Design Orientation:
The Antecedents, Research Propositions & Managerial Implications

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Abstract: Research on design indicates the lack of academic study on firms that are able to develop a design function to generate sustainable competitive advantage and on their managerial practices, values, and assumptions to be associated with appropriate management of design. The ability of firms to orient themselves to design products/services successfully will provide them with significant competitive advantage. In this paper, I introduce a new strategic phenomenon, namely, "design orientation". I seek to contribute to the systematic development of a theory of design orientation which will aid designers, design leaders, executives, and potential investors in making assessment of design strategies.

Key words: Design, Design Orientation, Strategy, Design Driven Firm, Competitiveness

"An enterprise's most vital assets lie in its design and other creative capabilities. I believe that the ultimate winners in the 21st century will be determined by these skills… Let us focus our strength in developing unique designs that reflect the Samsung philosophy and soul."
—Samsung Chairman Kun-Hee Lee, New Year's Address, 1996

I. Introduction

There is a quiet revolution going on in the design world (Guth et al, 2008; Brown, 2008). A new strategic business phenomenon, namely, "design orientation" is gaining considerable attention among academics and practitioners across the globe. This orientation might address a fundamental business question towards organizational survival: What gives rise to competitive advantage and how can it be sustained? (Srivastava et al, 2001). However, despite increasing managerial attention (e.g. Design Management Institute 2008 Conference) and academic interest in design among business marketers (e.g. Special Sessions on Design at AMA and Marketing Science 2008 Conferences), there is not a set definition of design orientation and the activities it involves. This is not surprising for an emerging field of investigation as consensus among researchers can be reached only when theories converge into consolidated paradigms. (Kuhn, 1996. I seek to further contribute to the systematic development of a theory of design orientation. My theory will aid primarily designers, design
leaders, senior management, marketing executives, business partners, and potential investors in making assessment of design strategies. This strategic assessment will enable them to succeed in an increasingly design driven competitive environment (Vanchan and McPherson, 2008). Defining the construct of "design orientation" will facilitate research on the link between "Design Orientation" and Business Performance. This research may in turn provide justification for the required budget allocation for design oriented activities.

II. Importance of this Research to the Design Practice

Firms have to continue understanding their markets and customers, producing and delivering superior products. The ability of firms to orient themselves (Ramani and V. Kumar, 2008) to design products and services successfully will provide them with significant competitive advantage (Borja, 2003). The purposes of the proposed study are to 1) explore and define "design orientation", 2) establish the construct's dimensions and 3) develop theoretical propositions in order to attract and facilitate research.

Even though firms often neglect design as a strategy tool to gain sustainable competitive advantage, several recent developments in the business world have led to the increasing importance of design. First, customers have started to assume participatory roles to *co-create* value with firms (Sanders, 2006; Vargo and Lusch 2004). For

example, Nike designs products to help consumers engage more fully in the running process and achieve their running-related goals: smart shoes that track performance and inform runners when they have broken their personal records (Ramaswamy, 2008). Second, due to intense competition, product performance and price became less important differentiators. In this new environment, suppliers search for new avenues to differentiate themselves (Ulaga and Eggert, 2006).

In spite of the fact that product appearance would not seem to be superior to performance, Yamamoto and Lambert (1994) provide evidence that the appearance of an industrial product may have an impact on its evaluation. The authors show that aesthetic industrial product imposes an influence, which in some circumstances exceeds the influence of certain product functionality or price attributes. They maintain that the impact of product appearance affects people in different organizational functions, across a range of technical orientations (Yamamoto and Lambert, 1994). Acknowledging the importance of other product characteristics, Orth and Malkewitz's research on packaging (2008) emphasize the design elements, such as the hourglass shape of the Coca-Cola bottle and its logo in Spencerian type or the round-shouldered Bordeaux-style wine bottles (Orth and Malkewitz, 2008). The authors (2008) indicate that design elements create a package's visual appearance and they become an integral part of a brand's image. Moreover, Justice (2008) asserts that marketing and engineering are the primary drivers of innovation. However, what makes satisfy a desire or a need is the emotional aspect of product "lust". The critical role of the designer is to combine the usability and aesthetics concepts to achieve a great product by acknowledging the importance of 'designing for emotion' (Justice, 2008; Norman, 2004). Below, Apple demonstrates one of the best examples of how a design driven company can use design thinking to obtain a sustainable competitive advantage by influencing the consumer behavior through altering not only the means of distribution but even the ways in which people enjoy and think about music (Levy, 2006).

Levels of Design Thinking Deployed at Apple
Source: Adapted from "The Perfect Thing: How the iPod Shuffles Commerce, Culture, and Coolness" by Steven Levy, 2006

IV. The Theoretical Contributions of this Research
The design literature has a particular interest in design's effect on business performance (Borja, 2007). However, there is little research done (Gotzsch, 1998) on developing a framework of "Design Orientation". The anecdotal evidence which lacks clear and comprehensive construct in the literature that captures the key elements of a design orientation, motivates me to study to address this gap by synthesizing extant knowledge on the subject. My research also aims to provide a foundation for operationalization of design orientation through establishing the construct's domain, developing research propositions, and constructing an integrating framework that includes determinants of a "Design Orientation".

V. Purpose of the Research
The proposed research will identify and analyze the nature of a newly emergent construct of "design orientation". More specifically, it will develop an understanding of why some firms are more design-oriented than others and what the role of design in co-creation environment (the inclusion of B2B customer and consumer into the design process) could be. In particular, my research will: Define the construct of Design Orientation in a B2B/B2C setting; Identify the underlying dimensions of Design Orientation. Specifically it will address the

following questions: What kinds of activities does a Design-Oriented company do? What previously unacknowledged factors influence and are influenced by Design Orientation? And finally it will develop research propositions to be tested, and construct an integrating framework that includes antecedents of Design Orientation.

VI. Research Methodology

Given the nature of the objectives as developing understanding (Dyson et al, 1996, 1997) from the responses of people and organizations of the "Design Orientation" phenomena, I propose a discovery-oriented, theories-in-use approach (e.g.Tuli, Kohli and Bharadwaj, 2007). Because the purpose of the study is to uncover what design orientation means and to develop a taxonomy towards a generalizable theory, it is important to include a wide range of experiences and perspectives in the course of the data collection (Corbin and Strauss, 2008). Therefore, I will use a "theoretical" sampling plan to interview managers across functions and hierarchal levels in multiple industries including large and medium size companies. The sample will be a combination of firms selected from Businessweek's "The World's Most Innovative Companies" list (e.g. Coca Cola, BMW, Target, Nike, Electrolux, Apple, 3M, etc.), their main distributors, and contacts obtained from professional design associations (Industrial Design Society of America (IDSA), and American Institute for Graphic Arts (AIGA)). The data analysis will follow the general procedures of basic qualitative research to allow the interplay of data and researcher via inductive and deductive process (Corbin and Strauss, 2008). The scope of this study will be limited to firms which manufacture primarily tangible products. However, the interviews will capture the statements related to all kinds of design to find evidence towards design orientation in a broader sense (i.e. web design, service design, store design, workspace design, communication design, graphic design, etc.).

VII. Conclusion

Based on the initial analysis of the first 10 interviews with senior managers from large corporations and designers from leading design firms, it is too early to begin developing research propositions. However, as antecedents towards determining the dimensions of the construct of "Design Orientation" several themes already began to emerge. These emerging themes are willingness to take a risk with design firm, authenticity, senior management commitment, emphasis on design-training, etc. So far my interviews indicate that most of the Design executives still report to VP of Marketing. This creates a conflict for the Design executives as they feel that their ideas are filtered by the VP of Marketing. According to the preliminary results, one of the biggest challenges for the the Design executives is having direct reporting relationship to the CEO of their company. So I observe that the higher the Design executive is in the organizational chart, the more Design Oriented the company is.

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