Designing for Services - Multidisciplinary Perspectives:

Proceedings from the Exploratory Project on Designing for Services in Science and Technology-based Enterprises, Saïd Business School

Edited by Lucy Kimbell and Victor P. Seidel

University of Oxford 2008

Service design: time to bring in the professionals?

Bruce Tether

Who designs services and who should design services?
Two years ago, the UK Design Council commissioned a survey on the use of design in UK firms. Asked about the importance of various factors to their competitiveness, the difference between manufacturing and service firms was stark. Whereas nearly half the manufacturers recognized design as crucial to their competitiveness, this was true of only one in ten financial and business service firms and one in eight consumer service firms. Manufacturers were also significantly more likely to recognize creativity, R&D and innovation as crucial to their competitiveness. Service firms, by contrast, tended to place slightly greater emphasis on financial management, operations management, communications, and human resource management. When asked about the role played by design in their firm, 40% of manufacturers claimed design was integral, compared with one in ten of the service firms; by contrast, only one manufacturer in ten claimed design had no role to play in their firm, whereas a third of the service firms considered this was the case.

Another stark difference emerged in the role played by design and designers in new product and service development. Amongst the manufacturers, nearly two-thirds claimed design was used throughout the process, with designers playing a leading role. This behaviour was very rare amongst the financial and business service firms, where only one in eight consumer service firms claimed this was the case. Meanwhile, the vast majority of financial and business service firms – and over half the consumer service firms – claimed design and designers had no role to play in their new product and service development processes; an approach shared by just one manufacturer in eight.

The role of design and designers appears to differ sharply, therefore, between manufacturing and service firms. We should note that this is not due to underlying differences in their competitive model – more than half the businesses in all sectors claimed to be competing on added value, with less than a third competing on price or cost. Also, there do not appear to be substantial differences in the interpretation of what design is. A majority of businesses in all sectors recognized design was more than aesthetics: two-thirds of both manufacturing and service firms considered design to be "about products working well to meet clients' needs", and over half of both manufacturing and service firms perceived design to be "a creative process that enables ideas to come to life". Meanwhile, a quarter of manufacturers and a third of service firms recognized design as a "strategic business tool".

It seems the main barrier to using design (as well as creativity- and innovation-related practices more generally) in service firms was the perception that it was not relevant: half the service firms expressed this opinion. This aside, the more important barriers were the cost of these activities and the lack

Figure 3: the role of design in manufacturing and service firms

	Manufacturers	Finance & business services	Consumer services
It is integral to the firm's operation	41%	15%	6%
It has a significant role to play	35%	18%	15%
It has a limited role to play	15%	39%	42%
It has no role to play at all	9%	28%	37%

(Design Council survey of 1,500 firms, 2005)

Figure 4: how design is used in firms' new product and service development

	Manufacturers	Finance & business services	Consumer services
Design Manager/ design team leads and guides whole process	63%	3%	13%
Designers are used in all stages	41%	12%	5%
Designers are used in some specific stages	19%	2%	28%
Designers are not included in the process	13%	84%	55%

(Design Council survey of 1,500 firms, 2005) of clear tangible rewards. The lack of clear tangible rewards was identified by about a fifth of service firms, twice the corresponding proportion amongst manufacturers.

Silent design, the undertaking of design activities by those not trained as or recognized to be designers, appears to be the dominant approach to design in service firms in the UK (Gorb & Dumas 1987).

When we consider that three-quarters of the UK economy is due to services, and that this share is growing whilst manufacturing output is essentially stagnant (and declining as a share of economic activity), then the findings of the Design Council's survey give cause for concern – at least to the design community, if not to consumers and policymakers. Also notable here is that the productivity of services is lower than the productivity of manufacturing activities: we produce more wealth per hour worked in manufacturing than we do per hour worked in services.

One of the reasons design is much more widely used by manufacturers is that manufactured products are tradable at a distance: production and consumption occur in different places, so increasingly products are being produced in low cost locations like China and imported to the UK and other advanced economies. To survive and prosper in a high cost location such as the UK, manufacturers have to add more value, and they do this through product differentiation and innovation (including the development of complementary services), in which design usually has a significant role to play.

By contrast, the production and consumption of services has traditionally occurred in the same place – think of a haircut, you can't outsource that to China! This means that customers of many services have been stuck with a choice amongst a set of local, cottage industry, providers, all of which have similar costs. But increasingly services are tradable. The European Commission is seeking to enhance trade and foreign direct investments in services through the Services Directive, the objective of which is to achieve a genuine internal market in services by removing legal and administrative barriers to the development of service activities between member states. Meanwhile, powerful information communication technologies are increasingly facilitating the decomposition and recomposition of services, both by function and location of where service activities are undertaken. It may very well be that the next decade or so sees dramatic change in the economics of services, and companies and governments would be well-advised to be prepared and get ahead of the curve.

In my view, design, design processes and design thinking have great potential to make a significant difference to the development of new and better services. But there are several difficulties to be tackled, primarily on the supply side. One is the variation in understanding what design is and what it can provide. By contrast, there is little confusion as to what architecture is, and what architects do.

A second related difficulty is that design tends to be what economists call a complementary asset: that is, design is an activity that tends to enhance the value of other assets (such as marketing and engineering departments) and in turn to be enhanced by these same assets. As such, attempting to identify the "contribution of design" to a company's bottom line can be difficult, and attempts to do so can be seriously misleading. A third problem is that, to my knowledge, whilst there are an enormous number of design students in the UK (perhaps too many) few are focused on services as economic activities. It seems here that private design consultants – such as Bill Hollins, IDEO, live|work, the Engine Group and Radarstation, are leading the way and developing new insight and understanding through working closely with clients. Much of the knowledge they produce is however proprietary. A challenge for academia is to pool this knowledge, test it, and make it more widely available. This project on Designing for Services in Science and Technology-based Enterprises has been a valuable contribution to that broader exercise.

References

Gorb P., & Dumas A. (1987). Silent design, *Design Studies*, Vol. 8, No. 3, July, 150–6

Bruce Tether is professor of design and innovation, Tanaka Business School, Imperial College, and the research director of Design London, a strategic partnership between the Royal College of Art and Imperial College, London.

Designing for Services is supported by the Arts and Humanities Research Council (AHRC). The AHRC funds research in the arts and humanities, from archaeology and English literature to design and dance. AHRC Research Centres provide a focus for collaborative research in areas of strategic importance. For further information on the AHRC, please see **www.ahrc.ac.uk**

Arts & Humanities Research Council

EPSRC Engineering and Physical Sciences Research Council

oxford SAID BUSINESS SCHOOL

Designing for the 21st Century