

The Four Levels of Design Management

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level 4



White Paper

Why do some companies continually develop products that are desired by consumers while others can't seem to give their products away? How is it that some companies build well recognized brands while others remain undifferentiated? Every company that manufactures goods has some process for developing their products. Some are better than others.

Over the last ten years I have designed over fifty products for nearly as many companies. Of course, some clients used design more effectively than others. After considering the differences between the many clients I have worked with, I developed the Four Levels of Design Management framework to help companies understand their current use of design and how they can increase their results with an improved approach.

This paper takes a look at the different ways that companies utilize design and provides insight as to why some end up building great brands and some are continually lost in the commoditization of their industry.

Though not all companies have a design staff, this does not have to be a disadvantage. Utilizing design well is largely based on an attitude that design provides value.

Let's take a look at the four levels:

Level One: Execution

Level one companies are focused on engineering and marketing and often give little thought to the design of their products.

These companies often produce nondescript products, products that appear generic. They are likely to lack consistency in their product line with ill-defined visual distinction between their own products and their competitors.

These companies are reactionary. They react to their competitors and often lack a product road map. If a competitor comes out with a hot product, they are likely to suddenly say "We need a product like company B".

Companies using design at this level usually do not have a design staff.

These companies may suffer from hit and miss products, as well as low brand recognition and customer loyalty. If your customer comes to you today for your low price, what happens tomorrow when someone else has a lower price? Your customers are bottom feeders.

Level Two: Management

Companies at this level often have small to medium sized design staffs or they utilize outside consultants well. These companies

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Level Four	Strategy	Focus on integrating design across functions and addressing strategic business goals.
Level Three	Planning	Focus on ensuring consistency across product lines and providing direction for future products.
Level Two	Management	Focus on managing the process and ensuring time and budget for the effort.
Level One	Execution	Focus is on reacting to events. Design is often an after thought. Limited in time and budget.

understand that design can add value to a product and ensure that designers are a part of the product development team.

The focus here is on control, making sure that there is adequate time in the schedule and funding in the budget for a reasonable design process.

The result is that these companies often produce successful products but because of the lack of consistency they may not be building their brand as effectively as possible. Companies at this level can be very successful. Their success is going to be based on well defined differentiation in terms of distribution channels or pricing. Dell computer is a good example. Dell enjoys many advantages over its competition which allow it to deliver high quality products at low prices. However, as the industry continues to mature and competitors catch up, Dell will need to move up the design utilization ladder to maintain leadership.

Level Three: Planning

Here, companies often have large design staffs. Companies at this level make design explorations a part of their product development activities. Witness how automotive companies produce concept cars or how some technology companies will look at "products of the future".

These companies are focused on providing design direction. They are concerned with staying ahead of their competitors and crafting a unique image for their companies. Level Three companies spend some effort to monitor trends and understand how future attitudes and values of their customers may impact the design of their products.

The result is that the design effort helps build the brand and the company is ready for (and is sometimes the force behind) unexpected changes in the marketplace because they have considered multiple futures.

Level Four: Strategy

Nike. Apple. IBM. BMW. There aren't many companies at this level, but the companies that are are generally considered great brands. The size of the design group doesn't matter at this level. The focus is on integration. These companies practice what I call Visual Brand Management.

The focus here is on integration. The entire product line that shows the high-level consistent effort that is carried over to the packaging, collateral, advertising and web.

Companies at this level understand the value design provides and use it to their advantage to be category leaders.

Summary

Do companies have to move through the four levels to be successful? Companies like Dell show that is not necessarily the case. But design management becomes increasingly important as industries become more commoditized. Prices don't go to zero. Manufacturers don't continue to make the same product forever. Design is key to differentiating your product and showing consumers that you have something new to offer. The better it is utilized within your company the better you will be able to gain market share, attract new customers, foster customer loyalty and build your brand.

Greg Hinzmann is founder and principal of Level 4, a design strategy firm that helps companies build better brands, innovate, create new markets, increase ROI, and grow - with design.