
Making life better by design

Supporting businesses to innovate, be more productive and resilient.

What's the challenge we've identified?

Many businesses are still holding back from making the best use of design or design skills

What did we do and what have we achieved?

Supported businesses to be resilient during a recession

Helped businesses grow in UK and international markets

Addressed a market failure by supporting innovative, inclusive products to market

What have we learnt?

Design is still seen as a cost, not an investment

It is important to engage businesses at the right time

Design can help build resilience to challenges and create opportunities for the future

Our key achievements over the last 15 years Supporting businesses to innovate, be more productive and resilient.



£7.22 generated for every £1 invested

Our Designing Demand programmes delivered an estimated GVA of over £29.7m, equivalent to £7.22 returned to the nation for every £1 invested by the Government.

5,000 businesses supported

We have worked with 5,000 businesses to enter new markets, become more resilient and improve their products.

Those we supported directly over the global economic depression of the last decade were almost twice as likely to survive another five years.

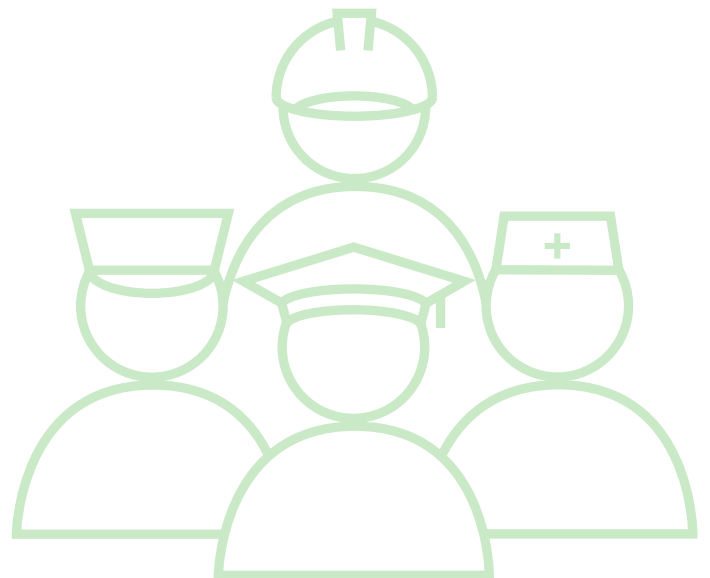
Funded

150 Spark entrepreneurs

We helped 150 finalists from our accelerator programme, Spark (2014 – 2019), to fast-track their inclusive and innovative products to market. Between them they received more than £1.8million in funding.

193 jobs created with Transform Ageing

We saw our Transform Ageing programme (2017-2020) generate £3.73m income and brought in £575k of additional investment, reaching 89,500 people and creating 193 jobs.





What's the challenge we've identified?

For businesses to be resilient and thrive, they need to clearly understand their customers' needs, be able to differentiate their offer in the marketplace, and develop an evidence-based strategy for sustainability, resilience and growth. Design improves business performance, de-risking and encouraging innovation, competition and economic growth. There is compelling evidence for this.

- The [2014 Design Value Index](#) showed that corporations using design strategically perform significantly better than those that do not.
- In 2018 McKinsey's [The Business Value of Design](#) found that strongly design-led businesses outperformed industry benchmarks by two to three times and increased their revenues at nearly twice the rate of their counterparts.
- Analysis of the UK Innovation Survey from [Design Economy 2018](#) shows engagement with design increases the probability that firms will undertake both product/service and process innovation.

Despite the positive evidence for the value of design, many UK businesses are not taking up the opportunities it offers.

Only 1 in 4 firms employ staff whose role it is to undertake design functions.

4 in 5 UK businesses only use design in marketing or product development.

Factors holding back businesses from making greater use of design and therefore design skills, include their knowledge base and resources, which stems from their size: [most of the businesses underusing design tend to be smaller](#). This has implications for individual businesses, but also for society at large:

- Workers with design skills are [£10 per hour more productive](#), and 43% of workers using design skills are [more likely to be in jobs](#) requiring and generating innovation (compared with an average for the wider UK workforce of just 6%). However, this advantage is not consistently spread across the UK – for example, [one in three design firms](#) is based in London and there is design skills gap in our existing workforce, costing [£5.9bn per year](#).
- Last year, the UK ranked ninth in the [Global Competitiveness Index](#), having dropped down three places in as many years. While we are still classified as strong innovators by the [European Innovation Scoreboard](#), Britain's public and private sectors do not invest in research and development (R&D) as highly as European countries. When firms invest in design, they are [more likely to invest](#) in other intangible assets such as R&D. We believe design can be a way to open-up more businesses to the value of R&D. Adopting a design approach can help establish the right mindset, ways of working and skills that can act as a pre-condition to investing in R&D.



40% of UK businesses only use design in a small or very peripheral part of their operations – these tend to be smaller sized firms.

01 What did we do and what have we achieved?

Supported businesses to be resilient during a recession

2008 saw the start of the greatest global economic crisis in decades. By the end of that year, as many as 50 small UK businesses were closing every day, struggling with the combination of rising costs, falling orders and banks' reluctance to finance overdrafts or loans.

80% percent of start-ups supported by Design Council were still trading five years later.

Almost all respondents (96%) said the programme had boosted their capabilities.

In that same year, we set up the government-backed Designing Demand programmes. Across the programme:

- We were successful in building resilience into the businesses we supported, with 91% surviving, compared with just under half (49%) of the control group after five years, and 83% surviving compared to 32% in the control group after 10 years.
- We found that start-ups had been particularly resistant to failure with our support and were twice as likely to survive to their fifth anniversary compared to the control. Five years later, 80% percent of start-ups supported by Design Council were still trading. In comparison, the survival rate for all UK companies born in 2007 was 44.6%.
- Almost all respondents (96%) said the programme had boosted their capabilities and had been strategically important to their company. Participants reported that the programme was important in tackling issues not previously dealt with and felt it had changed the business culture to become more design focused.



91% of businesses that we supported during the 2008 recession survived five years on compared to 49% of the control group.

02

Helped businesses grow in UK and international markets

Overall, we have worked directly with over 5,000 small and medium-sized businesses (SMEs), including through our Designing Demand and Business Leadership programmes. We have supported businesses in areas as diverse as medical equipment manufacture, recruitment, confectionery, engineering, waste management, yacht building, clothing, translation services and IT.

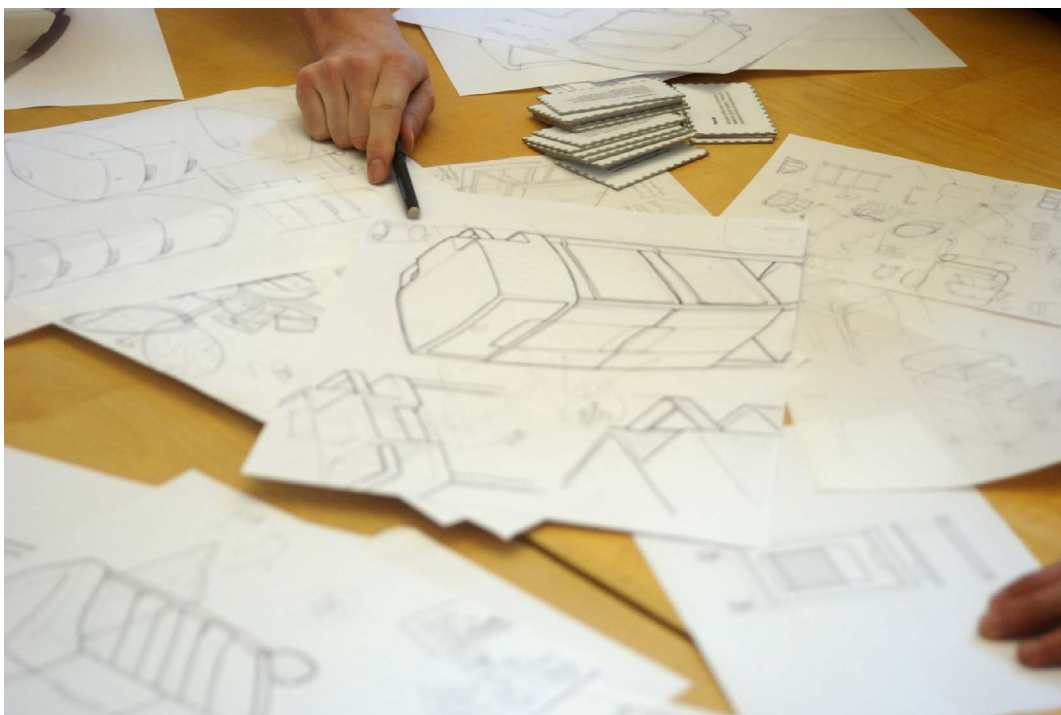
- 98% of SMEs indicated that design had become either integral to, or had a significant role to play in, their company activities, compared with 45% before the start of the programme.

When we investigated the impact of Designing Demand, we found that for every £1 businesses invested in design, they generated:

- over £20 in increased revenues
- over £4 increase in net operating profit
- over £5 in increased exports.

In addition, businesses reported boosts to confidence, strategic thinking, and brand and business identity. For example:

- Some 72% either agreed or strongly agreed that Designing Demand had changed the culture of their organisation into one that was more design focused.
- Meanwhile 99% either agreed or strongly agreed that their brand image had been improved as a result of Designing Demand.
- Businesses also benefited from increased productivity; those participating in the Designing Demand programme saw their turnover growth exceed their employment growth. Simply put, the businesses that received our support were able to increase the efficiency of their existing staff, resulting in fewer redundancies than in other similar firms.



Case study

Naylor Industries

Naylor Industries' Yorkshire Flowerpots range was launched in 2006. The company wanted to diversify from manufacturing clay sewer pipes. This was a significant challenge. Naylor Industries were entering into a market where British manufactured products had been largely displaced by poor-quality pots from countries where labour was cheaper.

Design Council supported the company on its new venture, helping them turn a fledgling product range of flowerpots into a key part of their business. With our help, flowerpot sales rose from £500,000 to an impressive £6m in four years. Making around 300,000 pots a year in 2019, Yorkshire Flowerpots are now Britain's largest manufacturer of clay pots.



“The success of our Yorkshire Flowerpots business, developed with Design Council support, has offset much of the downturn in our traditional construction markets”

Edward Naylor - Chief Executive, Naylor Industries





03

Addressed a market failure by supporting innovative, inclusive products to market

We noticed a market failure in bringing innovative and useful products to markets. There was a mismatch of skills needed to come up with a new idea, and the capacity or business knowledge to effectively market them. Furthermore there was a lack of funding or investment opportunities for the ideas stage of development; many inventors and designers lacked confidence and motivation in developing their ideas and often did not have access to advice and guidance when they needed it.

In response to this, Design Council began to work with entrepreneurs, especially those whose innovations created social benefits, and those excluded from traditional routes to market.

Through [Innovate for Universities](#) (2002-2005) we worked with more than 30 major universities to help them commercialise their research and bring innovative products to market. Virtually all of the participants benefited from working with Design Council's [Design Associates](#). The Design Associates' objective and 'fresh' perspective, together with their focus on the needs of the end-users, have helped entrepreneurs to develop clearer ways forward, clarify their objectives, and identify the most productive markets and routes to market for their technologies.



Design Council Spark (2014 – 2019) was an inclusive accelerator programme that supported hundreds of innovators to design, refine and prototype their ideas, by providing training, mentoring and funding. Across the lifetime of the programme nearly 1,300 ideas were generated through our calls to apply. Design Council went on to support 150 inventors through our Design Camp, helping to bring 44 ideas to market that collectively secured £1.8million in follow-on investment.

This programme encouraged people with good ideas that otherwise might not have developed them further. From our internal monitoring and follow-up interviews, we found that all finalists mentioned positive, lasting changes in the way they work due to Spark, both on their specific product and in other areas of their work or personal life. They felt more capable in knowing how to reach their end customer, opening-up professional opportunities and developing the confidence to demonstrate early prototypes.

9 in 10 respondents on Design Council Spark told us that their product would have progressed to market much slower without Spark, with one in three finalists saying they would have struggled to develop it at all.

“When I went in, I thought they made a mistake. Why did they get me - A 78-year-old lady? But I could bring things to the group that they haven’t experienced and mine was first-hand.”

Silvia - Retired, former carer (Transform Ageing)

Transform Ageing was a pioneering programme (2017-2019) – delivered in partnership with UnLtd and the South West Academic Health Science Network – that aimed to improve people’s experience of ageing through community, collaboration, social enterprise and design. The programme saw people in later life, social entrepreneurs and public sector leaders work together to explore challenges faced by ageing communities in the South West of England. Through collaborative design techniques and social entrepreneurship, the programme put people in later life at the heart of the design process.



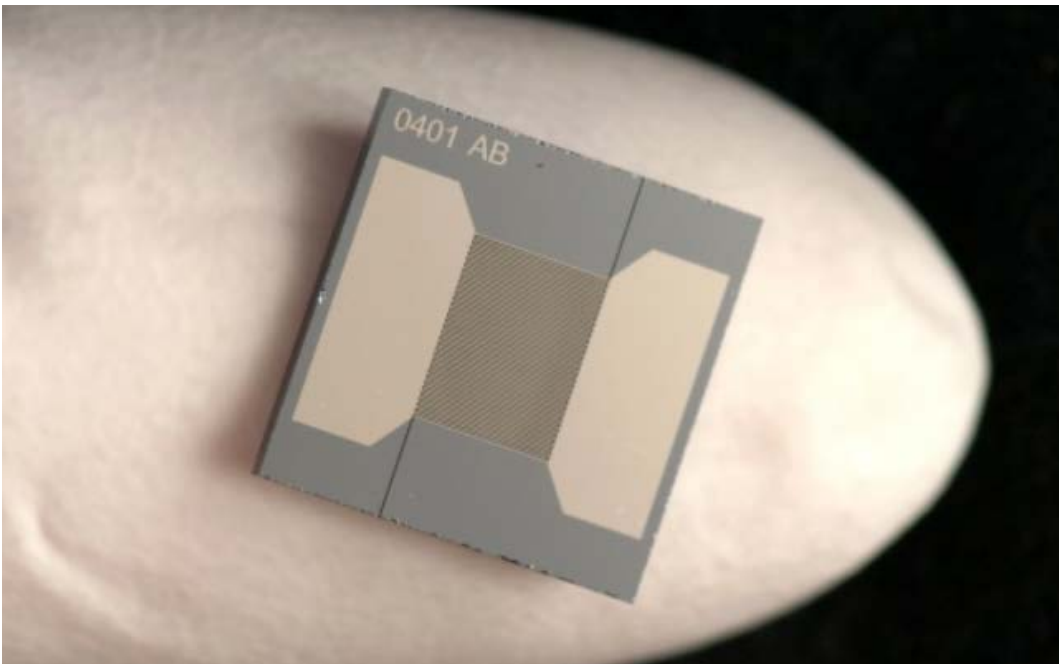
The Transform Ageing programme generated £3.73m income over the three-years it ran and brought in £575k additional investment, reaching 89,500 people and creating 193 jobs.



Case studies

Owlstone

Nine years ago, Owlstone Nanotech consisted of three researchers working in a basement laboratory in Cambridge University. Fast forward to today and the company is at the cutting edge of micro and nanotechnology after it developed a micro gas sensor that has won them a \$4m contract with the US Department of Defense. Owlstone has also won \$15 million in investment and is expected to play a key role in the future of medical diagnostic tools.



“What we learned from the Design Council continues to benefit the business, even all these years on. Making our technology intelligible to a wider audience and adopting a user-led approach has been invaluable.”

Billy Boyle, Co-founder of Owlstone Nanotech



Rockit

In 2016, three entrepreneurs participated on the Spark programme to develop their product Rockit – a portable baby rocker that attaches to prams and pushchairs to gently rock and soothe the baby to sleep. On the programme they benefited from mentorship, coaching and funding support led by Design Council. Since then, the team has flourished in the market – they raised £250,000 of investment on Crowdcube, had TV appearances, became Department of International Trade Export Champions, won numerous awards and have now launched a second product.



“Without Spark and our mentors, we absolutely would not be where we are now.”

Matt Dyson
Co-founder of Rockit



What have we learnt?

Design is still seen as a cost, not an investment

Investing in design can add real value to businesses, as our evidence shows. Using design to test and iterate earlier in the process of developing new products and services can de-risk innovation, reducing costly fixes later in the process. However, the misapprehension persists, which means that businesses with more limited resources, or who are facing other challenges that design could help them meet, are less likely to invest upfront in design. Many business leaders can also conflate the idea of using design strategically within the business with simply implementing new technologies.

It is important to engage businesses at the right time

Even with the offer of support that should improve their business performance, it can be difficult to engage small businesses given other significant pressures on their time. Our experience in delivering business support has taught us the importance of identifying when SMEs might be most receptive to support and where this might add most value – when they are managing change and on the tipping point of growth and are interacting with other local services. Since we delivered Designing Demand, the business support landscape has moved on. We believe that the most effective and efficient way of providing targeted support might be by integrating design skills into the business support on offer, whether regionally through growth hubs or to Innovate UK grant winners, or online to increase reach and accessibility.

Design can help build resilience to challenges and create opportunities for the future

Business models need to be able to adapt to change and build resilience for the coming years. There are significant changes ahead that will affect the nature of work and business, with both opportunities and risks posed by climate change, an ageing population and AI, as well as less predictable challenges like COVID-19. Design approaches can help plan and respond to these changes. Likewise, design encourages us to think broadly and inclusively, from thinking specifically about individual business practice to considering supply chains and wider eco-systems, including how we can think about performance in economic, social and environmental terms.

Our *Making life better by design* series tells the story of Design Council's impact over the last 15 years. It shows how design has contributed to three major areas of the economy – business innovation, public services and places – as well as how Design Council has helped to clarify what design is and champion its use.

This chapter reflects on how Design Council has helped a wide range of businesses and social enterprises at critical points.

To find out more visit:

designcouncil.org.uk/our-impact



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Published July 2020
Registered charity: Charity no. 272099