

FEATURE — 4 FEBRUARY 2015

The value of design to business



— Airbnb Head Office



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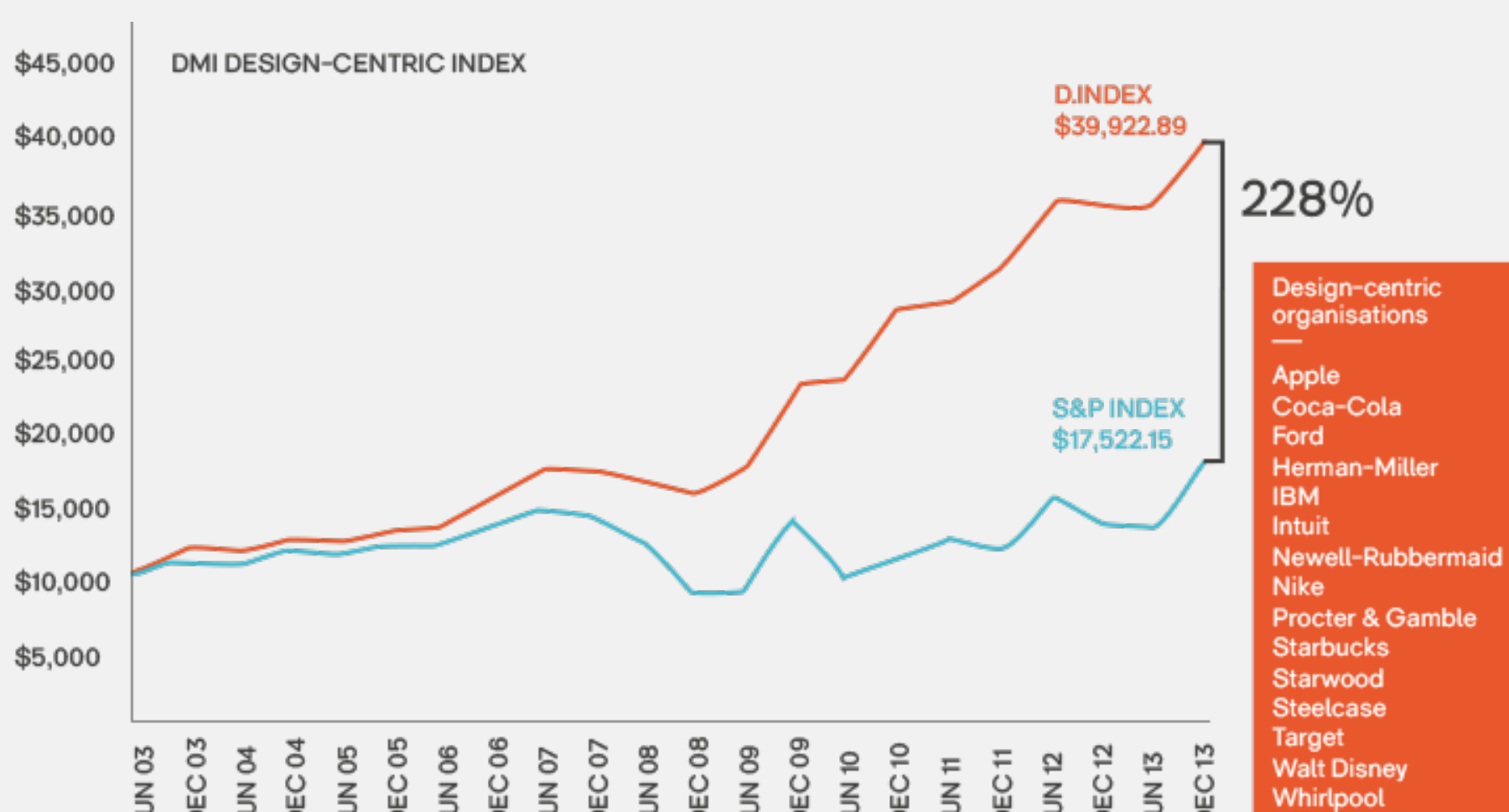
Design provides a proven competitive edge for businesses – whether you're an entrepreneur setting up a new company, an established manufacturer developing a new product line, a legal firm looking to digitise your services or a multinational developing a new corporate strategy.

Based on data from around the world, we can demonstrate that businesses that use design are more profitable than those that don't. And if design is made part of the innovation process, the return on investment is even greater than if design is just used for styling.

The results can be seen at a national scale. Household names, from LEGO to Velux, have established Denmark's reputation as a centre for innovation, so it's perhaps not surprising to learn that 93% of Danish companies use design. And with good reason too: a study by the Danish government found that companies using design achieved additional growth of 250%.

The companies investing in design were also able to sell their products or services far more effectively abroad, with exports representing an average of 34% of their turnover, compared to just 18% in companies that did not use design.

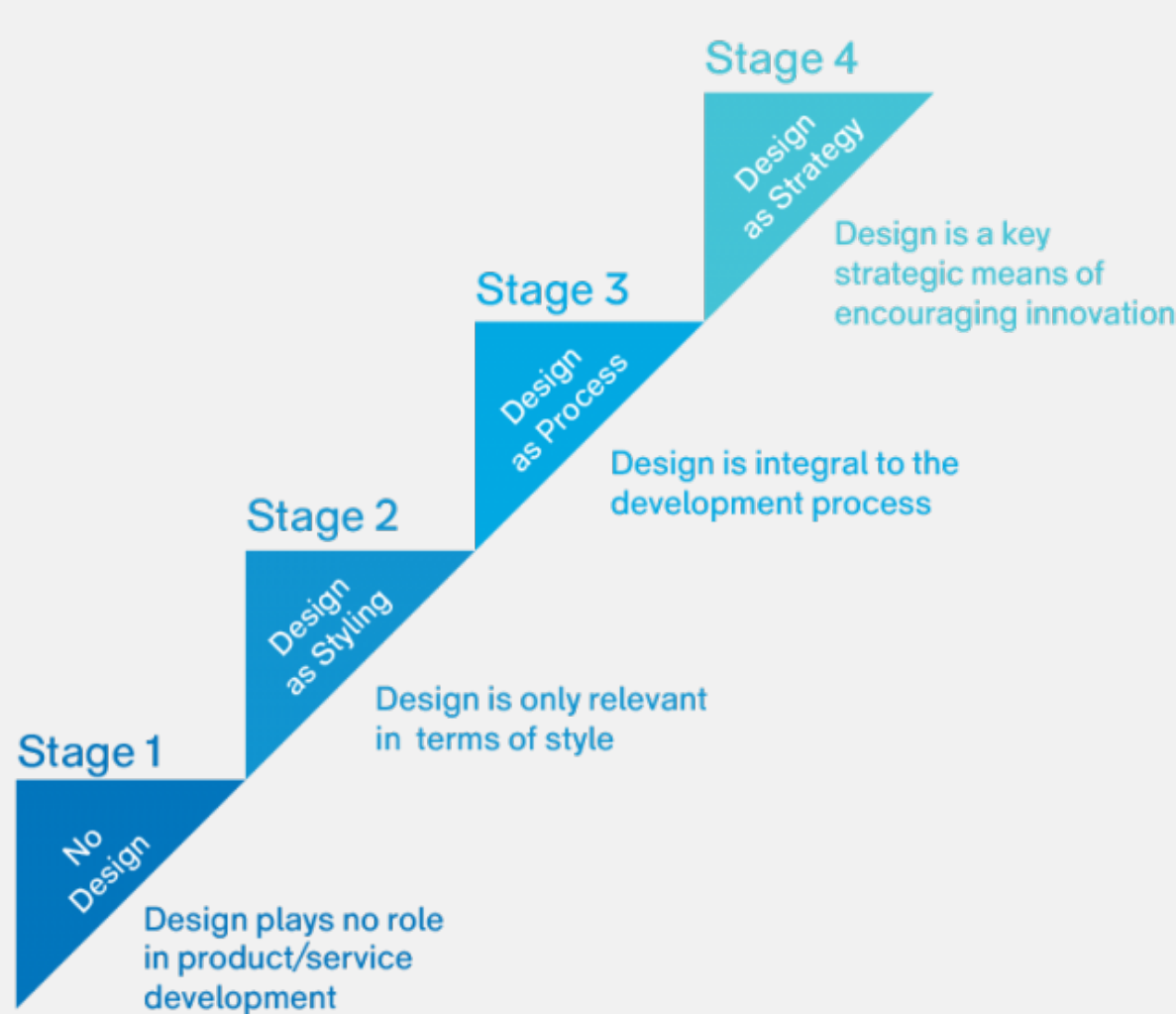
Where design is made integral to a company's business strategy, it has been shown to consistently yield long-term success. Researchers tracking the performance of the US stock market demonstrated that, over a ten year period, design-driven companies outperformed the rest of the S&P index by 228%.



DMI Design Value Index (Source: Design Management Institute)

In many European countries, companies can access mentoring, support and subsidies to invest in design in order to increase turnover and boost exports. For participants in the UK's Design Council's Design Leadership programme, for every £1 invested in design, the business can expect over £20 increased revenue and over £5 increased exports.

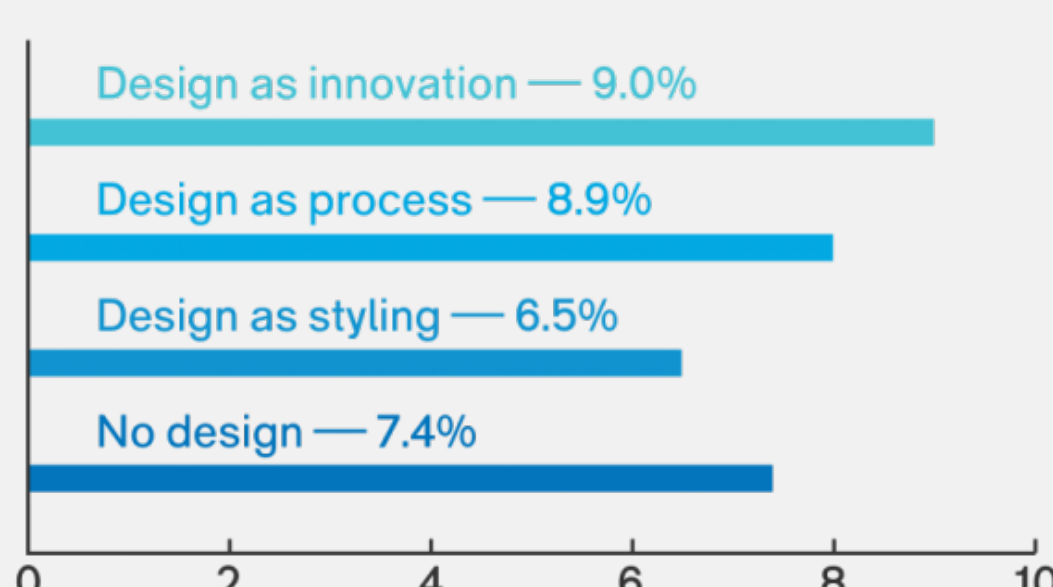
The greatest overall returns on investment are achieved where design is an integral part of the innovation process – rather than just a way of styling, packaging or branding a product as an afterthought. When it is fully integrated into the innovation process, design can add value at every step of product or service development – this includes idea generation, user and market analysis, concept development, prototyping, production and promotion.



The Design Maturity Ladder (Source: Danish Design Centre)

The Design Ladder is a simple tool to assess the level at which companies use design – from styling, to process, to a strategic level where it's an integral part of company culture.

A study of Swedish businesses showed that when design was only used for styling, the average growth in turnover was 6.5% – whereas in firms where design was used as part of the innovation process, growth was 9%.



Average growth in turnover for Swedish companies (Source: Swedish Industrial Design Foundation)

There's nothing in these findings that suggests the effectiveness of design is limited to a particular national setting or even a particular industry sector. But our growing body of evidence demonstrates that companies that use design are more profitable than those that don't – and where design is used strategically, it produces an even greater return on investment.

Inspired by this evidence, governments across Europe are increasingly supporting businesses to use design, so it's worth finding out if companies in your region are able to access mentoring, subsidies or tax credits.

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Businesses should never under value good design for every £1.00 spent on design a profit return to businesses 4 fold.

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