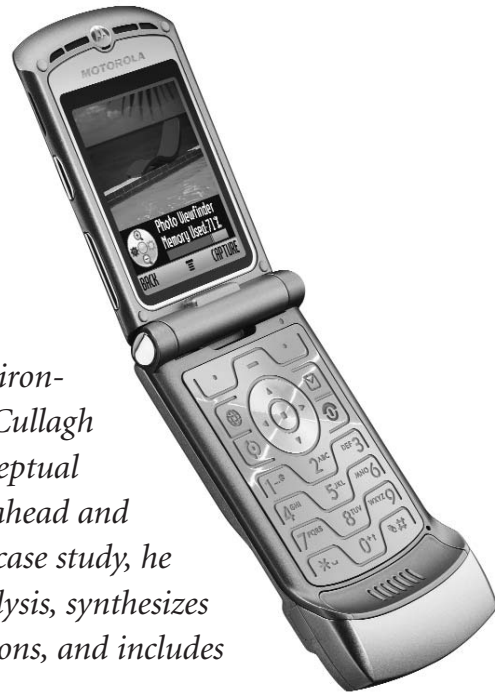


Strategy for the Real World

by Kevin McCullagh

Contending that the contemporary business environment can be turbulent and chaotic, Kevin McCullagh asserts that design strategy is not about grand conceptual ideas but is instead a pragmatic blend of thinking ahead and en-route adaptation. Using Motorola's RAZR as a case study, he explains how strategy is grounded in facts and analysis, synthesizes disparate thinking, provides a framework for decisions, and includes an implementation plan.



Strategy is a word managers and consultants use when wishing to sound important and expensive. To a large extent, overuse has emptied it of much of its meaning. Strategizing also stands for a number of things, some of which smack of ulterior motives, such as gaining credibility, pleasing investors, and even serving as group therapy for management.

Yet despite the cynicism surrounding it, strategic thinking in design has never been in so much demand. This is primarily due to the promotion of design onto the senior management agenda—witness the Innovation, Creativity and Design Strategy debate at the Global Economic Forum, in Davos, earlier this year.¹ With this ele-



Kevin McCullagh,
Co-Founder, Plan, London

vation of the design perspective to board level come greater expectations of design managers. As senior executives learn to deal with soft issues, such as aesthetics and experience, design managers and consultants are stepping up to deal with the hard stuff—data, rigor, and the business case.

However, few of those called upon to deliver these strategies have had a classroom education in the subject.²

1. Bruce Nussbaum, "Design Gets Its Due in Davos," *BusinessWeek*, January 11, 2006.

2. A few innovative education establishments, such as IIT Institute of Design, in Chicago, D-School at Stanford University's Joint Program in Design, and the International Design Business Management program in Helsinki, are now addressing this gap.

They have developed their expertise in the studio through a mix of personal experience, shared war stories with their peer networks, and by reading the odd business strategy article.

The aim here is to capture some of the experiences of those crafting strategies amidst the cut and thrust of business life—both inside and outside corporations.

Strategy and its misconceptions

Since designers love to attach strategic to any big project, it is worth making a few distinctions. Rather than get stuck in turgid definitions of the word, it is probably best to begin with what it does not constitute.

One of the most common delusions is that any project involving future-gazing is by definition strategic. As Clive Grinyer, experience design chief at France Telecom, states, “Design strategy is often confused with future fantasy, which can sometimes be inspirational, but should never be confused with strategy.”³ A distinctive view of the future is central to strategy, but without backup data and a coherent engagement with commercial realities, it remains purely intuitive speculation. While an iconic project, such as Philips’ Vision of the Future, was highly inspirational to a generation of young designers, its actual role was one of PR rather than strategy—to project an impression that Philips was a future-focused company.

Rudolf Voigt, design manager for mobile devices at BenQ Corp., points to two other misconceptions: that design strategy is mostly based on consumer trends or visual language, and that it can be developed without engagement with the business strategy.

As is true of business strategy, there are many schools of thought on what design strategy constitutes, but most agree that it includes the following.

Big-picture perspective

To build a case for a strategy that will be taken seriously outside the design studio, designers must engage with commercial realities and take a board-level perspective. It’s vital to demonstrate a firm grasp of what is happening in the worlds of consumers, competitors, and technology if one hopes to articulate possible opportu-

nities for the brand. Personal experience confirms that progressive corporate strategy departments are already reaching out to design strategists with a wide-angle view of consumer, technology, and design developments to help them develop peripheral corporate vision.

Greg Orme, chief executive of the London Business School’s Centre for Creative Business, makes this point succinctly: “Design strategy is essentially about envisioning a new future from a 35,000-foot CEO perspective.” And Grinyer gives a current example: “The challenge is to demonstrate how design can contribute to corporate strategy. For example, how should the Orange brand articulate itself as it moves toward a four-play offer (TV, broadband, mobile, and landline)? Where should it deliver value?”

Analysis

For a strategy to be credible to senior management, it must be backed up by analytical rigor, reputable data, and, in case the data is soft or not available—as is often true—explicit assumptions. While this sounds like a snooze to many, it is one of the main reasons why design strategies are not taken seriously within corporations. Effective strategists immerse themselves in the details.

Gary Hamel, the designer’s favorite strategy guru, makes it crystal-clear that a business-savvy point of view (POV) must be compelling, coherent, and commercial, but most of all it must be based on unimpeachable data. “A POV can be as bold and far-reaching as your aspirations, but it must have a foundation in fact. Rhetoric isn’t enough. You need to wade hip-deep in data to make sure you know what’s going on. You have to be ready to back up your bold assertions. And you must clearly separate what can be known

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3. All the quotes in this article (unless footnoted otherwise) are from personal conversations.

from what is unknowable—don't claim to know things you can't."⁴

Synthesis

At the most abstract level, strategy-making always involves the coupling of rigorous analysis and intuitive synthesis. Creatively fusing disparate data, insights, ideas, and assumptions into a new whole lies at the core of strategic thinking.

Orme underlines this point, noting that “strategy is driven by the synthesis of evidence and expert assumptions,” and he goes on to observe that while designers are strong synthesizers, “they tend to lack a big-picture perspective and to be slack about building a base of evidence data.”

Frameworks

Chris Bangle, design director of BMW, describes one of his key roles as “creating a framework around which senior management can make product development decisions.”⁵

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and in my experience the essence of the brief often lies in framing these complex and multi-dimensional problems. This generally begins with panning out from the issue in hand and defining its boundaries, before zooming back in to break it down into its constituent parts. Then, with the ultimate goal in mind, one can structure these elements into a framework that brings clarity to the front end of a new initiative. To ensure that this provides a robust decision-making infrastructure, internal inconsistencies must be ironed out, terminology defined, and metaphors clarified by testing the framework with key stakeholders.

In sectors as diverse as automotive and fast-moving consumer goods, I have found that the most powerful frameworks help different departments develop a new and shared view of

the opportunity space. It must fit with their worldviews and they should be able to position key concepts and data within it.

Richard Eisermann, strategic director for strategic design consultancy Prospect and former design director for Whirlpool in Italy, concurs. “Design strategy is about controlling the amount of subjectivity in the product or service development process. It should provide a decision-making framework and a rationale to stakeholders, including nondesigners. Strategy should not be prescriptive—it cannot be a blueprint for good design.”

Implementation planning

It has been estimated that less than 10 percent of strategies get implemented,⁶ and as post-dot.com wisdom has it, “Strategy is easy; implementation is hard.” Managers in the real world stress the importance of familiarity with practical implementation issues.

Rudolf Voigt of BenQ comments that designers are being recognized for having a more practical appreciation of a company's intrinsic capabilities, in comparison with their typically more abstract-minded marketing colleagues.

“Designers can be more realistic about what can really and credibly be done, because they are more aware of the delivery challenges.” Indeed, Ignacio Germade, design director for Motorola Europe, emphasizes that “a key element of a successful strategy is knowing about and thinking through all the steps to get there. It is not just about formulating an implementation plan—it's also familiarity with its different elements.”

The role of consultants

Few would dispute that strategy formation should be owned, championed, and implemented by internal design managers rather than outsourced to consultants. Most managers also agree that consultants have valuable roles to play.

4. Garry Hamel, *Leading the Revolution: How to Thrive in Turbulent Times by Making Innovation a Way of Life* (Boston: Harvard Business School Press, 2000).

5. Design &Art Direction's 2005 President's Lectures, London, December 7, 2005.

6. Walter Kiechel, “Snipping at Strategic Planning,” *Planning Review*, May 1984.

Indeed many of the trailblazers of design planning and strategy, such as Jay Doblin, Larry Keeley, John Rheinfrank and Patrick Whitney, have operated outside the corporation.

Skills and perspectives

So how are design managers using consultants to help build better strategies? The top-level answer revolves around balancing skill sets and perspectives. Strategic thinking is not a run-of-the-mill activity in most design departments, because most of their work revolves around the tactical implementation of an existing strategy. The skill set managers require in the cut and thrust of the corporate world is distinct, but not mutually exclusive, from that of strategic thinkers. Managers tend to assess their needs and bring in senior talent as required.

Prospect’s Eisermann counsels an honest appraisal of internal resources: “No single person possesses all the required skills! Good design managers play to their strengths, acknowledge their weaknesses, and bring in external expertise as required.” And France Telecom’s Grinyer is also conscious of corporate myopia. “It is imperative to get an outside view and have internal assumptions challenged. Brave design managers consistently look to refresh their knowledge through the involvement of outside consultants with cross-sector experience and strong views of

the way the world is changing.”

The matrix below summarizes the skill sets and perspectives that tend to be associated with design managers and strategy consultants.

The right relationship

In general, managers strive to achieve a healthy balance between internal and external resources. BenQ’s Voigt also stresses the proactive side of the relationship: “Good consultants think like entrepreneurs for their clients—they ask what they should do to keep the company fresh?”

Managers look for strategic inputs at the level of big-picture perspectives, analysis, synthesis, frameworks, and conceptualization; but rarely does it make sense to involve consultants in implementation planning. Grinyer underlines this point. “To have a chance of success, a strategy must be championed by a strong in-house design leader. For a strategy to have real impact, consultants must work with a senior partner and champion to prepare the ground, hone it, own it, sell it, and execute it.”

High-profile strategic projects also have a tendency to backfire. A familiar complaint is that consultants dream up pure strategies in glorious isolation on the basis of grand generalizations that ride roughshod over corporate realities and brand values. Grinyer admits to “often being shocked by how little consultants understand

	Skills	Perspectives
Design managers	Motivation and mentoring Internal and external communication Culture creation and management Cross-department alliances Budgeting	Corporate culture Political/diplomatic Internal capabilities Brand Sector Target consumers
Strategy consultants	Bi-polar — analytical and intuitive Thought leadership Empathy with corporate pressures Ability to produce tangible, engaging, and stand-alone deliverables	Objective Big picture Cross-sector External possibilities Challenging Consumers in general

about their clients' brands." On the other side of the relationship, Eisermann reflects on "overestimating the appetite for change within the client—the people who clamor most for a strategy are often those least willing or able to implement it."

Probably the most common error on both sides is to underestimate the amount of work needed to prepare the ground and obtain buy-in with all key stakeholders. This work also helps to ensure that the strategy is situated within the needs of the whole company and not just the needs of the direct client contact.

From a consultant's perspective, the most common mistake clients make is to treat strategy passively—as a one-off issue that lands in their lap or even blows up in their face every few years. Strategies should be regularly reviewed, challenged, tested, and adapted to remain alive to change. Smart managers also develop a range of strategic alternatives—or "stratlets"—as a way of testing the primary strategy, as well as having something close to hand in case of a sudden change in the environment.

Organizational barriers

The key issue, even contradiction, in strategy is trying to rationally plan in often chaotic and irrational environments—whether in markets, companies, or studios.

Grinyer is worldly enough to accept that "stuff happens"—the world changes, whether it's "a new CEO, a disruptive technology, a bad set of quarterly results, or a new competitor that makes some strategies either redundant or in need of a serious rethink."

Corporate chaos and politics present the biggest and most underestimated barrier to delivery. Companies are far from homogenous units; they comprise disparate departments with conflicting agendas, dysfunctional communications, petty rivalries, and overworked individuals. Getting a new strategy out there and gaining mindshare and traction is a real challenge—not to mention having to compete against or accommodate competing strategies from other departments.

Even when market and corporate conditions are favorable, the design manager can find frus-

trations closer to home. Designers, especially the most talented, often prove to be the worst barriers to a design strategy when they refuse to work within the constraints of a strategic framework. Germade reflects that recruitment is as much about the culture as raw talent: "You need to get designers to care about the studio's work, not just their own."

Agile strategy

Henry Mintzberg, the iconoclast and Woody Allen of business strategy, would recognize the experience of design strategists in the real and often chaotic corporate world. He is dismissive of the traditional MBA school of strategy, in which top management makes rational and detached planning decisions that are then implemented by those below. In the real world, strategy emerges through interplay between structured planning and ad hoc responses. Mintzberg speaks of "crafting strategy" according to the needs of the organization and environment. Here, strategy creation and implementation are interdependent. He compares the art of strategy-making to pottery, and managers to potters sitting at a wheel molding the clay and letting the shape of the object evolve in their hands.

Design strategists might take comfort in this analogy. While they must be business-savvy analysts and synthesizers, they should also stay alive to their intuition and environment. This is not to justify strategy on the fly or post-justified rationales, but it is to make the case for agile strategy. Maxims for strategy in the real world include the following: get hold of what facts you can; where the data is soft or absent, make your assumptions explicit; build frameworks and hypotheses; and then review, test, learn, and adapt them on a regular basis.

Strategy in the real world involves some thinking ahead and some adaptation en route. Thought needs to dynamically interplay with action, not dictate it from a lofty ivory tower.

The RAZR as catalyst for Motorola's strategic renewal

The success story of Motorola's RAZR cell phone is emblematic of the more active role design departments are playing in the formulation of corporate strategy in progressive companies.

The RAZR has now sold more than 50 million units, nearly as many as Apple has sold iPods—but in less than half the time. Like the iPod, it has also been called a company-changing product. As well as boosting market share and profits, it also provided the momentum for transforming Motorola from a technology to a lifestyle-driven company. Jim Wicks, vice president of consumer experience design, remembers consumers likening its products to “some Cadillac that nobody wants”⁷ when he joined the company in 2001.

However, the RAZR's success and Motorola's subsequent rejuvenation around it is no textbook case of grand top-down strategy. It emerged at a time of cultural change at the top of the company and then became the catalyst

around which the company reinvented itself.

The late Jeffrey Frost was a key pathfinder for the new Motorola. He left Nike to join the company as chief marketing officer in 2001, and he pioneered the Hello Moto campaign in 2002. Frost had grasped the start of a big-picture market shift from features to fashion. At this point, the brand's communications had been given much-needed fizz, but the company didn't have products that could deliver on the promise.

In 2003, the genesis of such a product was spotted roaming the Advanced Development Department in the form of a mocked-up super-thin phone, which had been achieved by reconfiguring internal components. Motorola assembled a skunkworks team of designers and engineers, some of whom had recently been pulled off another high-end phone project. Project Razor Clam was given the objective of develop-

7. Jim Wicks, “Weaving Design into Motorola's Fabric,” IIT Institute of Design Conference, May 2006 (http://www.id.iit.edu/events/strategyconference/2006/perspectives_wicks.php).



The Motorola RAZR's huge success provided a catalyst and template for the company's design renaissance. The KRZR is a slimmed-down, exquisitely finished, and premium-priced evolution of the RAZR platform.

ing and launching a low-volume “statement product” within the year.

The pressure was on to produce a knockout phone with the goal of building more buzz than sales, and therefore normal rules would not apply. In the tradeoff between thinness and functionality, the team would lean toward the former—focus was the name of the game. Time constraints meant that corners were cut and rules broken: For example, the usual consumer tests and network operator consultations were bypassed. Also, the lack of the usual constraints associated with a mass product, and the singular pursuit of the Wow! factor, allowed for the use of high-end materials and usability tradeoffs. One such compromise was going with a handset width that the usability team advised was 4 millimeters too wide.

Another cornerstone of the story is Ed Zander, who joined as CEO midway through the RAZR’s development. As well as encouraging the project, he instigated a bonus structure to focus the whole company on the end consumer and to reduce inter-departmental wrangling.

The initial marketing plan was to label the phone the V3, in line with Motorola’s naming

convention. However, Frost, who had been tracking the project, did not like the idea of such an elegant phone having such a pedestrian name. Inspired by the project code name, he championed the four-letter RAZR and got behind the project with a strong communications campaign.

The RAZR V3 was released in November 2004 as an exclusive fashion phone, with a high price of \$500, along with a service agreement in the US, and the unsubsidized price of \$2,000 in Russia. It was an instant hit, generated buzz in all the right circles, and sold a very respectable 0.75 million units in the final quarter of 2004. In the fast-moving world of mobile phones, and particularly in an era of restless design studios, the natural reaction would have been self-congratulation and a move to begin work on the next killer product—but not this time.

The 2005 budget that had planned around selling 2 million RAZRs was revised upward by the new head of the cell phone division to a target of 20 million. This threw the gauntlet down to the marketing and design departments to extend the product’s success well outside the original market niche. The iconic success of the



SLVR represented an extension of the RAZR design language to a candy-bar format and cheaper price points.

RAZR made the job of developing a design language extension platform easier, since the usual competing views were largely absent, replaced by enthusiasm for building on a success story.

A black variant found its way into the 77th Academy Awards gift bags, and was released in early May 2005; the price of the standard V3 was lowered to a mid price point around the same time. The pink version became a legendary Christmas success in the UK in the same year. Early 2006 saw the launch of the lower priced SLVR family—an articulation of the RAZR design language into a candy-bar format. The three different SLVR models share a similar appearance, but are equipped with feature sets to hit different price points. In July 2006, the company announced two more RAZR offspring—the narrower, taller, and exquisitely finished KRZR K1 clamshell; and a slider format called the RIZR.

While critics have accused Motorola of milking one idea and not having a follow-up, a counter point of view is that the company has pioneered a more mature way of managing a product lifecycle. Its focus on a small number of cell-phone product platforms, such as the RAZR and the PEBL, is analogous to the automotive industry, in which marketing resources promote the platform sub-brand rather than individual models. Advertising features the top-of-the-range “hero” product, under whose halo the cheaper variants bask. Not only does this platform approach make for effective marketing, but it also allows designers to focus on doing a few things well and helps reduce the total number of component variants to be engineered, sourced, and managed.

Germade makes it clear that the long-term success of the RAZR should be firmly laid at the feet of senior management and their vision: “They saw more sales potential than perhaps the design team did, and really showed leadership through pricing and communications.” And he emphasizes the importance of “designing the right culture” in the company if strategy is to remain alive and relevant. “We have themes and

hypotheses that we use as guides—until they are proved wrong.” One such guideline is that consumers should be able to identify a Motorola phone from three meters away. Annual strategy reviews also ensure that the design department remains aligned with the corporate and marketing objectives. “Branding from the inside out” is the phrase Germade uses to underline this new product-driven approach; when the product is the brand, “consistency of implementation is really important.”

Jim Wicks sums up the joined-up way in which his company is now able to build strategy: “What really defines our design group’s positioning now versus three years ago is that it’s really tightly woven into the way we plan our products, our strategies, our marketing, and how we prioritize which technologies we go after.”⁸

The RAZR story provides a strong case of an emergent, learning, and responsive strategy. It was not drawn up in glorious isolation and handed down to the implementers. Its authors knew the market was changing and that Motorola had to change too, and they thought RAZR could contribute to the changing perceptions of an elite. At the same time, through intervening in the market, Motorola discovered potential far outside this fashion niche. This traditionally technology-driven company was open enough to realize that it had underestimated consumer demand for high style, astute enough to spot the long-term potential of an initial success, and agile enough to rapidly shift its priorities from technology toward lifestyle. Most impressive, to those familiar with corporate life, it rapidly aligned its design, marketing, and technology strategies around a platform approach and reaped the rewards.

It is also instructive to note that such success was achieved with a notoriously weak user interface. This suggests two lessons: first, do not underestimate the power of the blink factor⁹ of product identity in the consumer experience; and second, think what Motorola could do if it fixes its UI, which it seems more than capable of doing. ■

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8. Wicks, *ibid.*

9. For an excellent exploration of the influence of snap judgments on all walks of life, see Malcolm Gladwell’s *Blink: The Power of Thinking Without Thinking* (New York: Little, Brown: 2005).