The Value of Design on Innovation

Alice M. Agogino
UC Berkeley, July 16, 2014
“Everywhere you look today, design has taken on new meaning. Design (is critical) to business. The trick for all business people today is to learn to think like designers.”

- Fast Company magazine, 1999
Early Phases of the Design Process
Impact Product Cost

Late changes are costly

IQcontent, 2008
Benefits of a Well-Managed Product Development Process

Source: Product Development Institute, Inc.
Evidence from the Corporate Design Foundation

BusinessWeek IDEA Design Award winners outperform those who didn’t win in stock performance
Evidence from the UK Design Council

Firms with “design portfolios” outperform those without them in the stock market
Design Value Index

What is the Real Value of Design, Jeneanne Rae, Motiv Strategies & Design Management Institute, 2014
Portfolio of Design-Centric Organizations: Design Value Index

- Apple
- Coca-Cola
- Ford
- Herman-Miller
- IBM
- Intuit
- Newell-Rubbermaid
- Nike
- Procter & Gamble
- Starbucks
- Starwood
- Steelcase
- Target
- Walt Disney
- Whirlpool

Design Value Index Selection Criteria

1. Publicly trades in the U.S. for 10+ years
2. Scale of integrated design organization & deployment as catalyst for change
3. Growth in design-related investments
4. Design is embedded within the organization
5. Design leadership at all levels
6. Senior-level commitment to design as an innovative resource for positive change
Design Increases Revenues, Profit & Exports in the U.K.

- **£20+**: For every £1 invested in design, businesses can expect over £20 in increased revenues. 
  - Design increases turnover

- **£4+**: For every £1 invested in design, businesses can expect over £4 increase in net operating profit. 
  - Design leads to profit

- **£5+**: For every £1 invested in design, businesses can expect a return of over £5 in increased exports. 
  - Design boosts exports

*Design Delivers for Business*, Design Council U.K., 2012
Danish Design Ladder

% of companies in 2003
% of companies in 2007

Stage 1: No Design
Design plays no role in product/service development.
13% 17%

Stage 2: Design as Styling
Design is only relevant in terms of style.
36% 45%

Stage 3: Design as Process
Design is integral to the development process.
15% 21%

Stage 4: Design as Strategy
Design is a key strategic means of encouraging innovation.


SOCIETAL & ENVIRONMENTAL IMPACT

Engineering Ethics: What Does Your Professor Say?

“What we design? For whom do we design? How we manufacture? What resources we use? What will be the impact on society and the environment? These are all ethical and social justice questions that are important in product design.”

Alice Agogino, Professor
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