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Innovation as Necessity



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Management Review*

The news is stunning. SBC is buying AT&T. How could it happen? The company that for decades was synonymous with national telephone service and a steady stream of innovative technology is being bought out by one of its regional spin-offs. In the end, while the post-breakup AT&T implemented a series of strategic plans, none were visionary enough to survive. No doubt there are many lessons in this history. For this issue of the *Review*, the message is straightforward: In business, innovation is a necessity, not an option.

This reality is especially true in the twenty-first century. The world is smaller and more nimble. Competition springs out from the far corners of the globe. Inundated with marketing and other information, consumer knowledge and expectations are changing rapidly. And, of course, the context for doing business is constantly in flux, spurred on by the introduction of new technologies, new processes, and new approaches to living and working. In this environment, it is understandable that organizations have no choice but to innovate. More significantly for our readers, design is a major component of this process.

For young companies, innovation comes naturally. It is the rationale for their existence. The challenge is to create products and services consumers actually want, and to do it in a way that allows for survival in the marketplace. For mature corporations, innovation is more of a balancing act. In these situations, the objective is to maintain and enhance the value of existing lines

while investing in and taking enough risks to discover the next frontier. This quarter's articles address these diverse circumstances. Authors propose visions for sustaining innovative design. They recommend relationships and research that support innovation. They share case studies of successful design innovation. If innovation is a necessity, then managers will find that the essays that follow illuminate important ways to fulfill this mandate.

Visions for sustaining design innovation

In a fascinating keynote contribution, one enriched with many examples, Mark Stefik and Barbara Stefik examine how the tension between cultivating a "prepared mind" and cultivating a "beginner's mind" generates creativity. They begin the discussion by quoting Louis Pasteur, the famous French scientist, who once remarked, "In the field of observation, chance favors the prepared mind." The Stefiks explain that education and study are essential to innovation; they are a preparation that fills the mind with ideas. Investigating many disciplines is especially valuable, because it brings multiple perspectives to the problem-solving process. The innovator is like a talented jazz musician who blends the experience of human emotion with a practiced craft in making music and a sophisticated sense of rhythm and sound to improvise passages with perceptions that fill the human spirit with wonder. These "Aha!" moments are a dimension of all genuinely creative endeavors, whether

they are science and technology or art and design. Not so obvious in this type of activity is the additional requirement to foster a beginner's mindset—"a sense of playfulness, lightness, and receptivity." The Stefiks suggest there are many techniques for developing this openness, including trying the opposite tack, talking things out, and failing quickly and often. Whatever the pathway, the yin and the yang of creativity and innovation are multifaceted knowledge overlaid with the freedom to explore without preconceptions.

A second vision probes the role of designers in innovation. Andrew Hargadon, professor and director of technology management at the Graduate School of Management of the University of California at Davis, is convinced that designers and design have won a place at the table—that they are now *de rigueur* in business. What is critical in this new position is to become a design leader. For Hargadon this is a person who does more than bask in the high-profile glory of being the trusted advisor to the CEO and the strategic planning committee. Design leaders are creative integrators who advocate the big picture as a new picture. They take risks and they use their skills to change the nature and scope of organizations—in particular, to create compelling strategies that combine product, content, and distribution. This is the world of the iPod—an elegantly designed consumer experience rather than just one more beautiful high-tech object. In this model of innovation, designers are pivotal in establishing the "new networked venture" discovered in the difficult-to-define overlap among technology, marketing, and business needs and resources. Hargadon believes, however, that designers have an approach to problem solving, with skills in contextual observation, human-centered frameworks, and prototyping that uniquely suit them to this task. The result is a synthesis and insight that enables them to be extraordinary leaders in the arena of innovation.

A poetic counterpoint to the previous strategies is the vision offered by Glen Walter, co-founder and manager member of (ELEVEN), a Boston-based product development studio. Walter's thinking is grounded in Eastern philosophy. It nurtures freedom of thought and cre-

ativity—both individually and organizationally. It instills a dynamic that he and his colleagues find empowering, a methodology that promotes excellence. A fundamental premise is that "All is one"—that there is a continuous thread of energy that pervades the universe and that innovation is about revealing and making new connections. Walter admonishes his fellow professionals to "immerse themselves in the bounty that surrounds us." They must peer into the vastness of space and experience the feeling of infinity, because exciting solutions are "in scale with the abundance of the universe." They should let go of the need to be right and abandon all pretense of being superior. Following these precepts allows people to transcend preconceived beliefs and enter the realm of true "knowing," where they listen to an inner voice that is connected with universal intelligence. Walter concludes that when this inner connection is made, creativity flows with prolific results. If the strategy sounds ethereal, a case study and (ELEVEN's) successful design history confirm the validity of this Eastern approach.

Relationships and research that support innovation

As I noted earlier—and as might be expected—established businesses with a track record of success are generally less open to innovation. This is a dilemma addressed in two articles, and both counsel new relationships as a solution to reigniting an innovative spirit. Jessica Feldman, a recent graduate of Brunel University's masters in design and branding strategy program, and John Boulton, professor of design strategy at Brunel, looked at design consultancies as cultural change partners. Their assumption is that design firms are experts in innovation, and if this is true, they

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ask, why not use a consultancy to reawaken the idea of innovation itself instead of simply having these professionals generate an innovative idea or strategy? Intriguingly, they find it can happen. By developing what Feldman and Boulton refer to as parallel learning, in which key insiders work side-by-side with consultants, companies can, by emulation, become more innovative. On the part of design firms, the process demands an in-depth knowledge of organizational culture and a new definition of consulting. On the part of businesses, it takes a realization that change is

necessary and a willingness to do more than apply a one-time patch to the problem.

The authors share two case studies—the first dealing with the Eastman Chemical Company, the second with the Guinness brewery—to substantiate their conclusions and to demonstrate the potential of this approach, and they urge that corporations and consultancies alike give it greater consideration.

At the University of Westminster in London, Alison Rieple, professor of strategic management, and Adrian Haberberg, senior lecturer in the same discipline, along with Jon

Gander, an associate in strategic management at the University of East London, also analyze corporate relationships as a viable way to leverage innovation, reviewing the efficacy of what they call “hybrid organizational structures.” These include alliances between units of the same company or long-term partnerships between a corporation and a consultancy or another, usually smaller business. Sony, Procter & Gamble, and Nokia are just a few of the firms that exploit this interchange, where one party is highly rational and stresses implementation and the other is “blue-sky,” intuitive, and entrepreneurial. A degree of independence is essential to avoiding conflicts between these cultures. The large company has to be able to outline schedules and objectives, while the innovator needs room to fail and try again. In addition, bound-

ary-spanners—people who have experience with and move between both organizations—can facilitate these partnerships and ease tensions. Clearly, this is a creative dialogue of opposites that can jumpstart innovation, but only if the players go beyond the investment of people and money in the effort to institute a mutual commitment grounded in respect, understanding, a willingness to change, and flexibility.

In a more narrowly focused contribution, two colleagues from The Netherlands—Justien Marseille, a futurist from Rotterdam, and Ilan Roos, a director of SCAN Management Consultants headquartered in Amsterdam—discuss the benefits of trend analysis in maintaining innovative, cutting-edge brands. What they have found is that ongoing brand development is ignored until there is a crisis. By monitoring consumer preferences, however, this stress and the related customer disillusionment can be avoided. In their research, Marseille and Roos distinguish among innovators, early adopters, and the mass market, and they divide the horizons for change into short-, medium-, and long-term perspectives. Within this framework and with a candid baseline assessment of brand, seeking out and interpreting “signals” can indicate when and what type of change is evolving. In one example, the authors comment on how a growing emphasis on healthy eating prompted McDonald’s to realign its menu and introduce salad entrees—an enlightened decision that preserved the integrity of its brand at the same time that it extended the fast-food chain’s appeal to new customers, and lifted margins. In a second case, they tell how Nike purchased Converse and recognized that, as the “swoosh” became the mass-market shoe, the high-top sneaker brand could be reinterpreted as the footwear for innovators. And so it has come to pass. What emerges in this essay is the notion that trend analysis is a sort of design radar system, a tool that highlights innovation opportunities.

Innovation case studies

We wrap up and amplify the lessons in this issue with three case studies. Innocent Ltd. is a beverage manufacturer headquartered in the United Kingdom that sells its fruit drinks in The Netherlands and Belgium, as well as in the UK.

The strategy was to create a narrative that, as the companion to outstanding products, builds an ever-expanding cadre of loyal customers.

The story, here—richly illustrated and narrated by Eun-Kyong Baek, a PhD candidate at De Montfort University in Leicester, and David Kirkham, a faculty member in design management and innovation at the same institution—concerns the development of an innovative brand that, in six years and in a competitive international market, has made Innocent one of the fastest-growing companies in the United Kingdom. The strategy was to create a narrative that, as the companion to outstanding products, builds an ever-expanding cadre of loyal customers. The brand story is fresh, easy to understand, lighthearted, and full of humor and enthusiasm. It humanizes the corporation and it positions the drinks as high-quality. Labels describe ingredients in familiar terms: “1/2 a crushed pineapple,” “some creamy coconut milk,” or “a dash of freshly squeezed orange juice.” To emphasize freshness (and keep people reading), designs are changed frequently and include friendly, humorous remarks. Dates are stamped “enjoy by,” and delivery trucks are styled as “cow vans” and “dancing grass vans.” The company publishes books on healthy living and celebrates its birthday with public events and festivals. It is a brand that is human, distinctive, and engaging. Importantly, it is also a business success.

A second case, about the design of a new iron, exemplifies the value of creative partnerships and the principle that innovative thinking can transform what most regard as a commodity into a product that is proprietary and profitable. Dick Powell, principal of Seymourpowell design consultants in London, summarizes two decades of collaboration with the French SEB Group that owns Calor, Tefal, Krups, and other well-known consumer product brands. His firm developed the world’s first cordless kettle, the Freeline, for Tefal, and more recently the high-profile Adventis iron for Calor. Currently, the work on irons continues. For one new model, Seymourpowell reengineered the mechanism for filling Aquaspeed with water and redesigned the heel for greater stability. Powell reveals the creative process and prototyping that went into the project and indicates that the innovations his company and Calor distilled and implemented have been the features that have driven sales to exceed expectations.

The last case looks at bionics and nature as a source for innovation. Franco Lodato, chief designer at Morotola, in Fort Lauderdale, Florida, has found, like Leonardo da Vinci and the nineteenth-century British architect Joseph Paxton, that the animals and plants around us can inspire great creativity. The possibilities range from total mimicry to nonbiological analogies to abstraction, and he cites many types of design that depend on biological precedents. More interestingly, he discloses two of his own experiences with bionics—an ice axe balanced and shaped by observing woodpeckers, and a line of cell phones covered in a shock- and weather-resistant casing that recalls the protective exoskeleton of lobsters and other crustaceans. In conjunction with the insights of other authors, it is apparent there are many gateways and approaches to innovation, and our hope is that, in the pages of this *Review*, you will make discoveries that sustain your own creative endeavors. ■

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