

Design business practices

Different design businesses work in different ways. Two thirds don't use any measures to protect their intellectual property, but a quarter say they use copyright. The majority work on a fixed fee or day rate basis, but a small percentage work on a client retainer. When it comes to winning work and targeting new clients, design businesses of all types say that personal recommendation is more important than marketing. For freelance designers, networking has become increasingly important since 2005. And collaboration is popular – more than half of designers say they work with other businesses. Sustainability has become more important for many design businesses, with nearly half saying they are now trying to reduce waste and just over a third reducing energy consumption.

IP

What measures do design businesses take to protect their intellectual property?

The majority of design businesses do not take any measures to protect their intellectual property.

Don't take measures to protect IP	66%
Copyright	26%
Trademark	12%
Design registration	4%
Unregistered design rights	4%
Patents	3%
Overseas/International protection	1%
Other	1%

Fee structures

How do design businesses structure their fees?

Most design business work either on a fixed fee or day rate basis.

Fixed rate per product/service	68%
Day rate	58%
Client retainer	4%
Fixed fee plus a percentage of profit	2%
Royalty from intellectual property rights	1%

Winning work

How do design businesses target new clients?

Marketing takes a back seat to personal recommendation when it comes to targeting new clients. Personal recommendation has become increasingly important for design consultancies over the last five years and there has been a significant increase since 2005 in the number of freelance designers using networking to target new clients.

	Design consultancies 2005	Design consultancies 2009	Freelance designers 2005	Freelance designers 2009
Personal recommendation	50%	74%	50%	75%
Marketing	33%	46%	27%	37%
Networking	30%	30%	25%	29%
Cold calling	13%	18%	11%	11%

What factors do design businesses think of as 'very important' when targeting new clients?

Designers cite understanding a client's needs and having a good relationship with a client as the most important factors when targeting new clients.

Understanding client's needs	80%
Relationship/chemistry	72%
Creativity	47%
Reputation	59%
Price	35%
Sustainable design expertise	18%

How have design businesses changed their marketing spend over the last three years?

Despite difficult economic times, a third of design businesses have increased their marketing spend over the last three years.

Increased	33%
No change	46%
Decrease	15%
Don't know	6%

Sustainability

What percentage of design businesses have undertaken measures to make their own businesses more sustainable?

Environmentally friendly use of resources	49%
Reducing waste	47%
Minimising transportation	41%
Reducing energy consumption	36%
Increasing materials lifespan	29%
Other aspects of sustainable design	20%

How well equipped do design businesses feel to advise their clients on sustainable design?

Almost 60% of design businesses feel either very or quite well equipped to advise their clients on sustainable design.

Very well equipped	15%
Quite well equipped	44%
Not very well equipped	27%
Not at all equipped	14%

Collaboration

What percentage of design businesses collaborate with other design businesses?

An estimated 55% of design businesses collaborate with other designers or design businesses.

What is the nature of design businesses' collaboration with other design businesses?

Half of design businesses' collaborations with other design businesses are short-term and for specific projects.

Short-term, specific projects	50%
Long-term, consistently working together	28%
Strategic alliance	21%
Long-term, but irregular	18%

Why do design businesses collaborate with other design businesses?

Design businesses collaborate for a range of reasons:

Broaden range of design disciplines available	56%
Increase capacity to work on larger projects	44%
Stimulate greater creativity	39%

What percentage of designers collaborate with non-design businesses?

An estimated 51% of design businesses collaborate with non design businesses.

What is the nature of design businesses collaboration with non-design businesses?

Unlike collaboration with design businesses, collaboration with non-design businesses is as likely to be long-term as it is to be short-term.

Long-term, consistently working together	41%
Short-term, specific projects	39%
Strategic alliance	17%
Long-term, but irregular	14%

Motivation for setting up

What is the main motivation for business owners when setting up their design business?

Owners are motivated by a range of different factors when setting up their design business.

Creative freedom	22%
To be in control of business decisions	21%
Being able to decide when/where work	19%
To provide an opportunity for employment	18%
To increase income	6%

What proportion of design businesses' annual fee income or budget comes from collaborative work?

Design businesses earn only a very small proportion of fee income or budget from collaborative work.

All	2%
More than half	4%
About half	7%
Less than half	64%
None	12%

How has the amount of work designers outsource changed over the last three years?

Just under a quarter of design businesses have increased the amount of work that they outsource over the last 3 years.

Increase	24%
Decrease	9%
No change	57%
Don't know	10%