

Designing Demand

Executive Summary

Designing Demand National evaluation 2007-2012, Eden Partners (2012)

This briefing summarises the findings of the first national evaluation of the Design Council's Designing Demand programme. Independently undertaken, it provides economic impact data for business, government and the design industry. The Designing Demand programme is part of the Design Leadership Programme¹ which offers businesses, public sector and university scientists a bespoke package of support to use design for innovation and growth.

Summary of Findings

Impact on business

The evaluation of the programme showed strong returns to business: for every £1 businesses invest in design, they can expect over £20 in increased revenues, over £4 increase in net operating profit and over £5 in increased exports. In addition, businesses reported boosts to confidence, strategic thinking, brand and business identity.

Returns to the public sector

An assessment of returns to public sector funding that supported the programme showed strong impacts: £5.67 gross value added (GVA) and £3.75 net value added (NVA) for every £1 of public investment. The evaluation also found that 2,460 net full time equivalent (FTE) jobs were created, safeguarded, or anticipated as a direct result of the programme. This is the equivalent of 6 net FTE jobs created or safeguarded per intervention.

Benefits to the design industry

Finally, the evaluation demonstrated that the programme benefits the design industry. The programme results in businesses continuing to engage design agencies after their design coaching. 68% of design agencies that were subsequently engaged or commissioned stated that the programme had brought them additional clients who they wouldn't have otherwise connected with. 57% of design agencies reported that the programme had protected jobs. Suppliers expected to generate further fees of over £214k at an average of £25k per firm, emphasising the success of the programme in converting previously inexperienced and reticent design users into continued investors in design.

The feedback from designers reinforces what businesses have said - a significant majority of the programme participants are now committed to ongoing investment in design as a core business function as a result of the programme.

¹ For more information on the Design Leadership programme: <http://www.designcouncil.org.uk/our-work/leadership/>

About The Design Council

The Design Council enables people to use design to transform communities, business and the environment for the better. As an enterprising charity, our work places design at the heart of creating value by stimulating innovation in business and public services, improving our built environment and tackling complex social issues. We inspire new design thinking, encourage public debate and inform government policy to improve everyday life and help meet tomorrow's challenges today.

About Designing Demand

Designing Demand is part of the Design Council's Design Leadership Programme, which builds capabilities in UK small and medium sized enterprises (SMEs) to understand how they can use design strategically and effectively within their business. It takes a 'learning by doing' approach whereby coaching enables the business to identify where design can best meet their goals and then supports them in implementing tangible projects that meet these goals.

The programme is delivered through our national team of Design Associates. They are design professionals with expertise across all design disciplines and offer independent advice while adhering to a strict code of practice. Their experience is broad having worked across a range of sectors and with organisations of all sizes and stages of growth. They're top in their field and work with the likes of Virgin, Orange, Philips Design, Tesco, The NHS, Dyson and Black & Decker.

The Design Council recruited them not only because of their design expertise but because they have business acumen, practical know-how and a genuine passion to support growth through innovation and design. The Design Council regularly reviews the make-up of this team, re-trains them annually and is confident that the best people are made available.

The Design Associates provide the support and coaching to businesses, taking them through a programme that includes workshops, coaching and peer-to-peer support. They work with CEOs and management teams to explore, define and implement design opportunities that will deliver business growth. The Design Associates do not undertake one-off design projects; instead they provide guidance and direction to develop a robust brief, procure the right design agency and ensure that the most strategically relevant projects get delivered.

The programme experience is high quality and pragmatic, often involving a number of important stakeholders of the business, both internal and external. To this end, it is essential that the Design Associates are recruited carefully and have the capability to engage with and lead senior teams. It is equally important to ensure that the right clients are recruited into the programme, as it works best with businesses demonstrating high growth potential, and a real willingness to be helped.

When a business completes the coaching programme, it becomes part of the Design Council's wider community, joining a growing network of innovators in business, science, the public sector and design. This provides opportunities to continue building on their learning and to build new business relationships.

For the successful promotion of the programme and as a legacy to the public investment in the development of the programme, it is essential that the impact of the work is well understood. To this end the Design Council supports an on-going independent programme

of impact evaluation for the purpose of wider knowledge sharing, as part of our charitable objectives.

Since 2007, the programme has supported over 2000 SMEs, intensively coaching over 700. The programme is part of the Government's national portfolio of support for SMEs with high-growth potential. This evaluation considers just over 200 businesses involved with the programme. It shows high gross and net commercial impacts as a result of the programme. The estimated national gross impacts are combined actual/ anticipated additional revenue of £140m, an overall increase in operating income of just under £28m. The programme aims to foster a greater understanding of the strategic role design can play in business (awareness and understanding) and embed design tools, techniques and management within business to build skills and capability.

The Designing Demand programme consisted of three offers specified for different types of SMEs in different phases of development:

Programme Name	Target Audience	Accomplishments (as of May 2012)
Generate	Small SMEs with limited experience of design	<ul style="list-style-type: none"> • 28 FTE jobs created • 1,221 FTE jobs safeguarded • Just under £56m in revenues generated • Just under £9.2m in exports generated
Innovate	Technology/ intellectual property based start-ups that have been trading for less than three years. Six companies are grouped together in a cohort.	<ul style="list-style-type: none"> • 76 FTE jobs created • 55 FTE jobs safeguarded • Just under £3.3m in revenues generated • Just under £2.1m in external investment into participating companies • Just under £840k in exports generated
Immerse	Larger, more established SMEs with aspirations to grow into medium to large scale businesses	<ul style="list-style-type: none"> • 169 FTE jobs created • 213 FTE jobs safeguarded • Just under £19.8m in revenues generated • Just under £4.6m in exports generated

Designing Demand has made real and tangible contributions to the success of the UK economy. The following sections provide evidence for three key areas – the UK economy generally, business, and the design sector.

Benefits of the Designing Demand Programme

Design boosts the economy... despite the recession

As a result of the programme companies brought in new jobs and increased tax revenue - a direct impact on the economy. Many companies said the programme helped them to grow and a few even stated that the programme has helped them to survive and grow in the current economic climate.

In addition to safeguarding jobs, the Designing Demand programme helped to develop companies in niche areas. These areas have the potential to grow and expand the economy in new directions in the future.

The investments that were made as a result of the Designing Demand programme would not have occurred otherwise - indicating real growth instead of just displacement. The evaluation

deliberately included a survey of businesses that have completed the programme in the last two years. This showed that businesses that took part in the programme are growing despite difficult times.

The following estimated actual and anticipated net impacts have occurred as a result of the programme:

- 918 FTE jobs created
- 1,543 jobs safeguarded
- £96.3m in additional revenues generated
- £66.5m Gross Value Added
- £43.9m Net Value Added

This translates into an average national return of £5.67 GVA and £3.75 NVA for every £1 of public money invested in the regional delivery of the programme.

“The charity is sustainable and able to withstand any storm.” - Director of a charity in London
“By using an external coach we gained an insight through Designing Demand that we could apply to new products/ projects...The project was part of an overall plan, but the gains were very timely as revenues increased despite the recession...Overall very positive about the way the project was run and see how Designing Demand can be implemented in a way that increases the total benefit to the company for the costs involved.” - Director of manufacturing company in the East of England

“The legacy left by Designing Demand was a very positive one on the whole to me personally and professionally. A company who goes through this process and achieves greater growth and sustainability is a benefit to its employees, the local community and the country.” - Manufacturing company in East of England

Design boosts international competitiveness

Using design enables UK businesses to compete on an international level. Many participants in the Designing Demand programme expanded the markets in which they operate. A direct result of the programme is the increase in exports.

Part of the market expansion process consisted of improving branding and promotions so the company could reach more customers. Better branding not only expands the user base, it develops a clear and sophisticated picture of what British companies have to offer.

Over £24.6m in increased exports (£12.9m actual increase/ £11.7m anticipated) are directly attributable to the programme. This is equivalent to £5.27 in exports returned to participating businesses for every £1 invested.

“The new products have been a great hit. We are more credible now and we have expanded our markets into the USA, Germany and Holland.” - Owner of a company in London

“We have phenomenal visibility and we are now the most visible translation company in the world as a result of this. Given the success of the programme we have hired our own in-house full-time designer.” - Director of a company in London

Design helps companies to create new value

Higher value added activities help companies transition up the value chain. Designing Demand has assisted companies in diversifying their production from simply producing products to offering a broader range of goods such as services. Design helps companies to make the leap to such higher value added activities that will shape the knowledge economy of the future. As a result, companies are more versatile and sustainable. Additionally, companies that increase the scale and scope of their outputs also help to revitalise underperforming areas.

“The most valuable help we have received from the government in 10 years. It has set us apart from our competitors, generated brand recognition at a time when most people are just looking at price. The difference between brand recognition in price wars is profit. We look better and feel more marketable.” - Managing Director of transport company in the South East

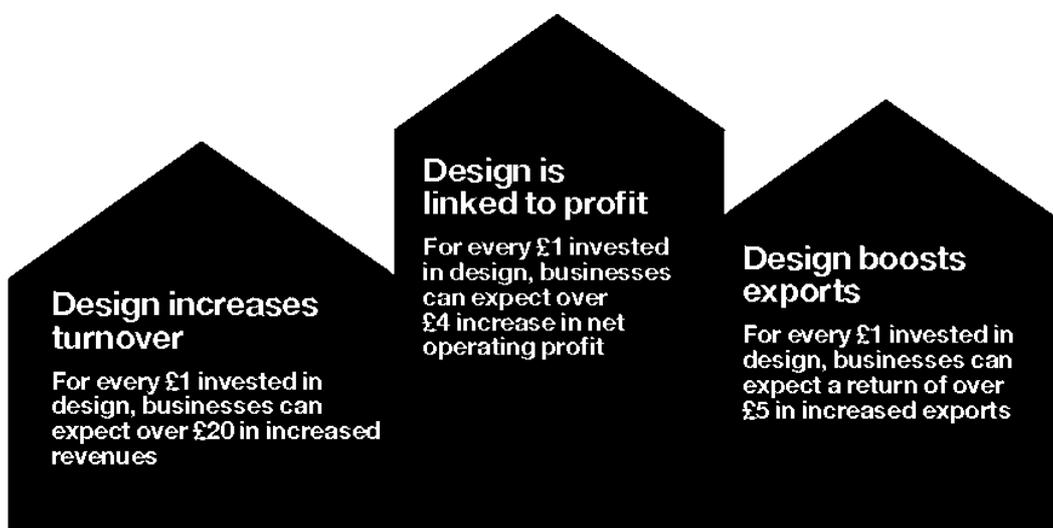
Benefits for Business

Design boosts business growth

Businesses have identified their biggest strategic challenges and created new opportunities to overcome them through the effective use of design. Through identifying the most appropriate design opportunities to drive innovation and growth, businesses have then invested in and commissioned design projects with on-going coaching support to ensure they are implemented successfully. These design projects have increased revenues. Business areas strengthened through design include:

- An acceleration of research to market
- Creation of new products and services that have transformed existing markets or opened up new ones
- Establishing improved or new processes for product and service development to more effectively support innovation activity.
- Stronger and more compelling brands that stand out in the market

Business Results



“Extremely useful, changed the way we look at the product cycle and market positioning. It's been a top down change...We've spent less energy on aspects of the business that didn't help the bottom line.” - Director of a media company in London

Design boosts business capabilities

The rationale of the programme is to make more British businesses – in particular SMEs with potential for growth - aware of the strategic value of design and how to manage it effectively within their business in the long term.

Businesses overwhelmingly (over 96%) stated that Designing Demand was a strategically important programme tackling an issue not previously dealt with.

In addition to the tangible business impacts, the programme has been changing the way businesses work, which in turn has improved organisational culture and performance: 72% of businesses surveyed felt that Designing Demand had changed the culture of their organisation into one that was more design-focused. For many companies this is an opportunity to utilise professional services they wouldn't have otherwise considered. Once the services have been put into place the businesses look more polished, offer better products, and develop a better understanding of the marketplace. Companies have a better understanding of their core competences.

Developing capabilities allows businesses to compete on more than just a price point-enabling success.

“All senior staff members have an opinion and recognise the importance of design on success with customers and business.” - Director of a company in London

*“The legacy of the project is huge. Essentially, [our Design Associate] helped us to develop a more focused methodology to engage with existing and prospective clients by making our core offer transparent. **In essence [our Design Associate] helped us crystallise and modularise our different services clearly.** Overall we were extremely satisfied...It has helped us **to focus on what we do best and how to promote it to a prioritised target audience...** I do sometimes worry about the commercial completeness of many people associated with design who just get caught on the design mantra and don't have the ability to take a wider commercial view. **Designing Demand provided a top quality Design Associate ...who understands real commercial issues for small businesses in our sector.**” - Director of a service company in London*

Working with good design boosts business confidence

The programme's supportive coaching approach and exposure to working with designers has meant that businesses become more knowledgeable about the value of design and how to make design deliver for them. Through the process of identifying projects, businesses attained a greater external perspective. Design offers useful frameworks and tools to aid decision making and problem-solving. As a result, projects that are developed in conjunction with designers in the Designing Demand process offer opportunities for growth and diversification.

63% of business people surveyed were not confident about working with design before participating in Designing Demand. This increased to, 100% after participating in the programme.

In addition, businesses are clearer that design has a more integral role to play in their business, rather than an activity that can often be side-lined. Before the programme, 55% viewed design as integral to business, compared with 98% following the programme.

“It will change the market perception of our company and will show where our brand sits in the marketplace. We are now much clearer about our company and how it needs to move forward. We are seen as a brand leader and the market is watching how we develop.” - Managing Director of a company in the South East

“Designing Demand provided a fantastic boost to moral at a time when it was much needed and raised our team confidence and external perceptions of our capabilities. It inspired us to go forwards with confidence and consequently transformed us from an average firm to a market leader.” - Managing Partner of a service company in Yorkshire

Exposure to good practice design makes a lasting impact

A focus on the long-term through the use of design engages decision-making abilities and prioritises commercial strategies. Businesses went on to procure design beyond the programme, showing that once they have been exposed to design tools and good design management practice, they are equipped to do it again themselves: 48% of the 249 respondents to the evaluation surveys have invested in further design projects since completing Designing Demand.

During the programme: a total of just under £4.7m was invested by the respondents in procuring external design agencies to undertake projects identified through Designing Demand. This equates to a national average net investment made directly by each company of just under £11.5k per project.

After the programme: in total, participants plan to invest an additional £7.8m in design projects between 2011 and 2014 after completing Designing Demand. The evaluation has found that this spend can be attributed directly to the influence of Designing Demand.

Companies that work with design learn to utilise professional services and become more professional themselves in the process. For example, coordinated brand collateral provides long-term continuity in the messages the business is trying to get across to customers. This sustainability of strategy ensures long-term impact and a necessary investment for all businesses.

“It will have helped us create a totally unique product that is unavailable in the market place. It has given us hope and more confidence for the future.” - Owner of a company in the South East

Design changes company culture

The evaluation continually revealed improvements in productivity, abilities and interest. Essentially, employees enjoy the process because of its inclusive and creative approach and are more willing to utilise their skills.

Many companies have diversified their management strategies as a direct result of the Designing Demand programme. It is an important exercise in learning and development for all who take part. Not only does it build problem solving capabilities, the result is that employees have applied existing skills to new domains. Upon completing the programme, employees often gain a greater understanding of the importance of improving the business and strive to contribute to its success.

In addition to unlocking existing skills potential, some companies have stated that they were able to take on new staff. The evaluation found that 2,460 net FTE jobs had been or were anticipated to be created or safeguarded as a direct result of the programme.

“During the process, we re-energised our staff, leading to an increase in turnover of around 25%, and the creation of eight new jobs. I firmly believe that without the support our growth would have been severely hampered” - Director of company in the South East

“As a result of the programme we are better at finding the solution to some of our issues and we are now consistent in our approach to design and brand.” - Company in West Midlands

Improved customer targeting

Design provides businesses with a wider commercial view. Many businesses have not only established better brands but brand leadership within their sector. Targeting customers on the web and developing a clear sales approach improves communications. This provides more contact with customers which results in better sales.

“Designing Demand sped the company's repositioning up. The Design Associate and the Designing Demand project we did helped us to see a much clearer future for our business and it put us on the road to becoming the company we are today in a very short period of time... We moved out into completely new markets and found a whole group of new customers.” - Director of service company in the South East

Benefits for the Design Sector

New clients

Many designers stated that they gained access to new clients and markets that they would otherwise not be exposed to. Many of these connections continue to be profitable after the projects have been completed. This creates new opportunities for designers. The programme has given access to an expanded range of clients for designers:

Over 72% of the designers working in the programme stated that the client they worked for had either limited or no experience working with design agencies.

68% of the designer stated they would not have worked with the client had it not been for the programme.

“Both management and the design team are now much more aware of what our clients and prospects need. They also better understand the value of our services to our clients and the impact on improving their business. The MD is now much more confident and our charge out rates have increased by around 20-25%.” - Design Company in West Midlands

Mutual learning and more effective briefs

The businesses and designers that participate in the programme have an opportunity to learn from one another and streamline their respective endeavours. The designer gains a better idea of the services they can optimise for businesses. They can apply their skills to challenges they wouldn't have previously sought and seek new opportunities.

Businesses also learn from the designers and in turn, receive better quality work. In most cases this is due to the programme supporting businesses to reframe their challenges and to

construct more effective project briefs. The clearer directives lend themselves to project outcomes that more precisely meet the goals of the business.

70% of designers stated that the design brief they received as a result of the Designing Demand programme was better than they would have otherwise expected.

"We try to include design in thinking at all levels, which is the biggest benefit from the project ... Design thinking and the role model of the Design Associate helped me commit to design"
- Co-Director of Healthcare company in Yorkshire

Changed perspectives

Most of the companies that responded to the evaluation stated that they did not have a track record of working with external design agencies prior to Designing Demand and that design was much more significant to them after participating in the programme. Some were even sceptical of the design process and have since changed their opinion of the value of design.

Designers have an opportunity to grow alongside the business that they assisted with the continual implementation of design projects. Suppliers expected further work from the client with which they worked. Further, many companies have hired full-time design staff.

62% of agencies indicated that they had undertaken additional design commissions with the clients they gained through the programme.

As stated earlier, 63% of businesses surveyed were not confident about working with design before participating in the Design Leadership programme. After the coaching received through the programme this figure rose to 100%.

"...we weren't convinced initially with the programme and doubted that this could have as much of an impact as we had be told. However, we felt empowered, are now more confident in our technical skills and recognise that we had been using design before but just not in the best way... Our design team is now considered an 'overhead' and where previously people have played different roles within the company, we now recognise the importance of allowing our design team to focus on their job solely. Overall we view it as a vital project for all organisations. A very powerful tool and a world class service." - Managing Director of a high tech company in the East of England

Expansion of opportunities

As a result of the Designing Demand programme many more companies are exploring the multitude of options design can provide for them. Companies are receptive to new forms of promotion, to diversifying their products or to applying strategic design thinking to their day-to-day processes. This expands the opportunities for design agencies to market their services.

90% of suppliers contacted stated they benefited from the Design Associate brokering the deal between themselves and the client.

81% of suppliers contacted expected work in the future from the client with which they worked.

"We have been aware for some time that our web presence was not according to our expectations. This whole project has enabled us to re-work our window to the world and in doing so has opened our minds to other forms of promotion such as video support and a

whole range of other marketing collateral" - Managing Director of company in the East of England

"Designing Demand has transformed us. No exaggeration... it changed my mind fundamentally about the importance of design, generated revenue for design firms and has increased my future use of design services too. Brilliant." - Director of Training Company in London

History

Designing Demand is a national programme with three phases of development:

The first phase (Phase 1) was originally a pilot called Design Works. From 2006 to 2007 the pilot programme was delivered in Yorkshire, the South West and the West Midlands funded by the respective Regional Development Agencies (RDAs), and managed centrally by the Design Council.

Designing Demand was launched by the Design Council in 2006 (Phase 2) and gradually rolled out between 2007 and 2010 in seven of the nine English regions. The RDAs funded the programme delivery through contracted Delivery Partners. The programme cost, on average, was £2.5m per annum.

The RDAs were abolished in 2010 by the Coalition Government and the funding for the Designing Demand programme was subsequently reduced. The Designing Demand programme has since been restructured (Phase 3) and is now delivered directly by the Design Council with a grant from the Department of Business Innovation and Skills (BIS) of £1.3m per annum. The programme also now depends on match-funding from participating, who each contribute 50% of the cost.

Methodology

This study is the **first national picture of the impact over time**² of Design Leadership Programme on business.

The evaluation of Designing Demand highlights the combined economic impacts and the strategic added value generated by the delivery of the Phase 2 programme between late 2007 and early 2012. In doing so, this study amalgamates three separate evaluations between 2011 and 2012. Previous evaluations captured detailed data from 130 businesses and primary research from a further 119 businesses. The study calculated up to date economic impacts on businesses, in this case primarily SMEs and high-tech start-ups. This evaluation also conducted follow up studies of 65 companies that stated in the previous evaluations that they expected future benefits.

² The impacts reported here are from an economic evaluation of the Design Council's Designing Demand Programme, carried out in Spring 2012, along with the key findings of the Design and Innovation for Business Sustainability programme evaluation in the South West of England carried out between October 2011 and June 2012. Both studies were conducted independently by Eden Partners UK Ltd.

Business impacts measured	Government impacts measured
<ul style="list-style-type: none"> • Pounds returned for every pound invested by the business in design as a result of the programme, including increased operating profit, revenues and exports • Strategic Added Value such as impacts on organisational culture and capabilities 	<ul style="list-style-type: none"> • Gross Value Added and Net Value Added for every £ of public investment • FTE jobs created and safeguarded • additional exports generated

The primary research consisted of contacting companies by phone, email or web survey. Additionally, 25 design agencies were contacted to attain a perspective on the impact for the design industry.

Secondary research included analysis of the initial meeting reports from the Design Associates and, where available, End of Project Reviews. Secondary research also included analysis of the reporting provided by the Design Associates to the delivery partners.

The programme has supported over 700 businesses through coaching. The evaluation included 249 businesses and achieved a response rate over 80%. It is important to note that in London finance was withdrawn rapidly when the Regional Development Agencies were dismantled, causing severe disruptions to the programme and reducing the net benefit that the programme may have achieved. Had funding in London not been withdrawn, the programme is expected to have higher returns and impact. Had the costs and results associated with London not been included in the evaluation it is estimated that the following impacts would have been generated based on regional delivery costs only:

- • GVA of £54.9m equivalent to £9.78 GVA for every £1 invested
- • NVA of £36.3m equivalent to £6.48 NVA for every £1 invested
- • A total of 2,149 net FTE jobs created/ safeguarded equivalent to £2,611 per job

While it is important to take the full public investment cost of the programme into consideration, a new streamlined delivery model is in place which is based on a direct rather than a third party delivery model. The Design Council is estimating up to 50% more cost effective delivery. Consequently, the new model is likely to significantly increase efficiency and reduce overall programme costs in the future.