Don't make your own card. Buy the Oyster card instead! It's been tried and tested and it works all over the world. But the hammer will see a nail. We believe that we have to do it all ourselves. Strategic use of design should not merely result in more things, but in better solutions. And sometimes the solution might be to do nothing.'

Q *So modern, strategic use of design equals concept development?*

SM 'Partially, but design is more than designing the concept itself. It's also about scouting new opportunities for designing new solutions as well as communicating those solutions. Sometimes it's about tangible artefacts, sometimes it's about intangible values. And we should not forget that design is also about crafting and making those solutions desirable by people. If Google Maps weren't user friendly, it wouldn't work. We still need amazing aesthetics – now more than ever, really. It drives me crazy that some people talk about design thinking as if it's enough for people to sit in a room with some Post-its and a little brainstorming, when quality,

aesthetics and craftsmanship are more important than ever before.'

Q *What kind of value can strategic use of design generate for companies?*

PRC 'It's difficult to measure the contributions anchored in design. It's a bit like the artist who paints a picture and then Mrs. Smith walks by and says, "is that supposed to be art, I could do that." In my view, design has strategic value when it helps redefine or break established thinking in any line of business. That way, strategic use of design facilitates a way of distinguishing yourself from other companies and it helps generate a long-term competitive parameter.'

SM 'Before the industrial revolution, you would never have made a chair or a table without knowing where to put it, which family it was for, and how many dinner guests they'd be entertaining, etc. The industrial revolution alienated people – we focused on what the machines could manufacture rather than what people really needed. And that was understandable given the economy of scales needed for the new industrial setting to be economically sustainable. The machines needed standards to run. But now, thanks to new forms of manufacturing and supply chains, design has the potential to again be closer to people, something we've been doing for thousands of years – fortunately.'

‘The classic design concept pertains to aesthetics, shaping and functionality. Design schools are built on these concepts. The new concept of design, however, is about designers as creative people who facilitate creative processes, who rethink and include the users. They generate new meaning by breaking with traditional thinking.’

Poul Rind Christensen, Professor at the Department of Entrepreneurship and Relationship Management at the University of Southern Denmark



ACARIX

ALGORITHMS GONE CORPORATE

Half of all men and 40 per cent of all women in the Western world suffer constriction of their coronary arteries, which, when unheeded, can lead to coronary thrombosis and early death. Consequently, it was groundbreaking when the University of Aalborg cracked the code by way of a complicated mathematical algorithm, which transforms the sound of the heart to diagnoses much more effectively than ever before.

The algorithm is physically represented by an apparatus called the CADScor System, which in the course of less than ten minutes can help a GP or cardiologist examine a patient to find out if they suffer from coronary constrictions; i.e. CADScor saves waiting time, expensive scans, risk-filled operations at the hospital and – ultimately – human lives.

Start Aid

Researchers at the University of Aalborg actually came up with the algorithm in 2006. Claus Christensen, COO at Acarix, where they manufacture the CADScor System, realised its great potential early on. But how do you sell a mathematical algorithm?

‘Our problem in attracting start-up capital lay in the method being so new. We couldn’t attract investors by comparing our product directly to other products – because there weren’t any.

But we needed investments to make the transition from algorithm to product and we were challenged by having to prove that it was a worthwhile idea,’ Claus Christensen explains.

So he used design thinking to come up with an answer. Together with Andrew Nagel, Creative Director and Owner of DEVELOPA, a design bureau, he used design methods such as visualisation and storytelling to make the algorithm marketable to potential investors.

‘We made a small booklet with pictures of the apparatus itself and we worked on a story about the value CADScor could generate for patients and doctors and indeed society in general. In my experience, communicating an idea is incredibly difficult, because it’s abstract. And so we typically work with pictures – and they speak much louder than words, as the saying goes,’ Andrew Nagel explains.

Apart from attracting investors, the process of making CADScor marketable was also important for Acarix, a newly started company, where they used design thinking to focus their basis of existence, their business and their product.

Putting It to the Test

In addition to design thinking being a key factor in attracting capital invest-

ACARIX A/S IN SHORT

Office: Kongens Lyngby, outside Copenhagen

Product: CADScor® that listens to the blood’s passage through the coronary arteries by way of an adhesive patch and a sensor with a microphone. Possible constrictions of the arteries generate turbulence and this sound is then processed in the sensor, which calculates a score. The CAD-sensor indicates the patient’s risk of coronary thrombosis and thus the need for supplementary treatments and examinations. The CADScor® System is expected to enter the market by the end of 2014.

Typical customers: CADScor® is aimed at private GPs and cardiologists as well as hospitals and private clinics, etc.

Employees: 4

Founded: In 2007, the University of Aalborg and Coloplast started a collaboration based on an idea that would eventually become CADScor®. In 2009, Acarix was founded as a so-called independent spinout company, as a result of this collaboration.

ments, it also formed the foundation of the product development of the CADScor System itself. Andrew Nagel explains the insights gained along the way:

‘Involving doctors, nurses and patients to gain a more profound understanding of the user and the circumstance in which the machine will be used on a daily basis has given us numerous surprises along the way. For example, neither hospitals nor GPs practices have much space, so where do you put the apparatus? And as an examination of the chest can be quite uncomfortable for the patients, we had to come up with something that would make them feel more at ease.’

Working on prototypes has enabled these observations and facilitated important adaptations. By way of example, you can place the machine on a wall or a table, and the adhesive patch you put on the patient’s chest has been simplified to reduce contact. The display has also been given a makeover, enabling both patient and doctor to

follow every part of the process, by way of sound and colour indicators.

Future-proofing

So far, the CADScor System is the only product on the shelves at Acarix, but according to Claus Christensen, design thinking continues to be decisive for the on-going development of the CADScor System and the new products that may see the light of day in the future.

‘Over the next two years, we will follow the CADScor System’s journey into the real world. We will observe, talk to doctors and patients, include them in tests, and keep asking questions about the product’s functionality. This will enable us to evaluate and take stock of where we need to improve the product two years down the line,’ Claus Christensen explains, before continuing:

‘From now on, design thinking will help us gather the knowledge and insight, which will enable us to assess the product and locate areas to be developed.’

‘We could start our talks with possible investors very early on in the process, because right from the outset, design thinking gave us the tools to prove the value of our idea, simply by way of visualisation and concretisation.’

Claus Christensen, COO at Acarix

DESIGN GENERATES CAPITAL

In 2010, three large venture funds, Nordic Sunstone Capital, Danish SEED Capital and French Seven-ture Partners, invested in Acarix. According to Claus Christensen, the implementation of design thinking at Acarix proved decisive:

‘We could start our talks with possible investors very early on in the process, because right from the outset, design thinking gave us the tools to prove the value of our idea, simply by way of visualisation and concretisation,’ COO at Acarix, Claus Christensen, explains.

Søren Birkelund Pedersen, Regional Project Manager of the Ministry of Foreign Affairs’ initiative Invest in Denmark, currently working to attract international companies to Denmark, acknowledges that design

thinking is indeed a quality stamp for many investors.

‘More and more of the largest hedge funds in Silicon Valley simply won’t invest if design thinking isn’t part of the process,’ Søren Birkelund Pedersen says.

It comes down to strategic use of design equalling business potential:

‘Design thinking guarantees a relevant and thoroughly tested product, simply because the users and society in general have been included in the development. It boosts the business potential,’ Søren Birkelund Pedersen elaborates and continues: ‘That’s why it’s obvious that companies who implement strategic use of design and utilise the insights provided in the development of products are one step ahead of their competitors.’

KRUUSE

VETS' CHOICE

One day in 1973, 35-year-old Peter Marschall knocked on the door of the Danish company KRUUSE, where they produce equipment for veterinarians and animal hospitals. He carried with him drawings for the protective dog collar that would become KRUUSE's greatest success to date.

Most people recognise the cone-shaped collar that looks a lot like a lampshade, worn by dogs when they are ill. However, only very few people know that the collar, which prevents dogs from licking their post-surgical wounds, was invented by Marschal and that it is manufactured by KRUUSE, a company based on the island of Funen in Denmark.

Marschall came up with the idea more or less accidentally as he was folding a collar for his own dog using some leftover plastic from a design competition for the lamp manufacturer Le Klint. This was 41 years and several million protective dog collars ago, and the number of products produced by KRUUSE has increased manifold. Today they offer all of 14,000 different products – including anything from treadmills for dogs to rubber boots, surgical lamps and skin glue.

However, a modern company can no longer base its development strat-

egy on inventors knocking on their doors offering new, ingenious products. They need a targeted tactic.

From Wholesaler to Developer

KRUUSE's challenge was obvious: their business model was too steeped in old-fashioned wholesale strategies such as selling goods from external producers to veterinarians, because middlemen like KRUUSE themselves are in great danger of being passed over or replaced. They needed to strengthen their positioning.

'Whereas previously, we would take on new products that we had seen at fairs and then create a KRUUSE box for it, we now decided to produce our own unique products. Being a contractor is not enough anymore; we have to offer innovative and relevant solutions that customers can't get anywhere else. This will make us more attractive for outside business,' Commercial Director Martin Lassen explains.

The first step was for KRUUSE's production and sales teams to visit the animal clinics and hospitals that bought their products. Not to sell KRUUSE products as they would usually do, but to spend an entire day in the clinic, to see with their own eyes how their clients actually used the products.

'I think, perhaps, it was a bit of

KRUUSE A/S IN SHORT

Office: Langeskov, Funen

Product: 14,000 different products for veterinarians, including anything from protective dog collars to dog chews, gloves and hypodermic needles, complicated lab equipment and X-ray machines.

Typical customers: Veterinarians all over the world.

Employees: 254

Founded: 1896

a shock for them to see how the real world works,' Andrew Nagel, Creative Director and Owner of the design bureau DEVELOPA, who arranged the visits, recalls.

'Our job is not merely to make analyses that we can then pass on to KRUUSE. They have to go and see what goes on for themselves,' he explains, thus emphasising a central element of design thinking: obtaining a profound understanding of the people who use your products.

After concluding the fieldwork, Nagel and his team brought the nu-

merous notes, photos and experiences to DEVELOPA's offices and started organising a creative workshop at KRUUSE's premises.

Mirror, Mirror on the Wall

Photos and notes from the fieldwork decorated the walls at KRUUSE's head office during the workshop. 'Vets use new media' and 'vets have problems with storing their equipment', some of the notes read. They spoke of so-called 'unmet needs', which would now form the basis of the development of new products.

'Had you asked KRUUSE two years ago, we would have said that we were quite capable of developing new products and listening to our customers. Only, what we did back then, was actually focused on coordination and purchasing,' Martin Lassen explains.

During the workshop, KRUUSE developed a variety of new products, and they are currently testing the prototypes. Martin Lassen looks forward to seeing the final version of one product

in particular – the new flagship.

'It's been tested on about 30 dogs and by several veterinarians,' he explains although he is unwilling to reveal what it is.

– *But what if this new product fails? Would that mean that it was all for nothing?*

'No. We'll definitely continue down this road, and the process has taught us a lot, regardless of how well this particular product does. Design and innovation is not something that only takes place in the production department. It should be part of the entire organisation – regardless of whether you're working in production, purchases or sales, you are co-responsible for the company's innovation,' Martin Lassen elaborates.

'We've learnt to see and identify needs and we've learnt that this knowledge must be adapted creatively in order to be transformed into new products. And now we have to learn to accept that creative design processes are uncertain,' he concludes.

'Had you asked KRUUSE two years ago, we would have said that we were quite capable of developing new products and listening to our customers. Only, what we did back then, was actually focused on coordination and purchasing.'

Martin Lassen,
Commercial Director at
KRUUSE

DESIGN CREATES NEW MANAGEMENT PRACTICES

KRUUSE's work with design methods has resulted in the company contemplating the establishment of an 'innovation board', which will bring in outside expertise to stimulate the company's design processes, Commercial Director Martin Lassen reveals. And that is a very good idea, according to Annabeth Aagaard, Associate Professor at the Department of Leadership and Strategy at the University of Southern Denmark.

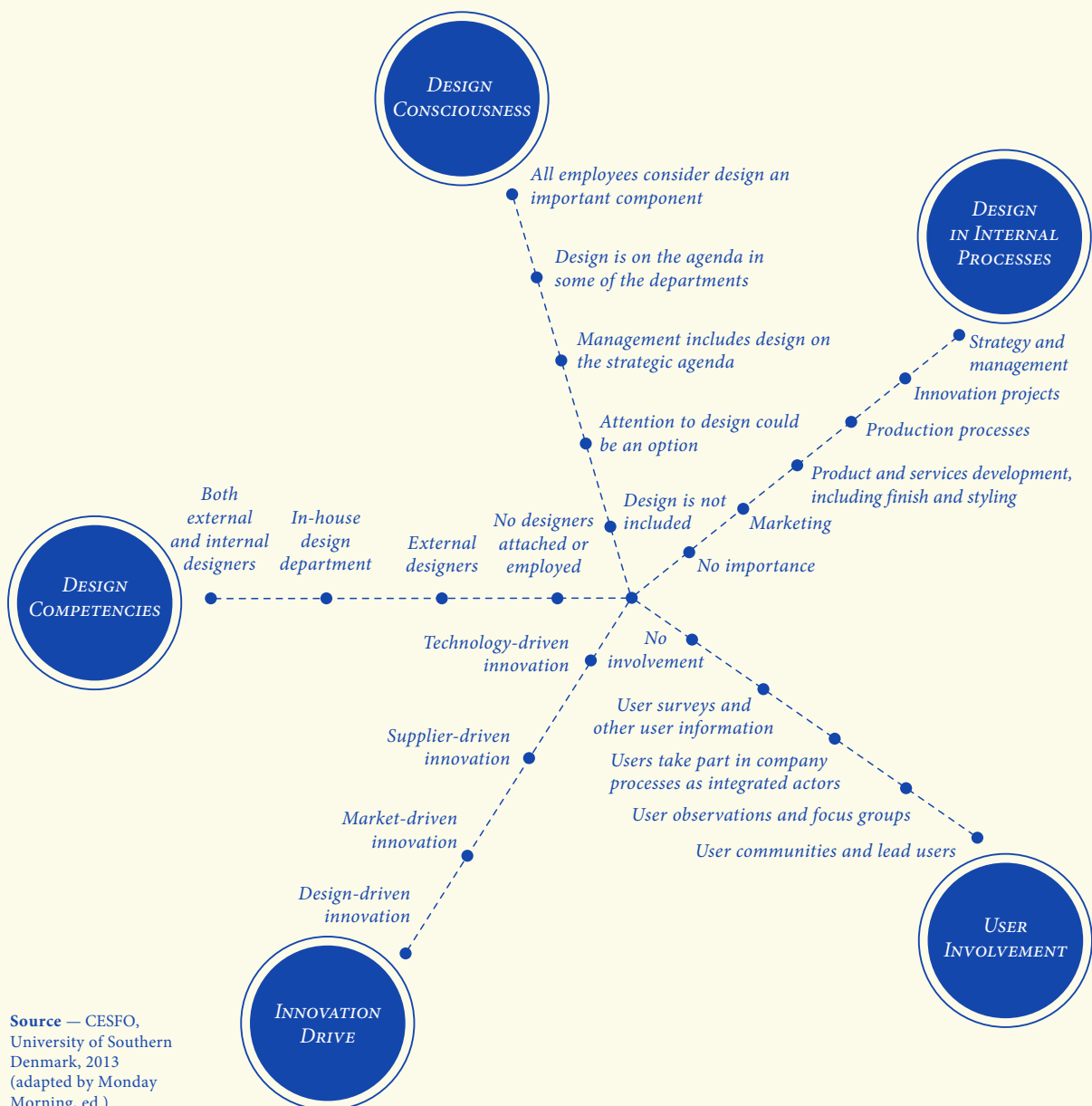
'Once innovation moves out of the R&D departments and spreads across the entire organisation, management will face different challenges. They have to do away with the no mistakes culture and instead support an innovation culture, enabling it to succeed outside the R&D department – in marketing, sales, produc-

tion and even in the boardroom. It's about gearing the company to think in new ways at every level,' Annabeth Aagaard explains. To her, the transition is primarily a managerial task.

'I often think of good innovation management as a kind of advisory board whose function is to weed out, qualify and systematise the company's bank of ideas. We simply have to get better at converting ideas into products, so that we don't just innovate for the sake of innovation, but generate new business and concrete results. It takes a management who will prioritise this area and who understand that they are the ones who must establish a direction by establishing a link between business and innovation,' Annabeth Aagaard concludes.

WHAT MAKES UP A COMPANY'S DESIGN CAPACITY?

Strategic use of design combines business development with a profound understanding of users and the emerging tendencies in society. In order to map how good (or bad) the companies are at implementing strategic use of design, Centre for Entrepreneurship and Small Business Studies (CESFO, ed.) at the University of Southern Denmark has developed the 'design capacity model'. The model maps a company's use of strategic design by way of five different parameters.



ZEALAND

*‘We expect design to be a decisive factor in which medical products customers will choose in the future. This is why design is becoming an ever-increasing driver in our **INTERNAL PROCESSES** here at Zealand. Currently, we are primarily implementing design at strategic and management levels, but I aim to ensure that design permeates the entire organisation. In addition to employing **EXTERNAL DESIGNERS**, we are working to increase our **DESIGN CONSCIOUSNESS**, ensuring that all employees consider design an integral part of our innovation processes.’*

Adam Steensberg, Vice President and Head of Development at Zealand,
read more about Zealand on page 33.

EASYFOOD

*‘At Easyfood, we work determinedly to anchor **DESIGN CONSCIOUSNESS** among all employees and management, and it will certainly influence the type of employees we’ll look to hire in the future. If design is to secure a firm footing within the company, we need enthusiasts who’ll take the lead and help integrate design thinking.’*

Flemming Paasch, Managing Director of Easyfood,
read more about Easyfood on page 28.

ISABELLA

*‘At Isabella, we work determinedly to develop our design capacities. Today, we only use **IN-HOUSE DESIGNERS**, but as design gains more momentum within the company, we would like to invite **EXTERNAL DESIGNERS** – even other companies – to join in. In the long-term, we would like to establish a collaborative design forum with other companies and designers within Isabella. Simultaneously, we are working to transform our **INNOVATION DRIVE** from being supplier-driven to being design-driven. It’s about securing our company and future jobs.’*

Lars Bilde, CEO of Isabella,
read more about Isabella on page 30.

GEORG JENSEN DAMASK

RENEWING
TRADITIONS

In 1756 – 33 years before the French Revolution and the same year that Mozart was born in Salzburg – the textile company Georg Jensen Damask opened the doors of its first weaving mill in Vonsild, a short ride on horseback south of Kolding in Jutland. Today, 258 years on, the company, steeped in tradition, is still a symbol of classic Danish design values such as elegance, material awareness and solid craftsmanship. However, much has happened since Mozart was a boy. While sales, marketing, design and administration are still located in Kolding, the entire production has been outsourced to the Czech Republic, India, China and Thailand.

The Inheritance

‘In the old days, salesmen would bring their suitcases and go knocking on doors. You could have your own name embroidered on a towel, and the employees knew everything there was to know about the products. That brand and the name – the Georg Jensen Damask inheritance – is still very strong,’ Lykke Bloch Kjær, Project Manager of Sustainable Interruptions (Bæredygtige Forstyrrelser, ed.), a development project under D2i – Design to Innovate, explains. In the spring of 2013, they started collaborating with Georg Jensen Damask to prepare the company for future challenges.

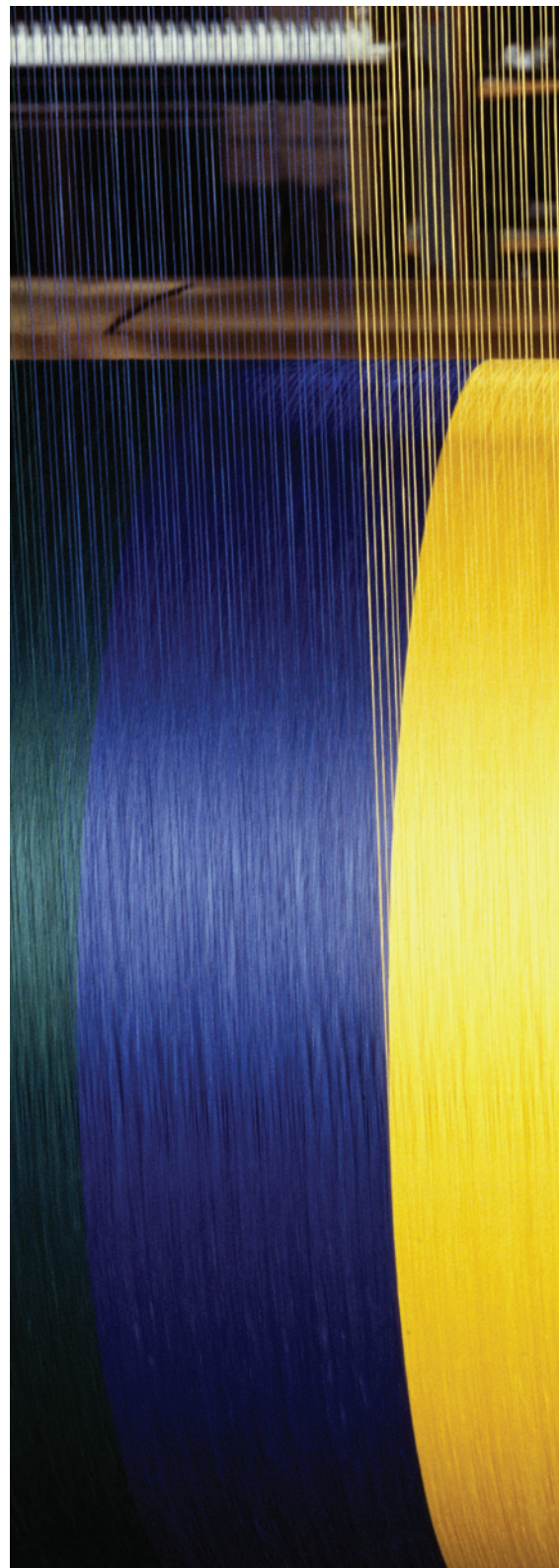
It soon became clear that because the production had been moved elsewhere, they had to create a greater connection between employees and the end products. Georg Jensen Damask would have to get to know itself better, if it was to remain a successful company. The solution was a strong narrative that would create a bond within the company and simplify the definition of future strategies.

Discovering the DNA

To retrieve a direction and a shared vision, the designers created a so-called conversation salon in the canteen, where the entire company discussed the Georg Jensen Damask inheritance.

‘We mapped the company’s DNA. Personnel from sales and shops as well as from the dressmakers workroom and the stockroom were interviewed in groups to try and distinguish what they were passionate about as well as what was good and bad about Georg Jensen Damask in general,’ Christian Bloch, Vice President of Product Management at Georg Jensen Damask, explains. ‘We mapped the processes within the company and were thus presented with some really useful problems that we could work with.’

It turned out that the different departments had problems ‘speaking the same language’. For example, the sales department’s approach was more





here-and-now, while the designers worked abstractly and long-term.

‘It’s no good if the sales department says “we like yellow”, and then the designers say, “but we like blue”. We needed to create a more structured and involving development process,’ Christian Borch acknowledges.

In Control

One road to this ‘structured and involving development process’ was a ‘product development game’ invented by Sustainable Interruptions; a board game where the company’s different departments would have to collaborate in the development of new products that sprung from the George Jensen Damask inheritance but also from social, economic and environmental concerns.

‘We all know *lean*. It’s focused on materials and time. However, sustainable thinking is about the triple bottom line: increasing profits, lowest possible environmental impact as well as work satisfaction for employees and contented users. I believe that it will be a long-term competitive advantage because legislation will tighten and

because it’s what consumers want,’ Christian Borch explains.

And according to Lykke Bloch Kjær, this new focus helps. Much less is now left in the hands of external designers:

‘Previously, external designers would show up with a portfolio full of ideas which would then constitute the point of departure for the production. In fact, they ran the business. But now we have developed the production development tools that help Georg Jensen Damask formulate their very own design briefs (texts that provide the framework for creative work, ed.), to which the external designers will then have to adhere,’ Lykke Bloch Kjær elaborates.

And the proud design company is up for more. The next step is utilising the design tool when, in the autumn of 2014, the company has to determine a strategy for the next three years:

‘The process has been successful. The entire spring collection (2014, ed.) has been produced along these lines, and now we wish to anchor the new design tools on a strategic level, so that they will also help us in the future,’ Christian Borch concludes.

GEORG JENSEN DAMASK A/S IN SHORT

Office: Kolding, Jutland

Product: Furnishing fabrics.

Typical customers: Approx. 100 retail shops in eight countries.

Employees: 60

Founded: 1756

DESIGN CREATES DIRECTION

Design thinking helped Georg Jensen to rediscover and develop their identity. A clearer identity awareness proved essential in anchoring a shared vision within the company that could act as a guide in development processes, among other things.

According to Sam Bucolo, Professor at the University of Technology in Sydney, identity awareness is in fact crucial within a company because companies who are aware of their identity and values develop better products and are better positioned to control their development than companies, which lack such identity

awareness. Identity aware companies are simply better at formulating long-term strategies and design briefs, Sam Bucolo argues.

‘People often have difficulty answering the simple question, “what makes your company unique?” It’s about knowing oneself,’ Sam Bucolo says and elaborates:

‘Companies with a clear business strategy and model create better and clearer design briefs than those who do not. The briefs integrate the company’s visions and resources, and therefore companies who work with strategic use of design produce better products.’

ISOVER

FUTURE INSULATION

The 00s were great for most companies in the construction industry, including the insulation manufacturer ISOVER.

‘Customers practically had to line up to get their products. There was an enormous construction boom. Almost as great as in the 1970s,’ Rikke Lildholdt, Marketing and Customer Satisfaction Manager at ISOVER, explains. ‘But then, almost from one day to the next, it all came to a standstill.’

When Lehman Brothers crashed on a hot September day in 2008, the construction industry died. And when a big German competitor simultan-

eously entered the Danish market, offering lower prices, ISOVER was suddenly under pressure. It was serious and it was time to change horses. And under the headline ‘From Selling Products to Selling Projects’, ISOVER did just that.

Selling Projects

‘We don’t just sell insulation materials. We sell a method of constructing, say, a façade. A combined concept where the customers buy screws, mortar, insulation and advice,’ Rikke Lildholdt explains.

Rather than selling generic insulation products, which foreign manufacturers can deliver at lower prices anyway, ISOVER would like to collaborate with their customers in locating the solutions that ease and improve their construction projects and thus generate added value for money.

‘Selling projects is about talking to the different actors in the construction business, which will allow us to come up with a solution that will make our customers work more efficiently,’ is how Rikke Lildholdt explains ISOVER’s new strategy.

This new strategy sprung from a classic strategic design method: anthropological studies. ISOVER conducted 60 observations and interviews

SAINT-GOBAIN ISOVER A/S IN SHORT

***Office:** Vamdrup, Jutland*

***Product:** Construction and technical insulation.*

***Typical customers:** Architects, engineers, building constructors, standard housing companies, entrepreneurs, carpenters, bricklayers, technical insulators, roofers, timber yards and wholesalers.*

***Employees:** 200*

***Founded:** 1935. Today ISOVER is part of the Saint-Gobain Group, which will celebrate its 350th anniversary in 2015.*

‘We don’t just sell insulation materials. We sell a method of constructing, say, a façade. A combined concept where the customers buy screws, mortar, insulation and advice.’

Rikke Lildholdt, Marketing
and Customer Satisfaction Manager
at ISOVER

with timber yards and entrepreneurs to find out what generated real value for them. They did not use questionnaires and they never asked, ‘What do you need,’ because very few people are actually able to answer that question.

However, both timber yard owners and entrepreneurs were experts in the challenges and obstacles they encountered on a daily basis and the context that ISOVER’s products were used in.

And so ISOVER used this information to frame a new strategy: the idea of selling projects was born.

New Roles

During several workshops, employees were introduced to the strategy of going from selling products to selling projects and they were able to bring ideas and other input to the table. This change of strategy has, among other things, resulted in ISOVER's sales personnel no longer merely discussing prices and deliveries with their customers.

Now, sales people enter the construction process early on in order to discuss insulation solutions with advisors, builders and entrepreneurs, which will generate a different kind of value for their customers.

These days, Rikke Lildholdt finds herself at a building site or a timber yard at least one day every other month. She

will typically visit four different sites in a day. She looks, listens and comes up with ideas for new products or services.

'Making improvements that no one wants, makes little sense. This is why we need to know about the needs of, say, a building site. Because then it

becomes obvious that if we come up with a solution where you only have to apply mortar twice and not three times, or if you only need one man to carry something instead of two, it has a huge impact on construction practices,' Rikke Lildholdt states.

'You are not simply in the world to produce insulation materials. Insulation is a solution, but it does not focus on future needs. Needs that could include a better carbon footprint report or increased comfort in houses. You have to get used to thinking the other way around.'

Mikal Hallstrup, Chief Visionary Officer and Founder of Designit

DESIGN AFFORDS COMPANIES A UNIQUE MARKET POSITION

'As a manufacturer of insulation materials, you have to take one step back and ask yourself: "why are we here? What is the challenge we have to solve?"' is how Chief Visionary Officer and Founder of the strategic design bureau Designit, Mikal Hallstrup, puts it. According to him, ISOVER made the right choice in moving from product manufacturing to selling advice and solutions.

'You are not simply in the world to produce insulation materials. Insulation is a solution, but it does not focus on future needs. Needs that could include a better carbon footprint report or increased comfort in houses. You have to get used to thinking the other way around,' Mikal Hallstrup explains.

According to Poul Rind Christensen, Professor at the Department of Entrepreneurship and Relationship

Management at the University of Southern Denmark, the kind of lane-change that ISOVER has made is typical among Danish companies, who will have to compete less on price and more on differentiation in the future. Rather than adapting to the conditions of your line of business, it is about redefining your area of business. And design methods can help you do just that.

'In Denmark, we cannot compete on prices because of the high costs of taxation, duty, wages, etc., which is why Danish companies have to differentiate. Design can help them do that, because design methods provide a profound understanding of customers and their future needs. And thus, design, in fact, helps companies generate better services,' Poul Rind Christensen concludes.

Knowledge Partners:



THE EUROPEAN UNION
The European Social Fund



INVEST IN DENMARK



D2i – Design to Innovate

D2i – Design to Innovate constitutes the framing of the Region of Southern Denmark's concentrated design effort. D2i – Design to Innovate collaborates with both Design School Kolding and the University of Southern Denmark to establish design-based business development in private companies and work on stimulating the use of design across business areas, by, among other things, supporting development and innovation processes that include design. The goal of D2i – Design to Innovate is to strengthen the demand for design in established companies in order to increase growth as well as exports.

Monday Morning

For 25 years, Monday Morning has worked to strengthen growth and welfare in Denmark by uncovering Denmark's greatest problems and implementing initiatives that lead to new solutions. This happens in close collaboration with partners that include public, private, voluntary and professional organisations as well as educational institutions. The work of Monday Morning takes the shape of analyses, networks or events. Common to all of Monday Morning's projects is the fact that they are accessible to anyone who wishes to engage with ideas that works.