INNOVATION

Design IS Business

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The quarterly publication of the Industrial Designers Society of America (IDSA), INNOVATION provides in-depth coverage of design issues and long-term trends while communicating the value of design to business and society at large.
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A crazy thing happened just over two years ago. The company I belong to, LUNAR, a familiar face on the design landscape for more than 30 years, was acquired and joined the intensely business-minded management consulting giant McKinsey. What has followed since has been equivalent to getting a street-smart MBA in how design can become leverage for strategic business thinking. What we have learned is that when design is incorporated into traditional consulting advice—in areas where to date it has been absent—an even bigger impact is made possible. And it happened very quickly.

Whoosh, and the Lunar staff was catapulted into an orbit of Wharton, Michigan, Harvard, MBAs and inserted into problem-solving situations as varied as moving huge volumes of people through places—from helping the mining industry to reconfiguring entire portfolios of products in medical, consumer goods, advanced industries and, of course, the tech world. What has happened to LUNAR is an exciting reflection and evolution of change in the design world. The thing is, you can’t say design didn’t see it coming.

Here’s what I mean. Not too long ago I asked a dear friend and design visionary Michael Westcott, who was then the president of the Design Management Institute, to write an article under INNOVATION’s “Design Defined” umbrella, one of our reoccurring columns. Michael chose the “business of design” as his topic. No surprise to me as during our long relationship Michael had always seemed to be a person ahead of the curve. Here’s an excerpt of what he wrote regarding inserting design into business practice:
CEOs identify creativity as the number one leadership competency of the successful enterprise of the future.

—2010 Global CEO study, IBM Global Business Services

What I discovered was that my design education prepared me to ask better questions, listen and observe in ways that usually led to reframing the problems that clients thought they wanted to solve. I found that organizations typically defined too narrowly their needs for a product or a service or a piece of communication by starting with what is and with what their customers said they wanted, rather than using a more creative problem definition and solution approach to look at "What if?" These experiences and the skills to synthesize, design, prototype, iterate and deliver results are common to many designers, but are fast becoming the most important competencies for many enlightened organizations that share a common imperative: Innovate or die.

Because of this innovation imperative and the fact that some of the most valuable companies on the planet (Apple, Google, Samsung, GE) have made design a core competency in their businesses, design thinking has now captured the attention and the imagination of many CEOs. This represents a truly exciting opportunity to define a new future for design. An opportunity to turn design from an interdepartmental stop in the process of product development and communication into a core competence for business that drives innovation, fuels start ups, helps define strategy and solves problems large and small. Design thinking is helping many companies move beyond the linear thinking that has shackled business to 20th century industrial norms.

A brilliant piece of predictive analytics written well over five years ago. Sadly, and way too early, Michael has since left us, but not his thinking. And what a prophet he was. Consider this. In the last eight years, as documented in the Design in Tech Report that John Maeda, former president of RISD and former principal at Kleiner Perkins, has annually compiled (designintechreport.wordpress.com/2016/03/13/design-in-tech-report-2016/), since 2004, 42 design companies have been acquired by businesses wanting to own a little some of the magic. A staggering 28 of these occurred in the stretch between 2015 and 2016. I can’t wait to see the 2017 number.

Let’s face it, the practice of design embodies a great method for both solving problems and looking around corners to see what might be next, what might be possible. Michael saw that, as have other design visionaries. To paraphrase my friend and colleague Dick Powell, founding partner of the hugely respected London-based firm SeymourPowell, “Business concerns itself mostly with asking “Why?” It’s great at questioning opportunity to mitigate risk. Instead business should ask itself “Why not?” And look toward perfecting the art of what’s possible in a smart way, in order to succeed.”

This truth may have always been self-evident to say Raymond Loewy, FIDSA, or Henry Dreyfuss, FIDSA, or Walter Dorwin Teague, FIDSA, when during the midcentury they gave form to the modern-day practice of design, but somehow a whole generation moved away from it. That has changed once again. Starting with the slow recovery after the dot-com crash of 2000 and fueled by the vision and sublime execution embodied in the work of design-led companies like Apple, Herman Miller, Google and others, in 2017, we find ourselves staring at this fact. Inserting design into business thinking will be a key factor in a company’s success from now on.

—Mark Dziersk, FIDSA, INNOVATION Executive Editor
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My name is Jeevak, and I am an industrial designer. Today I want to make a case for the positioning of *product design* as a crucial element at the core of any over-arching business strategy. Business leaders of today need to embrace what I believe to be a blatant missing link in the world of business thinking.

In MBA school, today’s students are exposed to Porter’s five competitive forces: industry rivalry, threat of new entrants, bargaining power of suppliers, bargaining power of buyers and threat of substitutes. These are good. In fact they are great. However, in my humble opinion, they totally miss a most crucial force: emotion. Consumers will always be experiencing emotions during the purchase and use of a product. Let me submit to you the five forces that ought to be added to the equation: culture, context, value, behavior and beauty (CCVBB).

**Pitfalls and Pathways**

What makes your business resilient? How should you make it sustainable? How do you achieve your stated growth goals? The answer will likely not be found looking through the myopic lens of a quarterly time horizon. Unfortunately, however, that’s essentially what drives many business decisions today. Almost all corporate leaders today are motivated and incentivized to impress Wall Street and fail to properly solve the fundamental needs of Main Street. I contend that there is not enough emphasis placed on the core needs, wants, desires and dreams of ordinary end users.

I know that businesses have to generate value for their shareholders, but that’s exactly what can be achieved in a bigger and better way if leaders take the human-centric design pathway. Companies like Apple and Dyson have proven the value of investing in solutions focused on ideal user experiences. When consumers self-select a product, the manufacturer gets higher returns and higher profit margins. And that’s the place you want to be, where there is less price sensitivity. This not only helps accelerate business growth, but also has the golden side effect of making the lives of end users better and more beautiful. That’s the perfect win-win situation between the end user and the product maker.

But wait, there’s more! The mindset of industrial design thinking actually brings with it numerous systemic advantages too. I perceive that designers tend to be born with more optimistic and opportunistic traits compared to their business counterparts, who can be a bit more pessimistic and risk averse. It’s these two opposing thoughts that need to be embraced. There has to be collegiality and collaboration. Initially there is a need for divergent thinking to arrive at the optimal experience solution. That’s followed by a need for convergent thinking to make that solution smaller, lighter, faster, efficient and cheaper. The factories, operations, logistics, distribution, etc., which form the majority of the business equation, need to do this. The good news is that businesses are very good at wringing every cent from a supply chain. The bad news is that they get so absorbed and tangled in it that they tend to use tools like stage-gate.
processes while engaged in design and innovation activities. The last place for fine-tuning is at the very onset of thematic and conceptual thinking. Both schools of thought are imperative, but each has a distinct spatial and temporal play.

**The Rise of Intelligent Consumers**

It is no longer possible for big businesses to force-feed the market with products that are designed to fit existing manufacturing line limitations. Running multimillion dollar commercials to push a product or to generate tens of thousands of Twitter followers or to have more friends on your Facebook page, is only good if your product itself is good. It’s only worth it to you as a business if end users realize that the brand promise they are looking for is authentically injected in the product itself and not just in the elusive marketing collateral or Instagram imagery.

Among the most important reasons a business should embrace industrial design thinking is the ability to solve a problem in its entirety. You must consider the entire ecosystem in which your product lives to avoid creating the need for unforeseen compensatory behaviors on the part of the end user. You cannot design a product in isolation from its surroundings. If you do, the end user will still suffer, if not from your brand then from somebody else’s. Consumers had no choice ‘t’il a decade ago. But with a new onslaught of the Internet of Things, global instant communication and direct C2C communication, (i.e., bad reviews on social media), they now have more potent options to research, analyze and purchase great products. The discerning consumer of today is highly intelligent and will seek out the best blend of usefulness and usability, ergonomics and style.

**Expanding the Equation**

Market success is only made possible via a methodology to understand and synthesize the impacts of the five emotional forces (CCVBB) that I am suggesting be added to Porter’s. Products should reflect the culture around them. It’s just not the granular user and product interaction within a specific industry category; it’s understanding how society and culture molds that industry category. Businesses have to understand the semantic space that a product occupies in the context of an ecosystem and design for the multiple modes of human behavior and the plethora of compensatory behaviors. To bolster customer loyalty, there exists a need to care for and cater to intrinsic needs as well as instrumental needs. Lastly, you should intentionally and consciously focus on beauty. Beauty need not be just sculptural or reside just on the surface. Beauty is a subset of aesthetics. The aesthetic quality of a product is an integral part of its utility. It clarifies the structure of the product and makes it more understandable. It helps the product to innately express itself.

Purposeful attention to the five forces I am submitting—culture, context, value, behavior and beauty—along with Porter’s five market forces, will ultimately make your product unique and compelling, paving a meaningful and sustainable pathway to achieve growth.
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