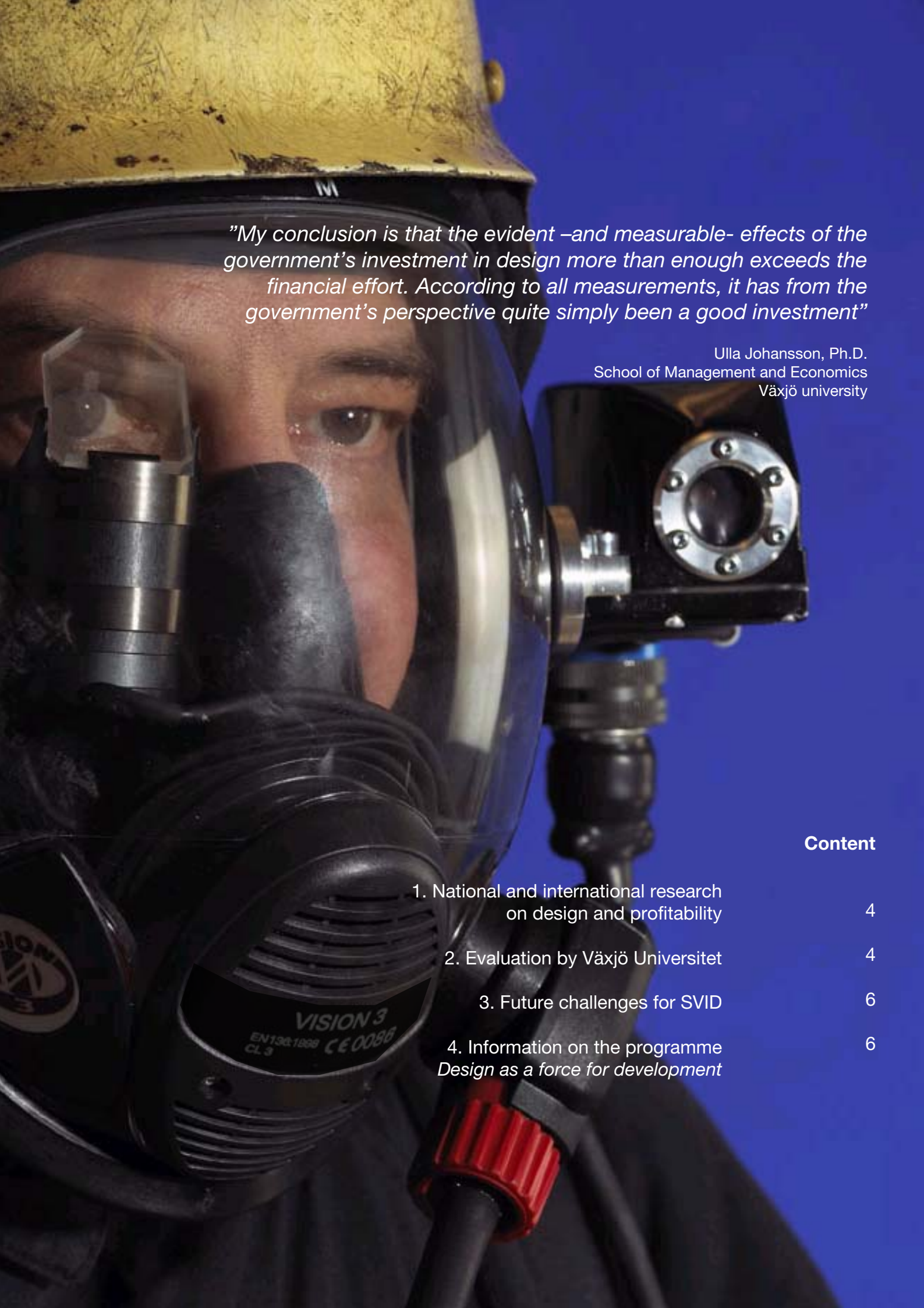


A summary by SVID:
Design as a force for development
– An evaluation of the Swedish government's investment in design 2003-2005





"My conclusion is that the evident –and measurable- effects of the government's investment in design more than enough exceeds the financial effort. According to all measurements, it has from the government's perspective quite simply been a good investment"

Ulla Johansson, Ph.D.
School of Management and Economics
Växjö university

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Evaluation of Design as a force for development

In december 2002, SVID, the Swedish Industrial Design Foundation, and Svensk Form, the Swedish Society of Crafts and Design, presented a proposal for a national programme on design, *Design as a force for development for businesses and public service*, to the Ministry of Industry, Employment and Communications. In February 2003 the Ministry granted means for a number of national and regional projects. The government's investment and focus on design resulted in the design programme *Design as a force for development*. The programme was completed on December 31, 2005 and had during a period of three years included 498 businesses, 66 municipalities or municipality-owned businesses and 150 designers. The result of the programme, evaluated by researchers and students at the School of Management and Economics at Växjö University, shows that supporting the programme has been a succesfull investment for the government.

Design as a force for development was based on 10 national design projects and a number of regional projects and activities. Nine projects focused on trade and industry and where carried out by SVID. The tenth project, *The 2005 Year of Design*, was led by Svensk Form.

In 2003, Ph.D. Ulla Johansson at Växjö University, was appointed to evaluate and analyze the projects within the design programme. Her report was published in June, 2006.

The results in brief:

- As a direct result of the programme, more than 150 new jobs have been created.
- Increased sales, related to design, for companies within the programme, amounted to at least 300 MSEK.
- The financial sucess of 10 percent of the companies in the programme motivates the total investment made by the government.
- Two-thirds of the companies in the programme will increase their future use of design.

More information

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1. National and international research on design and profitability

A number of international research reports have during the years been carried out in order to show the economical relation between investments in design and financial outcome. In the U.S., Julie Hertenstein and Marjorie Platt found in their study of 93 U.S.-based companies several strong correlations between the use of design and financial outcome.



The stockmarket performance for 166 British companies leading in the use of design widely exceeded other quoted companies on the FTSE100.
Source: *British Design Council, The Impact of Design on Stock market Performance.*

In the U.K, the British Design Council has continuously studied stock market performance among a number of companies quoted on the London stock exchange FTSE100. In an extensive study carried out between 1994 and 2003 they found that the share price for 166 design oriented companies generally exceeded other quoted companies. The studied companies also proved to be more resistant to fall of price.

In 2003/2004, SVID and Teknikföretagen, The Association of Swedish Engineering Industries, carried out a study among 1 308 randomly selected companies with more than 20 employees. The aim of the study was to survey Swedish companies' attitude to, and experiences of, design. Some of the findings were:

- 75 % of the responding companies buy design services.
- Approximately 45 % of the responding companies agree with the statement "as a company we compete to a large extent with design".
- 72 % of the responding companies deem that the demand on design increases, especially among clients.



A summary of SVID and Teknikföretagen's report **Swedish companies on design: attitudes, profitability and design maturity** can be downloaded from svid.se

2. Evaluation by Växjö University

In parallel with the start of the design programme in 2003, SVID initiated the process of finding a independent evaluator of Design as a force for development. Later that year, Ph.D. Ulla Johansson at Växjö University was appointed.

The evaluation is based on a model that includes different evaluation strategies:

1. **A simple analysis of the projects ability to reach the goals stated by SVID.**
2. **Fieldtrips, interviews and focusgroups for a sample of the different projects.**
3. **Surveys to the participating companies and organisations.**
4. **Surveys to the participating design consultants.**
5. **Analysis of the programme from a venture-capitalist's perspective.**
6. **Partial implementation evaluation.**

The results in brief

- As a direct result of the programme, more than 150 new jobs have been created.
- Increased sales, related to design, for companies within the programme, amounted to at least 300 MSEK.

- The financial success of 10 percent of the companies in the programme motivates the total investment made by the government.
- Two-thirds of the companies in the programme will increase their future use of design.

150 job openings

In relation to increased turnover, the respondents were asked about job openings. The companies stated that they already had hired a total of 55 people and planned to hire another 91 to 95 people. Within the group of companies stating that the programme has been necessary, 12 companies have already hired a total of 44 persons and are planning to hire another 43. To sum up, Design as a force for development has so far created a total of 150 new jobs.

A profitable programme for the participating companies

Several of the participating companies in the evaluation stated that they already have, or will, increase their sales as a direct result of their participation in the different design projects. All together, this means a total increase in sales of 300 MSEK.

Among the companies that stated that their work with design was clearly necessary for their increased turnover, the number is approximately 200 MSEK.

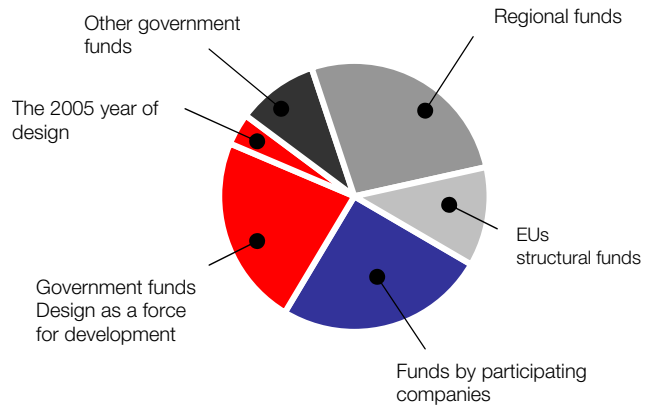
In some cases the design activities are considered to be *one* part of the positive economical development within the participating companies. The estimated increase in turnover among these companies has been weighted to the overall, estimated increase. The result equals at total of 100 MSEK.

Taken all together, companies within Design as a force for development state that their estimated increase in turnover equals between 444 and 745 MSEK.

Joint financing - a great deal for the government

The Ministry of Industry, Employment and Communications invested a total of 51 MSEK in the 2003-2005 design programme, not including the project *The 2005 Year of Design*. Thru joint financing by participating networks, companies and public organisations, a number of different projects and

Funding of Design as a force for development



activities were established. The success of ten percent of these projects motivates the entire investment. From a venture capital-perspective, Design as a force for development has been a successful investment for the Swedish government.

Future prospects

A number of the responding companies in the evaluation stated that they have changed their opinion on the need of design and the way it contributes to innovation and development. Two-thirds of the companies state that they will increase their use of design in the future.

A great deal of information was not suited for use in the conclusion. However, aware of that info the evaluator points out that the results rather are under- than overestimated. She is convinced that additional future studies among the participating companies will show numbers that substantially exceed the present findings.

Conclusions

The evaluation identifies three national projects that are considered to be the most successful.

The automotive supplier industry in Sweden is one of the largest industries in the country. The total annual turnover exceeds 100 MMSEK with an industry workforce of more than 75 000 people.

In the project *Design for the vehicle industry suppliers* the assumed increase in turnover among the participating companies amounts to more than 50 percent of the total increase in the programme. The industry is pressured by foreign competition and a rapidly growing global economy. The success of the project Design for the vehicle industry suppliers raises one important question: Can the

automotive supplier industry in Sweden afford not to invest in professional design?

The industry for aluminium, plastic, paper and pulp faces a situation similar to the automotive suppliers. The industry is represented by a large number of companies and has for decades been one of Sweden's most important. The aim of the national project *Packaging as a value creator* was to create a national arena to discuss the importance of design. The industry is to a large extent dependent on innovative, ecological and economical solutions for packaging. The project, lead by Designstudio Värmland in Karlstad, has gathered operators from the industry to discuss future challenges. Industrial design and the design process have proven to be effective tools in developing new packaging solutions. Several operators have invested in the project, and the need for a national arena has proven to be strong.

Each summer, the *Summer Design Office* is conducted at several Swedish locations. In the project students work together with companies, municipalities and public organisations on different design-related cases. Based on a cross-disciplinary model, mixing students in marketing, design and engineering, the cases focus on the development of new products or services. The participating students get important work experience, and the clients get a cost-effective insight into what design and the design process might mean for their operations. The evaluation shows that a large number of clients are positive to the effects of the project and that it has led to new thinking and a higher level of innovation.

In Sweden, the number of designers increases and in five years the number of students with a degree in design has more than doubled. Their services are needed, but there is still a need for the industry and other parts of the society to, in a cost efficient manner, learn more about the role of design. The Summer Design Office is one way to overbuild that gap.

4. Future challenges for SVID

As stated in the evaluation, the expected increase in turnover among ten percent of the participating companies motivates the design programme as a whole. The aim of the programme was not to enter lines of industry where the understanding of design and the economical power to support it existed. The aim was rather to make an inventory of

where there was a need of an increased understanding of the importance of design. Based on the evaluation, we can now identify a number of fields to focus on and where we need to increase our efforts. The positive results of the design programme further give us strength in our future work.

Despite the aim of the design programme to integrate design in company development, some of the projects show that the role of the designer became less important than hoped for. For SVID, this illustrates a new challenge: Even though the knowledge of design has increased, there is still a lack of knowledge and ability in how to use the competence and how to implement design strategies. This is a necessity in order to make a successful investment in design.

5. Information on the programme *Design as a force for development*

The design programme was based on nine different types of industry. SVID also received funds for an intensified regional operation under the name *Regional Development*, including seven regional- and 15 local offices.



Avitronics concept for smoke helmets developed by Zenit Design Group for SAAB Avitronics.

Employees and companies in good shape

What happens when employees, directly involved in the production process, participate and interact in the design process? In the project *Employees and companies in good shape* designers created different concepts for improved products, environments and services. The project also generated a number of design concepts that are to be launched in a near future. One example is the fire department in Malmö who participated in the development of a new smoke helmet.

Design for business enterprise

The co-operation between technology, economy and design is becoming increasingly important in the development of successful business strategies. In the project *Design for business enterprise* more than 1 700 people have participated in educational programs and workshops. A vital part of the project is the education tool DiA, Design in business development.



Strukturdesign has developed new concepts for Likos patient lifts.

Design for export of medical technology

Sweden has a strong track record in the field of medical technology, with a number of successful companies. The industries annual turnover exceeds 15 MMSEK. In the project *Design for export of medical technology* nine companies have worked with professional design consultants in different development projects. As a result of the project, a couple of new products have already been launched. More will follow in a near future.

Design for small and large communities

What characterizes a municipality's communications with it's inhabitants and the world around? In times of downsizing, with companies moving their operations abroad, forcing people to move to larger cities, several Swedish municipalities are facing great challenges. In the project *Design for small and large communities* a number of municipalities have been analyzed from a designer's perspective.



Newsboy, a concept for the newspaper of tomorrow.
Design: Propeller.

Design for services

The aim of the project *Design for services* has been to develop the service offering for companies and organisations. This by using the designer's creativity, ability to visualize and make an overall analysis. A total number of seven projects have been included, among those a new website for Sweden's leading insurance company and a concept for the newspaper of the future, Newsboy.

Design for the vehicle industry suppliers

The aim of the project *Design for the vehicle industry suppliers* has been to, by the use of design, strengthen companies competitiveness on a global arena. More than 40 companies have participated in the project and together with professional designers developed products, design concepts and visual identity-programs.



Cliff Design & Development has developed new design concepts for Highland Motors.

Packaging as a value creator

Lead by Designstudio Värmland, the project *Packaging as a value creator* has created a national arena where ad agencies and designers to brand owners, manufacturers and retailers co-operated in order to develop new and innovative solutions for packaging and logistics. Thru exhibitions, seminars and workshops more than 13 000 people have learned more about future challenges and possibilities. The project has also resulted in a large number of development projects, including more than 300 companies, researchers and students.



Design koncept for Krusell, a manufacturer of carrying equipment for portable electronics.
Design: Hampf Industrial Design.

The Summer Design Office

During seven summer weeks, students in design, engineering and economy work with small- and medium sized companies, municipalities and public organisations. The assignments focus on product development, services or market positioning. During the design programme 2003-2005 a total of 49 Summer Design Offices have been conducted at different Swedish locations, with a total number of 336 assignments and 300 students.



How do you improve the patient information in the emergency room? The students at the Summer Design Office in Hällefors developed a concept for a personal information carrier.



Elmia Design Initiative 2005 presented new design concepts for a number of industries. Elmia Subcontractor focused on the competitiveness of the Swedish automotive supplier industry.

The outdoor environment – design for the educational experience

How do you make children more involved in the development of new products? The aim of the project *The outdoor environment – design for the educational experience* is to involve designers in the process of developing functional and safe playgrounds. The project has also involved BarnBra, a quality evaluation that invites companies to develop new products, services and businesses in order to improve their competitiveness.

Regional development

In addition to the nine national projects, SVIDs regional- and local offices have carried out a large number of projects and activities. Based on guidance, information and different development projects, SVID have participated in raising the awareness on the importance of design among a number of companies, organisations, universities and research institutes.

One example is Elmia Design Initiative 2005, a joint project between SVID and Elmia AB, one of Sweden's leading trade-fairs. During a number of occasions, SVID arranged match-making, seminars and exhibitions. Elmia Design Initiative also involved some of the national projects and presented new design concepts within a number of industries.