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DESIGN : A way to stimulate small businesses

In 30 years, the international business market has changed a lot ! After many years of concentration, nowadays small businesses play an important role. Their flexibility and proximity can explain this phenomenon.

But small businesses, especially in France, suffer from the entrepreneur reluctance to use design resources.

We have to look at our Anglo-Saxon neighbours to insert design into a total approach, whatever the size of the firm.

The aim of this study is to prove that the design is an asset for a firm. It is a financial investment for better incomes, for a growth on a financial market and for a better corporate image.

In our economical society, the business competition is often cutthroat. To be and to stay competitive, a firm must have a strong strategy. There are 3 different big strategies :

- The cost leadership strategy

Massive production and distribution to dominate the market.

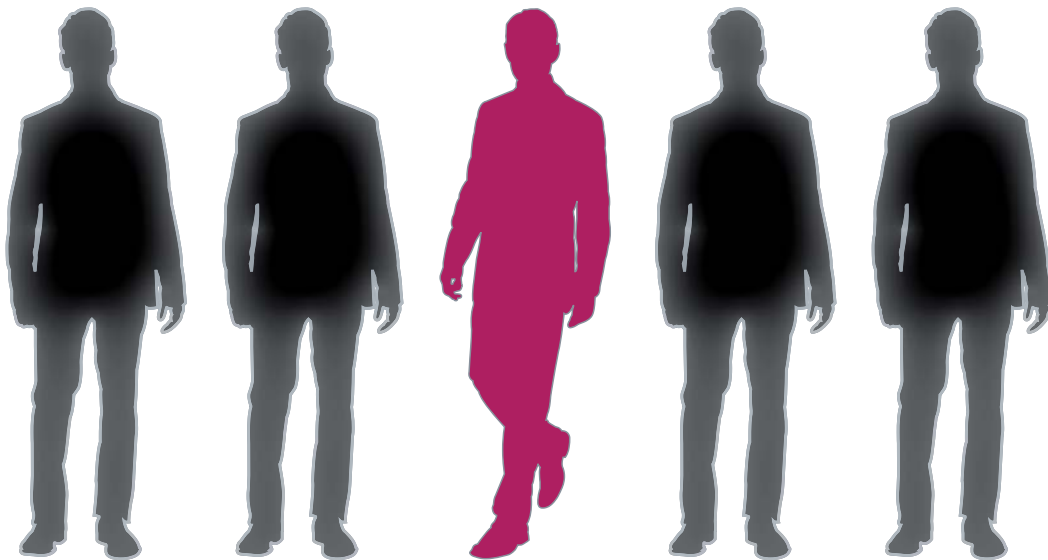
- The differentiation strategy with innovation

Based on an innovation, it permits to the company to create an attractive product with a more expensive price.

- The segmentation strategy

To target special clients, it matches to a niche market. It is a dangerous strategy because the segment can be too closed to be an interesting financial investment.

After this introduction about business strategies, we will see that the designer can play an important role when we talk about the differentiation strategy with innovation and that his role can be a competitive advantage.



*To be different. To be remarkable.
A BUSINESS STRATEGY*

When the market is flooded by Asian products, to be competitive with low prices is not enough ! To be different, a company must have a unique offer to seduce consumers. Innovation permits to justify a higher price, to sell a bigger quantity of products and/or to secure its clients' loyalty. Differentiation can be everywhere on the company assets system. Innovation can be technological but also be a new service, a new way to sell... Design can bring a value-added and answer to innovation questions.

However, design is not very existing in firms because it is often not well-known. Design is a very diversified discipline and so very confused ! A lot of entrepreneurs see design like a marketing way of think. It is true that the designer uses tools near marketing tools, to understand a market, but his goal is different. He has to create a product to answer to consumers needs.

Moreover, in France, design corporation is not very united. The engineer culture is wrongly compared to the designer culture. Historically, design has appeared in the same time to the industrial revolution. In France, with years, design has been associated to art and craft industry. So design is seen like an aesthetic, very expensive, and elitist approach. In reality, there is no one design but many. The most famous is probably the design like a style exercise but the most of the designers are not artists but **industrial designers**. With their education, they learn economical realities, profitability, industrial processes, material uses, distribution mains... The most of the schools of design organizes projects with industrial partnerships for their students. Raymond Loewy, a famous industrial designer, said "*The most beautiful curve is the sell curve*". So the industrial designer is aware of his economical role in a company and has an important role to play, just like an engineer or a marketing manager. The entrepreneur must see him like an investment and not just like a cost.

The designer works in 3 key-axes :

- The product (product, packaging, interface)
- The firm (visual identity, graphic guidelines, website)
- The business environment (POS-A (Point Of Sale Advertising), booth, commercial architecture, signage)

He can work on one of the axes or on all, functions of the firm need.

The most of the societies begin a cooperation with a single designer mission. If the result of this mission is good, it is not a surprise if the firm proceeds to a global design approach to ensure its strategy coherency.

The designer can be an external advisor or an incorporate service. The most of the time it depends of the size of the company. We will see with more details the external advisor role.

Design is a global approach with market and users vision, different of the entrepreneur or the marketing manager visions. Design analyses a line of business, customers needs and the current offers on the market. The external designer is impartial with daily corporate problems. He can have a role at the beginning of a global approach or intervenes during the requirements implementation. A role determinates by company needs and means...

The most important restraint of a designer intervention is its supposed high cost. The entrepreneurs often think that a designer work is expensive. It can be true when the designer intervention is at the end of the process. For example, his work can create changes on the production line and so, costs a lot of money. But, when the designer has a role at the beginning, he creates a different offer and also permits to decrease some costs.

Design permits to have a global reflection on the project and creates a suitable product for customers needs, decreases production, packaging and/or transportation costs. So, thanks to designer work, the entrepreneur can earn money before to sell his product !

The designer answers to questions about business positioning, offer promotion and replacement. He can also suggest new materials or new technology uses. He thinks about new needs, new uses and new ways to live. The firm access to its market can become easier.

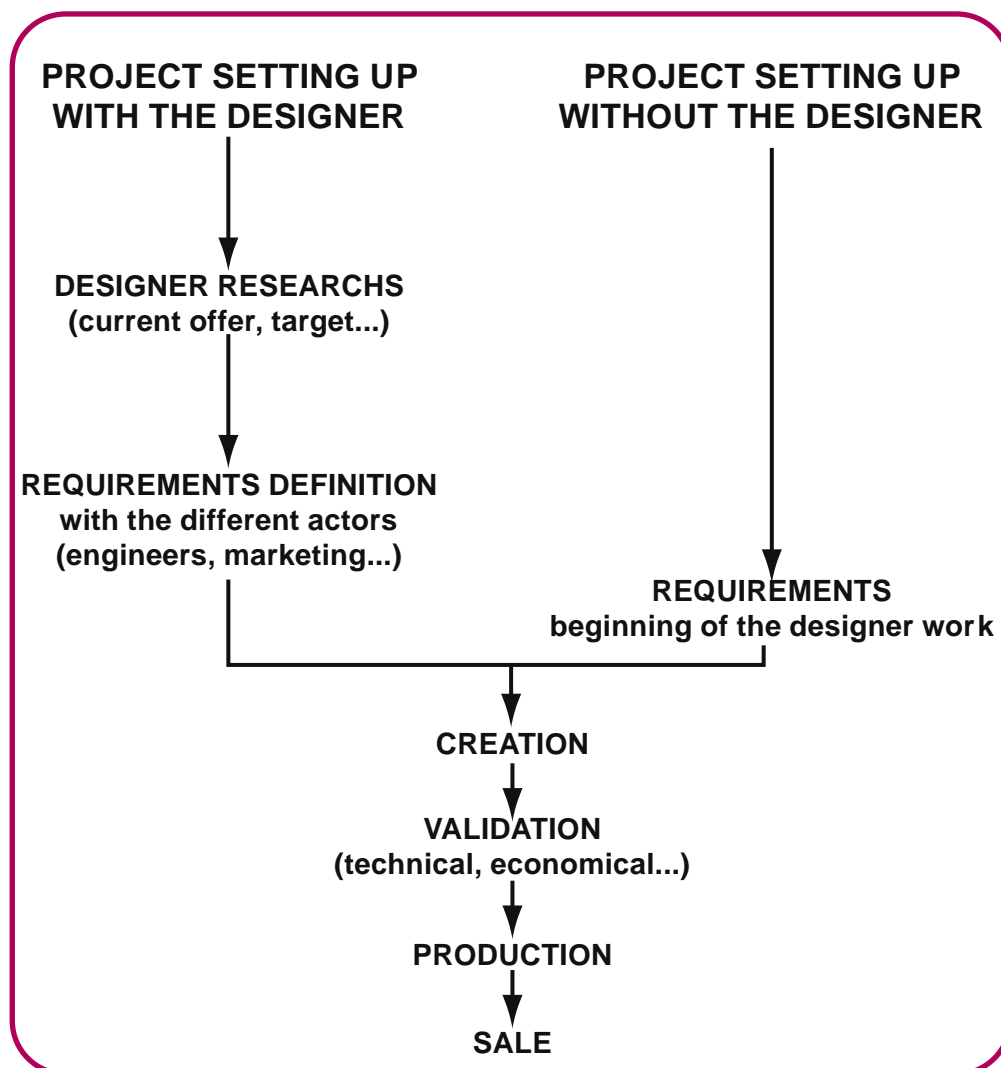
Designer role into the company

To integrate the designer at the beginning of the project is recommended but the most important thing is to determinate the company real needs. When the targeting is bad, design results are poor.

Design is a good tool to improve a corporate image. It permits to sale a noticeable product, different of the others and which can be recognized by users. It is the reflect of the company innovation capacity, a way to impress customers and business partners.

Design reveals the company potential.
The designer is a creation interface.

DESIGNER = EXTERNAL ADVISOR



Scheme realised according to Stratégie design et développement international de l'entreprise, Guillaume Anselin, study realised for the French Economy, Finance and Industry Ministry, Les Presses du Management, 1998

The results

To estimate the design results is not easy ! We have to analyse numbers : sales volume, net profits... and to compare estimates and results. But it is not enough ! Design can also impact on the corporate life. It can create other innovations on products, on fabrication line, on commercial speeches...

Now please read some examples of companies which have invested in design to develop their commercial activities and the results of these partnerships.



FACOM, clever and ergonomic products to become a leader. From Stratégie design et développement international de l'entreprise, Guillaume Anselin, study realised for the French Economy, Finance and Industry Ministry, Les Presses du Management, 1998

UNITED KINGDOM

“How can we develop small businesses activities ?” To this question, the British government has gave an answer. The Design British Council, supervised by George Cox, in 2006, implements the “Design at request” to support companies competitiveness with a design strategy. There are 3 steps in this program. In a first time, the company discovers the designer job through workshops. Then, external experts estimate its needs. At the end, the council makes the connection with a designer to realize the company project.

Results of this program with 4 companies which have increase their revenues after designer intervention :

- Aga Telford : cookers producer

This company missed coherency in its products offer. The products range has been re-aligned and some products have been re-drawn by designers. After this commercial strategy reforging, the turnover increases from 2,7 millions of Euro to 9,5, between 2006 and 2009.

- Challs International : cleaning agents producers

On this market, concurrency is very hard. It is difficult to be different. The designer has thought to the good position for the Challs' products and has drawn new packagings with a strong identity. Challs International has invested 110 000 Euro in this project and its turnover increases of 50% in 2006 !

- Naylor Industry : clay waste pipes producer

The company wanted to diversify its products and to preserve its know-how. A new brand was created to produce and sale garden pots in clay. This new brand gains 10% of market shares in 3 years.

- Taylor Eyewitness Ltd : cutlery producer

Taylor products were competed with Asian low-cost products. With a new name, a new identity and re-drawn products, Taylor has found new business partners like the Conran Shop and obtains its first foreign contract.

F RANCE

There is no governmental policy for design integration in France, but small businesses invest in design and a lot of organizations help them to innovate.

- **Kemp&Fils : chimneys producer**

Design was integrated to create the Atria range without over costs.

The designer job permits to the company to access to new distribution networks, with an immediate return on investment. Local funds has taken care of 50% of these expenses.

- **Biogénie : cosmetics laboratory**

In June 2006, Biogénie appeals to a designer to create the new packaging of its best-sell «100%». After this first collaboration, Biogénie has regularly worked with a designer to create all its packs. Its turnover has increased of 20% and now, the company sales its products abroad.

- **Thuasne : medical technical tissues producer**

10 years ago, Thuasne managers have understood that design is a real asset in the medical world. Their first collaboration with a designer has began with a project for high-level sportsmen used to excellence an performance. Then, the designer has worked on more medical products and today there is a real coherency between all Thuasne products. Design is integrated from product conception to functionalities research. The general manager is convinced that design is a part of the success of her company.

- **Bellot : wine equipment producer**

Bellot managers have decided to transform the economical crisis into a dynamic element for their company. The exportation doors were opened thanks to their collaboration with designers.

Since 1986, the French government has created a design promotion system. The regional design centres must encourage the small businesses to integrate design. The regional industry and the environmental research centres bring advices to build projects. They inform and estimate the design potential benefits for a company. And the regional funds also encourage small businesses to ask for external advisors.

But to invest in a new field is never totally safe. The economical risk can be decreased thanks to some aids.

- **OSEO**

It is an aid or a repayable advance for research and development, and innovation projects.

- **Territorial community aids**

Regional councils aids take care of a part of the costs created by external advisors like designer intervention.

- **Art job tax credits**

.... it is not an exhaustive list !

Design is a way to develop a company activity. It can permit to increase the turnover and the sale volume. It is a business asset, a driving motor for development. The designer must have a real position in the company just like an engineer. To create a collaboration between marketing, technique and design is probably a great solution to innovate.

But be careful, sometimes design failed. There are 5 ways to fail at design (by Sohrab Vossoughi) :

1. Refuse to change any other part of your business
2. Design outside of your innovation space
3. Try to design for everybody
4. Insist on replicating another company's success
5. Compartmentalize design into isolated tasks

BOOKS

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INTERNET

British design council
<http://www.designcouncil.org.uk/>

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OSEO supports innovation in small businesses
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Tax credits for Art jobs
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