

INVESTING IN DESIGN

To build business buy-in, designers need to buy in to business.

by Rosa Wu and Jess McMullin

Good designers know that long-term value comes from the intersection of business and human goals. Good design is not just about users, and it's not just about business—it's about balancing both. Lately, the business press is rediscovering this balance with coverage that touts the business benefits of a design approach. Even so, convincing risk-averse business decision makers to invest in design is a challenge.

To attract investment, designers need to increase their business fluency—the conceptual and cultural comfort with business ideas and context. Designers fluent in business can take concrete steps to build buy-in and help organizations progress in their design maturity. While this isn't creating a new product or interface, it's really no different than what designers do every day: understand the customer, prototype solutions, evaluate how they work, and refine through iteration. Only this time, the customer is business, the objective is design investment, and the first step

to understanding is for designers to appreciate business value.

It's no secret that corporate value is fundamentally financial, and comes directly from top line revenue increases and bottom line cost savings. Concepts like margin, inventory velocity, or cash flow are all important business considerations, but we'll leave those foundations for you to explore in the resources at the end of this article. However, there are more than these basics that drive business value. Three forces in particular are converging to create this renewed corporate interest in design.

First, there's the relentless pressure of shareholder expectations. Shareholders expect the company to create equity value so that their stock will be worth more. To justify a rising share price, companies have to show growth.

Secondly, companies are increasingly reaching the limits of efficiency, which adds to the burden of market expectation. Over the past decade, many companies have realized growth by being more efficient. However, there are diminishing returns to re-engineering, integrating technology and developing the supply chain management tools used to optimize processes in the past. As internet proliferation and increased globalization level the playing field, low-cost suppliers in Asia gain the efficiency advantage, leaving Western firms looking for new sources of growth.

Finally, that quest for new growth beyond efficiency leads to the third force driving design investment

today: The market puts a premium on innovation. While innovation is an often-abused term, true innovation can redefine an entire industry. That sort of potential gets the market's attention. Even if a company lacks a home run like the Swiffer or the iPod, its shareholders might pay a premium on the stock price because consistent innovation is seen as a sustainable element for growth, rather than one-time macro factors or shifts in the market. Innovative companies are better long-term bets, and the share prices of Apple and Google show the kind of premium that innovation commands. Companies covet that premium, and are willing to invest in design to get it.

Because innovation and design go hand in hand, there is an opportunity for designers to increase their influence in their organizations. However, innovation for its own sake isn't a very attractive investment. Designers can move past hype to have serious conversations about proposed investments when they develop business fluency and can address innovation in terms that business leaders care about.

Business fluency

Business fluency has two sides—cultural and conceptual—and to successfully attract investment designers need both pieces. Conceptual fluency means understanding the vocabulary of business and what ideas underlie business measures of its health, like profit and loss. Cultural fluency means navigating relationships, politics, power structure, emotional decision making, and organizational thinking. Together, cultural and conceptual business fluency lets you translate the need for design investment into terms that business understands, instead of leaving that interpretation to chance.

Designers can cultivate business fluency from both instruction and immersion. Instruction is suited to building conceptual fluency, and

DESIGN MATURITY STAGES	
ORGANIZATION SEES DESIGN AS	EXAMPLE
No Conscious Design Effort <i>Design has no perceived value for the organization.</i>	Mainframe apps on the web <i>Many government departments use software to automatically pull mainframe applications into web pages, but settle for the automatically generated interface, too.</i>
Style <i>Design is the avenue to being hip and cool.</i>	Target <i>The retailer has reinvented itself with stylish design. However, beautiful objects become subject to the temporary winds of fashion when design is seen as style.</i>
Form and Function <i>Design makes things work better than they did before.</i>	Gillette Mach 3 Razor <i>The Mach 3 is an excellent razor – but the focus on improving its form and performance only make an incremental improvement over predecessors and the competition. In the end, it's still a razor – a known solution to a problem.</i>
Problem Solving <i>Design finds new opportunities by solving existing problems.</i>	The Transtrap <i>Observation of crowded transit showed the problem of too many people, not enough handgrips. With no precedent, the Transtrap team created a personal handgrip that hooks onto the rail that supports other hand straps.</i>
Problem Framing <i>Design redefines the challenges facing the organization.</i>	Umpqua Bank <i>Umpqua reconceived banking as high- end retail, and offers lattes and yoga classes at its sumptuous flagship branch in Portland, OR.</i>

Design maturity exists on a continuum: from no conscious effort at all to using design as a way of redefining corporate strategy. The further an organization progresses along the continuum, the more it will recognize the risks of not investing in design. To drive this buy-in, organizations need visible successes to overcome the comfortable inertia of inaction.

includes classes or how-to books and articles. Immersion works well to develop cultural fluency—being immersed in an organization, reading its annual reports, reading biographies of business leaders, and watching financial news or papers to soak up the big picture of business context.

One pervasive conceptual concern is return on investment (ROI). Some hope

that design ROI will be a silver bullet in building designers' organizational influence, respect, and credibility. Calculating the return on design investment and creating a fully-loaded income statement—complete with all ancillary costs associated with the project—can be difficult. In addition, an isolated ROI calculation does not

tell the whole story until it is compared with other possible investment options to show which choice offers the best return. Moreover, businesses are also very concerned about the opportunity cost of *not* using this investment to fund another project.

Even for opportunities with readily available hard financial numbers, the call for ROI can be a red herring. Often the real reasons for resisting design investments are cultural, and require more than conceptual fluency to address. Of the many cultural factors that can frustrate design investment, risk aversion tops the list.

The hesitation to deal with uncertainty is conditioned in many decision makers who are consistently rewarded for avoiding risk. The reward isn't overt; instead it comes from a positively reinforced history of 'nothing ventured, no-one blamed.' Rarely does disaster follow on the heels of inaction, and this prompts resistance to design investments that disrupt the status quo. Designers need to anticipate concerns over risk and address them in a way that shows stakeholders that the issue will be dealt with. How to provide that reassurance depends on the level of design maturity in the company.

Creating Visible Success

Nothing overcomes risk aversion like success. While cases and examples help, real conviction comes from success within the organization. Creating that internal success is a three step process that works across the design maturity spectrum: Partner, Pilot, and Publicize.

Partner

You need a senior ally from the business side of the organization. Even in conservative organizations there are influential forward thinkers. Get to know who appreciates a design approach, who is pushing against the

status quo, and go after them – be respectfully persistent in getting face time. Here, you're first building a relationship, and secondly establishing the value of design. This partner can become a champion and sponsor for design investment and smooth navigation of the organization.

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Pilot

Your goal with your business-side co-conspirator is to show quick wins. Wins come from low-risk ways to show concrete success: A prototype or pilot project is ideal, since it involves minimal resources and can be completed quickly. A small commitment appeases risk-averse detractors. If you still can't get corporate approval for even a pilot, you may need to run it as a skunkworks project under the official radar. Find the lowest hanging fruit—discuss project options around the organization in terms of budget, difficulty, and business impact. Pick the sweet spot of low effort and high impact, and start the project.

Publicize

You need to let the rest of the organization know about the success. Use top-down presentations to management, and bottom-up conversations with line staff, like lunchtime learning sessions. Avoid hype and arrogance as you evangelize. If you live up to the prima donna designer stereotype, you'll lose traction. The humility to recognize others' efforts to focus on the customer, gain insight, and drive innovation will go a long way

to adding additional allies. Designers don't have a monopoly on insight or innovation. This sort of humility comes from the confidence that you're making such a positive contribution that you don't feel the need to minimize others' endeavors.

After your first success, evaluate and iterate.

What went well?

What would you change?

Then repeat the steps: Find another quick win, and chase it to successful completion. As you publicize your work, you'll find more like-minded

people throughout the organization who can support your efforts and identify new opportunities. Success builds on success—and quick wins at one level of design maturity can lead to opportunities to tackle problems further along the spectrum.

The Partner, Pilot, and Publicize approach to building design investment is a lot like running a start-up, and having an entrepreneurial attitude is key. There will be setbacks, but as you increase your business fluency, build support from others, and work to frame design for business, you'll increase your impact on the organization and help it progress in design maturity. With this impact, you'll add business value. Even more, you'll help move design practice from the cosmetic ghetto of 'making things pretty' to a strategic contributor that helps chart the future—not just the future of business, but the future of design itself.

