

Introducing Strategic Designers within Italian SMEs

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Abstract

English Version

The purpose of this research is to create a relationship between the role of strategic designer and the small and medium enterprises in Italy.

The close link between design and business is well documented in the literature, both in the field of design and in business management. Given the increasing complexity of the market and social changes, in recent years has increased the attention to the strategic benefits of the designer by the business world, where corporate strategies are defined.

In the last decade a growing number of large companies and large corporations have recognized in design an enforcement priority, constituting ad hoc offices or purchasing design firms to acquire their knowledge. In Italy, the business structure is made up mostly of small and medium-sized enterprises, far from the international dynamics and far from the awareness of the competitive advantage brought by the design. How to ensure that the Italian enterprises benefit of the excellent design cultures in our country?

The analysis of the problem has been approached as a design project: starting from the stage of knowledge and understanding of the problem, interviewing experts, and then defining the design challenges with which to solve the problem and testing them, with entrepreneurs in direct contact with strategic design.

The result of this process is the design of a consulting service that takes advantage of youth strategic designer laureates in Italian universities, establishing an ongoing relationship with the company and facilitating the entry of this expertise, breaking down the cultural gap between Italian business and design.

The problems highlighted in the research phase, the impressions closely with entrepreneurs and the analysis of the designed service, show a huge social gap: the hole between the knowledge produced by universities and research departments on the subject of strategic design and and entrepreneurship. The design culture doesn't reach the latter, for cultural problems, solvable only with a participation in dialogues of general knowledge on the part of designers with the help of institutions.

Italian Version

Lo scopo di questa ricerca è quello creare una relazione tra la figura dello strategic designer e la piccola e media impresa in Italia.

Lo stretto legame tra design e business è ben documentata dalla letteratura, sia nel campo del design, sia nel campo del business management. Data la crescente complessità del mercato e delle trasformazioni sociali, negli ultimi anni l'attenzione del mondo imprenditoriale verso i benefici strategici del designer, posto nella definizione delle strategie aziendali, è aumentata.

Nell'ultimo decennio un numero crescente di grandi aziende e grosse corporazioni hanno riconosciuto nel design una priorità esecutiva, costituendo ruoli ad hoc o acquistando design firms per acquisirne le conoscenze. In Italia, il tessuto imprenditoriale è composto per la maggior parte da piccole e medie imprese, lontane dalle dinamiche internazionali e dalla consapevolezza del vantaggio competitivo portato dal design. Come far sì che le imprese italiane beneficino dell'ottima design culture presente nel nostro paese?

L'analisi del problema è stata approcciata come un progetto di design: partendo dalla fase di conoscenza e di apprendimento del problema, intervistando esperti, per poi definire le sfide progettuali con cui risolvere il problema e testando in prima persona le reazioni degli imprenditori a stretto contatto con lo strategic design.

Il risultato di questo processo è la progettazione di un servizio di consulenza che si avvale dei giovani strategic designer laureati nelle università italiane, instaurando un rapporto continuativo con l'azienda e favorendo l'ingresso dello strategic design abbattendo il gap culturale tra impresa e design.

I problemi evidenziati nella fase di ricerca, le impressioni ricevute a stretto contatto con gli imprenditori e l'analisi del service designed, evidenziano una grossa lacuna sociale: il divario tra la conoscenza prodotta dalle università e i dipartimenti di ricerca sul tema del design strategico e il legame tra esso e l'imprenditoria, non raggiunge quest'ultima, per problemi culturali, risolvibili soltanto con una partecipazione ai dialoghi della cultura generale da parte dei designers, grazie all'aiuto delle istituzioni.

1.

Research Method

**Aim of the
Research**

**Research
Process**

Aims of the Research

The rise of the importance that the strategic value of design gained inside the business world, always come across with big and large corporations, taken as examples on how well these enterprises perform, having so closed relationship between management and design, having in the board people like chief design officers and design managers.

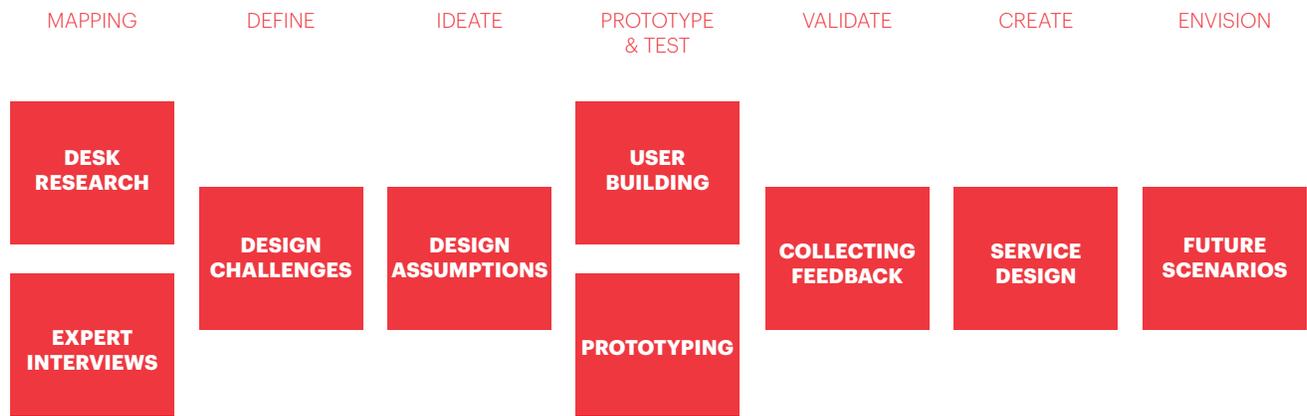
Understanding that the Italian business structure is composed by a great majority of small-medium enterprises, the Italian strategic designers trained in university and eligible to be part of the Italian business, contributing to the growth of the design culture and wealth of the country, do not find an answer in the job market, to the choice of the career they want to pursue.

According to this, the economic situation of the country and the large majority of the companies that compose its business structure, strategic designers in Italy and the capabilities within their design knowledge, should be exploited and welcomed by the business industry, in particular those enterprises that find difficulties in finding resources, reach customers, sustain the business and their employees, as the small and medium ones.

The missing bridge between the expertise of young strategic designers in Italy and the demand of innovation by SMEs, leads me to design a service that could work as a way in which the majority of the Italian entrepreneurship could benefit the strategic values of design.

1.2

Research Process



Desk Research

The starting point of this research is to explore and dive deeper into the research object, focusing on what to search about and why. Contents and characteristics of material founded are then evaluated and presented as a valid source to picture a clear and up-to-date scene of the state of the art of the subject. This involves the finding of scientific papers, corporate and organizational reports, academic thesis, articles, websites and best practices related to the field of research. The selected topics are strategic design, design in business, relationship between enterprises and designers and the role of consulting firms in sourcing design expertise.

Expert Interviews

Together with the Desk Research phase also interviews with experts was conducted. Experts can often give you a systems-level view of the project area, tell about recent innovations – successes and failures – and offer the perspectives of organizations like banks, governments, or NGOs. The first thing was determining what kind of expert you need. Then recruiting experts, giving them a preview of the kinds of questions I'll be asking and let them know how much of their time I needed. Choosing experts with varying points of view was key. Go prepared with an idea of what I'd like to learn also, but even made sure my game plan was flexible enough to allow me to pursue unexpected lines of inquiry.

Design Challenges

By defining themes and insights from literature and interviews, I identified problem areas that pose challenges to the people I'm designing for. In this phase is the time to reframe questions to turn those challenges into opportunities for design. I used the How Might We format because it suggests that a solution is possible and because offers you the chance to answer them in a variety of ways. A properly framed How Might We doesn't suggest a particular solution, but gives the perfect frame for innovative thinking.

Service Assumptions

Now it's time to turn Design Challenges into possible solutions. By defining the basic assumptions about how the final service should be shaped is basically concepting, and a concept is more polished and complete than an idea. It's more sophisticated, it's something that you'll want to test with the people you're designing for, and it's starting to look like an answer to your How Might We question. This is the moment where you move from problem to solution.

User Building

Given the fact that entrepreneurs, keen to strategic design or with a strategic designer in-house are rare and difficult to find, I decided to engage two entrepreneurs and let them experience the service for a time period of a month, having me as a strategic designer and working on an actual project they needed. In this way they could experience the service, see the process and capabilities involved and be able to provide serious feedback after.

Prototyping

The same time in which I was engaging entrepreneurs and their SMEs about strategic design, that was a month, attending the company once a week, I was also starting prototyping my service assumptions and directly analyzing the response by the businessmen, understanding all the aspects involved and key elements to push or avoid.

Collecting Feedback

The best route to gaining the understanding on how better shape the service design to serve users' needs is to talk to them in person, together with all the stakeholders and experts around the subject. Soliciting feedback on ideas and prototypes is a core to refine the assumption I designed, and it helps keep the people I'm designing for at the center of your project. It's also a direct path to designing something that those same people will adopt. If the point of a prototype is to test an idea, then collecting feedback from potential users and interpreters of the subject is what pushes things forward.

Service Design

Now that aware users provided feedback on the service, after prototyped it and collecting feedback from those interpreters around the subject of strategic design, business and SMEs, it's time to refine the assumptions and design the service in all his aspects, shaping the user journey, the business model, offering map, service blueprint and all the matters.

Future Scenarios

Taking the design of the service as starting point, I imagined future scenarios about the adoption of the service at large scale, shaping its contribution to society, business and design community.

2.

Strategic Design

**What are we
talking about?**

Context

**Strategic Value
of Design**

**Design Capabilities
Functional to Business
Strategies**

**Elusive ROI
of Design**

Best Practice:
InterCorp

What Are We Talking About?

The expression Strategic Design represents a problem, an open system that embraces different types of points of view, interpretative models and disciplinary perspectives.

Indeed, there isn't a universal definition of strategic design. The understanding complexity also increases because of the existence of operative activities that present similarities with strategic design even if they don't have the same name.

Given that there's no conceptual and operative definition of strategic design, it was decided to refer to the definition of who helped shape this field of design.

The research community of Politecnico di Milano issued an interpretation in line with past and ongoing considerations on related topics about strategic. Following some of the main evidences:

“Strategic Design is a design activity which main object is the integrated system of products, services and communication (PSS) in which a company face the market, hold a place in society and shape its own strategy” (Mauri, 1997)

“Strategic Design was born form the product paradigm's crisis and will develop together with the rise of the interaction paradigm, of which will be one of the most powerful builders (the product-service system become a complex, flexible and interactive artifact, which is interface between enterprise, users and society)” (Manzini, 1998)

To better understand strategic design, it is helpful to look at the organization that shapes designers in this field, particularly into the Strategic Design Master at Politecnico di Milano. Here what they describe as strategic design:

“Strategic Design is a design activity that concerns the Product Service System, i.e. the integrated body of products, services and communication strategies that either an actor or a network of actors (companies, institutions, no-profit organizations, etc.) generate and develop to create value. It is often claimed that technological innovation, cultural and economic globalization, and the transition to environmental sustainability generate problems and opportunities. It is also repeatedly stated that the possibility to avoid the former and to exploit the latter requires the development of three core skills: visioning, sensing innovation, creating solutions embedded in new business models. It calls for the ability to design products and services whose success today anticipates what will be, or may have to be, the norm of tomorrow. The social demand for a new generation of products and services, coherent with current socio-cultural transformations, and their sustainable development becomes an opportunity for companies able to operate in the context of this new design mindset. This unique meeting of design and company strategy: Strategic Design.”

It's clear that the definition of strategic design implies that discipline which combines the company's needs with the more and more complex aspects of the market, placing them in a cultural context, of time and space.

2.2

Context

Strategic Design rises because of the operative and strategic context of contemporary enterprises.

The company, in a saturated and turbulent market, requires greater creativity and planning, otherwise it disappears. It also implements mechanisms of response to more and more elaborate and complex customer needs.

In saturated markets of Western society, the company reconfigures its supply system by operating with the same quality of all the elements that characterize it, in front of the customer system. Elements that have a prevalence of visual aspects – the communication, product, service, distribution, point of sale – and therefore require more design attention and more coherent coordination with the mission and its philosophy.

The new economy, a result of a mixture of pervasive and global phenomena, presents completely new features and phenomena, which we will try to list briefly below:

Market Change

There is no longer a market but a number of markets: demand is tending more and more to fragment, configuring a very diverse market, divided into small niches, sometimes coinciding with the individual. (Kotler, in Gibson 1997)

The future of the market has very strong elements of unpredictability; new niche markets are relatively small and unstable, so you have to constantly increase the differentiation and speed of response; the rate of change of the technology implies to reduce drastically the development time of new products, and the shortening of the development time causes, in turn, the abbreviation of the economic exploitation times of the products.

The primary need corresponds more and longer to the consumers' needs and desires and leads to constant improvement and frequent replacement of products and technologies: each product is considered an instant consumer product, due to the high level of speed in use and consumption. The speed of fruition and consumption is related to the increase of induced needs and to the phenomenon of a high and frequently segmented demand.

The offering of the company, due to this acceleration, destroys the capability to give sense to the system of products, that become what Enzo Mari called "landfill of perception". The capability to recognize sense in what a company does, depends from what value the consumer gives to that offering.

Hyper-segmentation and value research by consumers centralize the communication and relation with the user, that represent an active role in shaping the final offering, realizing the figure of prosumer, theorized by Alvin Toffler in the 70's.

Organizational Reconfiguration

Customization, hyper-segmentation, unpredictable demand, are just some of the problems that a company has to face nowadays. To overcome these problems, it makes necessary review all the production system and organization, designing new strategies to obtain competitive advantages.

When the change rate of the context began to rapidly increase, lots of the enterprises that tried to put organizational order against disorder of the context, got into difficulties. At the same time, began to emerge all the companies characterized by more agile organizational structures, flexible ones or capable to rapidly react to the context through a structured disorder.

Organization, to compete, have to rapidly answer to the demands of the market and take a flexible configuration and be reactive at large, abandoning a hierarchical structure and activating all his members. The organization activation brings the theme of Total Quality Management, successfully adopted by Toyota, a principle that sees every employee participate in the organization's continuous improvement of performance and the company's quality of supply; a principle based on a platform that unites workers around shared values and aims at strengthening (empowerment) abilities, predispositions, abilities of each. The quality policies have paved the way for an organization able to learn, with the commitment of all, and to find new

answers to market demands; a model of an activated organization is for example the “Learning Organization”, founded on the work of Peter Senge (1994).

But the flexibility and agility with which answer to the market also requires different forms of organization structure: a phenomenon that distinguishes the competitive enterprises, for example, it’s outsourcing, i.e. the outsourcing of business functions to streamline production processes and resort to specialized suppliers and quality. On this tab you can also see the development of new organizational forms and virtual network, due to the control ensured by info-telematic technologies: in this way the same organization’s boundaries tend to blur, and relationships and the flow of communication and information with suppliers become more important, together with partners, consulting agencies and with the user himself.

This process is possible, as explained by Roberto Verganti in his paper “Design-Driven Innovation Model” (2009), in systems in which the focus moves from the simple exchange of goods and services to a broader and more complex process of interaction between actors in order to expand the shared knowledge base. A process of interaction that develops from a common platform characterized by a complex system of values, shared, accepted, participated and promoted by all.

The recipes for management to compete are many. A summary that attempts to identify the crucial points, is made by Gianfilippo Cuneo, a long experienced strategic consultant, in 1997, and is still valid, due to the fact that the troubles of the context didn’t change.

The company does not want to succumb must:

- Ally with suppliers, customers and even competitors to innovate;
- Reduce the cost and time;
- Focus its resources on its distinctive features;
- Differentiate themselves from competitors;

These are the critical factors that have enabled companies to mature a great success, inside saturated markets in Western countries.

The phenomenon to exploit the strategic role of design to face this urgent complexity is not recent: apart from some famous cases (from Olivetti to the London City Transport System) is already happened in the late '70s and exploded under the dogma of total quality. The dynamic development of the company has as a central actor: the

competitive urgency stimulates business operators to intervene on the design of the offer on the entire system (the PSS). Following, also the professional world of design approaches to this issue (apart from some famous cases already integrated into business strategies).

2.3

The Strategic Value of Design

Today we know that design means much more than just style and we have started to appreciate the importance of correctly managing it, leading to the development of an entire stream of research based on the notion of design management. Researchers have observed how good design emerges from a carefully managed process (Walsh and others 1992; Roy 1994; Bruce and Bessant 2002), and how design management skills and the maturity in the use of design correlate to a positive financial performance).

Interestingly however, the design management capabilities of the company were found to be only moderately effected by the level of investment in design (Chiva and Alegre, 2009), revealing that only a partial dependency exists between design skills and the amount of economic resources employed. Furthermore, when companies are categorized by the maturity of their use of design (according to the “ladder model”) no statistically significant differences in total investment in design are found among the different groups of companies (Danish Design Centre 2003): the observed investment in design does not increase as the use of design becomes more pervasive in the company, and, surprisingly, even companies which describe themselves as belonging to the first step of the design ladder, which is labeled “No Design”, recorded high investments in design.

These anomalies can be explained when one considers the fact that design should not be viewed as an asset, but as a strategy. Various authors have already embraced, although in different ways, this transition, and have realized that, in order to fully express its value,

design should be integrated into the company culture and the overall firm strategy.

Some have described design as a way of thinking that can be applied to everything inside an organization in order to solve complex problems and drive a company's innovation and growth (Brown 2008, 2009; Martin 2009). This strategic dimension of design allows it to become simultaneously a differentiator, a coordinator, and a transformational process (de Mozota 2002), driving the company in new directions and markets (Ravasi and Lojacono 2005), and improving its vision and innovativeness (Hertenstein and Platt 1997; Danish Design Centre 2003; Verganti 2009).

This shift in perspective entails a very different approach to investing in design than what was traditionally considered. Simply hiring a designer, or paying for an external consultant, is no longer sufficient; the entire organization must embrace the new strategy and contribute with new structures, processes and capabilities: the company culture must change radically, so a mere financial investment will not be sufficient to enable the full potential of design. Furthermore, since it requires a modification of the company's entire strategy, the process of fully integrating design requires a long and gradual process. Research has identified a relationship between a prolonged use of design and its strategic use as a core competency, demonstrating how just a few years of design experience limits the effectiveness of a strategic positioning of design and its impact on the activities of the firm (de Mozota 2002).

In 2014, a new analysis by the Design Management Institute, a Boston-based nonprofit focused on design management, puts numbers to what design addicted suspected all along: in the past 10 years, design-driven companies outperformed the Standard & Poor's 500—a stock market index of 500 large publicly traded companies—by 228%. These companies included Apple, Coca-Cola, Ford, Herman Miller, IBM, Intuit, Newell Rubbermaid, Nike, Procter & Gamble, Starbucks, Starwood, Steelcase, Target, Walt Disney, and Whirlpool.

All that money these companies put into smoother user experiences, beautiful branding, and innovative advertising apparently paid off. How DMI arrived at the number: The nonprofit partnered with Motiv, an innovation strategy firm, to create the DMI Design Value Index—a list of design-led, publicly traded U.S. companies that meet a set of six design management criteria. For example, the criteria stipulated that design had to be embedded within the company's organizational structure; design leadership had to be present at senior and divisional levels; and there had to be a senior-level commitment to design's use

as an innovation resource and a force for positive change. The above-mentioned companies were the only 15 out of a pool of 75 that met DMI's criteria.

They measured the success of this design-led segment of companies against other companies in the stock market, and found that, indeed, those that put design first had a significant stock market advantage. The research could help convince remaining design skeptics that hiring and effectively managing talented designers really is key to success.

2.4

Design Capabilities Functional to Business Strategies

It's interesting to highlight the work of Kyung Won Chung, nowadays director of the Design Management Lab at Korea Advanced Institute of Science (KAIST), in 1998 identified the position of design capabilities in three different levels:

- Corporate level, in direct contact with top management
- Organizational level, with the definition of a specific unit which works on the company's design strategy
- Team level, in a single team of the project

According to the author, having a management background and focused on relationships between design and business, to each level corresponds a specific role of design:

- Strategic: if design is directly involved where decisions are taken. At this level design is co-decider of design and product choices and his capabilities lead to transform business ideas in tangible artifacts and give management a visualization window on future developments. At this level design coordinates all the aspects on design activities according to corporate objectives and global strategy
- Tactic: if design distinguish itself in a functional units of the organization; it's the case of a Corporate Design structure, that has the duty to protect the designed strategy from interferences from other business units. This structure has real potential when supported by top management
- Operative: if integrated in product development of a single

project. Design problems are defined in detail and visualization and conceptualization abilities are used, working in team.
Design capabilities assume a strategic role if they are directly related to who takes decisions. A certain gradient of strategy is employed when design activity is instrumental to the overall operation of the company.

2.5

Elusive ROI of Design

“Designers are employed mainly to raise profits” Henry Dreyfuss, 1955

With this sentence one of the main American designers wanted to highlight a very important problem, that also more than sixty years ago existed, when is time to build any relationship between design and business.

Another American designer, J.G. Lippincot, founder of one of the biggest design studio in the world, in 1947 wrote “Design for Business” in which pointed the only reason to hire a designer was to increase sells of a product.

All the business researches see design as a strategic weapon for competitiveness and, following, try to focus on its quantification and on verification of economic results. The term often used is the generic “design” as support of the success of a product or service. A success to capture with tools understandable by managers, in terms of competitive advantage.

Two marketing researchers, Black and Baker, for example used in 1987 the increase of average sales growth to measure design performances in the business.

Peter Gorb in 1990 highlighted various success factors and different parameters according to features of products, companies and markets. He focused on the necessity to speak the business language, communicating known parameters and economically oriented. For instance, when speaking about design as strategic asset to value workplaces, he measured performances in terms of return of

investments (ROI): how profitability increase in a workplace when more comfortable and exiting?

Break-even point, market share, number of products, but also recycling, ergonomic comfort, greater functionality are terms often used in promotional spots of design consultants.

Anselin, French researcher with organizational science background, divides value of design embedded in business strategies, into external effects (sales results, international differentiation, brand communication leverage, customer service, communication coherence, user/product relationship evolution, ROI, export growth) and induced effects (incitement to innovation, production optimization, new techniques integration).

Also John Haskett generally articulated the value of design into four aspects: cultural, social, political and economic. The last aspect is what makes Haskett problems. Justify design action in acceptable terms for business is crucial.

Economic value is characterized by costs and benefits, but when is hard to define cost, at the same time is hard to understand benefits.

Strategic design benefits, indeed, depend on which place design occupy inside the organization. If design is placed at the end of the development process (the famous expression “lipstick on the pig” comes to help here), it’s going to be easier to define its contribution and its economic role. But if design it’s placed where its capabilities could be exploited, entering in the business rooms where decision on new product development are taken, then formalize its benefit is going to be much more difficult.

Professor Francesco Zurlo, at Politecnico di Milano, in 1999 wrote three motivations, related to economic aspects, in which design is fundamental in the company team:

- Higher user engagement: in economic terms, higher market shares. Failure ration of new ideas on the market is about 35% and comes from an evolution process and selection near to Darwin.
- Time saving in concept selection: design gives tangibility to the concept; see things soon, permits to highly decrease development time, focusing on meanings and collaboration.

- Resources optimization: development of ideas is the time where decision about costs, profit and values are taken; integrating design in this phase permits to facilitate at its best the design process and solve the change cost problems.

Among the reasons why we are witnessing the failure of a product is often the lack of understanding of users' needs and desires:

"the competitive advantage is always linked to a product, beyond the form, it incorporates the meanings, besides being the generator of business or reputation of the brand in the market. [...]"

In the future the biggest difference between companies will be the awareness of the economic role of design, its strategic value and its intelligent use, in order to highly focus on user needs. By using new technologies and techniques, applying them as strategic tools to define and shape the possible future, and implement them on the basis of precise distribution of responsibilities, training and practice, through all aspects of the business, design is one of the most significant tools to achieve and maintain a competitive advantage."

As the recent multitude of researches available in literature describes, nowadays design is seen as a business sectors with links and relationship with other industrial sectors. The European Commission's research confirm that: 'Design sector has been considered part of the creative industries' (The UK Department for Culture, see UK Government (Creative Britain - New talents for the new economy) 2008).

In spite of that said, in recent years there has been growing awareness of the economic importance of the design industry as an 'Important sector in itself, but also as one with important spill-over effects on other parts of society' (Nesta 2008 and the theories of Richard Florida about the importance of the creative class). Nevertheless, we know a number of influential reports on the creative industries and the experience economy claim that the economic importance of these industries is still underestimated and underrated by public institution and firms.

A first research on the evidence of the design value, concerns the 2006 KEA report on the Economy of Culture in Europe, charged by the European Commission, which states that 'The cultural and creative sectors in Europe generated a turnover of approximately €650 billion, contributed to 2.6% of EU GDP in 2003 and grew 12.3% more than the general economy from 1999 to 2003.

They employed approximately 4.7 million people, equivalent to 2.5% of the active employed population in EU-25. In the UK and Denmark, for example, the creative industries are estimated to contribute as much as 5% of GDP' (BEDA 2002). As European Commission states in the document reported integrally above the magnitude of design and its relationship with creativity as a powerful enabler has grown in the last ten years greatly so that we can consider it a sector itself.

For the design sector, making a comparison between countries is difficult due to the lack of commonly agreed definitions and available data. Different studies attempt to estimate the number of designers in Europe at 410.000, creating a total turnover of €36 billion, which represents more or less the 5% of the knowledge-intensive service sector in the EU (BEDA 2006 European Design Report in Bager-Sjögren et al 2007).

Best Practice

Intercorp

Intercorp Group is one of Peru's biggest corporations, controlling almost 30 companies across a wide variety of industries. Its CEO, Carlos Rodríguez-Pastor Jr., took control of the bank when his father died, in 1995. His ambition was to help transform Peru's economy by building up its middle class. In the newly renamed Interbank he saw an opportunity to both create middle-class jobs and cater to middle-class needs. From the outset, however, he grasped that reaching it would take the carefully engineered engagement of many stakeholders.

If he wanted to build a business that could trigger social change, absorbing some insights by himself and bringing them home wouldn't be enough, Rodríguez-Pastor realized he needed his managers to learn how to develop insights too, so that they could also spot and seize opportunities for advancing his broader ambition. So he talked the analyst into allowing four of his colleagues to join the tour. This incident was emblematic of his participative approach to strategy making, which enabled Rodríguez-Pastor to build a strong, innovative management team that put the bank on a competitive footing and diversified the company into a range of businesses catering to the middle class: supermarkets, department stores, pharmacies, and cinemas.

Over the years, Rodríguez-Pastor has expanded his investment in educating the management team. Most recently, in conjunction with IDEO, Intercorp launched its own design center, La Victoria Lab. Located in an up-and-coming area of Lima, it serves as the core of a growing urban innovation hub. But Rodríguez-Pastor didn't stop at creating an innovative business group targeting middle-class consumers. The next step in his plan for social transformation involved moving Intercorp outside the traditional business domain.

Good education is critical to a thriving middle class, but Peru was

lagging in this department. The country's public schools were lamentable, and the private sector was little better at equipping children for a middle-class future. Rodríguez-Pastor concluded that Intercorp would have to enter the education business with a value proposition targeted at middle-class parents. Rodríguez-Pastor worked closely with IDEO to map one out. They began by priming the stakeholders, who might well balk at the idea of a large business group operating schools for children—a controversial proposition even in a business-friendly country like the United States.

Intercorp's first move was starting an award in 2007 for “the teacher who leaves a footprint,” given to the best teacher in each of the country's 25 regions. It quickly became famous and established Intercorp's genuine interest in improving education in Peru and helped pave the way for teachers, civil servants, and parents to accept the idea of a chain of schools owned by the company.

Next, in 2010 Intercorp purchased a small school business called San Felipe Neri. Rodríguez-Pastor brought together managers from his other businesses with IDEO to create a new model, Innova Schools. It would offer excellent education at a price affordable for middle-class families. The team launched a six-month human-centered design process. It engaged hundreds of students, teachers, parents, and other stakeholders, exploring their needs and motivations, involving them in testing approaches, and soliciting their feedback on classroom layout and interactions. The result was a technology-enabled model that incorporated platforms such as the U.S. online-education pioneer Khan Academy. In it the teacher was positioned as a facilitator rather than the sole lesson provider.

So after six months of preparation, Innova launched a full-scale pilot and brought in parents and teachers to design and run it. The pilot demonstrated that students, parents, and teachers loved the model, but some of the assumptions were far off base. The model was tweaked on the basis of the insights from the pilot, and both the parents and teachers became huge advocates for the Innova model in nearby locations.

If it followed conventional business wisdom, Intercorp would have focused on the richer parts of the country's capital, Lima, where a middle class was naturally emerging. But Rodríguez-Pastor recognized that the provinces needed a middle class as well. Fostering one there obviously involved job creation. One way Intercorp could create jobs was to expand its supermarket chain, which it had purchased from

Royal Ahold in 2003 and renamed Supermercados Peruanos.

In 2007 the chain began establishing stores in the provinces. Local consumers were certainly receptive to the idea. When one store opened in Huancayo, curious customers queued up for an hour or more to enter it. For many it was their first experience with modern retail. By 2010 the chain was operating 67 supermarkets in nine regions. Today it boasts 102 stores nationwide.

Early on, Intercorp realized that retail ventures of this kind risked impoverishing local communities rather than enriching them. Intercorp thus needed to stimulate local production through early engagement with local businesses. In 2010 the company launched the Perú Pasión program, with support from the Corporación Andina de Fomento (an NGO) and Huancayo's regional government. Perú Pasión helps farmers and small manufacturers upgrade their capabilities enough to supply their local Supermercados Peruano. Over time some of these suppliers have even developed into regional or national suppliers in their own right. Currently, Supermercados Peruanos sources 218 products, representing approximately \$1.5 million in annual sales, from Perú Pasión businesses.

Intercorp's success in boosting the middle class in Peru depended on the thoughtful design of many artifacts: a leading-edge bank, an innovative school system, and businesses adapted for frontier towns across Peru. But equally important has been the design of the introduction of these new artifacts into the status quo. Rodríguez-Pastor carefully mapped out the steps necessary to engage all the relevant parties in their adoption. He deepened the skills of the executives on his leadership team, increased the design know-how of his people, won over teachers and parents to the idea that a conglomerate could provide education, and partnered with local producers to build their capacity to supply supermarkets. In conjunction with well-designed artifacts, these carefully designed interventions have made the social transformation of Peru a real possibility rather than an idealistic aspiration.

3.

Strategic Designer

Role

Capabilities

**Success
Factors**

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**Design System
in Italy**

Expert Interview:
Craig Cisero

Expert Interview:
Lorenzo Palmeri

Expert Interview:
Ilaria Marelli

3.1

Role

Strategy has famously been described by Michael Porter in a famous Harvard Business Review issue (Nov-Dec, 1996) as ‘deciding what not to do’. So it follows that Strategic Design is the job of applying design to that decision making process. Organizations from Apple to Uber are recognizing the benefits. But what is a Strategic Designer? And what sort of experience do they have?

A Strategic Designer helps organizations adopt a systematic, outside-in approach to strategic thinking. Too often strategic conversations use “as a starting point their current offerings, which are defined by product, distribution, promotion and price”. So organizations fundamentally get more of the same. Of course all organizations have insight teams, but too often they manage the sort of dust-collecting, report-filling business insight, or volumes of colour-less management data. Strategic Design is about generating ‘active insight’ into real customer need. Strategic Designers work with Thick Data: that rich compost of ethnographic, observational data that analytical organizations seem to find unpalatable, but that designers thrive on. Big Data is very shouty at the moment. Thick Data is its introverted cousin – super smart but not fully understood. Either way, Strategic Designers create insight that exposes what the organisation doesn’t know – the corporate blind spot, the customer’s unmet need. The new market opportunity.

Customers don’t care about vertical silos. In fact, they get in their way. Strategic Designers know that dismantling vertical, siloed organizational structures is a necessary way point towards achieving great customer experience. They understand that this way of organizing

work has only been with us since the late 19th century. It's not part of organizational DNA, though you'd be forgiven for thinking otherwise. Strategic Designers can see the alternative – a horizontally collaborative structure, which reflects the horizontal pathways and journeys that customers take to get jobs done. A Strategic Designer's ideal is likely to be a team of multidisciplinary people working together, day-in-day-out, to fix and reinvent those jobs that customers have to do, but love to hate. There's plenty of evidence that customers will reward organizations for that. Given half the chance, Strategic Designers will take every opportunity to invite those customers in to join the process. After all, why not? There's also plenty of evidence that your employees will reward you too. Strategic Designers have witnessed the epiphany that comes when employees stop spending their time in pointless back-to-back meetings discussing the work, and instead spend their time in one continuous meeting doing the work.

Digital has brought with it a blistering pace of change. We've reached an interesting point where organizations “knowing how to make anything but not knowing what it is they should make.” Customer segments have shattered into a million pieces, just as old waterfall approaches to R&D have failed to provide the necessary speed of response.

Strategic Designers understand that organizations that thrive do so by staying in constant beta – in a state of ‘never quite finished’, where there's always a backlog of features, because by the time you ‘deliver’, the world has pivoted and the customer wants something new. Nowadays strategic designers could be found commonly in two different workplaces. Inside a company, where they can exploit all the methodologies in their knowledge to bring forward the culture of innovation of the organization and its employees. The other place is typical in design consultancy firms, where a strategic designer brings his strategic background and capabilities to the team in order to meet better the client's need for this and that project. But what are the exact capabilities we are talking about?

3.2

Capabilities

Like any other profession, also the strategic designer is characterized by a group of capabilities mainly linked to the realization of things that have a perceptive and visual relevance. If envisioning become so important, we can start from a first significant division of design capabilities: to see, a deep reading of contexts and systems; to foresee, critical thinking of the future; to let see, capability to visualize future scenarios.

See

Seeing is the capability to observe phenomena further the visible surface. Norman in 2004 says that it's a creative act because, to get essence of things, it's needed to forget prejudices. The sentence "You see what you know" for designer it's true on the different levels: what you observe it's either a complex social phenomenon, either technical artefact, expression of materials, technology and productive processes, but also of use experiences, business needs, stock and delivery constraints, related services. Having context and technical experience let a strategic designer read all these aspects and understand the systemic dimension of the offering of the company. The strategic designer also sees thanks to its experience, selecting the new aspects of what is being viewed, or directing his vision according to the objectives that are set (the brief assigned).

Being able to see allows you to identify the unspoken and unexpressed needs of people, often it may be converted into opportunities for innovation. It is an innate capacity to design, sometimes an unconscious dimension generated by and in everyday life and is

particularly relevant in the Italian model, in those areas - home, work, fun - experienced in everyday life by every designer.

Within the organization, to see allows you to understand, more precisely, the cultural frameworks of those who will have to first understand and then implement the decisions: in practice all the stakeholders involved in the strategic process. The frameworks are filters that attach meaning to reality and are made up of knowledge, social and cultural beliefs (and some individual) built over time and context dependent. To communicate the sense of a choice (as well as the sense of a product-system) should see how these filters work, how select and give meaning to things and to reality. See (and understand) these filters allows, in fact, to focus on effective and engaging communications.

The community building (the set of activities that consolidate the community to be), requires activation methods and involvement in line with the frameworks of the people involved: the game, the challenge, the sports analogy.

Foresee

Foreseeing is strongly correlated to seeing: what is observed fuels the creation of possible future goal, after all, the strategy. The forecasting exercise is a creative dimension, from the data, limited and partial, interprets and anticipates what you could do with a critical approach, consciously filtering knowledge and information to assess the feasibility (from a technological and economic point of view but also social and environmental acceptance). Often aptitude or sensitivity in capturing weak signals of change, tastes, behavior, aesthetic orientation and project them into concrete scenarios.

Create future scenarios, providing what might be approaching this capability to the technical nature of the forward-looking research, the futurology, the envisioning. In particular, this last aspect seems to have greater proximity to the operation of the management. Envisioning, increasingly widespread in the operation of strategic design tool, it is common lexicon of design and management and, as such, can be a gateway to a dialogue between the two roles.

The scenario “creates a context in which to imagine consumers struggling with potential products and services [...] using them in brainstorming sessions and by experimenting [...] to promote new ideas [...]” (Best 2006).

An experiment that is activated in connection with certain company units, such as strategic marketing, establishing an alliance, functional to innovation of product or service, and giving the design a profile to be 'visionary pilot' organization.

The ability to predict is closely related to the creative dimension and instead of this dimension occupies in the organization. The creative act, linked to foresee, in fact, requires a positive attitude and recognition of the visionary design contribution, by all the members of a group: are the conditions of the context, rather than technical specifications, which generate and make it viable the vision.

Let see

Let see is the ability that, more than others, supports the strategic action as it makes visible the realm of the possible, and is a powerful tool to accelerate decision making. In the formulation of a new brand image, for example, Landor Associates uses a method called brand driver that consists in finding a symbolic picture (full of meanings and implications even operational); this method inspires the development of the corporate image. IDEO, the largest study of design founded in Palo Alto by David Kelley (inspirer and director of the Stanford D-School), offers its clients from the beginning, a high level concept, a conceptual framework that has nothing formal choices that will follow, but it anticipates the essence.

These displays have a rhetorical and narrative meaning, and are intended to enable the negotiation process within the organization (strategic dialogue that will give meaning to the design choices). New ideas are displayed at different levels of abstraction: from a metaphorical image of a working prototype, to a working model. IDEO immediately realizes prototypes, since the first cases of concept. The prototype is an immediate comprehension tool for decision makers, you can learn not only what to develop, but also the strategic role of design.

3.3

Success Factors

The pragmatic approach which makes the operation of the management (which is the full expression of the attitude to business development) identifies a potential ally in design, instrumental to the development of the organization due to the set of capabilities that is able to apply.

The management (those who active strategy), in fact, sees basically design as custodian activity of capabilities increasingly necessary today to achieve competitiveness in the markets. Strategic design non only show possible future scenarios, but use this capability to organize and make comprehensible context data supporting choices, to envision together with the company's top management his job.

The role of support of top management to include design into business strategy, is one of the main results of a research conducted by Harvard Business School & Design Management Institute by Karen Freeze, called TRIAD Design Project. The research headed by Freeze (1989, 1998), wanted to define a model to manage and effectively integrate design, starting from the study of thirteen case studies of successful products realized by design-oriented companies, like Braun, Digital and Canon. The results highlighted some common characteristics between the companies, although strong differences in terms of industrial production, location and dimensions.

Following, the common strategic elements:

- Design and designers have to be supported by top management
- Designers needs to be involved in all the firm's phases of creation
- Designers facilitate communication with formal and informal tools

- Designers have more knowledge about future use of products
- Designers are constantly focused on details

In literature and in strategic relationships between business and design, we can find frequent capabilities of design, functional to business strategy; here a synthesis:

Organize and Coordinate

Particularly clear in the anglo-saxon approach and similar to the concept of project management, in which the designer has been frequently confused with product engineering finalized to increase system efficiency and productivity. It's an area that represents affinity with quality themes, in which a careful design let rapidly respond to the design cycle of products or services (time to market)

Negotiation

Negotiation is present in every creative processes: in a research by MIT on design processes, Bucciarelli (1994) shows that in a field apparently closed as engineering, negotiation happens, as in political and social process, between different actors: marketing men, researchers, managers or clients. Design culture, due to its systemic vision, is a social negotiation process.

Connecting and Translating

Strategic design becomes a management and integration tool of different business units, with the purpose to increase efficiency and business effectiveness. The multidisciplinary preparation of designers and design managers, their ability to understand and be translators, their central position between marketing and production, their ability to synthesize and visualize, become precious capabilities at the disposal of the company.

Communication

The communication capability depends on the mastery of some tools (semiotic processes or cultural process understanding) and is focused on guarantee brand image in the new context of the market, in the production environment, managerial and social field.

Reframing

Reframing, in his positive meaning, points to a precise ability in deleting prejudices or cultural inertia; it means taking a point of view that isn't the conventional one, and be able to catch a glimpse of the new and convenient (for the enterprise, society, environment) from different points of the horizon.

Facilitating

Design in tight relationship with company's strategic decisions and leads to the creation of footings (in space and time) to activate present resources inside and outside the organization.

The integration of design capabilities into the enterprise happens always in a dynamic mode. The conception of designer as a lonely and isolated Platonic demiurge can't have any confirmation in the reality of modern industrial organizations

3.4

Design System in Italy

In Italy, the discipline of Design, regarded as an object of study and university research, was born recently. Only in 1993 it became an independent discipline within the University, with the establishment of the first graduate program at Politecnico di Milano. Although the institutional recognition of the discipline has taken place with lags behind European countries and North America, the cultural debate in Italy around this discipline began to develop several years earlier.

In fact, after the Second World War, in the wake of the economic boom and the industrialization of the country, design starts to be considered at scientific level. Always two antithetical theses propose two different visions of the discipline: one frames the design as individual activity comparable to the artistic one, the other sees it as a scientific activity. Starting in the sixties, Italian research in the field of design starts from the elaboration of the professional community. In this sense, the research is oriented mainly to the coding practice, reflecting on roles in order to draw general rules. In recent years, the first to speak of science design is Buckminster Fuller, considering that the scientific approach to the discipline could help overcome human and environmental problems that the economy and politics could not solve. During the conference 'The Design Methods' of 1965, this concept was used and adapted by Gregory in his speech. On this occasion, it came to light clearly the interest to develop a design science and to formulate a coherent and rational method of research, in a manner similar to the scientific method.

In more recent years, it appears to be of considerable importance for the topic, the SDI Research | System Design Italy, co-funded by MIUR

in the biennium 1998–2000. The SDI was founded in 2002 as a spin-off and from 2002 to 2007 assumes the structure of a network of agencies for research, innovation and the promotion of Italian Design. In 2008, the network consists of nine Italian universities (Milan, Turin, Florence, Rome, Chieti, Genoa, Naples, Aversa, Palermo, Venice, Bolzano Camerino and Alghero–Sassari). The SDI network, together with the Conference of Deans of Design Faculties (CPD) and the Doctorates in Design Coordination (CDD) has traced in 2008, with an updated second edition in 2009, a mapping of the Italian research in the field of design: Design Research Map (DRM). The study, presented in 2008 as part of ‘Turin World Design Capital’ at the conference ‘Changing the Change’, has brought to light and systemized the actors, the main issues addressed, the methodologies and the results of the Design Research in Italy.

The survey is essential both for cultural and theoretical reflections that arises, for numeric data and estimates which reports in relation to places, disciplines, projects, types of research. The mapping has identified 139 active players in design research: University (16), ISIA Higher Institute for Artistic Industries (4), Academies of Fine Arts (44) and research centers on design both public and private (75). Considering the sixteen universities included in the search, have been identified 4 Faculty of Design, 10 Departments of Design, 40 Degree courses in Design and 1 Consortium for Training and Research in Design. A significant finding that emerged from the survey of SDI, is that the universities engaged in research design are 12.6% of the total. Research in the field of design is, therefore, be well-established and active in our country.

Another data very significant in the analysis, is that related to the nature of the research in design that does emerge as for the 48.5% it is applied research. This figure tends to highlight how research in the field of design is greatly linked to the private sector, the business world and production. Seassaro in DRM in 2009, states that design is one of the main strategic levers to bring the innovations required by the economic-productive and socio-cultural system. In fact, research in the field of design can be an effective means of generating innovation in various spheres of the national production system and in contemporary economies.

Professor Ezio Manzini, in 2009 wrote “New Design Knowledge” in which he identifies three different attitudes of the Design Research: (1) a search for design, when it produces new tools to design, (2) research on the design when creating critical reflections, (3) a search through

design, when making proposals using the designer tools. According to the author, design research is evolving rapidly, in fact, at the side of academic research, pragmatic research is emerging. Such operational research activities are being carried out by large international agencies, such as IDEO, frog design, Design Continuum, Philips Design. He wonders about the current positions of the Italian design and design research in Italy, drawing a very interesting reflection. If 15-20 years ago, the Italian design had been able to open new areas of research, such as that on fabrics, interface design, strategic design, eco-design, the current situation presents a design pinched under the weight of the exaltation of Italian quality and the propaganda of the Made in Italy. On the contrary what is desired by Manzini is that research, from various fields of application, can promote the identity and the socio-economic development of places and communities: they are businesses, public administrations or associations.

A very important guideline is given by the design-driven innovation model proposed by Roberto Verganti in 2009, Professor of Management at Politecnico di Milano. Design-Driven Innovation is a process of research and development of the meanings related to products or services, primarily oriented to companies. In this vision, to create dominant products and services in a market sector, their 'meanings' must be radically redefined.

In light of what said, design, beyond the visions and apparently different approaches, appears to have a strategic role to bring economic and social innovation within companies, institutions and communities. The Design Research in Italy, considering the unfavorable economic situation that the country is facing and the global economic situation, in which the industrial and manufacturing production is increasingly moving more quickly to non-European countries, can take on a role of fundamental importance to generate products, processes and competitive services, both in advanced economies than in developing ones.

The curious role of Art Directors

In the last decade we see lot of product designers becoming Art Directors of the firms they've been working for, as outsourced forces.

Those designers represents often experienced designers, with a long career of products, interior and architecture. Usually firms fall in love with a particular designer they collaborated with in many years, and decide to marry his experience and bring him inside, dealing with all the aspects of the business.

It's very curious how the role is similar in many parts with the role of Strategic Designers or Chief Design Officer.

In a recent interview, Matteo Ragni, famous Italian product designer hired as Art Director at Alpi, surface manufacturer, answer this way at the question about the main challenges about the transformation from product designer to art director for a company:

“The hardest step going from product design to art direction is mentally. Despite the fact that designer designs for a company, art director design with the company”

Highlighting the strong relationship between business and design, and putting both at the same level, it's evident how much, for now seems the same role with different names.

The number of Art Director nowadays involves mainly product designers called by furniture companies that they collaborated with. For example, Patricia Urquiola, spanish architect based in Milan with a long career of products, interiors and buildings designed, was pointed as Art Director of the Italian company Cassina. Also Italian designer Giulio Iacchetti play the role of Art Director for Ceramica Globo. We also find a woman in the list: Ilaria Marelli was art director at Tivoli, and has collaborated as Art Director in the recent years with the glass company-coop IVV.

Another very popular Italian designer, well known here and abroad,

is Lorenzo Palmeri. Architectural degree from Politecnico of Milan and initial work experience and collaborative projects with Bruno Munari and Isao Hosoe. During the same period also studies music. Areas of activity range from architecture, interior and product design, art direction, teachings to musical production and composition. Defined by many a creative at large for the way in which he decline his profession in so many fields, is a very experienced Art Director.

In facts, he was art director for Milanosoundesign (with Giulio Iacchetti) a product design agency in 2007; for Lefel (brand extension for Feltrinelli Editore) in the years 2009-2010. Nowadays he is Stone italiana, since 2012.

Interviewing Lorenzo Palmeri and Ilaria Marelli, I understood better that the role of Strategic Designer has now taken the name of Art Director in the furniture design field. The time spent with the company and the cultural aspect of the relationship between designer and management highlighted all the aspects of a designer taken strategically on board.

Expert Interview

Craig Cisero

Senior Strategist @ Frog Design

What are your daily mansions?

“I’m Senior Strategist at Frog Design and I’m taking the strategist point of view in the agency’s project. I take care of the business sustainability of the output and offer play the role of the business antagonist in group discussions in order to challenge the team to arrive to solutions that are driven by business questions and not shaped around.”

What’s the main steps dealing with clients?

“According to my experience the most important things in a collaborative project with the client are two. Beginning and Ending. At the Beginning is crucial showing the client how the money he’s spending is going to be used. And at the end showing him what he get after all the money spent. Projects at Frog are expensive, and companies want tangible things to look at, whatever the processes.”

What do you think is important dealing with SMEs?

“At Frog we don’t work with SMEs but I can speak with my past experience. We dealt sometimes with medium enterprises and the actual investments they were betting in our skills were very high for them. Those times is key the high rate of empathy you have to use, because despite of large companies, in SMEs the guy you are talking with often is the same who puts the money in.”

What role play strategy in Frog’s projects?

“We do projects very often with European large enterprises and few Italian ones. Is hard to sell Strategy and the strategic side of the project is often attached to a digital project as a new UX for a bank service. Is not so common to have pure strategy projects because companies are coming to design through the need of UX designers for their digital products, not for the strategic side.”

Expert Interview

Lorenzo Palmeri

Art Director @ Stone Italiana

What are your daily mansions?

“Being Art Director at Stone Italiana I think is very different from being designer outside the company. My role is more a cultural mission, not only for the company but also for myself. I’m bringing my innovation culture to them, and begin a conversation every time. A cultural conversation, on how to find the best way to express their values in their business.”

What are the capabilities required to Art Directors?

“First of all sensitivity. The experience you have as product or interior designer is less powerful when you actually exit from your studio and go there, speak to businessmen and deal with them in the decision phase. Sensitivity is key to understand business needs and aspiration by the management, not always keen to open their mind.”

Can we say that Art Directors are Strategic Designers?

“Absolutely yes. This term derives from the advertising world, where the designer decide and manage all the graphic, editorial, photographic material that is produced. This term is know by the company because the role of advertising is more in their chords. I’m an Design Art Director for Stone Italiana, but I actually design strategy togher with the company.”

Expert Interview

Ilaria Marelli

Art Director @ IVV

How you became Art Director for IVV?

“I was approached by them. Despite my Art Director experience with Tivoli Audio, IVV is a cooperation of manufacturers and artisans, and they were looking for director for a new furniture collection starting from an home accessories business. In a pool of three designers, I think they chose me for my strategic approach on design, that is not so common, especially in product designers.”

What are the activities of an Art Director?

“Activities are very various. Starting from finding designers for collaboration, about the design of products, graphics, brochures. Giving them brief and spotting the right professional for the right work. All this starts from the creation of new strategic direction for the business and the management of the creation part in different areas.”

How do you relate with the company?

“I speak directly to the entrepreneur and often, as in Tivoli Audio experience and in IVV cases, I started from little things, going more and more systemic with time. I usually meet the company once in a month to speak about strategic decisions or basically, see and touch new works coming out.”

4.

Designers

and

Businesses

Design Role in Global Businesses

Taking Designers to the Boardroom

Designers Founders

Designers in Hard-core Business: VC Firms

Best Practice:
PepsiCo

Best Practice:
Samsung

Best Practice:
Google Ventures

Design Role in Global Businesses

In mid-2015 Lunar, one of the oldest design firms in Silicon Valley, was acquired by McKinsey & Company, the mammoth business consultancy that did \$8 billion in revenue in 2014. It's McKinsey's first acquisition of a design firm and is one example of a growing movement towards corporates buying up design agencies. Some like McKinsey are acquiring ready-made design teams; others have begun hiring designers in vast numbers. IBM is busy spending 100 millions of dollars with the aim of recruiting 1,000 designers across its global workforce by 2018. Even traditional manufacturing companies are expanding their design teams. Tata Motors has created a design unit spread over three countries and expanded from 14 staff to 200. Volvo has gone from one human-machine interaction specialist to 12. Until 2007, Aston Martin had no design house. It now has a state-of-the-art design studio and has publicly declared that will launch its own design consultancy that will work on projects outside the automotive industry.

Nowadays in disruptive companies and digital startups, due to the increasing importance of design and the changing role of technology in production, the traditional ratio of designer to engineers (1:15) is shifting. As reported by John Maeda in his "Design In Tech 2015", the ratio is 1 designer every 4 engineers in high value companies such as Uber and Airbnb. Companies like these see design as intrinsic to the product or service they provide, not just a layer of styling around it, as most does.

That's how designers can help build a company from the ground up. But Maeda also sees a new trend starting to happen. More and more designers are being hired in upper management positions in tech companies, advocating for design from the top down. Take Nike, which has a designer as CEO. Philips, PepsiCo and Hyundai have all

announced the appointments of chief design officers to their boards, able to take decisions to promote good design and also stop the bad. For design, to really create value it needs to sit not just in the design studio but be integrated into company strategy at the highest level of the boardroom.

The UK has the second largest design sector in the world, home to some of the best known names in design, and many of world's leading brands, buildings and products. Government statistics from 2014 show design is the fastest growing sector of the creative industries, both in terms of new jobs created and gross value added to the economy. The design sector grew 24% between 2012-13 compared with the 4% growth of the economy as a whole.

The publication in May 2015 of the EU's "Innovation Union Scoreboard 2015" highlighted how the US, Japan and South Korea continue to outperform the EU in key innovation metrics. In the same month, at the "Design For Europe Summit" in Brussels, speakers from major European companies like Kone, Zumtobel and Electrolux spoke about the ability of design to drive innovation by putting user needs at the heart of the business strategy.

Design is critical to our economic future. Industry 4.0 – or the fourth industrial revolution – is upon us, giving rise to digital manufacturing and the dawn of the Smart Factory. Design is a central component – and there will be an increased demand for designers in the future workforce.

Design is a competitive strength, which drives productivity and differentiates our products and services in a global market. As we move into a new design age, designers are increasing demand from business to the public services to help us reimagine problems and imagine solutions. The Brighton Fuse, an initial 2-year research and development project which mapped, measured and assisted Brighton's creative, digital and IT (CDIT) cluster in 2013, illustrated that "fused" companies, those combining creative art and design skills with technology expertise, grew faster than the local economy and more than 10 times faster than the British economy as a whole.

4.2

Taking Designers to the Boardroom

As mentioned before, more and more designers are taking a seat inside the boardroom of big companies and large corporations. All this evolution of the place of design in business is going reported starting from 2015 by John Maeda, in the “Design In Tech Report” series, presented every year at the South by Southwest Conference (SXSW) in Austin, Texas.

John Maeda is an American designer, technologist and catalyst behind the American movement to transform the national education system from STEM (science, technology, engineering and math) to STEAM, where “A” means Art. He served as the 16th President of the Rhode Island School of Design (RISD) where, as chief executive, he repositioned the esteemed and historic institution to regain its top position in the new economy. An internationally recognized thought leader at the intersection of design and technology, Maeda now works with early-, mid- and late-stage start-up CEOs as Design Partner at one of the most powerful and biggest venture capitalism firm Kleiner Perkins Caufield & Byers (KPCB) in Silicon Valley.

In Maeda’s second annual “Design in Tech” report, he moved from raising awareness about design in tech to focusing on larger, established firms that have either become complacent with their creative efforts or are looking for insights into what disruptors are doing better. The goal of the report is to show a picture of how design is good for business. He cites research from Gartner, the Temkin Group, Accenture, and others as evidence that executives and companies are looking for better ways to differentiate their products from competitors. “Experiences are more important than products now. In fact, experiences are products,”

analyst Brian Solis once said.

Acquisition of design firms by business companies means that the capacity of being creative is a monetary value.

This behavior is already seen in Capital One's acquisition of Adaptive Path and Monsoon, Flextronics acquisition of Frog Design, Accenture's pickup of Fjord, McKinsey's purchase of Lunar, Ernst & Young (EY)'s pickup of the digital consultancy Seren, Salesforce's grab of application development firm Akta, and the recent acquisition of a major share of IDEO by the Japanese Kyu Collective, a collective of creative companies owned by the Tokyo-based Hakuholdo DY Holdings.

In fact, Maeda's study shows 42 design firms have been acquired since 2004, with approximately half of the deals made within the last year. The most active buyers: Accenture, Deloitte, IBM, and Facebook. It's interesting how the big consulting services companies serve the board rooms of the majority of the best companies in the world. With the increase of the many acquisition of design firms in the client service sector, it's not impossible to imagine that design will enter more and more organizations now through the board room.

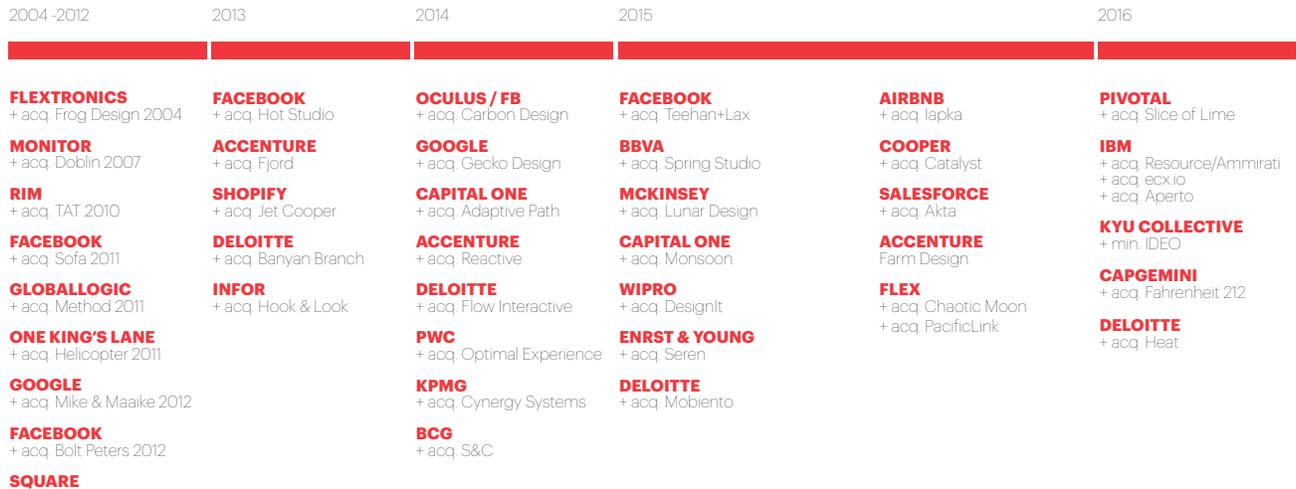
The Fortune magazine, every year publish its own list of the 100 most valuable enterprises since 1955, being a very high reputation source to find the best operating companies in the world.

In 2015 Fortune 100 list, more than 10% of companies place design as an executive priority.

Those include General Electric, Ford Motor, IBM, Microsoft, P&G, Apple, PepsiCo, Coca-Cola, Walt Disney, Nike and 3M.

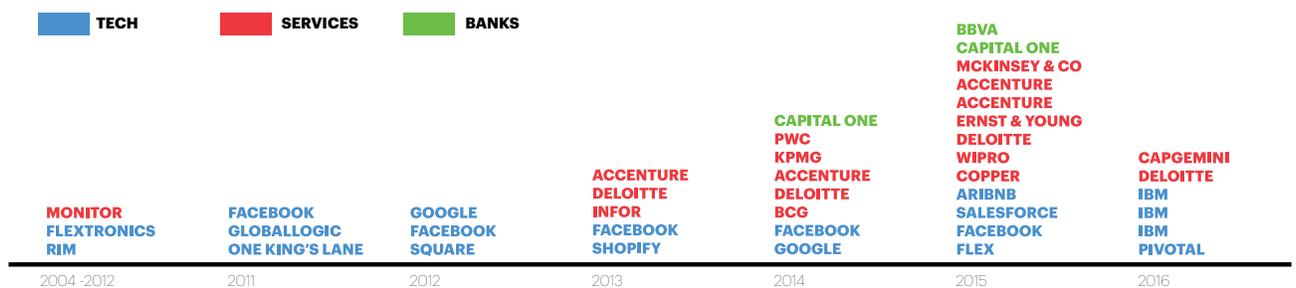
Design firm acquisition from 2004

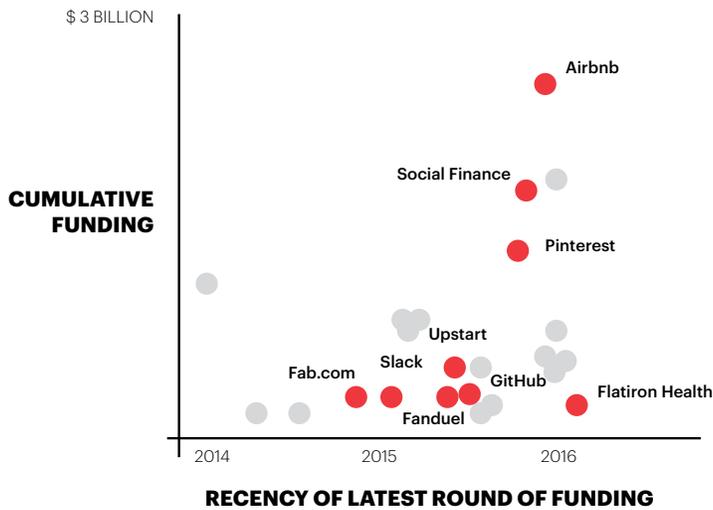
Source: Design In Tech 2016



Design firm acquisition from 2004 by acquirer sector

Source: Design In Tech 2016





9on25

Top startups with a recent fundraise are designer co-founded

21% of the so-called global “unicorn” startups across all sectors have co-founders who have embraced design

23andMe, ActiFio, Adyen, African Internet Group, **AirBnB**, Aiwujiwu, Anaplan, AppDirect AppDynamics, AppNexus, Apttus, Apus Group, Atlassian, Auto1 Group, **Automattic**, Avant, **AVAST Software**, Avito, BeiBei, Beijing LaKala Billing Services, BlaBlaCar, Bloom Energy, **Blue Apron**, **Buzzfeed**, **Carbon3D**, China Rapid Finance, CJ Games, Cloudera, **CloudFlare**, ContextLogic/Wish, Coupa Software, Coupang, Credit Karma, Dada, Datto, Decolar, Deem, Delivery Hero, Dianping, Didi Kuaidi, DJI Innovations, Docker, DocuSign, Domo Technologies, DraftKings, Dropbox, Ele.me, Eventbrite, Evernote, Fanatics, FanDuel, Fanli, **FarFetch**, Flipkart, Forescout, Funding Circle, Gilt Groupe, **GitHub**, Global Fashion Group, GrabTaxi, Greensky, Guahao Technology Co., Gusto, HelloFresh, Home24, **Hootsuite**, Houzz, Illumio, Infinidat, InMobi, InsideSales.com, **Instacart**, Intarcia Therapeutics, IronSource, Jasper Technologies, **Jawbone**, jet.com, Jiuxian, JustFab, **Kabam**, Kabbage, Kik Interactive, Klarna, Koudai Gouwu, Lazada, Legendary Entertainment, Lookout, Lufax, Lyft, Magic Leap, MarkLogic, Medallia, Meituan, Mercari, MindMaze, Moderna, Mogujie, MongoDB, Mozido, Mu Sigma, MuleSoft, NantHealth, Nextdoor, Nutanix, Okta, Olacabs, One97 Communications, Oscar Health Insurance Co., Palantir Technologies, Panshi, **Pinterest**, Pluralsight, Powa Technologies, **Prosper Marketplace**, **Proteus Digital Health**, Pure Storage, Qualtrics, Quikr, **Razer**, Rong360, **Shazam**, SimpliVity, **Skyscanner**, **Slack Technologies**, **Snapchat**, Snapdeal, Social **Finance**, Souq, SpaceX, Spotify, Sprinklr, **Square**, Stemcentrx, Stripe, **SurveyMonkey**, TangoMe, Tanium, The Honest Company, Theranos, Thumbtack, TransferWise, **Trendy Group International**, TuJia Online Information Technology, TutorGroup, Twilio, Uber, **Udacity**, Ucar Group, Uptake, VANCL, **Vice Media**, Vox Media, **Warby Parker**, **WeWork**, **Xiaomi**, Xuanyuxia, Yello Mobile, Zenefits, **Zeta Interactive**, Zhangyue, ZocDoc, Zomato Media, Zscaler

4.3

Designers Founders

In later years, CB Insights became maybe the most trusted source in private company data, aggregating and analyzing massive amounts of data, together with machine learning, algorithm and data visualization to help corporations answer questions about trends and M&A activity. According to their latest research, successful startups co-founded by designers are not uncommon. In the last three years, 9 out of the top 25 vc-backed start-ups in the US, were co-founded by a designer. These demonstrate how design background and capabilities are so grounded in the way business is shaped today, together with the same design entrepreneurship phenomenon we see in the maker movement scene.

In addition, CB Insight also reports global unicorn startups, which are startups that since 2003 are vc-backed with a valuation over 1 billion dollars. In this list, 21% of the so-called global “unicorns” across all sectors, have co-founders who have been trained as designers.

We find Airbnb, successfully co-founded by two RSID graduates, together with very well-known colleagues in GitHub, BuzzFeed, Jawbone, Pinterest, Shazam, Slack, Snapchat, Square and Xiaomi.

Kleiner Perkins Caufield & Byers, one of the world’s most prominent VC firms, has one, as we saw: John Maeda. Google Ventures, the investing arm of Google, has five. The design partner—a designer who helps manage and select investments—is becoming a mainstay role at venture capital firms.

But what is a designer’s role as a partner at a VC firm? And why are VCs suddenly so interested in design?

4.4

Designers in Hard-Core Business: VC Firms

More and more, the distinguishing factor of Silicon Valley's brightest companies is their design. Take Instagram, Pinterest, and even Snapchat. Each of these products took something most of us have been doing for a while—sharing images online—and wrapped it in a user interface that helped create billions in value for each company (\$1 billion for Instagram, \$3.8 billion for Pinterest, \$3 billion for Snapchat). Instagram simplified the cacophony of social media into single, beautiful images. Pinterest turned links for fashion and recipes into shareable, lust-worthy cards. And Snapchat reimaged the photograph as an ephemeral experience rather than a permanent one. It only makes sense that in distinguishing the next wave of apps and platforms worthy of big-time VC investment, a designer would weigh in on the discussion. But the designer partner is a fairly new position, founded, as far as we can tell, in 2009 when Google Ventures enlisted Google designer Braden Kowitz for the job. Given the position's relative infancy, we're just now starting to see the various ways the design partner's role at a VC firm might play out.

It's a common misconception that VCs are just check writers who buy a piece of young companies, disappear for a few years, then come to collect when those small companies grow into big companies. In reality, modern VC firms not only carefully invest money, they offer any and all resources at their disposal to ensure their investments pay off. VC firms work closely with their companies to refine business and marketing plans, recruit talented staff, and even work side-by-side to turn products into hits. Designers, of course, can do at least two of these three tasks well. Recruiting new design talent seems a responsibility of every design partner. As for turning all those products

into hits? Every design partner's role in this process seems different. Irene Au, former head of Google's user interaction team (and before that, the head of UX at Yahoo) is taking a position as an operating partner at the energy-focused Khosla Ventures. intends to pull on her experience as a leader of design teams at Google and Yahoo to instill a drive in her portfolio companies to become "design-centric organizations" rather than mere startups.

"I've worked with organizations where we've had to bootstrap, proving the value of design every step of the way...and I've also worked in conditions where CEOs buy into the concept but don't know how to get there, I have a basket of tools that I can pull out for any kind of condition or situation where we have to figure out how to make design great for a company."

"You can use design as a tool to spot where the problems are in a company."

Au sees design-oriented thinking not just as some sort of universal salve for startups, but as a means to diagnose problems within young companies. "I don't necessarily expect to be vetting potential investments, but where there's poor design, that's usually a reflection of a deeper underlying issue that has to be solved. If a design is cluttered, it probably suggests that to the company, the value proposition isn't clear to themselves," she says. "You can start to use a design as a tool to spot where the problems are in a company."

The crew of four design partners at Google Ventures operates differently. The team embeds itself at portfolio companies for five-day "design sprints," in which new ideas go from problem to sketch to prototype to market-tested product within a week.

"We don't want them to leave with a pile of sticky notes, we want them to leave with clarity to find out what to solve next," says Google Ventures design partner Jake Knapp in an interview to Fast Company. Google Ventures design partner Braden Kowitz puts it another way: "I think of teaching design as kind of like learning to ride a bike. I can give advice about riding a bike, but it's not until you get on the bike and try to ride that you can learn how."

Google Ventures recently ran a week-long design sprint with the makers of an app called Cluster, a tool for privately sharing media between family members. After the week was over, the Cluster team iterated the product further, through three more design sprints of their own. The redesigned app that resulted had a 400% increase in converting those who tried the app into actually using it.

Where do designers live in the Venture Capital ecosystem?

Source: Design In Tech 2016

2009	2012	2014	2015	2016
BESSEMER VENTURES Jason Putorti	DESIGNER FUND Enrique Allen	KPCB John Maeda	RIVET VENTURES Christina Brodbeck	BENCHMARK Scott Belsky
SLOW VENTURES Dave Morin / Aaron Sittig	GOOGLE VENTURES Jake Knapp / Daniel Burka	KOSHLA VENTURES Irene Au	ACCEL PARTNERS Jason Mayden	
2010	ANDRESSEN HOROWIT Elizabeth Weil	GOOGLE VENTURES Tom Hulme	TRUE VENTURES Jeffrey Veen	
GOOGLE VENTURES Braden Kowitz	FELICIS VENTURES Nick Baum	SEQUOIA CAPITAL James Buckhouse	EXPA Anshu Agarwal	
Y COMBINATOR Garry Tan		GREYLOCK Bobby Goodlatte	NEW ENTERPRISE Albert Lee	
2011	2013	SUTTER HILL VENTURE Andrei Herasimchuk		
GOOGLE VENTURES John Zeratsky	Y COMBINATOR Kevin Hale	EXPA Bruno Bergher		

As mentioned before John Maeda was head of the Rhode Island School of Design, one of the most prominent art schools in the country, before he became KPCB's first design partner earlier this year. His focus at KPCB is on corporate strategy.

“My role isn't to fix pixels—which is hard work on its own of course, my role is to find strategic insights as to where design can have the most business impact.” John Maeda

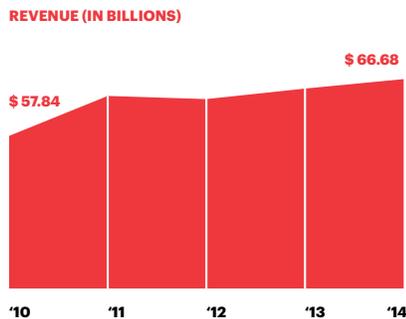
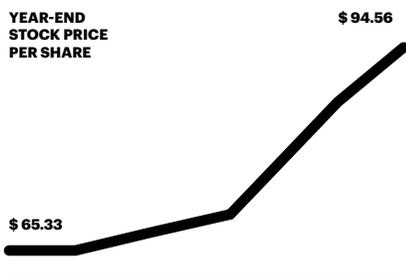
Much of Maeda's work is plotting which sectors are ripe for disruption through design. Looking back at our example of Instagram, Pinterest, and Snapchat: Those platforms proved that social media had all sorts of untapped needs that design solved. The platforms had to reimagine conventional aesthetics, be streamlined for mobile, and scratch certain emotional itches—all of which translated very concretely to more user engagement (shares, likes, just tapping around, whatever that may be). So what problem does design have to solve after it's done with social media? That's up to Maeda to answer for KPCB.

If you already think that design is not highly related to business, I want to convince you by showing how many designers in VC firms (the hard-core side of the business, famously money counters) nowadays:

Ultimately, giving designers a position of power at VC firms should redound to the benefit of consumers. The hope is that it will lead to products shaped by human factors instead of just engineering-driven factors. Consider smartphones before the iPhone. Those phones could make calls, play movies, and even browse the Internet. But it took a newly designed approach to the entire smartphone experience to make smartphones great. Every smartphone today is better because of the iPhone. How many other sectors could benefit from their equivalent of the iPhone?

Best Practice

PepsiCo



Just few years ago, it wasn't clear whether Indra Nooyi would survive as PepsiCo's CEO. Many investors saw Pepsi as a bloated giant whose top brands were losing market share. And they were critical of Nooyi's shift toward a more health-oriented overall product line. Prominent activist investor Nelson Peltz fought hard to split the company in two. These days Nooyi, 59, exudes confidence. The company has enjoyed steady revenue growth during her nine years in the top job, and Pepsi's stock price is rising again after several flat years. Peltz even agreed to a truce in return for a board seat for one of his allies.

All of this frees Nooyi to focus on what she says is now driving innovation in the company: design thinking. In 2012 she brought in Mauro Porcini as Pepsi's first-ever chief design officer. Now, Nooyi says, "design" has a voice in nearly every important decision that the company makes.

When Nooyi was asked about at what extent PepsiCo listen to costumers and what they want she replied "I don't know if consumers know what they want. But we can learn from them."

Let's take SunChips. The original size was one inch by one inch. When you'd bite into a chip, it would break into pieces. In focus groups consumers told us they went to another product because it was bite-size. We had to conclude that SunChips were too damn big. I don't care if our mold can only cut one inch by one inch. We don't sell products based on the manufacturing we have, but on how our target consumers can fall in love with them."

Mauro Porcini, PepsiCo's first-ever chief design officer, oversees design-led innovation across all of PepsiCo's brands. He describes a

step-by-step approach to embedding design thinking in a company's culture. Certain circumstances are necessary for design to thrive in enterprises.

“First, you have to bring in the right kind of design leaders. That’s where many organizations make mistakes. If design is really about deeply understanding people and then strategizing accordingly, we need design leaders with broad skills. Corporate executives often don’t understand that there are different kinds of design: brand design, industrial design, interior design, UX (user experience) design, design innovation, and more. So, you need a leader with a holistic vision who can manage all aspects of design in a very smart way.

Second, you need the right sponsorship from the top. The new design function and the new culture must be protected by the CEO or by somebody else at the executive level—because any entity, any organization, is apt to resist change.

Third, with leadership and C-suite sponsorship in place, you need as many external endorsements as possible—from a variety of entities. They might come from business leaders or designers outside your organization, from design and business magazines, or from awards you win. Whatever the sources, those endorsements validate the vision of the people inside your organization, showing them that they’re moving in the right direction and building their confidence to proceed.

Then you need quick wins: projects that rapidly prove the value of design inside the enterprise. On the basis of that early success, you start to build a design organization, to create processes that facilitate the new culture, and to craft an approach that can be integrated throughout the whole company.”



Mauro Porcini

Chief Design Officer at PepsiCo

Best Practice

Samsung

South Korea's Samsung Electronics manufactured inexpensive, imitative electronics for other companies. Its leaders valued speed, scale, and reliability above all. Its marketers set prices and introduced features according to what original-equipment manufacturers wanted. Its engineers built products to meet prescribed price and performance requirements. At the end of the process designers would "skin" the product—make it look nice. The few designers working for the company were dispersed in engineering and new-product units, and individual designers followed the methods they preferred. In a company that emphasized efficiency and engineering rigor, the designers had little status or influence.

Then, in 1996, Lee Kun-Hee, the chairman of Samsung Group, grew frustrated by the company's lack of innovation and concluded that in order to become a top brand, Samsung needed expertise in design, which he believed would become "the ultimate battleground for global competition in the 21st century." He set out to create a design-focused culture that would support world-class innovation.

By any measure, his goal was achieved. Samsung now has more than 1,600 designers. Its innovation process begins with research conducted by multidisciplinary teams of designers, engineers, marketers, ethnographers, musicians, and writers who search for users' unmet needs and identify cultural, technological, and economic trends.

The company has built an impressive record on design, garnering more awards than any other company in recent years. The bold designs of its televisions often defy conventional style. With its Galaxy Note series, Samsung introduced a new category of smartphone—the phablet—

DESIGNERS IN BUSINESS UNITS COMBINATION OF BIZ UNIT & CDC CORP DESIGN CENTER

**LINE-UP DESIGN
12 MONTHS OUT**

Designers in business units shape the company's offerings by

- Developing new products and user interfaces
- Conducting a competitive analysis of new and existing products

**ARCHETYPE DESIGN
18-24 MONTHS OUT**

Designers in business units, with the help of the Corporate Design Center, create product and platform archetypes by

- Planning for specific new products
- Designing new products and user interfaces
- Investigating details such as colors and materials

**NEXT-GENERATION DESIGN
2-5 YEARS OUT**

Designers in the CDC, in collaboration with business-unit designers, help senior executives shape the company's near-term future by

- Developing a new business investment plan
- Creating a next-generation platform road map
- Investigating new enabling technologies

**FUTURE DESIGN
5-10 YEARS OUT**

Designers in the CDC help the C-suite visualize the company's distant future by

- Developing new business concepts
- Creating a technology road map
- Investigating technology and user megatrends

which has been widely copied by competitors. Design is now so much a part of its corporate DNA that top leaders rely on designers to help visualize the future of the entire company.

It has been a bumpy journey. Despite strong support continue to face constant challenges stemming from its efficiency-focused management practices, which are deep-rooted. Shifting to an innovation-focused culture without losing an engineering edge is not a simple matter. It involves managing a number of very real tensions. Engineers and designers sometimes don't see eye-to-eye. Suppliers must be brought on board. Managers invested in the status quo must be persuaded to buy in to idealized visions of the future. A risk-averse culture must learn to accommodate experimentation and occasional failure.

Samsung's success in making this shift can be traced back to a single early decision: to build design competency in-house.

As we'll describe, Samsung chose to create a committed, resourceful corps of designers who figured out that they could manage the tensions and overcome internal resistance by deploying the same tools that they use in pursuing innovation—empathy, visualization, and experimentation in the marketplace. The corps has helped

institute policies and structures that embed design thinking in all corporate functions and provide a framework for reevaluating products in the face of dramatic technological change.

Google Ventures

Launched as Google Ventures in 2009, GV is the venture capital arm of Alphabet, Inc. They've invested in more than 300 companies that push the edge of what's possible. In the fields of life science, healthcare, artificial intelligence, robotics, transportation, cyber security, and agriculture, our companies aim to improve lives and change industries.

They've built a team of world-class engineers, designers, physicians, scientists, marketers, and investors who work together to provide these startups exceptional support on the road to success. GV help their companies interface with Google, providing unique access to the world's best technology and talent.

GV has a in-house design team that continuously relate with the startups in which the firm invest.

workshop, actively participating with the startup staff, solving big issues about shaping startup offering better to solve users' need in the best possible way. The other time is usually once a week in which they work as design consultants related to design issues, for example pitch presentations.

GV has a in-house design team that continuously relate with the startups in which the firm invest, in two different ways. A higher value time, usually one or two times a year, in which the GV design team do a design sprint

GV design partner Jake Knapp began running design sprints at Google in 2010. He worked with teams like Chrome, Google Search and Google X. In 2012, Jake brought sprints to GV, and the rest of the team chipped in their expertise to perfect the process.

Braden Kowitz added story-centered design, an unconventional approach that focuses on the customer journey instead of individual features or technologies. Michael Margolis took customer research—which can typically take weeks to plan and often delivers confusing results—and figured out a way to get crystal clear results in just one day. John Zeratsky helped us start at the end, and focus on measuring results with the key metrics from each business. And Daniel Burka brought firsthand expertise as an entrepreneur to ensure every step made sense in the real world.

The GV design sprint is structured as a five-day workshop for answering critical business questions through design, prototyping, and testing ideas with customers. Developed at GV, it's shaped around the fields of business strategy, innovation, behavior science, design thinking, and more—packaged into a battle-tested process.

Working together in a sprint, a startup can shortcut the endless-debate cycle and compress months of time into a single week. Instead of waiting to launch a minimal product to understand if an idea is any good, they'll get clear data from a realistic prototype. The sprint gives a superpower: fast-forward into the future to see the finished product and customer reactions, before making any expensive commitments.



Jake Knapp

Design Partner at Google Ventures

5.

**Italian
SMEs**

**Characteristics
and Structure of SMEs**

**Italian
SMEs**

**Economic
Situation**

**Innovation and Design
in SMEs**

Characteristics and Structure

The mainstream or traditional definition, considers SMEs as a concept related with legislation and national policies. The second one deals with business demographics and structural business statistics (SBC). This second stream has grouped the concept of small size and micro size enterprises under the same umbrella or term SME. For this research I have adopted and used the conceptual definition of Small and Medium Enterprise that has been used and updated during years by the European Commission (EC, 2006).

The scope of this institution is characterized by assessing SMEs capabilities according to regions and countries specific cities. This way, the fundamental designation of a Small and Medium Enterprise is defined as an independent business with fewer than 250 employees and with a small market share. Initially we can identify two basic requirements to be included in this SME definition and classification. The first requirement is the number of employees or headcount, and the second one is the Turnover.

Additionally, it is important to mention that in most of the cases and especially in European countries (European commission, 2003), Micro and SMEs are described as important drivers of economic and social development, however this can vary and it depends in the GDP or in the currency value fluctuations of countries. Due to the relativism or distortions in the definition, a company in China, can be defined as a micro size enterprise and the same company in Italy, can acquired a different status. Efforts to simplify and standardized the classification and definition have been address by governments.

For the purposes and the context of this research the definition I will use is contained in the Official Journal of the European Union (2003). This official document constitutes the authentic theoretical basis for determining the conditions regarding qualifications of Small and Medium Enterprises. In addition, I used “The new SME definition: User guide and model declaration” (2005) which is an important practice-based guide that helps understand the new characteristics of SMEs, having as main scope formalization of entrepreneurial activities. We can classify this new definition, which was updated from the definition used in 2005, as a technical and micro economical definition that accounts to legalize and consider all the economical aspects for business formalization. It also includes indicators in regards to innovation and internationalization, which are matters I consider completely suitable for this research.

In general terms the new definition considers three requirements or threshold (The new SME Definition, 2005) to define and characterize an SME. These requirements are important “ceilings” in order to use appropriately the concept.

	EMPLOYEES	REVENUE	SURPLUS
LARGE ENTERPRISES	>250	> € 50 M	> € 43 M
MEDIUM ENTERPRISES	<250	< € 50 M	< € 43 M
SMALL ENTERPRISES	<50	< € 10 M	< € 10 M
MICRO-ENTERPRISES	<10	< € 2 M	< € 2 M

1) Maximum number of employees or headcount according to the Annual Working Unit. This indicator includes all the employees or persons working for the enterprise under a national law. Starting from the owner or managers and all the partners engaged or linked in a regular activity within the enterprise. Financial advantages or payments from the enterprise are included in the law, that’s why apprentices or non-payable students are not included in the headcount. The employees are expressed in annual working units and this means anyone who worked full-time during the entire year counts as one unit. Part-time staff and temporary employees are treated as fractions of one unit according to their working hours.

2) Maximum annual Turnover according to sales after paying out rebates and receipts. This indicator does not include valued added tax or other indirect taxes and its calculated on an annual-basis. It declares the profit a company is making in relation to the investments.

3) Maximum annual Balance sheet according to the total value of the company including the main assets. This indicator is used in case an enterprise is in possession of important assets that determine their economic activity. The Annual Balance sheet is equally reliable as the Annual turnover in order to measure enterprise size. The use of only one of them is sufficient.

More over, it is important to mention that the main advantage and difference between this new definition and the definitions developed by other authors or institutions (Bolton, 1971; Storey, 1994) rely in the fact that the European Commission (EC) use the employee or headcount criteria as the most important in order to define a SME.

Other criteria used are sector or economic activity. According to the adopted classification SMEs can be:

Autonomous: It's the most common status and it means the enterprise is not linked or partner with another enterprise even though it can have one or more investors. Still investors shouldn't own more than 25% of shares.

Partners: Enterprises get this status when the holding or partnership with other enterprises rises no more than half (50%) of the total amount of shares and the relationship is deemed and declared to be between partner enterprises.

Linked: Above 50 % of partnership the enterprises acquired the status of linked. This means two or more enterprises are linked when they don't f holds the majority of the shares or voting rights in another enterprise.

The basic distinctions underlined by most of the institutions and authors that attempt to define the concept of SMEs rely in placing small-size enterprises against large-size. Arguments such as organizational and economical aspects in the way these companies are managed and their impact in economy and society are the main issues discussed. However, it has been argued by Wyncarczyk et al (1993), that the research agenda has moved forward, exploring new concepts of SME beyond the typical approach of scaling down the version of a large enterprise.

Furthermore, Wynarczyk et al (1993) suggest three key areas of difference that essentially distinct small and large enterprises. Those areas are: Uncertainty, Evolution and Innovation.

Uncertainty: With this area the authors refers to the management of risk and the level of vulnerability a small firm has. This issue is explained with the fact that traditionally most of small enterprises construct their market proposition according to the needs and products of larger firms, remaining dependent and uncertain. Besides the difference of a SME and a large enterprise in regards to uncertainty, is the fact that conventionally small enterprises have act as price-takers rather than price-setters. Today small enterprises and start-ups don't need to be large in size and complex in organizational structures to gain global reach and markets. I believe as it has been stated, that in today's business ecosystems talent and innovation are the main drivers of value creation, competing aside with large corporation even when it comes to pricing.

Evolution: The second area of difference is related with the evolution or stages enterprises, both small and large face when they are through the paths towards growth. The basic difference is that small enterprises are more likely to be in constant change rather than remain stable. In the other hand, in large Enterprises practices and procedures tend to be more static or standardized and this can block innovation.

Innovation: The third area of difference is the role innovation plays in each type of enterprise. From a traditionally perspective people seems to assume that due to resources factors, small enterprises are scarce towards innovation processes. However, this is a grounded perception that has its contradictions. Chronologically, scholars have identified that small enterprises are more likely to introduce fundamentally new and radical innovations than larger firms. This finding refers to metrics obtained according to R&D investment and innovation rates. Also by mentioning the main reasons why big corporations had failed even when they make and efficient use of technology. In the end, most of the explanations points out that no matter the context or country, large enterprises tend to have more inertia towards creativity and newness. These problems are defined as barriers towards innovation and they can be exemplified with problems such as the mindset or approach to new managerial practices as well as market cannibalization. All these barriers had demonstrated to block innovation in large enterprises contrary to the problems faced by small firms.

5.2

Italian SMEs

The Cerved Report of SMEs 2015 is dedicated to the analysis of small and medium Italian enterprises, identified according to the European Commission's classification.

In particular, it analyzes non-financial joint-stock companies that meet the complex requirements of employees, turnover and assets defined by the Commission. According to the latest available budgets, 137 046 SMEs meet the requirements, among which 113,387 companies fall within the definition of 'small business' and 23,659 in that of 'medium enterprise'.

SMEs have a combined turnover of 838 billion euros, an added value of 189 billion euros (12% of GDP) and have contracted financial debt by 255 billion euros. Compared with all non-financial companies, they account for 36% in terms of turnover, 41% in terms of value added, for 30% in terms of debt.

The Cerved Report of SMEs in 2014 had shown that the perfect storm that hit the Italian economy from the second half of 2008, consisted by the fall in demand and the credit crunch, triggered a selection process that saw a loss to our production system, in 2007 and in 2013, of 13 000 SMEs (9% of active ones in 2007).

The most recent data indicate that the bleeding has stopped for SMEs: the number of active SMEs in the market in 2014 is estimated at 137 000 units, the level of the previous year. The balance between death and born SMEs is turned positive in 2014, but was offset by the balance, still negative, including micro enterprises that grow to SMEs and companies who follow the reverse path, from SMEs to micro-enterprises.

Italian SMEs are recovering before big companies

In 2014 the Italian SMEs have taken a path of growth of the income statements, distinguishing itself from the big companies, which still face negative results.

Turnover, value added and, more over, gross margins grew, which increased by 4,6% between 2014 and 2013, thanks mainly to the positive trend in labor productivity. After a long period in which the overall profitability of Italian SMEs was found to down, even substantially, in 2014 there was a reversal of the trend: ROE rose from 5,9% to 7,1%, exceeding that generated by big enterprises, which is instead dropped by 6,8% to 6,4%. The results have been shining for manufacturing SMEs and, to a lesser extent, for those operating in the service sector.

After the long period of crisis, which lasted for six years, 2014 arises as a year of transition, in which are observed some signs of economic recovery, yet to be confirmed both in terms of intensity and duration. In this context, SMEs, and especially industrial ones, seem to play a leading role, due to their greater flexibility, being able to engage recovery more forcefully.

5.3

Economic Situation

The crisis has had a major impact on the number of companies on the market that fall within the European definition of SMEs: between 2007 and 2014, the number of SMEs has decreased from 150 000 to 137 000, with a loss of about 13 000 companies. The contraction of the stock begins after 2009, when he reached the peak (158,000), with a peak of the phenomenon from 2012 onwards.

Migratory dynamics of SMEs depends on four factors:

Incoming

- Micro-enterprises that grow to SMEs;
- Large companies that downsize to become SMEs;

Outgoing

- SMEs that resize to become micro-enterprises;
- SMEs grow into larger companies;

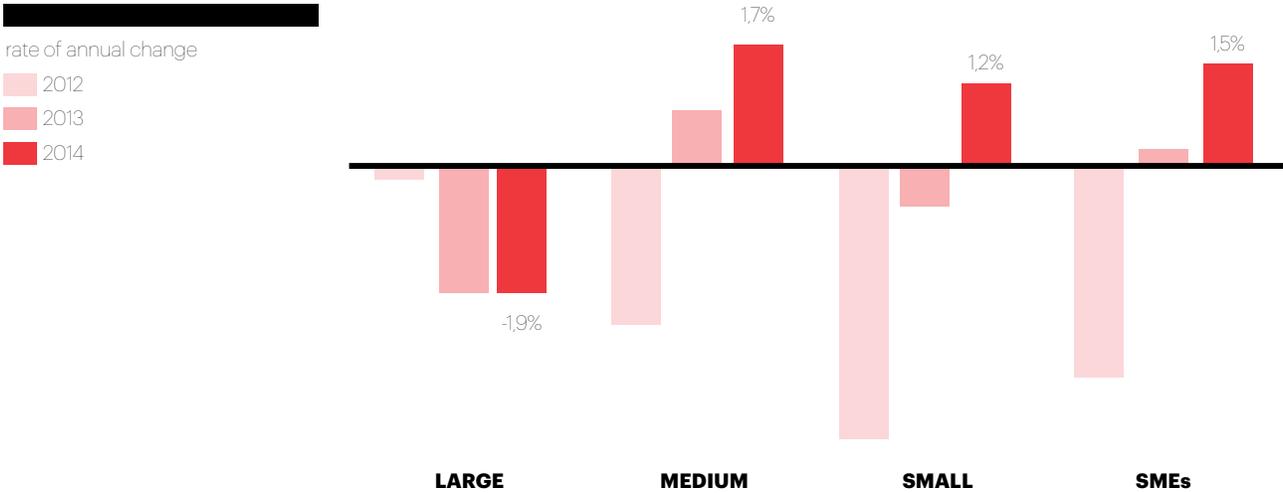
Deaths

- SMEs who leave the market following bankruptcy proceedings, validated or simply don't deposit a budget (dormant);

Newborn

- New enterprises that fall under the definition of SMEs

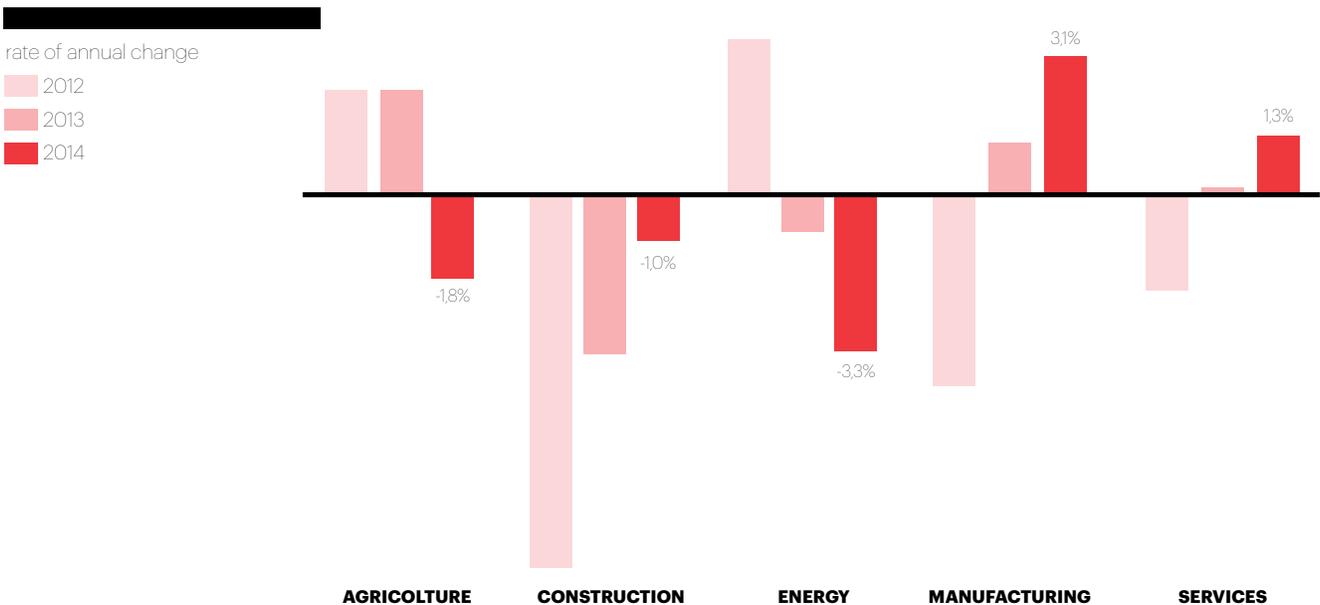
BREAKDOWN OF TURNOVER BY DIMENSION



Incoming and outgoing are the most important flows together account for over 67% of all movements. The data indicate that in 2008 and 2009 the number of entrants exceeded leavers, but later the number of companies that came out from the perimeter of SMEs has consistently exceeded the number of those gone, with particularly significant gaps in 2012 and 2013. According to the data of a large sample of accounts, it is estimated that the phenomenon has slowly continued in 2014.

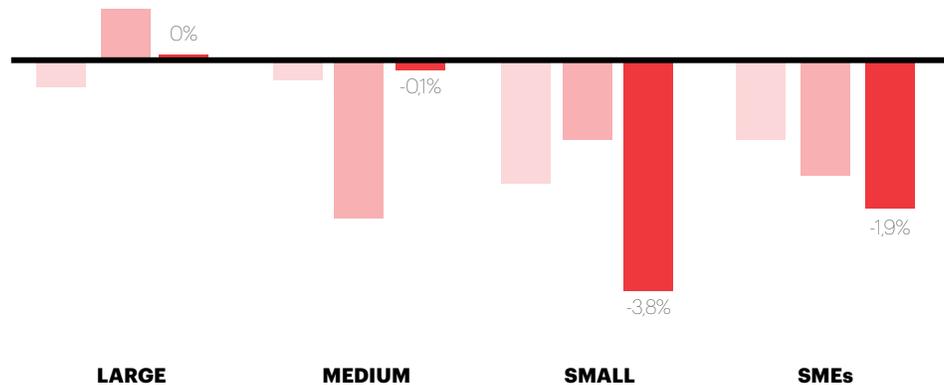
Even if with a clear delay related to the recovery of the international economy, even the Italian companies have seen, in 2014, a glimpse of an economic recovery. Among these, SMEs stand out, more than larger companies, for a positive performance of + 1.5% in terms of turnover, with medium-sized companies doing slightly better (+ 1.7%) than small ones (+ 1.2%). Considered an inflation rate of 0.2% per year, it is a real increase of slightly above one percent.

BREAKDOWN OF TURNOVER BY SECTOR



NUMBER OF EMPLOYEES BY DIMENSION

rate of annual change



Details by macro-sector clearly shows that the turnaround was driven by industrial SMEs (+ 3.1%), followed at a distance from those who work in services (+ 1.3%); ends, at least for now, the positive phase of the agricultural sector (-1.8% in 2014), mainly because of the decline in commodity prices, which has also impacted on sales prices, while the construction companies, despite an improvement in 2013, they mark a still negative trend (-1.0%). The worst result is that the energy sector (-3.3%), influenced by the drop in commodity prices that began in mid-2014, although it must be remembered that this sector is characterized by a few large companies, while SMEs account an insignificant proportion of the total.

The cost containment policies implemented by the companies during the period of stagnation, also continued in 2014: thanks to these, the added value shows a better trend than revenues, with positive results even for large companies. SMEs have grown the value added by 3.3% with a similar result between medium (+ 3.6%) and small-sized (+ 3.0%). Even in this case is the industrial sector to drive the recovery, with a + 4.7% which follows the result of a 2013 already largely positive (+ 3.6%); Agriculture, despite the decline in sales, manages to pull off an increase of 4.7%, followed by services (+ 3.1%). The constructions, after years of losses, they manage to stop the descent and to confirm the level of 2013.

Parallel to the stagnation of the use of debt capital, continues the strengthening of equity: all size classes see grow equity at a rapid pace, confirming a growth trend that has remained almost constant since

2008. the 2007-2014 cumulative growth for SMEs, is 31%, compared with an increase of 22% for large enterprises.

Labour Cost

The dynamics of the employed shows that in 2014 the staff cuts are entirely concentrated among small companies (-3.8%), while both the big companies, both medium-sized companies show a stable datum related to 2013.

Jobs bleeding continues in construction sector (-4.0%), but also others show a contraction of employed around 2 percentage points, with the exception of energy and utilities (+1%). If in 2013, 97 000 employees had been lost in SMEs, in 2014 the figure was an overall decline of 130,000 employees.

As a result of the increase in value added and contraction of the number of employees, in 2014 productivity (value added per employee) for SMEs has improved, rising from just under 48 000 € per employee to almost 51 000 €, in line with the level of 2007.

In large companies, the downward trend stops, with growth in 2014, even if limited (from 67.4 to 68.2 thousand euro per employee). Despite the latest trends, it is still widening of the productivity gap between size classes.

Labour costs per employee are still in growth in SMEs in 2014 (+4.9%), same in small and medium-sized, although large companies have managed to contain the increase: as a result of this dynamic, tapering the gap between large enterprises (47 200 € per employee) and medium-sized (42 900 €).

Profitability

The turnover, i.e. the ability to generate revenue by exploiting the resources at its disposal, has been stable for SMEs around 0.9%.

In light of the improvement in the current unlevered and a stable turnover, operating profitability that Italian SMEs have managed to get from the available assets, synthesized by ROA, has recorded a moderate increase. Between 2013 and 2014 the overall increase was 0.4 percentage points (from 3.2% to 3.6%). The negative performance of large enterprises makes their operating profitability falls below that of SMEs (it remains greater than small-sized but less than 0.5 percentage points compared to medium-sized companies).

In a period of economic difficulties in which someone can see the first

signs of a turnaround, SMEs, which can boast a more flexible structure, they appear to have better reacted.

Considered an effect of commercial leverage - the ability of companies to exploit their bargaining power - stable and amounted to 1.7%, the ROI dynamics, before taxes and extraordinary items, are similar to those of the ROA, with large companies that, in this case, are also overcome by the small-sized enterprises.

5.4

Innovation and Design in SMEs

Besides government actions and efforts to place innovation as a core process, there are several barriers of diverse nature. Generally speaking, authors (Hölzl and Janger, 2011) coincide in classifying barriers towards innovation by two categories: Internal and external barriers. However, barriers of innovation do not indicate explicitly barriers to the output or products of innovation but factors that affect the process.

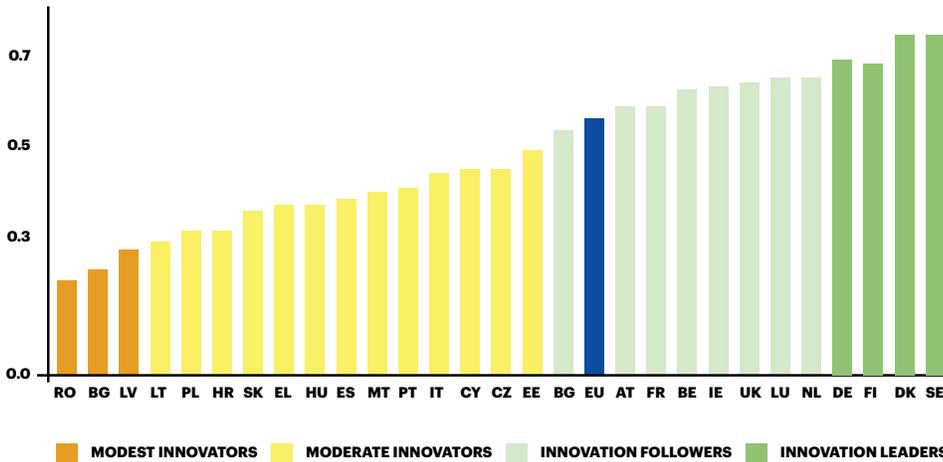
Commonly, internal barriers are related to skills constraints and external barriers are more likely related with innovation partners and knowledge.

In fact, D' Este et al (2008) makes a distinction between barriers faced by organizations in order to continually activate innovation processes, and barriers or obstacles to initially engage enterprises towards innovation. More over several studies had shown that this barrier depends and affects differently firms and SMEs according to their countries and contexts (Innovation Union Scoreboard, 2015).

Additionally, I will like to extend the research by including a more recent analysis in regards with SME and innovators characterization (IUS, Innometrics, 2015). This Innovation Union Scoreboard (IUS) or as it was previously called European Innovation Scoreboard (EIS), ranks and categorize the European member states according to a innovation index that takes into account 29 indicators. Among these indicators they envision performances regarding SMEs such as; “SMEs innovating in-house as % of SMEs”, “Innovative SMEs collaborating with others as % of SMEs” and “SMEs introducing product, process, marketing and organizational innovations”. Therefore, we can recognize Innovation

EU most innovative countries

Source: Innovation Union Scoreboard 2015



enablers, firm's activities and innovation outputs. This results lead to group member states into four different clusters.

Categories of European Innovators:

A) Innovation leaders: The performance of innovation leaders is 20% or more above that of the EU27. It includes Denmark, Finland, Germany and Sweden. In the graph, dark green color.

B) Innovation followers: The performance of innovation followers is less than 20% but more than 10% below that of the EU27. It includes countries like Austria, Belgium, Cyprus, Estonia, France, Ireland, Luxembourg, Netherlands, Slovenia and the UK. In the graph, light green color.

C) Moderate innovators: The performance of moderate innovators it is less than 10% below but more than 50% below that of the EU27. Countries include in 2015 were Czech Republic, Greece, Hungary, Italy, Malta, Poland, Portugal, Slovakia and Spain. Yellow color.

D) Modest innovators: Modest innovators are below 50% that of the EU27. Bulgaria, Latvia, Lithuania and Romania are included. In the graph Orange color.

Many differences, disparities and convergences can be confronted in the graph, what is surprising and relevant from the EU27 innovation performances is that “Moderate innovators “which are countries like Spain and Italy are worn to face external barriers. Enterprises and SMEs coming from this group suffer problems related with financial constraints, technology and R&D investment. Particularly in regards to linkages and entrepreneurship the indicators had shown low rates. This means SMEs located in the group of moderate innovators, suffer especially low capacity in terms of “Innovative SMEs collaborating with others”.

According to a global research made by Zurich, published in 2015, about the economic situation across different countries in Europe and all over the world in the recent years, SMEs in most countries focused again on the expansion of business towards new target customers in the local market (23%) and diversification of the range of products and services (21%).

Small and medium-sized enterprises in Italy and Germany represent an exception, due to the fact that they aren't keen on growth in local markets (11% and 14%). German SMEs focused investments on tools and company activities, increase of prices and employees. In Italy SMEs said they reduced prices in addition of diversification of products and services.

Italy and Spain are the only countries in which SMEs seem reluctant in hiring new staff or increase prices. Only a minority in Europe considered to reduce the offering or shut down the business.

The Cerved Report

The Cerved Report of SMEs 2015, in its second year, is a unique tool for wealth of data collected and for the analysis on the world of SMEs, developed using the wealth of information and knowledge by Cerved.

The Report assesses the system of Italian SMEs through information related to the financial statements, the enterprise demographics, payment habits in commercial transactions and to credit risk, using not only the corporate archives but also the score systems and forecasting models developed

by Cerved in over forty years of experience in risk analysis of credit business.

With about 200 charts and tables on 137,000 companies which fall within the European definition of SMEs, The Report analyzes the economic and financial health of our economy protagonists from a single and privileged point of view, with insights by sector and company size.

Cerved was founded in 1974 as a computer company management, processing and

distributing national databases through the work of the Chambers of Commerce of Veneto. It has grown by continuously innovating its products, developing new business and integrating several successful companies, thus confirming its leadership in the market for over 40 years.

Nowadays Cerved invest each year around 40 million euros to update and enrich its database with new statistics and sources, building over 34,000 business relationships.

**6.
Strategic
Design
Consultancy
in Italy**

**SMEs vs
Strategic Consultancy**

**Sourcing
Design Expertise**

**Design
Recognition**

**Strategic Design
Consultancy in Italy**

Expert Interview:
Andrea Giubertoni

6.1

SMEs vs Strategic Consultancy

One of the most common criticisms of management consulting is its overwhelming tendency to focus on the operational performance of organizations without necessarily considering the context in which they operate. Another complaint is that clients are allocated consultants that happen to be “on the bench”, rather than the ones that were anticipated during contract negotiation. This reflects the “body shopping” approach that is prevalent in the larger consulting practices. Their goal is to sell large teams of consultants to undertake complex projects for extended periods of time. In the past engaging with ‘Small to Medium-sized Enterprises’ (SMEs) has often involved the use of corporate-style practices on unsuspecting and (sometimes) unwilling clients. As a consequence, when SMEs do purchase consulting services, it has been an expensive and risky investment.

Consulting for SMEs ought to be about creating value. As you would expect, this requires innovation in the delivery and content of consulting services but also creativity in how consultants are resourced. Many small consultancies say: “We will take experienced ‘Big Five’ consultants and provide them at a fraction of their usual price... We don’t have marble atriums.” This doesn’t serve the needs of the SME marketplace because most of the ‘Big Five’ focus on the top companies, all with completely different issues to SMEs. SME Business leaders deserve a more focused consulting service.

We are all aware that there have been some structural changes in the economy, affecting the way in which SMEs operate. For example, in the past, barriers to entry, economies of scale and the difficulties of

accessing foreign markets have all been reasons for the domination of the corporate international conglomerate. However, various factors have combined to create an environment where small really is beautiful: this is the era of the SME.

It's clear that recent technological, economic and social upheavals mean that the time of the SME is upon us. SMEs' requirements upon the management consulting industry should also change: from the prescriptive deployment of unyielding methodologies, to the timely and adaptive injection of expertise. The challenge for the consulting community is to help SMEs achieve their potential to create wealth, employment and the services the society needs.

In an ever-changing world the challenge is to organically manage change, not to create change. It's so easy to write trite prose about the necessity to be an adaptive organization, ready to embrace change. The truth regarding most SMEs is that they are usually able to adapt quickly to changes in the market place. What traditional consulting firms try and sell them are inappropriate continuous improvement initiatives, change management and business process re-engineering projects. There is always a danger that the consultant stays longer than the CEO. SMEs are inherently dynamic and able to adapt to their changing environments. The task of the consulting community is to help these businesses create and sustain a structured approach to managing their own growth.

The challenge is to engineer change in such a way that being adaptive is seen as being a natural strategy of evolution and not born of desperation. The likelihood is that most SMEs struggle to manage the resourcing issues surrounding change, simply because of the scale of them. Recruiting, retaining and retraining people are typically the problems SMEs have. Getting good people and hanging on to them is important. Creating the organizational structure where the right people are in the right place is a continual challenge SMEs face. Having a trusted agency that can quickly provide the best people in a range of roles adds considerable value to any SME. This includes especially those professionals disconnected with the typical SMEs background, as creative, photographers and designers, so needed in the nowadays society stage.

6.2

Sourcing Design Expertise

In the various examples illustrated we have always spoken of a design feature that participates in a process of development of new products and services in the enterprise. But what is the form of relationship, if any, better? And what placement brings greater benefits to the company's strategies?

For Anselin (1998), for example, the design plays a strategic role both if integrated or if outside the company; for each of the positions can be defined strengths and weaknesses.

Margaret Bruce from the Manchester School of Management (UMIST) has done several studies on the forms of the relationship between design and enterprise (Bruce and Docherty, 1993; Bruce and Cooper, 1997; Bruce and Jevkaner, 1998).

In these researches, authors propose different types of relationships between the customer and those who perform a design activity. The conclusion reached by the researchers is that if the relationship is very close and if it is divided for a long time brings wider benefits. This iteration over time allows you to consolidate the understanding of the company by design, also arousing greater confidence and greater respect in the company itself. The studies of the authors are limited to Britain and the Scandinavian countries for which there are different ways of relating.

The authors emphasize that the modalities of the relationship will change in relation to the national characteristics in which the enterprise exist.

The work of researchers tends to classify the relationship forms depending on the physical placement of the design compared to the company: (Bruce and Morris in Bruce and Jevakaner, 1998):

Outsourcing Design

Outsourcing is the most important phenomenon emerged in the last twenty years and that has profoundly changed the organizational structure of design. Historically the enterprise starts incorporating within itself the functions or activities for which there was not a qualified provider; the increase of qualified suppliers now makes it possible to use third parties for any type of functional activity (from computer science, accounting, HR, logistics). In truth already Michael Farr (1966) identified design as external - freelance - and considers the design management as the ability to effectively manage the relationship between design and enterprise.

The policy of outsourcing is commonly adopted to reduce the organization's costs and take a more flexible structure. The outsourcing growth coincides with the structural changes that it had suffered the enterprise: decentralization, globalization and privatization.

In detail:

- The increasing complexity of products and the increasingly short life cycle requires increasingly specialized expertise; Design becomes to that effect a business strategy, antidote to phenomenon of commoditization of products, i.e. the risk of becoming undifferentiated goods, that customers choose according their own economic benefit.
- The increase of technology in design processes (use of computers and specialized technical skills) has favored changes in design practice hardly upgradeable in the company;
- The design expertise developed through service organizations that have abandoned the idea of having an internal design department in order to buy the most suitable design consultancy on the market.

According to a survey of 200 British industries (quoted in Bruce and Docherty, 1993) seems to be key to the management of the relationship with external designers for the commercial result of the project: in this study, however, it is very little written with respect to the relationship between business and design that is often set to the personal nature of trust and respect (between different actors), and effort to understand different languages and mental models.

Management addresses the provision of design services with an approach that belongs to the more general trend of competence (understood as a resource that brings new knowledge and experience); a skill that has fostered the development of so-called American design firm, of those structured and large companies able to offer a complete package of services (from strategy to product concept, until the development of the molds).

A problem that arises in the outsourcing of this type of advice is its control and its management. Especially when it has to deal with the corporate identity; becoming fundamental the relationship between external design expertise and a corporate broker (which may be identified in the design manager figure); the study of this relationship becomes nodal to make the relationship more effective. The mediation role is especially tricky because the company with the external interface of the project, shall communicate the brief or new product development intentions, looking for designers to implement new concepts, encouraging, if they have the opportunity, long term relationships.

Outsourcing offers several advantages:

- It allows you to highlight solutions that integrated design, for routine and over-confidence in the company, it would not be defined. The intervention of the design here responding with greater clarity and objectivity to new problems have emerged in the market. The exterior design also brings a new way of looking at the company, a new creative approach, the ability to respond to different problems;
- Provides flexible and adaptable working methods. The experience helps the counselor to intervene at the level of the commercial and marketing strategy, upstream of the project but also to tackle a project with a brief already well established; sometimes the design consultant helps focus the project brief working closely with marketing or R&D.
- The supply of a complete turnkey-project company.

The outsourcing of design services, however, presents a problem where use of exterior design services provider hasn't continuity over time and generates a phenomenon you could call it a hiccup innovation (if there is innovation: multitude of proposals not-coordinated with each other and without a formal and visual coherence): from this the need to resort to a real partnership continues in time.

Design In-House

There are also some design in-house policies are those companies that integrate a structure or design department, often a flexible group dispersed among different areas of R&D, marketing and operation management; a key element (Bruce and Docherty, 1993) in this field is the activity that interfaces between the design team and other assets or functional elements of the company; This role assumes a proper project management function and quality control when it has a more managerial function; more properly strategic component when it contributes directly to define management strategies (with the cooperation activities and the implementation of information flows).

Robert Blaich (1993), design manager at Philips and Hermann Miller, sees the implementation of the design as a formal program of activities inside the company through the communication of the importance of design for the long-term business objectives and coordination of design resources at all levels of corporate activity to achieve the company's objectives. His point of view is the one that sees the design as an integrated part of the company rather than as a way to manage external design consultancies system.

We see in detail what are the strengths of the integrated design in the company:

- The full availability of the designer that ensures continuous control of product development and greater understanding of the business and production problems;
- The presence of the integrated design promotes a role in the concept of new products / services;
- Greater synergy with other business functions.

The weaknesses concern instead:

- The increase in costs due, of course, the more presence of a function in company;
- A vocation often very specialized and linked to specific enterprise sector and to reference market; for certain tasks, such as a visual identity project, many companies are used to resort to external designers for the vision from the outside it allows to understand more precisely the company's soul display.

Mix of external and in-house design

In this case the company has both an internal structure that an external consultant expertise: in general , to develop new research paths or, vice versa, for routine projects about a range of products.

Sometimes between internal and external expertise designer it establishes a kind of tutoring, to learn how to use advanced tools, from software and three-dimensional graphics to prototyping tools.

Or mentoring is used to communicate the methodology of the design process, even if what may seem is going in the opposite direction with respect to the need to safeguard the corporate interests; is in the long-term relationship, in fact, that one measures the potential of the work.

A case in point is that of the successful cooperation between IDEO and the internal department of Steelcase Strafor (David Kelley, head of IDEO, is on the board of directors of Steelcase): there is an effective collaboration that brings together external contributions (obviously less influenced by the company and product world specific) and internals.

A role between corporate culture and design culture is the one that tries to mediate and boost cooperation between the various business functions. Architetture Michele de Lucchi, (Michele de Lucchi's studio) is was in late 1998 involved in a program for the design of Poste Italiane services; the contribution of the studio, was integrated with the work of internal engineering departments.

The exchange of know-how in this specific field favors a profitable development of the project, facilitated by several key roles in the study and in the offices of the Post Office that directly follow all stages of partnership.

6.3

Design Recognition

One of the most obvious problems emerged in literature as well as empirical research is related to the corporate ignorance of the designer's role and activities in the company. This ignorance is gradually disappearing and management tends to co-opt the design because it brings capacity, vital today, to maintain, consolidate and promote a competitive advantage. But what is the perception design and its role for the success of the company?

In January 1999, the Design Management Institute has organized a research in Europe to gather information about the state of design in management. The information was collected through a survey distributed to 117 between advisory organizations and companies. The outcome is an indicative mapping and not representative of the European vision of design management; nevertheless, retains its significance.

The survey does not show a common vision. There is, for example, such a sharp dichotomy between functional role or strategic role of design.

The perception of the functional role is common among:

- Clients (business organizations) (56%);
- The function of marketing (54%);
- Graphic designers (40%);

the strategic role is rather common opinion mainly from:

- Industrial designer (62%);

- Educators (50%);
- Graphic designers (40%).

The indicative photograph brings us to a self-perception of strategic design and widely overestimated compared to that enterprise. The company has a strategic perception of the design for only 8% of the sample interviewed.

The “design manager” role, also, is not widely used in the 15 countries of the survey: only 45% of respondents use it with relative frequency. If it used the term indicates an activity of operational type for 60% and a strategic nature for the remaining 40%.

The design management activity is carried out for 61% of design consultancies and so sees prevail teamwork than individual work (a maximum of 27% for individual design management activity carried out by those with a background as a product designer).

The design management position is at the highest level of command (senior level) only in 18%, while it relates to an intermediate for a figure of 82%. The referral of design manager is the managing director only 28% of the sample interviewed, while a key role in the monitoring and review of this activity took place dl marketing director (48%).

The company has therefore often difficulties to integrate design into strategic logic because it fails to deeply understand the capabilities. This objective difficulty today is gradually decreasing since the globalization and competitiveness on the markets makes it necessary for the company to open up to other roads and other points of view. Anselin in 1998 highlights some of the persistent causes of misunderstanding: the management does not have much interest in the objects, then for their visual approach, formal etc., Then for the designers’ domain expertise; the management does not understand in depth the design purpose: usually the design down to having only an aesthetic function; management increasingly considers design ineffective, often limited to a simple artistic contribution and then at very drawn products, or using some famous designers and recognized in the cultural circuits and lifestyle; Finally, the design is perceived as a mean to increase rather than decrease the costs; often also the design does not assume the signs and the company’s constraints for which he works; Even the designers do not favor, because of their behavior, a complete understanding of their work: the profession does not give reference points to the industry; the design remains outside the company and does not communicate in a generic way and expanded its competence;

designers not quite communicate their methodology; sometimes they have a global knowledge, little understood by the company as too generic and that discredits the quality of their interventions.

We close this section by reiterating the problematic (in our case for culture enterprise) of a word-problem like design: an even more problematic concept in our country.

The Italian firm to design it looks and what it means with suspicion, associating to its activities a quid of artistic and uncontrollable. This substantial distrust door such as Bruce Fifield, Director of the Milan headquarters of Design Continuum, a declare:

“... Since 1995 we call ourselves only Continuum Italy. We removed the word design from our logo because we do not identify the meaning that is commonly attributed to this word in Italy. If we present ourselves in the company as a designer we are now relegated to a role of designers of beautiful figures and good ideas but is virtually prevented us from working as we would like to, at global consultancy level. It lacks the recognition of an extended professionalism. And very often it takes a first experience to break the ice “. (Tumminelli, 1995)

6.4

Strategic Design Consultancy in Italy

As we have seen in previous chapters, there is a huge gap between the knowledge and the state of the art of design within the Italian design community and beyond, and that the business attaches to the word design.

Within the Italian market we can find some of the major design consultancy, especially in Milan, selling strategic design as Frog Design with operational headquarters in the Isola neighborhood. He can spot the presence also of Fjord offices, a recent Accenture acquisition and the Italian service design agency, Logotel, with its headquarters in Lambrate.

These agencies are based on a project-based model aimed at maximizing profits in the shortest possible time. A traditional consulting model.

The teams are vertical development, consisting of an average of 5 people ranging from experience, from intern to executive or senior designer. It is not difficult to understand because of the consultancy costs are so high and because of agencies such projects rarely descend below € 50,000, a figure far out of reach for small business.

The average time of a project is about 3 months from assignment to delivery. Maximize the forces and energies to make profitable those 3 months is the first task of the agencies' business developer.

It 'clear that the traditional structure based on a fleeting model and aiming at long-profit ratio, is not sustainable for the small and medium

enterprises, with some exceptions of smaller projects or agencies, in which the strategy is marginal in the eyes customer.

We actually note that the interest in the strategic design on the part of Italian companies involved, albeit in a very small number, mainly large companies.

Only a few years ago, the Generali Group has involved the design firm IDEO (and it's curious the choice by the corporation to commission the work to IDEO headquarters in San Francisco and not the branches of London or Munich) in the realization of a two-year project aimed to the insertion of the design thinking in the organization of all European locations. If the average of the projects does not fall below € 50 000 for a quarter, it's not hard to imagine an investment of around € 300 000 by Generali.

Another very interesting strategic design collaboration is that of the Barilla Group. From 2014 Barilla collaborates with the University of Modena and Reggio-Emilia in the formulation of innovative strategies. After an exploratory phase of about three months with some students from even from the Politecnico di Milano and the course of degree in Product Service System Design, the company decided to renew the collaboration for 2015. The relationship between the University of Reggio -Emilia with Stanford certainly enhances the attractiveness of this type of projects.

Professor Matteo Vignoli in fact, was the promoter of the University of affiliation with Stanford University, participating in the SUGAR network. The SUGAR Network is a global innovation network of academic institutions collaborating with companies to solve challenging, real-world problems. Each academic year, students follow a practice-based learning methodology to uncover user insights, develop creative solutions, and practice a range of design innovation techniques.

The network is a response to the diversity of the European market, compared to the American one. The university program ME310 of which Stanford is the master, has a cost of about € 100 000 from companies who want to join. A cost well beyond the European average. The decision, therefore, to create a network of affiliated universities to delegate most of European project management, creates a strong link between credibility and investment by homegrown companies, reducing some costs.

Other involvement signals coming from companies such as Unicredit and Mediaset, which in the Milan Design Week 2016, cooperated with the creative company Reply and the consortium Poli.Design for creating more than one workshop based on creating innovative business solutions starting from a corporate challenge. I also had the good fortune to participate in two of these workshops.

All that said, is clear that the strategic design consultancy situation in Italy is starting recently with few large companies into it; It's important to highlight the difference from outsourcing design projects, which is largely adopted in the last decade, helped with the advent of digital transformations and digital products, even by small and medium enterprises.

Expert Interview

Andrea Giubertoni

Senior Business Developer @ Frog Design

What does it mean to sell design projects at Frog?

“At Frog we don’t do advertising or marketing to clients. We usually receive calls from most European large companies due to our reputation and brand in building high level digital and experiential projects. We don’t deal with small and medium enterprises because the client activation cost is too high for us, related to the margin we can obtain for that client.”

How do you engage clients with strategic design?

“Strategic Design is hard to sell. Even if we are Frog Design, I usually face clients that decided to work with us, but still don’t understand what we are doing. Strategy is often part of different projects. I often propose to sceptical clients a two days workshop to engage them and show them the insights we are able to generate, even before starting the project.”

Why is so hard to bridge Strategic Design and SMEs?

“I think SMEs are company that face lot of porblems and are very focused on doing what they do properly. Investments in innovation, as happens in large companies, are seen as far away from what they need. Should be helpful to them, but they don't feel the need to do it. Firstly because we are expensive, secondly because they would know they need strategic design before ask for it.”

7. Design of Service

Project Overview

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Design Challenges

Milestones

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Design Assumptions

User Building

SME Selection Criteria

Engaged SMEs

Design Method

Project Based Learning - SME 1

Project Based Learning - SME 2

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Validating Assumptions

Feedbacks

Service

How It Works

Service Strengths

Personas

Stakeholders

Offering

System Map

Service Blueprint

Pricing

Business Model

Project Overview

The rise of the importance that the strategic value of design gained inside the business world, always come across with big and large corporations, taken as examples on how well these enterprises perform, having so closed relationship between management and design, having in the board people like chief design officers and design managers.

Understanding that the Italian business structure is composed by a great majority of small-medium enterprises, the Italian strategic designers trained in university and eligible to be part of the Italian business, contributing to the growth of the design culture and wealth of the country, do not find an answer in the job market, to the choice of the career they want to pursue.

According to this, the economic situation of the country and the large majority of the companies that compose its business structure, strategic designers in Italy and the capabilities within their design knowledge, should be exploited and welcomed by the business industry, in particular those enterprises that find difficulties in finding resources, reach customers, sustain the business and their employees, as the small and medium ones.

The missing bridge between the expertise of young strategic designers in Italy and the demand of innovation by SMEs, leads me to design a service that could work as a way in which the majority of the Italian entrepreneurship could benefit the strategic values of design.

Design Challenges

7.2

At the end of the research phase, having collected insights across multiple fields and have understood the needs of SMEs and entrepreneurs, listened to the views of experts in the field of strategic design and consulting, we have an overview of various needs and a clear picture of the current situation.

You've heard a lot from a lot of different people, downloaded learnings, and identified key themes from your research. The next step in the synthesis process is to create insights statements through the How Might We format; succinct sentences that will point the way forward: design challenges.

How might we build continuous relationship with the entrepreneur?

The primary challenge is to relate the business community with the strategic design profitably. According to the literature, the potential of strategic design is expressed at its highest when there is a continuous direct relationship between the entrepreneur and the designer. Create a strong and ongoing relational bond between these two actors is crucial.

How might we fill cultural gap about design?

There is a cultural gap with regard to the role attributed to the designer on the part of entrepreneur. The designer is not considered designer but an esthete. Being able to illuminate the enterprise management of the key role in

the design phase is essential: the language, skills and competencies must be the means to bridge this gap.

How might we find a way to avoid hiring, reducing the consultancy costs?

The economic situation of Italian SMEs is not facilitating hiring of people and facing the introduction of a new competence within them is a huge opportunity.

Finding a way to let the entrepreneur exploit the benefits of a hired person without the hiring costs will be fundamental.

How might we engage the entrepreneur?

How to involve the entrepreneur on a matter which does not know?

Finding the way to manifest and affect the firm about the strategic design discipline is very important.

How can you convince the businessmen that having in-house strategic designers is a competitive advantage for the company?

Milestones

7.3

The design methodology used to transform the knowledge created during the research phase into service design, could be summarized in five design milestones:

Assumptions

After collecting insights reviewing the literature, interviewing experts and studied successful cases, and defining the design challenges of the service design project, I started with defining different aspects of the service, in order to test it and collect feedback about it.

User Building

Being difficult to find entrepreneurs of SMEs keen to strategic design and strategic designers, in order to understand the need and desires of the end users of the designed service, I decided to find two different entrepreneurs and let them experience my presence as strategic designer on a real project, and let them learn by doing what design process is and the benefits a company should exploit.

Validating Assumptions

The User Building phase was also a very important time spent within two different companies, in which I was spending more than a months immersed with their dynamics, management and projects. This time was key to me to prototype the service I wanted to test. Being there once a week, and guide the companies' management through a design project strategically lead to improve or better shape the quality of the

business I was able to find all the insights and effort involved.

Collecting Feedback

After letting entrepreneurs understand and experience the presence of a strategic designer in their business, and after the prototyping phase of the pace, skills and efforts needed I had all the elements to address the stakeholders and various interpreters of the service designed in order to collect feedback from entrepreneurs and experts.

Refining

The feedbacks collected lead to the final version of the service designed (see chapter Service).

Assumptions

7.4

Assumption-based planning in project management is a post-planning method that helps companies to deal with uncertainty. It is used to identify the most important assumptions in a company's business plans, to test these assumptions, and to accommodate unexpected outcomes.

In my project assumptions are key: scaffolding on a first concept and a service MVP is what the service assumptions are for; and assumptions need to be tested.

Following are the key assumptions made before meeting SMEs and planning the activities within them.

Continuous Relationship

Building a long-term relationship and continuous in time act as an empathy enabler and create the path for a very tight link between designer and businessman. Avoiding project-based collaborations in favor of a person-based benefit is key. Charging to companies an annual cost of the designer, inevitably creates a comparison with the annual cost of the employee, and also focuses attention not on the created projects, but on the experience brought by the person.

Creative Broker

The strategic designer within the SME is the only design person inside the company. Entrepreneurs can benefit from that, letting him deal

with creative professionals like photographers, graphic designers, developers. Designers are keen to deal with the design community and should be a way to open up to creativity companies closed as SMEs.

Engage them with successful cases

At first, showing to the SMEs that big successful companies invest in design and consider it an executive priority put a spotlight on it and let those companies blow the horn for me.

One day a week

Strategic designer spends one day a week inside the SMEs. This gives the designer the time to manage his work and not be a fast glimpse; SMEs that also gives the entrepreneur the benefits of a hired person.

User Building

7.5

SMEs selection criteria

Being difficult to find entrepreneurs of SMEs keen to strategic design and strategic designers, in order to understand the need and desires of the end users of the service designed, I decided to find two different entrepreneurs and let them experience my presence as strategic designer on real project, and let them learn by doing what is design process and the benefits that the company should exploit.

To better understand the variations of the service to design, and collect feedback on the proposed project, in order to introduce the role of the Strategic Designer continuously within the small and medium Italian enterprises, was therefore necessary to engage a number of entrepreneurs, to involve in a project in which my figure, the strategic designer, worked closely with the company, both physically and operationally.

Given the information gathered in the research phase I pursued the search of SMEs according to the following search criteria:

Sector

To promote a greater variance of business and design requirements, have been taken into account companies within different industry sector. Different problems, different approaches to build a more heterogeneous sample.

Revenue

Given that the majority of those employed in the Italian SMEs, are working in companies with revenues of about 2.2 million have been

selected two companies with revenues greater than € 2 million, respectively, but less than 5, and a micro-enterprise under one million euro of turnover. I decided to exclude the world of startups, because they constitute an entrepreneurial phenomenon in the making and not tied to structural and traditional cultural logics, like the most Italian entrepreneurship.

Design Knowledge

It was essential to evaluate the degree of knowledge of the design by the entrepreneur, considering companies where design is seen in the traditional way, even outsourced; this criterion has not been an obstacle to the finding.

Engaged SMEs

Two entrepreneurs were in my network, positively answering to all the decided selection criteria. Following the description of the two engaged SMEs.

Radialight S.r.l.

Radialight is a company specialized in the field of electric heating from a previous company, Ermete Giudici s.p.a. which, over the course of 80 years “has developed in-depth knowledge in the design and manufacture of electrical applications for the heat sector and treating “air”.

Ermete Giudici s.p.a. has a history of producing heat products on behalf of third parties. Recently with the Radialight brand they started producing products with a B2C model promoting and selling directly and indirectly heat products branded Radialight.

Specifically, Radialight deals with the following categories of products: electric heating, both domestic and industrial, heating bath and

portable, accessories for energy saving and air extraction.

Studio51

Studio51 was established in September 2003 as a space dedicated to slow fitness. The choice is his activities aimed at well-being, balance of body and proper functioning of the person, as a whole.

Studio51 is a family owned company, in which two people work as owners and run the business on dayle basis. The rest of the staff consists of young trainer, selected from the best professionals, equipped with the most advanced certifications, to ensure the highest level of knowledge of the individual techniques. Their enthusiasm and their preparation are the best business card to become part of the great family of Studio51.

Design Method

To fully exploit the benefit of the time spent within the SMEs, the chosen method, to let the entrepreneurs experience having a strategic designer in-house through sproject-based learning, is based on the Critical Thinking model theorized by Roberto Verganti (Verganti 2016) and the design sprint proposed by Google Venture Design team.

The method is characterized by 5 phases:

Mapping

The first phase consists in structured discussions that create a path for the project. First, we started at the end and agree to a long-term goal. Next, we made a map of the challenge. Then all the experts at the company to share what they know. Finally, we picked a target: an ambitious but manageable piece of the problem that we can solve in one month.

Exploration

After having defined the challenge and chose a target, we need to

come up with solutions. The phase starts with inspiration: a review of existing ideas to remix and improve. Then, each person will sketch, following a four-step process that emphasizes critical thinking over artistry. Later in the week, the best of these sketches will form the plan for prototype and test. At this moment you also start contacting users for the final test.

Concept Definition

By the third phase we had a stack of solutions to choose from. That's great, but it's also a problem because we couldn't test them all. We critiqued all, and decided which ones had the best chance of achieving the long-term goal defined during Mapping phase. Then, we took the winning scenes from the sketches and weaved them into a storyboard: a step-by-step plan for the prototype.

Prototyping

Starting from the storyboard produced, this phase is dedicated to actually building the MVP, write the script for interviewing users and do a trial of it. First choosing the right tools to build a façade fast enough to make sense, then divide the team in two, one committed to the script of the interview, one dedicated of the creation of the prototype. At the end of this phase we tested the prototype produced according to the interview script, sharing feedback on final change to optimize it.

User Testing

Sprints begin with a big challenge and a bunch of committed people. By the last phase, we've created promising solutions, chosen the best, and built a realistic prototype. That alone would make for an impressively productive week. But the most important phase is taking it one step further as we interview customers and learn by watching them react to your prototype. This test makes the entire sprint worthwhile: at the end of the day, we knew how far you have to go, and we knew just what to do next.

Project Based Learning SME 1

7.5.1

SME 1 - Radialight

Employees

20

Turnover

€ 6 M

Foundation

1930

Design Ladder

**Design
as Style**

PROJECT

**Design
the brand digital image
through
Strategic Design
methodology**

TEAM

Main



MARCO

Entrepreneur



LORENZO

Product Manager



EMANUELE

Strategic Designer

Secondary



ENNIO

Quality Manager



GIANFRANCO

President

PHASE 1 MAPPING

ACTIVITIES

Long-term Goal Definition

Situation Mapping

Target Definition

Project Focus



LONG-TERM GOAL

Radialight reference point for electric heating in Italy



PROJECT CHALLENGES

How might we...

give online evidence of product quality ?

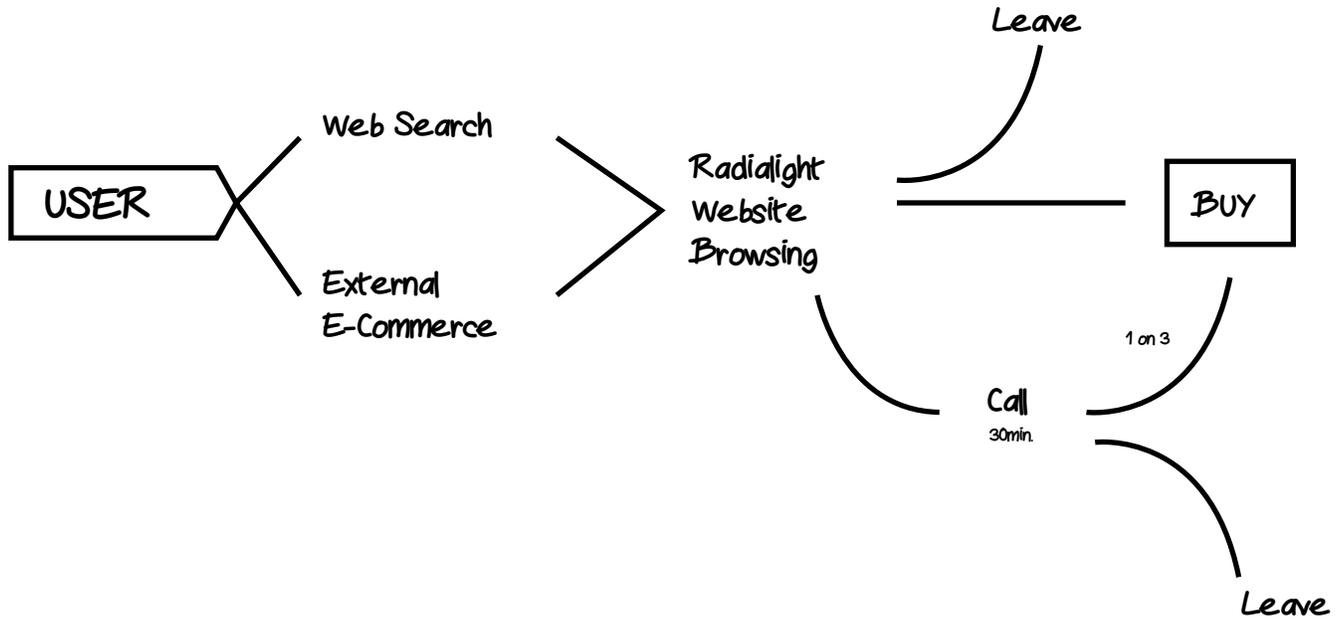
give a clean and elegant look?

manifest competence and history?

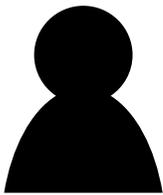
respond to different needs?

communicate in a more practical and less technical way?

SITUATION MAPPING



TARGET DEFINITION



GIOVANNI

40-50 years old

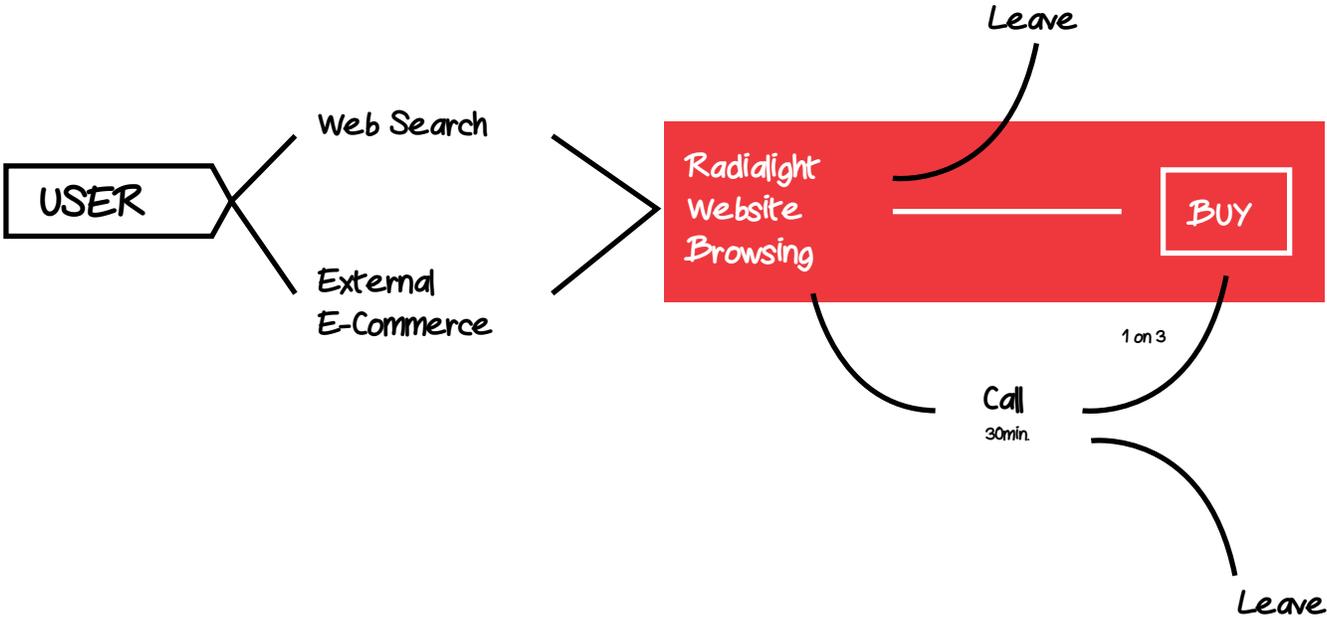
Senior Level

Wealthy

Holiday House (Seaside/Mountain/Lake)



PROJECT FOCUS



PHASE 2 EXPLORATION

ACTIVITIES

Inspiration Phase
Sketch & Diverge



INSPIRATION PHASE

- Search how others answered your questions
- Make a order-list
- Each member give a quick demo of his 3-4 inspiration choices
- Designer takes notes as a group of key elements of the choice

SKETCH & DIVERGE



PHASE 3

CONCEPT DEFINITION

ACTIVITIES

Evaluate

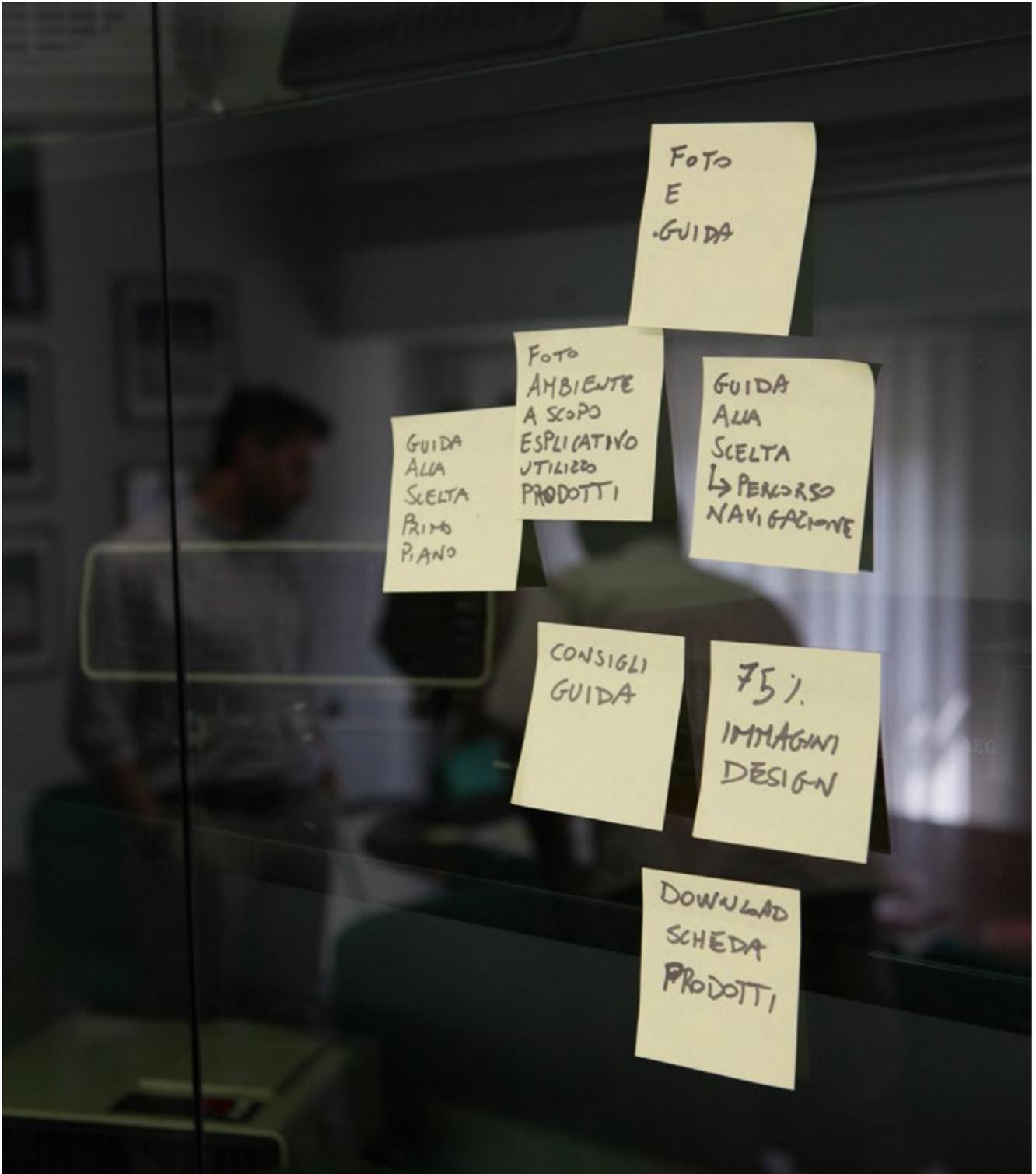
Define

Storyboard

EVALUATE



DEFINE



STORYBOARD



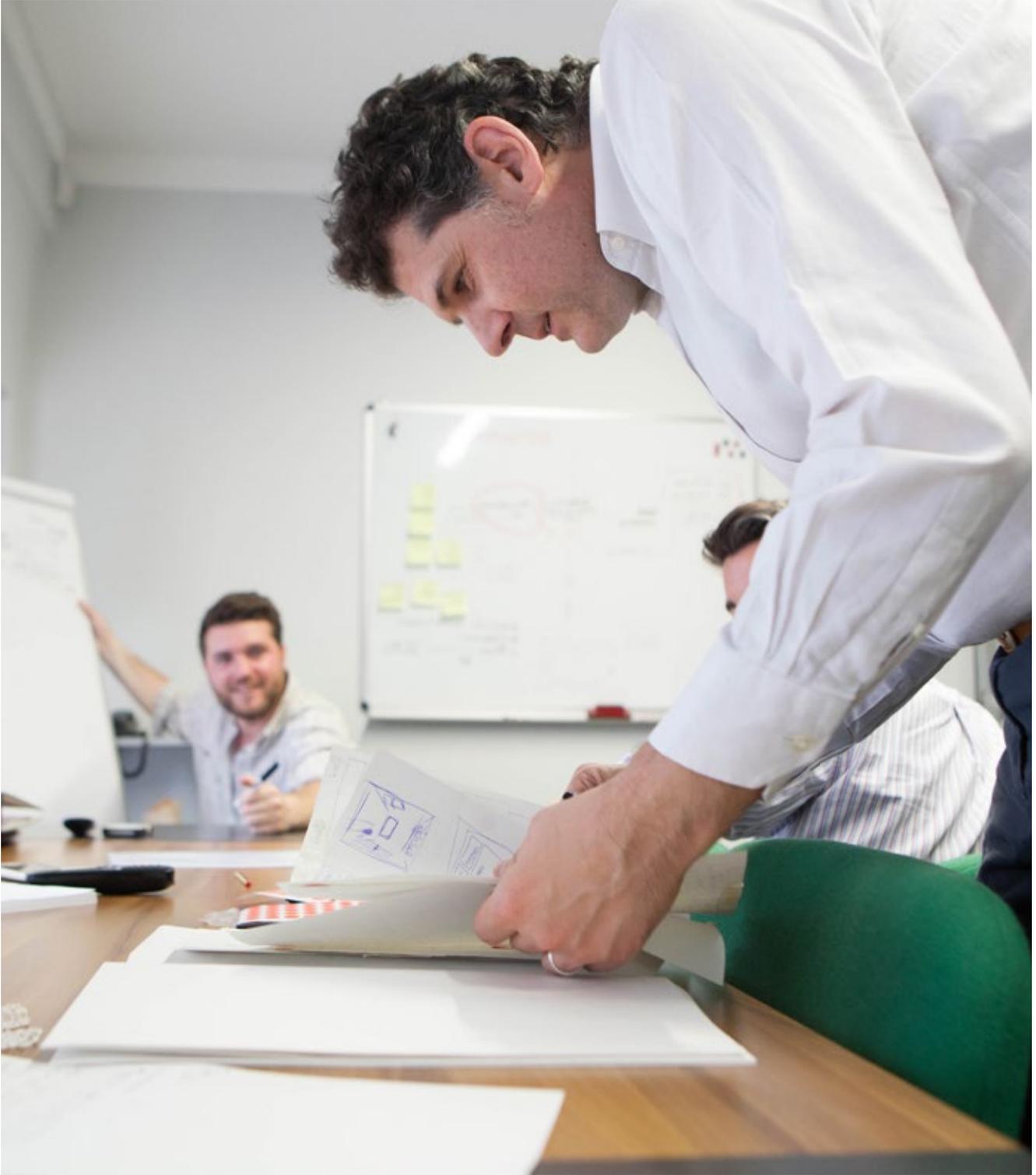
PHASE 4 PROTOTYPING

ACTIVITIES

Interview Script

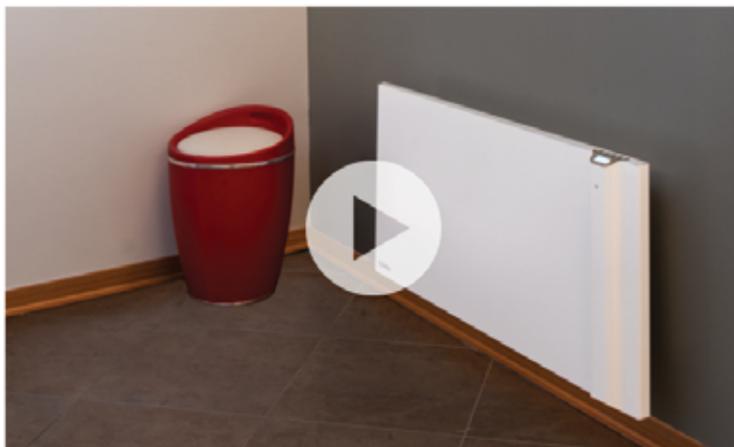
MVP Prototype

INTERVIEW SCRIPT



BUILDING PROTOTYPE





- **Design ultrapiatto**, elegante e minimalista.
- **Il massimo del comfort** grazie al doppio sistema riscaldante "dual therm":
 - **Raggiunge velocemente la temperatura** desiderata grazie alla convezione
 - Un **calore piacevole e diffuso** grazie all'irraggiamento.
- Nessun motore, nessuna ventola, **nessun rumore**.
- Controlli digitali con **impostazione della temperatura** precisa al decimo





GUIDA AL RISCALDAMENTO ELETTRICO

Con più di 80 anni di esperienza, siamo in grado di guidarti nella scelta migliore per poter riscaldare la tua abitazione, con pochi e semplici passaggi.

1. DOVE DEVI SCALDARE?

seleziona l'area climatica corrispondente alla località dell'abitazione da scaldare.
Le temperature sono medie invernali. Dati UNIL - DPR n° 412.

- ZONA A** tra +12 e +15° C
- ZONA B** tra +8 e +12° C
- ZONA C** tra +5 e +10° C
- ZONA D** tra -5 e +5° C
- ZONA E** tra -15 e 0° C



2. DI CHE STANZA SI TRATTA?

Ogni stanza ha una necessità di calore differente, seleziona la destinazione d'uso del locale.

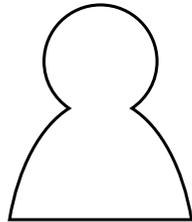
PHASE 5 USER TESTING

ACTIVITIES

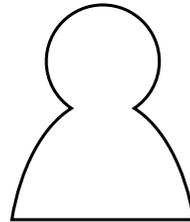
Interview

Debrief

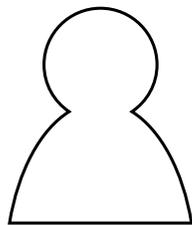
USER TESTING



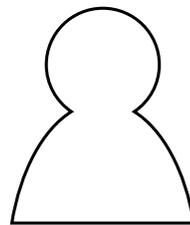
ANDREA
46 years old
Entrepreneur



GUIDO
55 years old
IT Manager

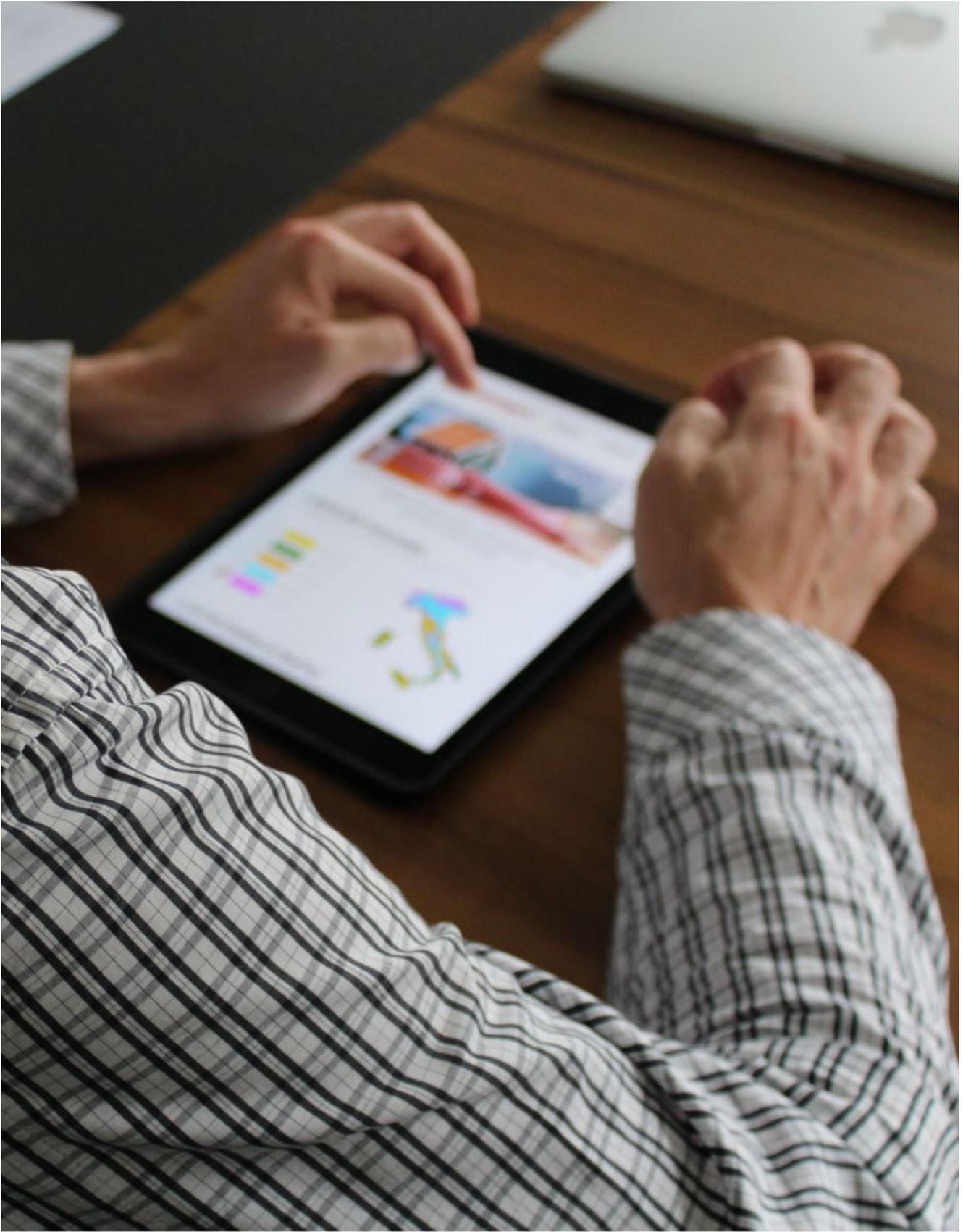


LUCIANO
52 years old
Manager



FRANCESCO
49 years old
Surgeon





DEBRIEF



Project Based Learning SME 2

7.5.2

SME 2 - Studio51

Employees

5

Turnover

€ 300 k

Foundation

2003

Design Ladder

No Design

PROBLEM

**Find meaningful
solutions for unused
space through
Strategic Design
methodologies**

TEAM

Main



GIANLUCA
Entrepreneur



EMANUELE
Strategic Designer

Secondary



FABIO
Trainer



MARIACARLA
Owner

PHASE 1 MAPPING

ACTIVITIES

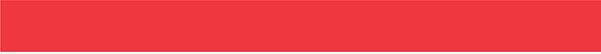
Long-term Goal Definition

Project Challenges

Situation Mapping

Target Definition

Project Focus



LONG-TERM GOAL

Studio51 multidisciplinary space for wellness professionals



PROJECT CHALLENGES

How might we...

create an offering consistent with Studio51?

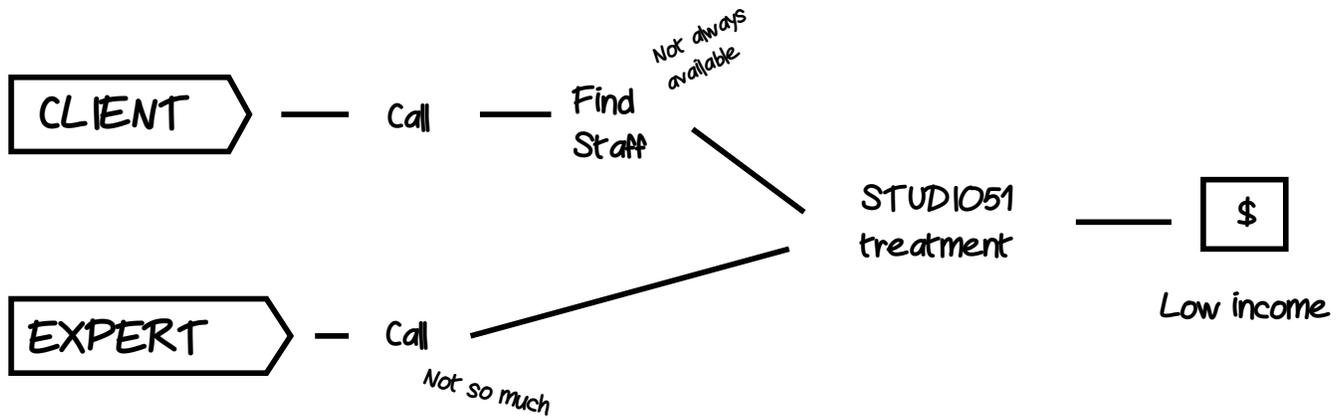
guarantee service quality from external crew?

build a distinctive offering?

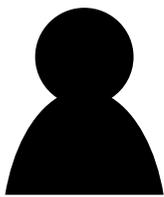
create interest?

offer coherence with pilates?

SITUATION MAPPING



TARGET DEFINITION



ATTILIO

30 years old

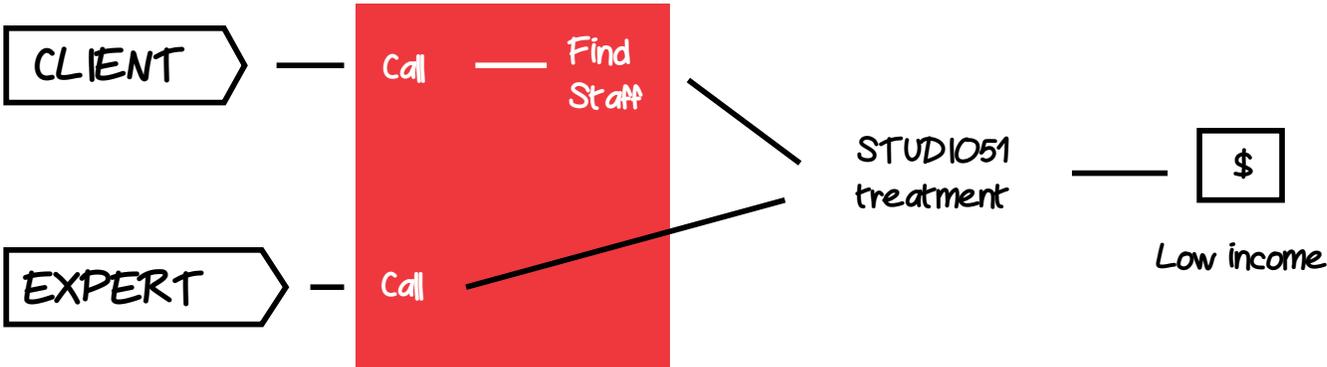
Wellness Professional

3+ years of work experience

Willing to open a studio



PROJECT FOCUS



PHASE 2 EXPLORATION

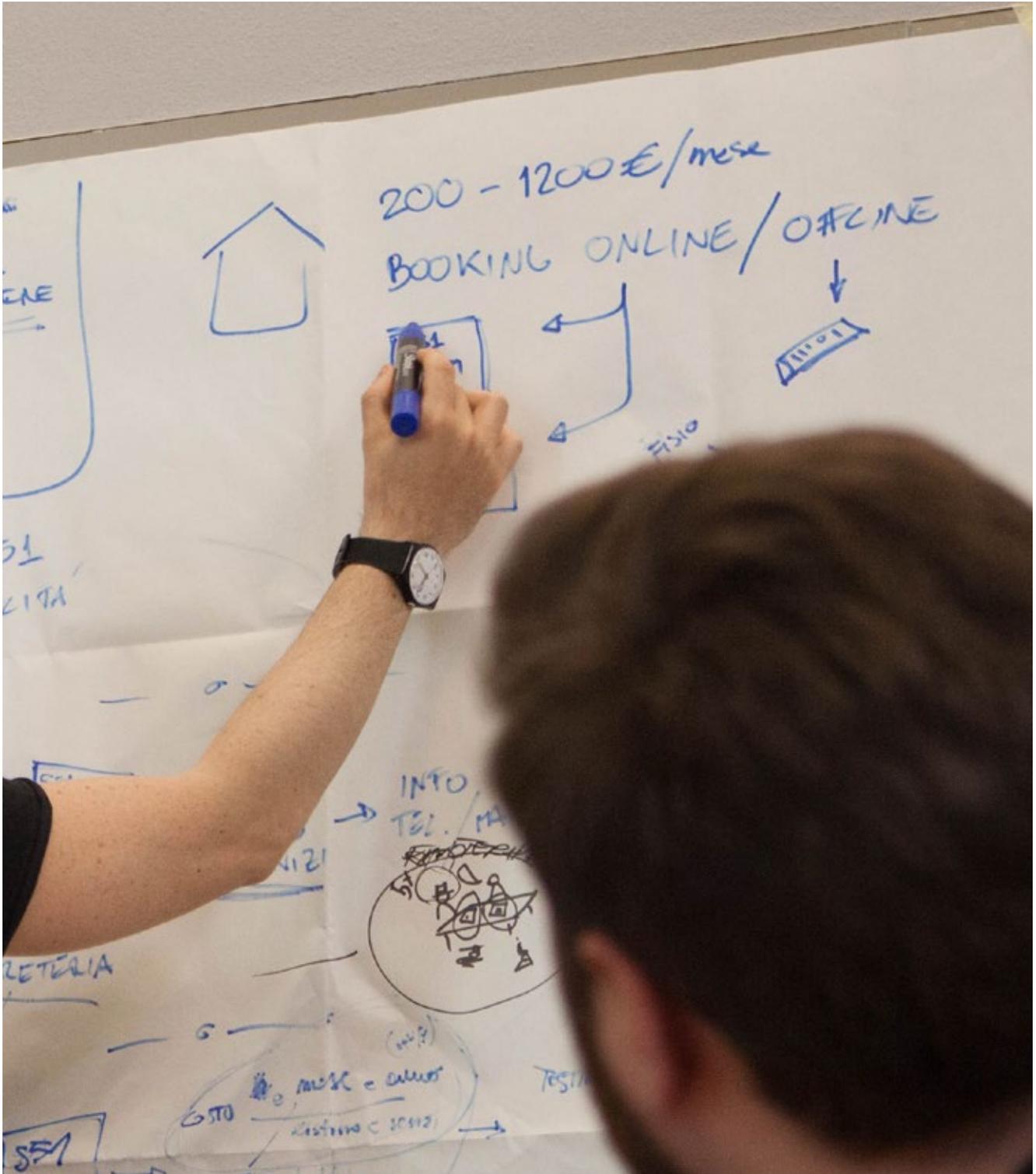
ACTIVITIES

Inspiration Phase
Sketch & Diverge

INSPIRATION PHASE



SKETCH & DIVERGE



PHASE 3

CONCEPT DEFINITION

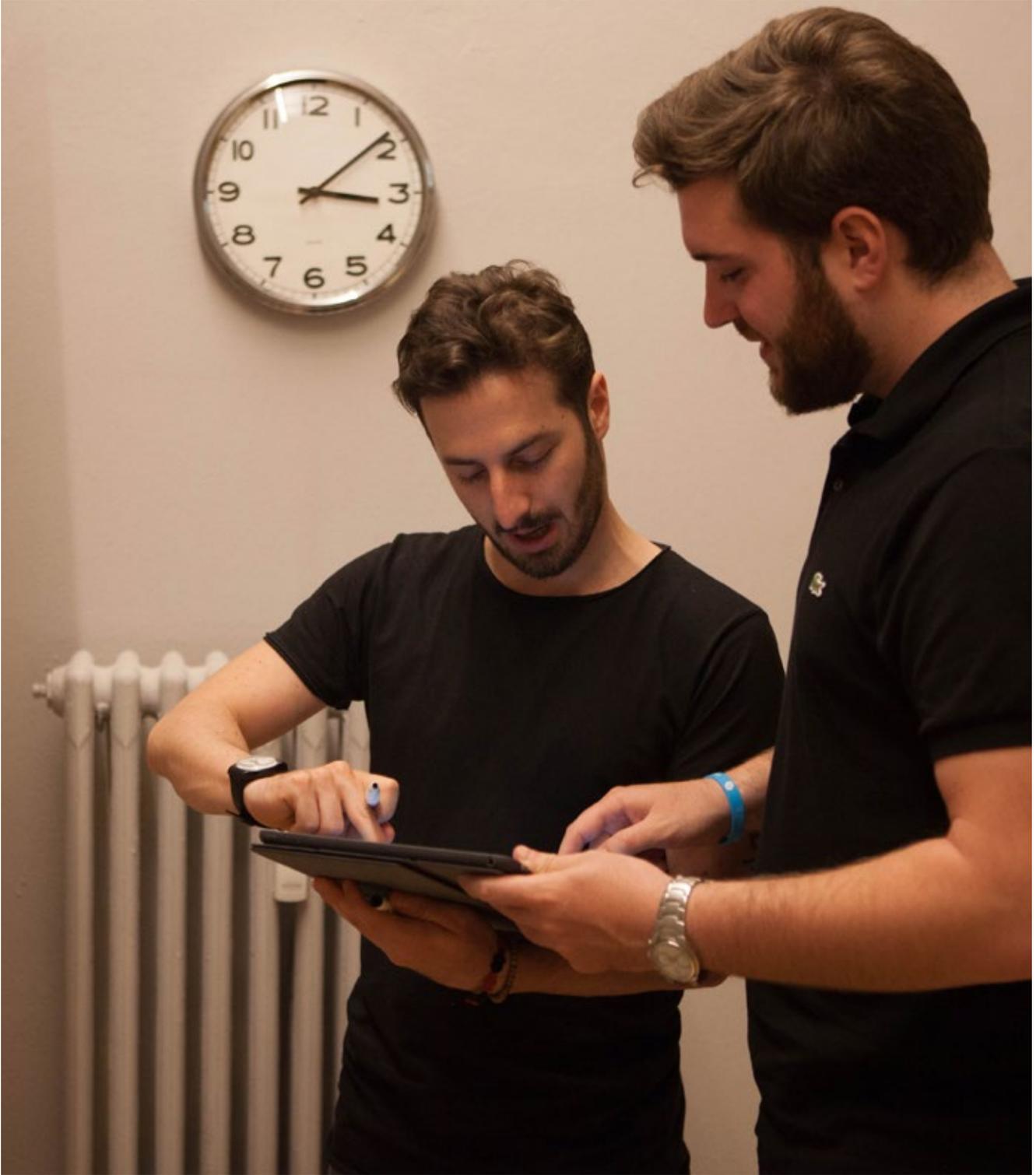
ACTIVITIES

Evaluate

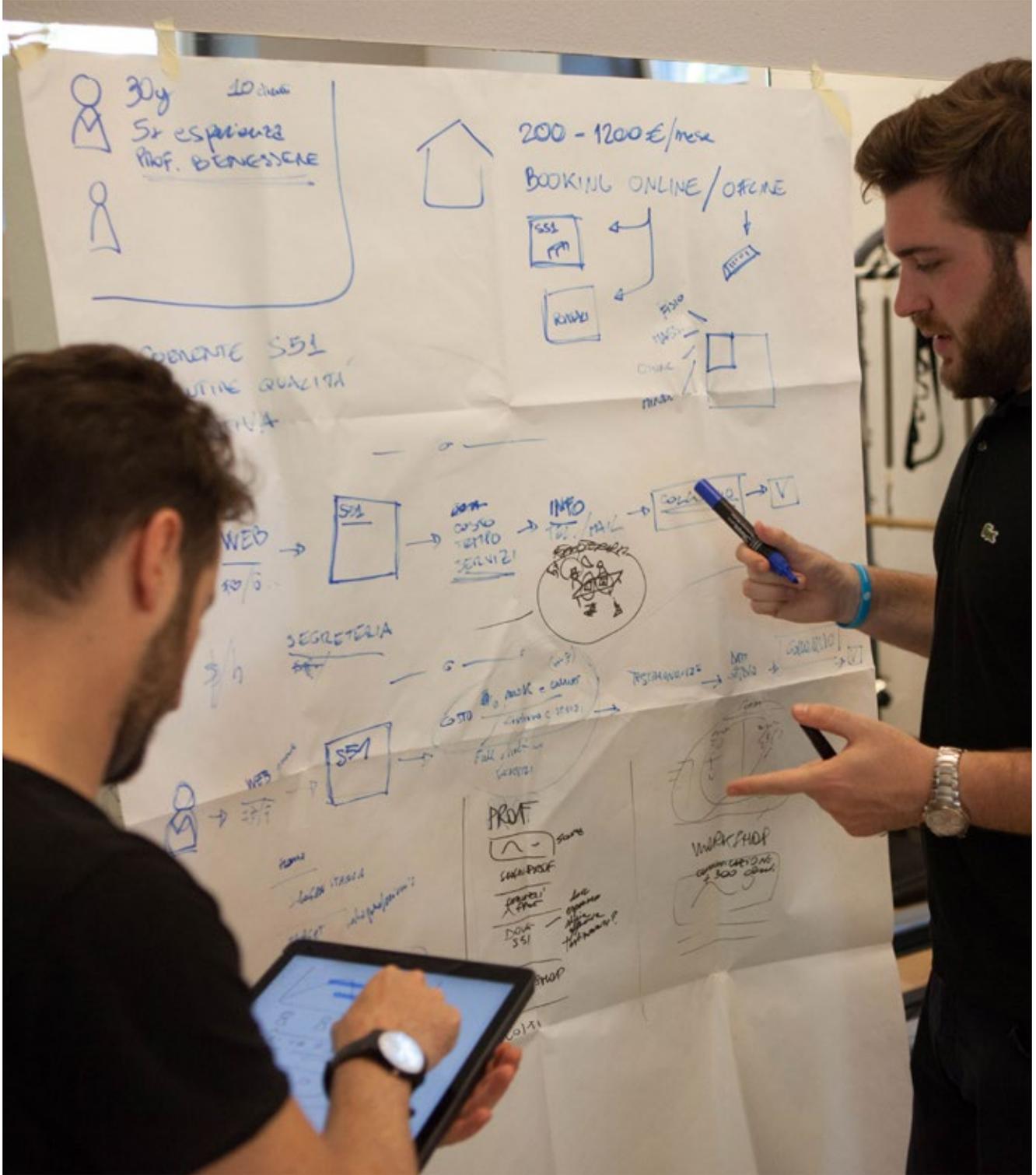
Define

Storyboard

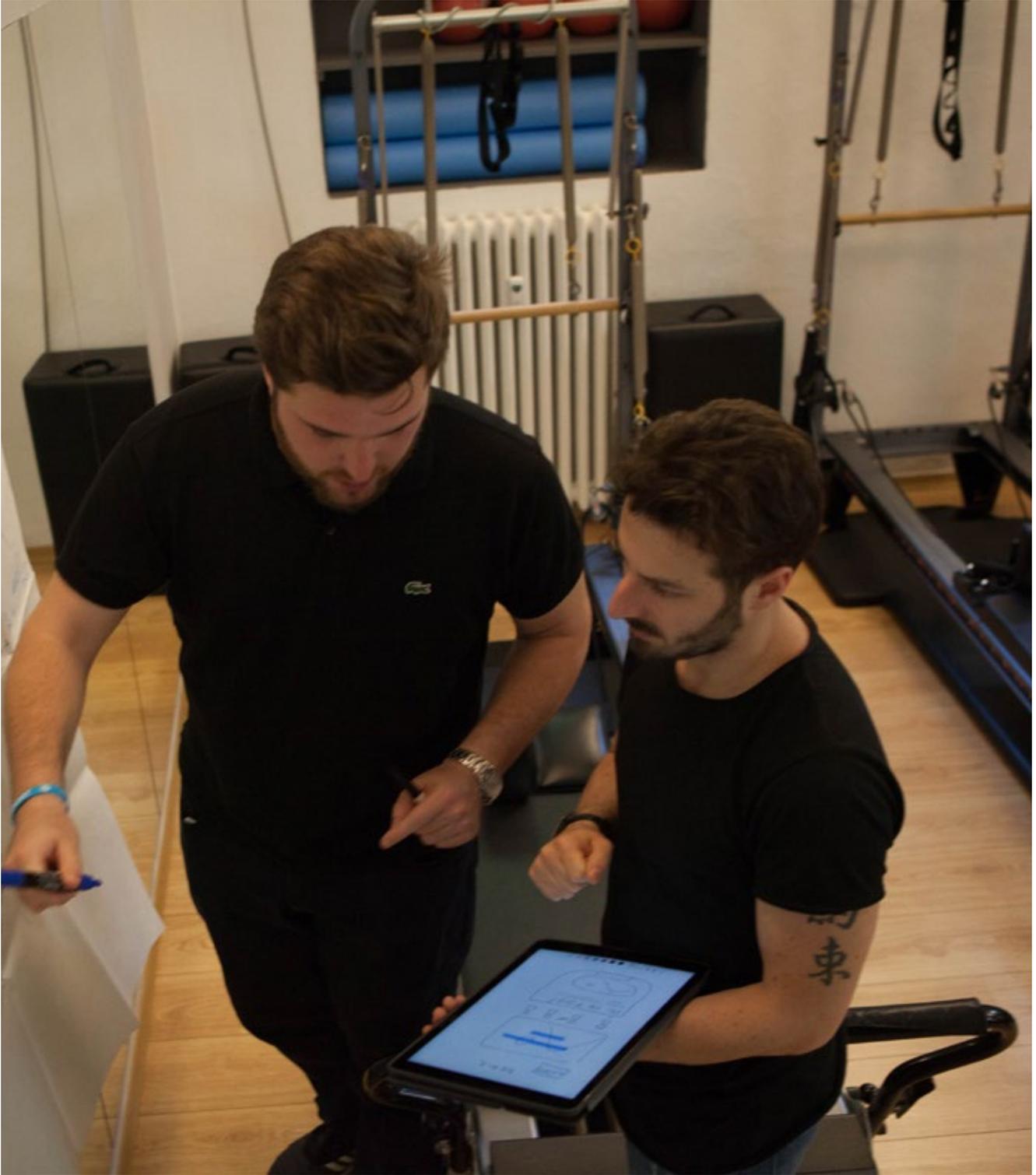
EVALUATE



DEFINE



STORYBOARD



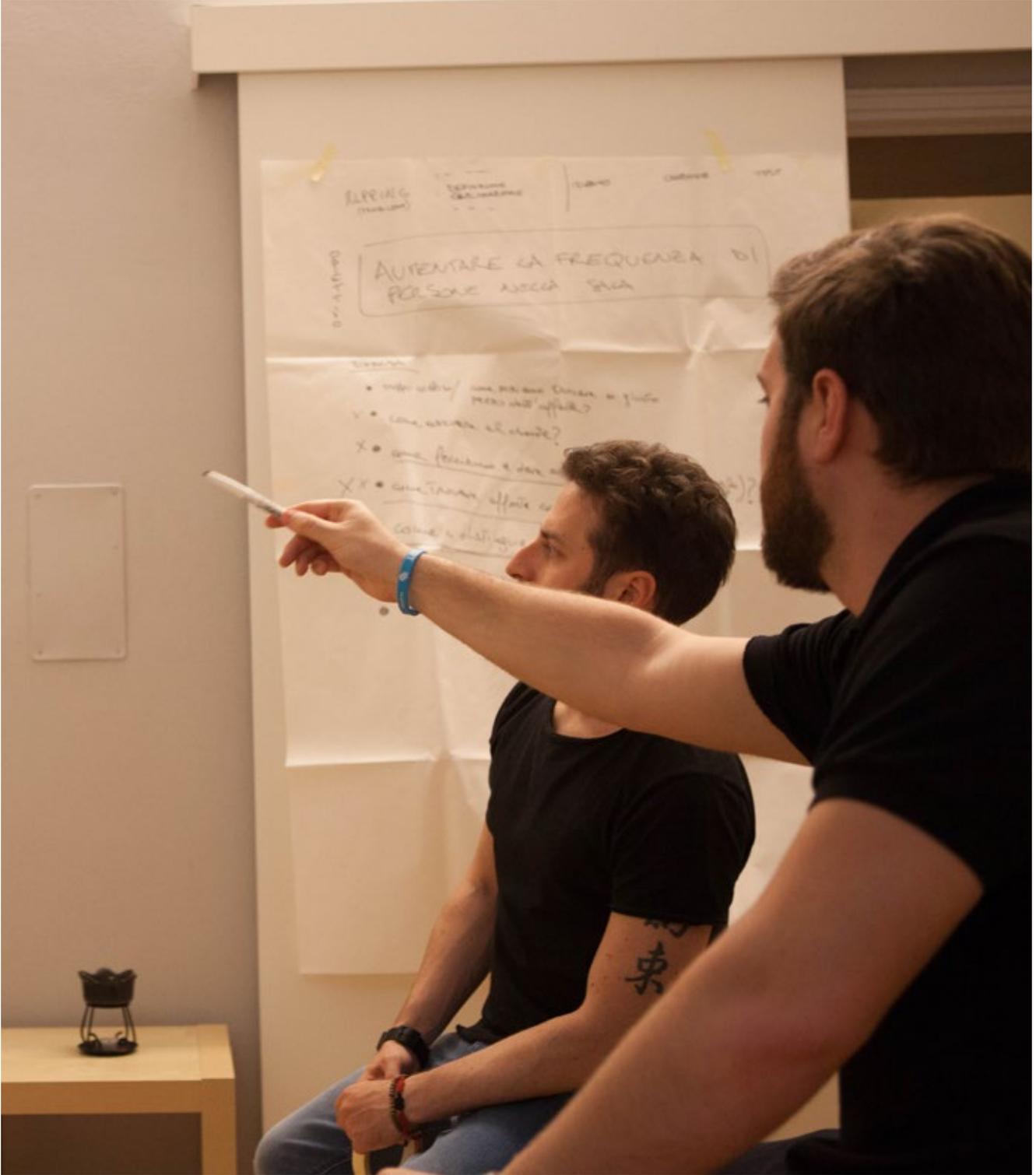
PHASE 4 PROTOTYPING

ACTIVITIES

Interview Script

Building Prototype

INTERVIEW SCRIPT



BUILDING PROTOTYPE





FINALMENTE IL TUO STUDIO

PER LA FISIOTERAPIA



SERVIZI INCLUSI



WORKSHOP DEDICATO

Un evento esclusivo per te organizzato da STUDIO 51 in cui presentare la tua esperienza e professionalità ai nostri affezionati, in prima persona!

FATTI CONOSCERE DAI NOSTRI CLIENTI

promuovi la tua attività ai nostri 2500 affezionati

Approfondisci

COSTO

Scegli il tempo e il costo che corrisponde di più alle tue esigenze.



FULL DAY

1 Mese

1 Anno

Strumenti Fisioterapia



Wifi & extra



Segreteria



PHASE 5

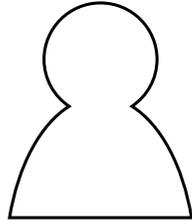
USER TESTING

ACTIVITIES

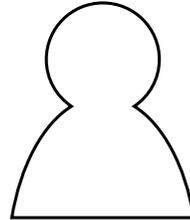
Interview

Debrief

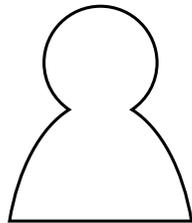
USER TESTING



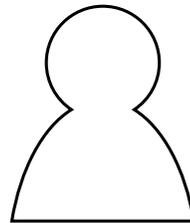
MARINA
32 years old
Physiotherapist



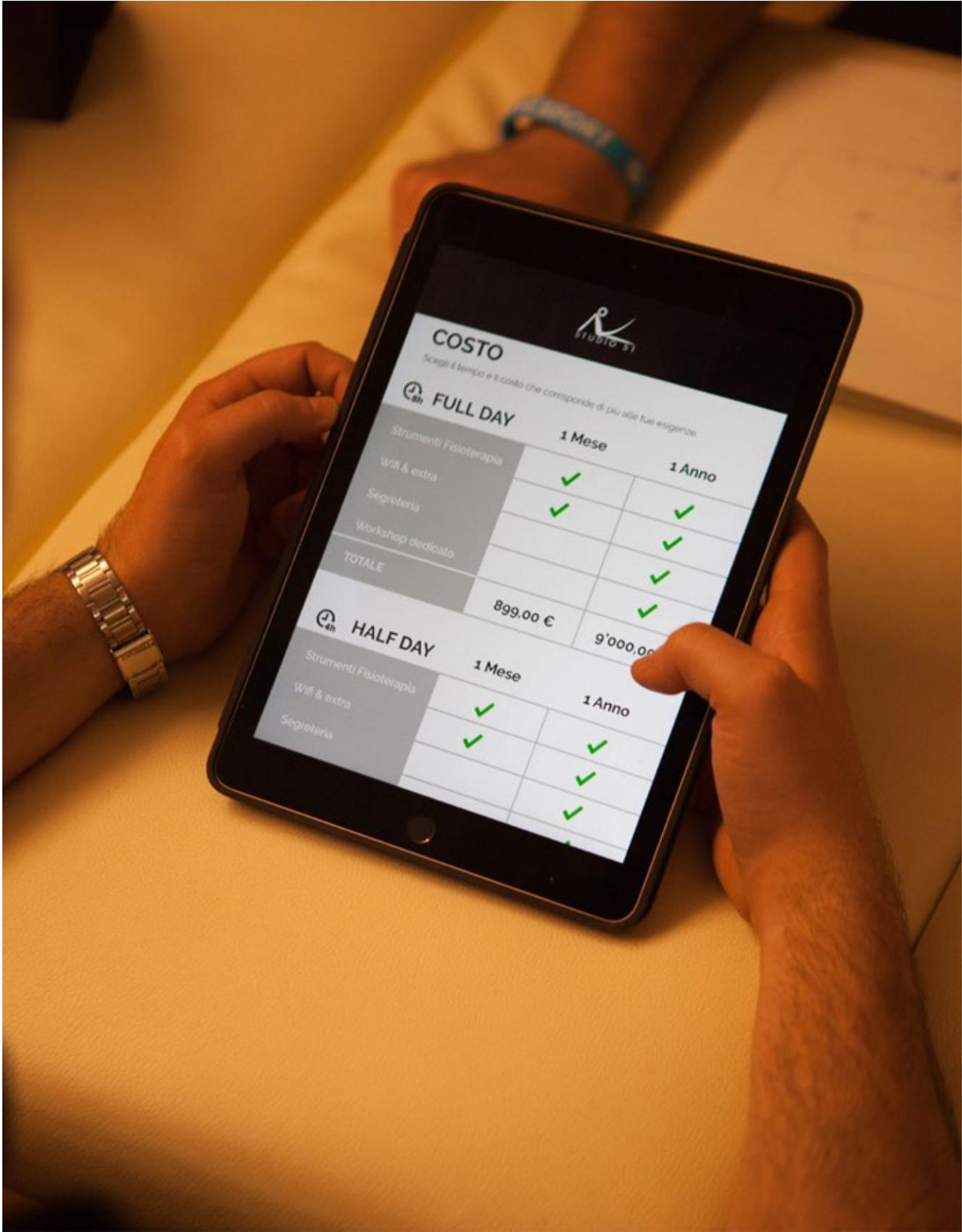
GIANLUCA
27 years old
Osteopath

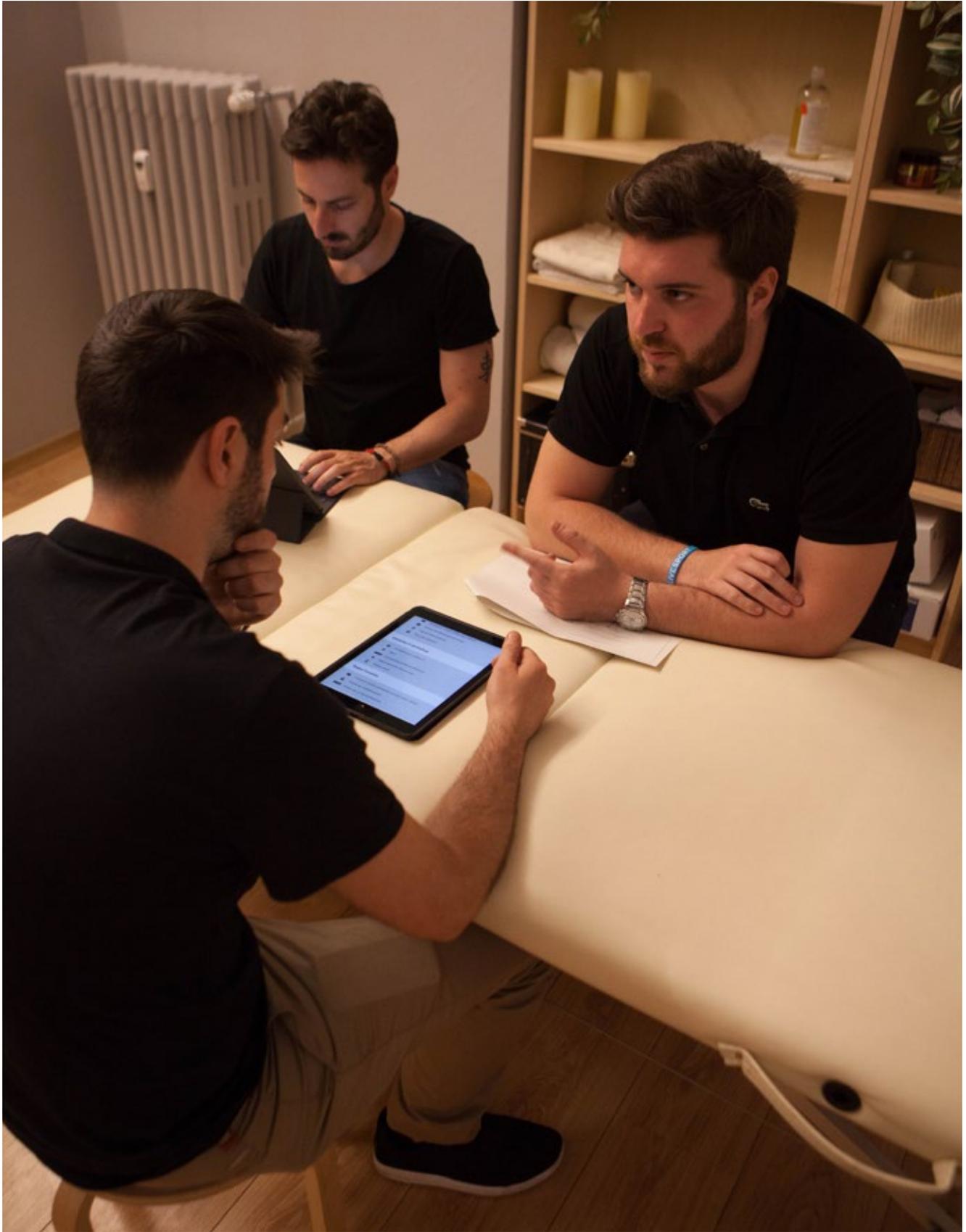


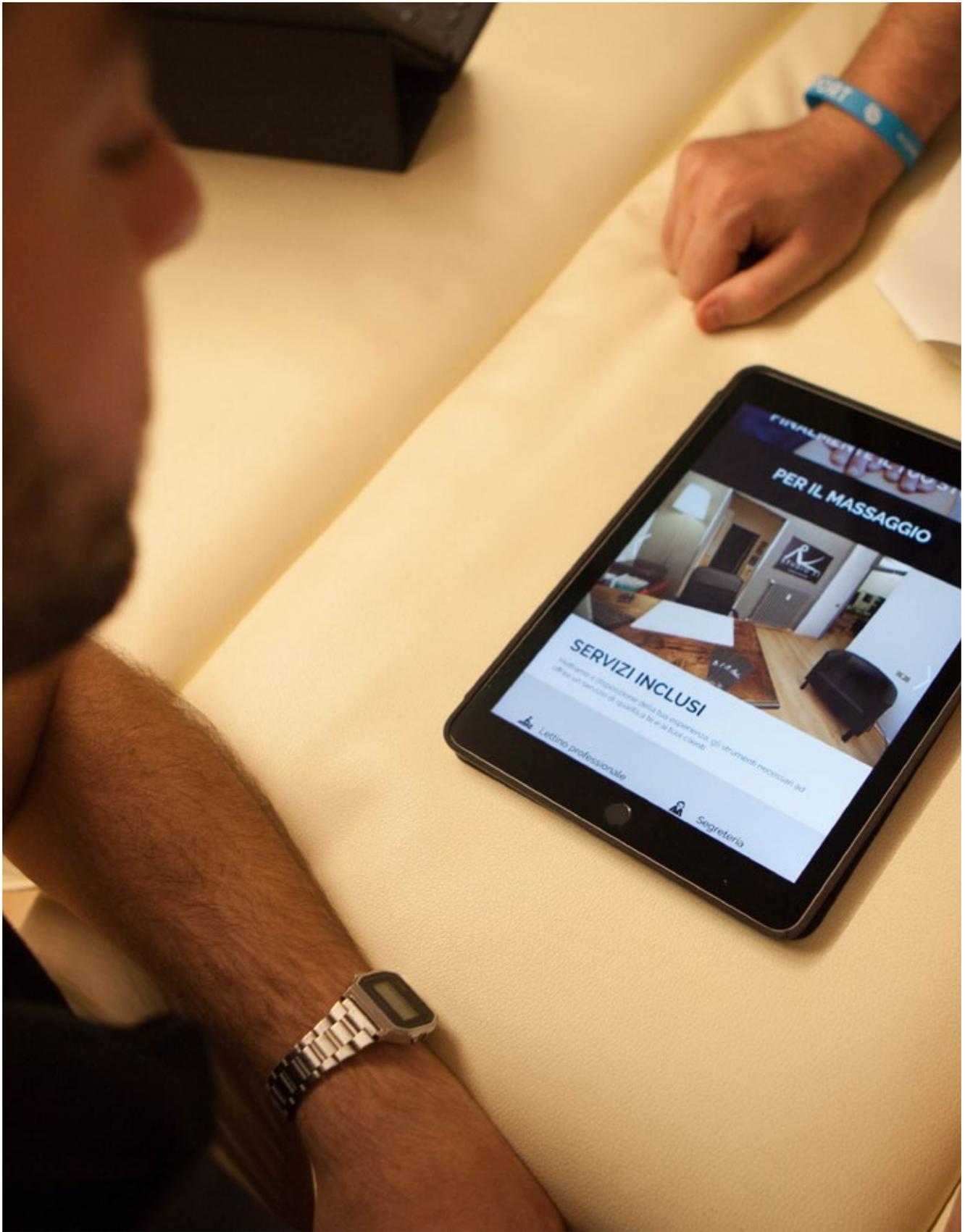
FRANCESCO
36 years old
Masseur



FABIO
28 years old
Osteopath







DEBRIEF



Validating Assumptions

The User Building phase was also a very important time spent within two different companies, in which I was spending more than a month immersed with their dynamics, management and projects. This time was key to me to prototype the service I wanted to test. Being there once a week, and guide the companies' management through a design project strategically led to improve or better shape the quality of the business I was able to find all the insights and effort involved.

Continuous Relationship

The month spent attending one a week both companies was positive. In just a month I ended up creating empathy not only with the entrepreneurs, but also with other employees.

The amount of time dedicated to design and to collaborative projects was right: it gave me the possibility to reflect about the process and be prepared on every step. This spread time was also positively accepted by entrepreneurs that gave a fixed appointment to all the employees and also build commitment within the team.

Creative Broker

The role of connecting the company with the creative professionals and facilitate sourcing and dealing with the creative community was not possible to be tested in that short amount of time. Something curious happened during a meeting with Radialight s.r.l. I was there a little bit earlier and waiting outside the meeting room. Then the entrepreneur asked me to enter because they had difficulties in explaining to a new photographer the brief and what they wanted to achieve. They often

asked me opinions about different photographers and considered dealing with this kind of professionals and source the best one for their need is a tough struggle for both companies. This push in the same direction of the intermediary role of the strategic designer in the service.

Engage them with successful cases

Starting the conversation with a presentation of the state of the art of large and successful companies investing in design and hiring chief-design-officers in the boardroom had a positive effect. Not only gave importance about the new discipline I was bringing to the entrepreneurs, but also gave birth to a curiosity on why all those successful companies were pushing in that direction. Shifting the role of designer from cost to asset is fundamental and showing what richer and wealthier businesses does was successful.

One day a week

I spent for an entire month, every Friday with Radialight s.r.l. and every Thursday with Studio51. Not only I was approaching them considering the entire day, but when I faced the actual fact of things, just a few hours there were enough. Considering that decisional teams are very small, and with micro-enterprises like Studio51 you could often be in a group of 2 or 3 people, things speed up very quickly in certain steps of the processes. Faster than a design print with a group of 8 people.

Feedbacks

77

The best route to gaining the understanding on how better shape the service design to serve users' needs is to talk to them in person, together with all the stakeholders and experts around the subject. Soliciting feedback on ideas and prototypes is a core to refine the assumption I designed, and it helps keep the people I'm designing for at the center of your project. It's also a direct path to designing something that those same people will adopt. If the point of a prototype is to test an idea, then collecting feedback from potential users and interpreters of the subject is what pushes things forward.

After letting entrepreneurs understand and experience the presence of a strategic designer in their business, and after the prototyping phase testing the pace, skills and efforts needed I had all the elements to address the stakeholders and various interpreters of the service designed in order to collect feedback on suggested improvements.

Entrepreneurs's Point of View



Gianluca
Entrepreneur

“I really need someone who takes in charge of answering the question “How do we innovate?” all the time.”

“The presence of a Strategic Designer once a week is really helpful, more than that if he also design what he is able to do and find the right person to do what he can't”

“Considering our micro-enterprise economic situation, 10k is going to be the price limit, but I understand an investment like this by a small or medium company”

“I really think that the collaborative way in which the processes are held, drove me to think I want re-do it with different projects”

“The initial project we started with really shocked me. I’m in difficulties facing all these changes in what I thought I was doing right, alone.”

“I understand that my traditional vertical approach to solutions is not profitable enough, and we aren’t able to phase this change alone. You gave us a new perspective.”

“I didn’t understand what actually we were doing, but the initial project really opened my eyes on a lot of things.”

“Dealing with creative professionals it’s very tough because of my business and manufacturing background. A person who source and help me evaluate them will save me a lot of money.”



Marco
Entrepreneur

Strategic Designer's Point of View



Craig

Senior Strategic Designer

“We do face problems in addressing clients and let them feel collaborators: the way the service is structured seems to help in this direction.”

“It’s very interesting the level of empathy needed to design the service and this is reflected in the service structure in itself, in relation with the entrepreneur.”

“The economic features of the service seem sustainables, not a big business, but with space of growth.”

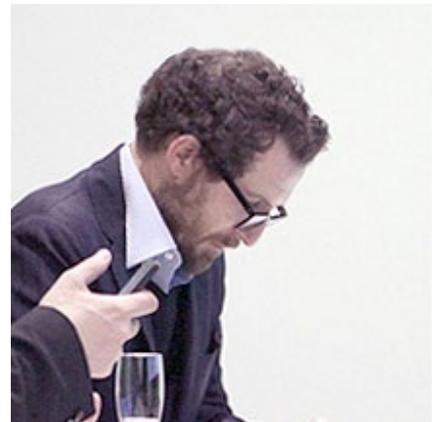
“My concerns are rising when the digital part of the service will grow and the temptation to implement services in it will let the service lose its relationship potential.”

Business Developer's Point of View

“I still have difficulties in selling our top-firm expertise to big clients: we do free workshop to let them grasp the potential of the discipline, often before the deal is closed.”

“You should focus on the daily activities done by the designer; is fundamental to engage companies, especially SMEs where every euro is so heavy.”

“The consulting model based on entry level designers together with the innovation rate of SMEs seem to be an effective way to reduce costs. Be sure it's profitable enough.”



Andrea

Design Business Developer

Expert's Point of View



Roberto
Strategic Innovation Expert

“The innovativeness of the service stands in the continuous presence of the consultant, way to different from the traditional project-based model.”

“Selling strategy is difficult. Let the client understand it even more. Penetrating the market with free strategic trial projects is a good and brave moove.”

“I would play a bit with the numbers. Doesn't seem a big business but it can work.”

“The amount of projects held by a single designer should be very carefully decided. Schedule overlap and entrepreneur's angre are imminent obstacles.”

Service

How It Works

The service here presented is a consultancy service, specialized in Strategic Design. It provide to businesses, from micro-enterprises to medium sized ones, strategic design expertise from the best Italian school of design.

Designed starting from the reasearch above, the service is characterized by the peculiarity of bridging the strategic design expertise produced by the Italian academic system, with the need of the Italian SMEs to improve and grow the way they do business in the unpredictable market of today.

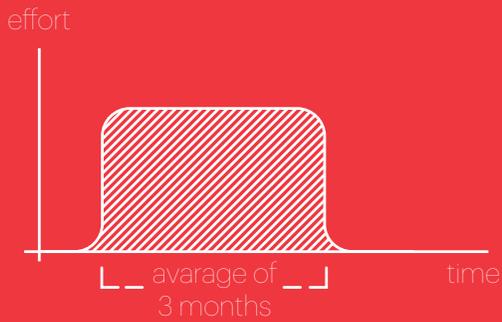
The service mainly build shared time between entrepreneur and designer, creating all the premises for a long-lasting relationship and deep evolution of the business.

Entry level strategic designers are going to spend a continous period of time within the SMEs in order to build empathy with the entrepreneur and let the company exploit all the benefit of strategic design. During this time the designers work directly with the entrepreneur and his team in order to solve bigger business problems. On the other side, the designer play the role of project management for all the creative projects derived by his active work as strategic facilitator.

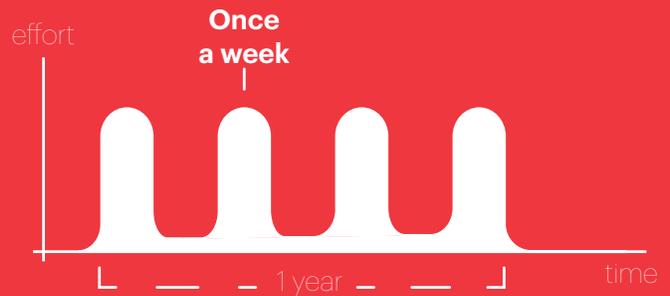
Charging the company for the annual cost of the presence of the designer in-huose once a week, the service focuses the attention on the man's expertise, toghether with the new discipline in the company.

In the next chapters, the service's innovative aspects and details.

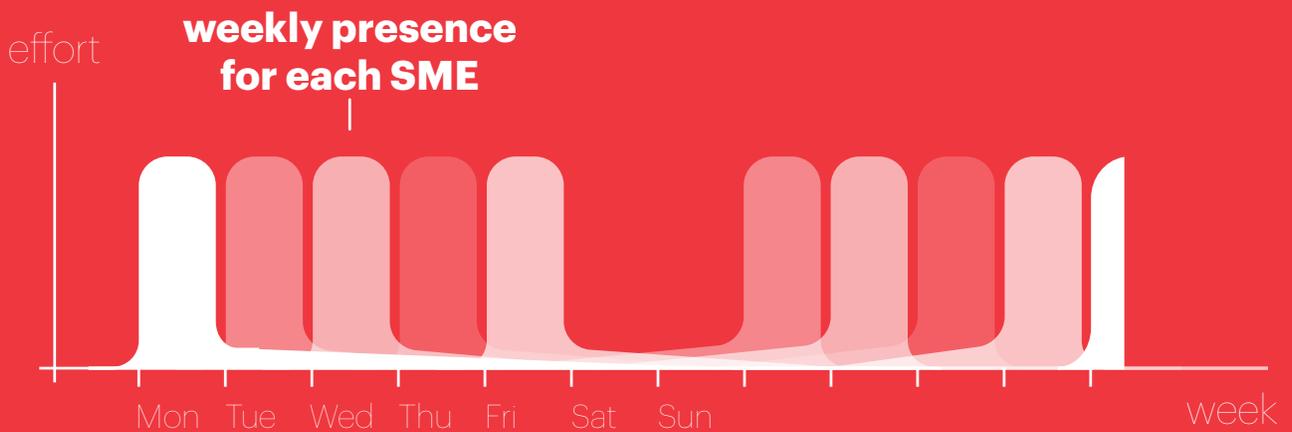
■ Traditional Consulting



■ The Service Model



■ Designer's Schedule



■ SME 1 ■ SME 2 ■ SME 3 ■ SME 4 ■ SME 5

Service Strengths

Value of People

The consulting service here presented takes its main innovative strengths from its structure.

The service goes in the opposite direction from traditional consulting firms, which the efforts are driven by take the highest profit in the shortest amount of time, with higher costs based on team verticality. The fast pace and formal relationship derived by that structure is not valuable from the SMEs point of view.

The service's structure is based on building a continuous relationship between the strategic design consultant and the entrepreneur and his team. This relationship is created by the designer, working with and within the company, one day every week.

This gives the complete immersion of the consultant inside the company's dynamics and starts an informal relationship able to create empathy and overcome barriers, in favour of a deep collaborative design by both sides.

The structure takes down costs for the SME, in a drastic way, favored by the lower speed of innovation within the company and the horizontality of the consulting experience.

Focusing on people and not on projects is key to understand the model.

FREE

**STRATEGY
PROJECT**

2-3 days

A YEAR CONTRACT

STRATEGIC DESIGN EXPERTISE

PROJECT MANAGEMENT

average of 45 days in a year

Service Strengths

Market Penetration to Fill Cultural Gap

Given the actual cultural gap of the knowledge about design from the major amount of businesses and not only, selling strategic design is difficult even for big design firms, more to the SMEs.

Approaching clients with a core value free is risky, but enable you to penetrate the market very quick and build a relationship and a empathy hook. In the phase of the free trial, a strategic design project specific to the company is designed, creating a project-based learning by the entrepreneur and putting the bases to creation of design knowledge and client education, letting them grasping potentials and benefits in different areas of the business.

Once that the first strategic design project is a matter of retention by the service and be able to trigger the client that much to let him need further development and managing all the changes that the initial project let emerge.

In this phase is key pointing out all the activities that the designer is able to do in a continuous period of time, present in the company location. From graphic design works to relating with a network of creative professionals, freeing the entrepreneur in difficult meetings and background obstacles that often finish in bad outputs.

The yearly contract of relationship provided by the service let the designer build a long-lasting relationship with the entrepreneur, that will be difficult to erase.



Name FABIO

Age 26

Work Strategic Designer
Graduated

Personality Curious and enthusiast,
dreamer, full of ideas

Quote *"I would like to see a
result of my studies
in the market. I see
myself in the business
environments, working
with my creative skills"*

Personas



Name MARCO

Age 48

Work Entrepreneur

Personality Methodic and rigorous, curious but careful

Quote *"I see things change fast around me and my company. I'm trying to be up-to-date but my resources are limited. I often have difficulties in find experties."*



Stakeholders

Service Manager

The service manager represents the entity that is in charge of offering the service, which could be a consulting manager, a business manager or an entrepreneur himself.

The main advantage for the service manager is to be first on the market and exploit the opportunity to serve SMEs with a new discipline for the first time. He also gains a network of business and creative agencies together with talent acquisition.

Creative Professional

The creative professional represents all those people as photographers, graphic designers, web designers, developers, part of the network of a designer. Those could be freelancers or part of a creative agency.

Entering in contact with the service guarantees him a professional growth and empowerment. The ease of relating with the Strategic Designer of the SME is more powerful than the understanding of the client's need and building partnerships.

Enterprise Employee

The enterprise employee is the man that is not in charge of decision making but benefits from the collaborative environment created by the Strategic Design project shared inside the company.

Participating to those projects, through teamwork and sharing experiences he empowers himself in relation to his job and his colleagues.

Coming in contact with different stimuli and methods it consists also of a benefit of professional growth.

BEFORE

 <p>ENTREPRENEUR</p>	<p>Needs to innovate</p>	<p>Reads about strategic design benefits</p>	<p>Set agreement with Service Manager</p>	<p>FREE TRIAL 2-3 days</p> <p>Learning by doing strategic design project</p>
 <p>STRATEGIC DESIGNER</p>	<p>Wants to start strategic design career</p>	<p>Applies to strategic design job opportunity</p>	<p>Be trained in dealing with SMEs</p>	<p>Design the strategy of a project</p>
 <p>SERVICE MANAGER</p>	<p>Accounting and Marketing</p>	<p>Select entry level strategic designers</p>	<p>Set agreement with Entrepreneur</p>	<p>Supervising and facilitation</p>
 <p>CREATIVE PROFESSIONAL</p>				<p>Engage with the management</p>
 <p>ENTERPRISE EMPLOYEES</p>				<p>Engage with the management</p>

User Journey

DURING

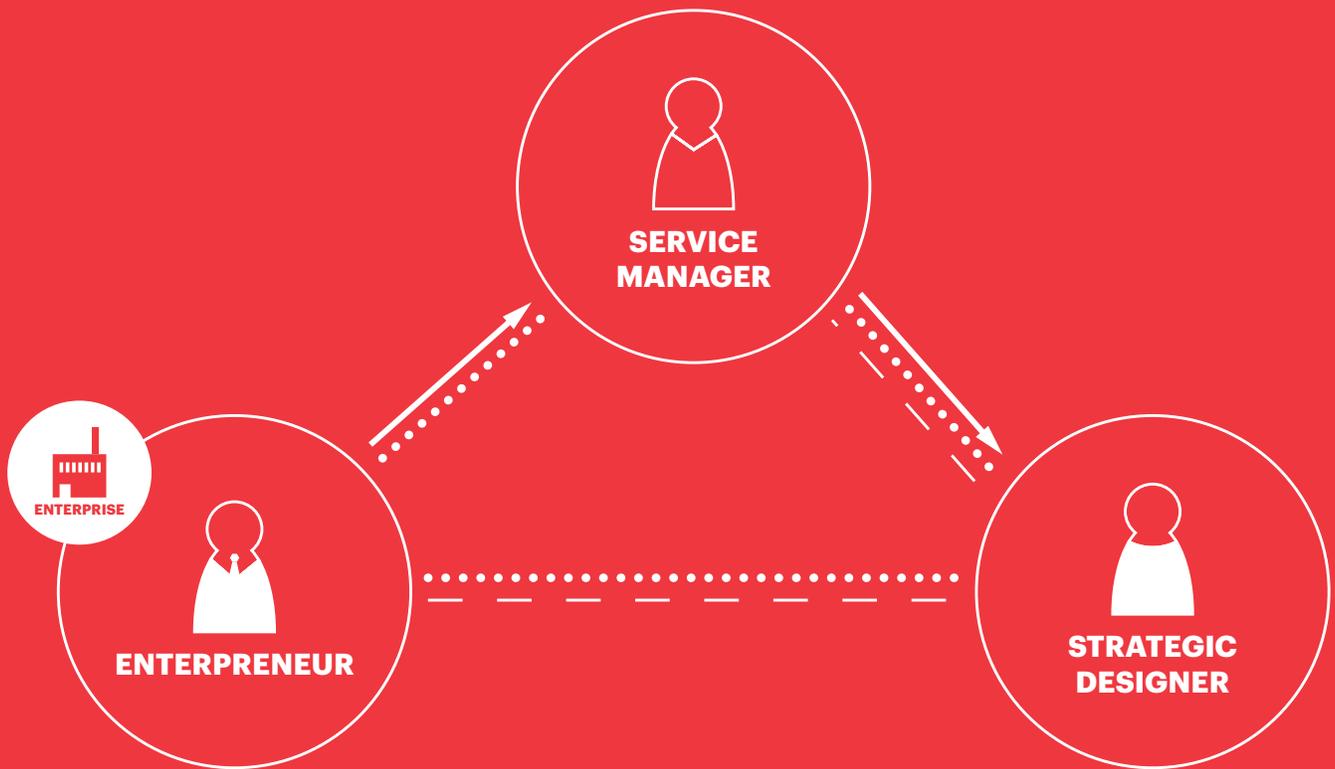
AFTER

CONTINUOUS PRESENCE 1 year - Once a week			
Benefit of a systemic coherence	Benefit of a strategic designer "in-house"	Benefit of a designer who source creatives professionals	Renew the collaboration
Manage the change of different touchpoints	Strategically design other company projects	Build long-lasting relationship with company and creative community	Career Building
Accounting	Design knowledge creation	Facilitates network building	Analyzes and Accounting
Network Creation	Business growth	Long-lasting relationships	
Focus on their mansions	Professional Growth		

Offering Map



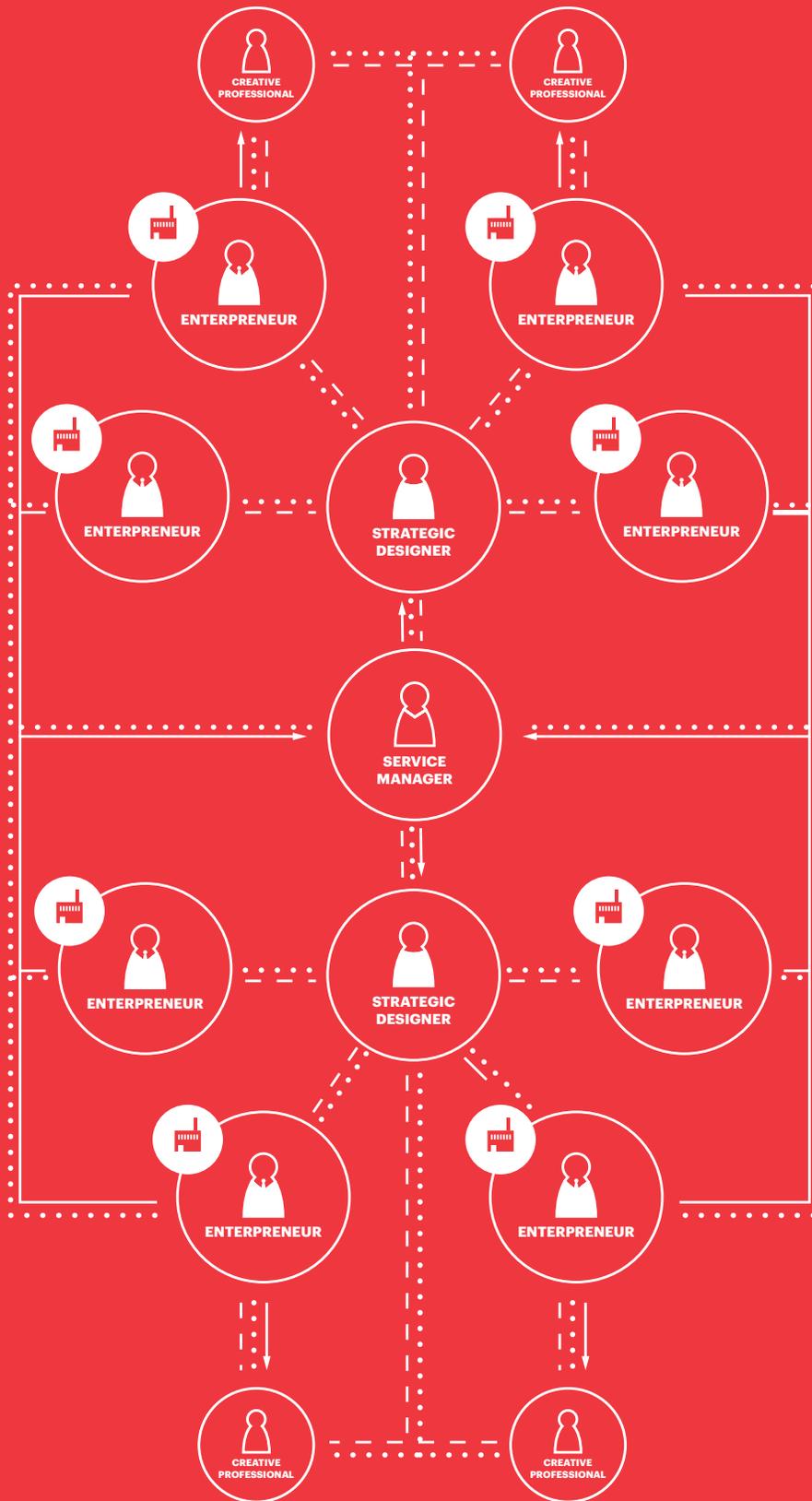
Basic



— FINANCIAL
- - - MATERIAL
••••• INFORMATION

System Map

Complex

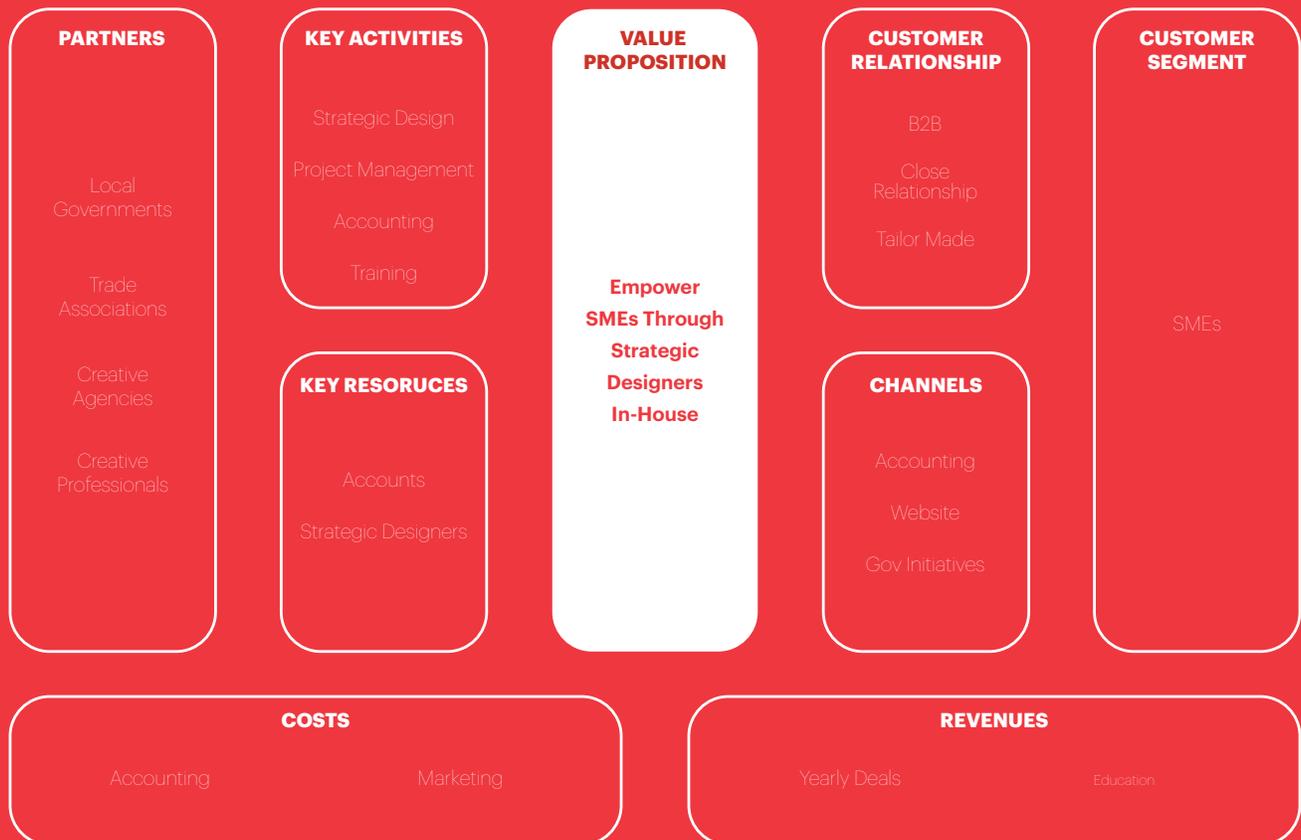


USERS	STEPS	BEFOREHAND			
ENTREPRENEUR	ACTIVITY	<i>Notice Innovation Oppurtiniy in Strategic Design</i>	<i>Understand on service website with Case-Studies and News</i>	<i>Contact the Service Manager</i>	<i>Engage with Service Manager</i>
	TOUCHPOINT	<i>Gov Initiative Newspaper Media</i>	<i>Service Website</i>	<i>Service Manager</i>	
SERVICE MANAGER	ACTIVITY	<i>Promotion</i>	<i>Update</i>	<i>Accounting</i>	
STRATEGIC DESIGNER		<i>Search for Strategic Design work experience</i>	<i>Understand oppourtinies on service website</i>	<i>Recruitment</i>	<div data-bbox="1274 1073 1437 1144" style="border: 1px solid black; padding: 2px;"><i>Train</i></div> <div data-bbox="1274 1144 1437 1285" style="border: 1px solid black; padding: 2px;"><i>Learn how to deal with SMEs</i> Education</div>
SERVICE	STRENGHTS	<i>Design Knowledge Creation</i>		<i>Bridging Needs</i>	

Service Blueprint

USING THE SERVICE					AFTER USE
Free Trial Experience Strategic Design in-house	Feel the need to manage change	Benefit from Strategic Designer in-House	Relate with Strategic Designer	Let Strategic Design manage the change	Think about continue the use of the service
Company room	Company				
Facilitate	Accounting	Manage the service	Analyzing	Spot, evaluate and brief Creative Outsourcing	Accounting
Strategic Design	Strategy outputs	Weekly work within the company	Manage different projects started from Strategic Design	Spot, evaluate and brief Creative Outsourcing	Case Study Building
Market Penetration	Project Management	Build Long-Lasting Relationship		Continuos Relationship	Design Knowledge Creation

Business Model



8.

Conclusions

**Future
Scenarios**

**Personal
Thoughts**

Future Scenarios

Governments Initiatives

Bringing change in knowledge is one of the toughest cultural challenge. Supporting companies, by promoting new disciplines as strategic design, and economically financing the entry phase, could be a consequence of the aspects highlighted by this research.

Together with initiatives brought the entrepreneurs through the trade associations, local governments should facilitate relationships between parts of the society, through the creation of strategic design penetration programs, in favor of the entrance of the competitive advantages inside the companies.

In this case, bridging young professionals of design with small and medium enterprises would significate a very strong link for the economical growth and building of a strongere network between business forces inside the same area.

University Bridge

As Politecnico di Milano and Poli.Design consortium educate and train every year an average of 50 designers able to exploit the benefit of strategic design within a small medium enterprises, thinking of an academic employment system is not difficult.

The creation of an easier access to SMEs through the credibility of institutions like universities, connecting those companies with the fresh graduates or graduates-to-be, could be a win win situation for all the three parties.

Innovation Design Week

If we scale this service and the adoption of strategic design role within the majority of the Italian businesses, it's not difficult to imagine a situation similar to the furniture design week held in April in Milan.

An Innovation Design Week in Milan or every city, would host talks, round tables, keynotes and exhibitions about the incredible benefits that designers and companies created together from the point of view of innovation strategies, where no products or chair is displayed, but where teams and people meet and share their work with others to create design knowledge between companies.

8.2

Personal Thoughts

At present, the design research described in this book is able to provide two levels of reading. A first level which draws attention to the social system in which it is inserted, and a second level, on the role of designer, in relationship with that social context.

The social context in which we are immersed is characterized by profound contrasts involving the designer, the enterprise, the reader and the author of this book. By analyzing the route taken during this research project, it's evident how there is a deep cultural rift between what the world of culture creates, within universities, research laboratories, departments, conferences, and what the potential beneficiaries of this activity capture and learn. In my humble opinion it is the duty of all ensure that the quality of our society is promoted by what the society operates and reflects on. Simultaneously it's designer's task to promote the benefits of his knowledge, it's the duty of enterprises keep abreast of ways to generate change, and it's up to administrations and institutions, to create the relationships between the parties. The design we could say that it was also strategic in the '30s in the work of Dreyfuss or Lippincott. Today, is more than ever, because it fully captures the strategic opportunities that the company offers, after decades of study and literature it gained the credibility needed to face the business. Today, learning from Dreyfuss, you can do so much more because the times are different, because the company today would be different. Or at least I have a clear hope that it is.

One of the best definitions of design embodies this concept, and it was delivered within this graduate program, during one of the final exams, by professor Jonathan Edelman, Head of Global Innovation at the Royal

College of Arts London. He said that “design is a conversation, between culture, time and space.”

I am personally convinced that the Italian design culture, of which I am a small part, which is created by the university system and not only, constitutes a competitive advantage, understood as an added value to all day living and, if offered wisely, consequentially to businesses and activities part of our lives.

As a designer, I bring a willing of change and improve the ecosystem that I live. This willing become stronger whenever potentials and space of change are clear and easily effective for a wide number of reasons. However, as a designer, I feel the need to act. Acting is key to design profession, in order to understand and explore world different than yours. Acting in this situation means to actively be the change you want to see and start that conversation, create and favor those relationships that, even if constitutes a very little contribution, will generate a change in someone’s perspective, at least for a moment, and that will be a starting point of others.

As we have seen in previous chapters, the strategic use of design is not new or recent. We can only say that the strategic adoption of design was recently brought to a higher cultural level, more accessible and son of its time.

9.

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