

*Doblin Group research*

Generic design strategies,  
an executive summary

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## Overview

Fourteen years ago, Michael Porter posited three generic strategies<sup>1</sup> for organizations. Porter's simple, powerful assertion was that *all* organizational strategies cluster into three large patterns:

*Least-cost manufacturer*, enabling an organization to undercut the prices of all direct competitors without suffering loss of margin;

*Differentiation*, suggesting some capability customers value that competitive organizations cannot emulate, typically leading to higher prices without loss of market share; and

*Focus*, suggesting the ability to serve some segment of an overall industry in ways that are more efficient, more effective, or both, typically leading to above average margins and protected market share within a niche.

Porter's seminal work has gone largely unchallenged ever since. It remains the academic foundation for organizational strategy theory at Harvard Business School (where Porter teaches) and at other leading business schools worldwide.

The stability and broad acceptance of this theory makes it all the more remarkable that the design field has never forged a parallel theory in response. Two obvious questions are begged: if there are only three generic organizational strategies, what can the design field do to contribute to each? Separately, are there some generic design strategies that can be understood and fostered by advanced design methods?

Doblin Group sought to ask and answer these questions in its internal R&D program for 1993. What we found was fascinating. By comparing and analyzing hundreds of successful design projects we found patterns in the kinds of value design typically adds. This leads us to posit seven common design objectives. But since these were *derived* from projects where design is typically relegated to some minor role we sought to look deeper as well. As we did, we tried to develop a model for ways that design can help fundamentally alter the strategic balance of an industry, leading to breakthrough success for some player. This causes us to assert four generic design strategies, each able to reshape markets.

These generic design strategies are the second of two major design strategy theories Doblin Group has authored. They are often useful in tandem. The 1993 research leads to an effective "macro radar": it should help companies broadly scan for directions that can reshape an entire field and radically alter the competitive balance. A second approach to strategy, Doblin Group's 1991 *Strategic Palette*<sup>2</sup>, can reliably provide insights into design advances at a more micro level, say for a product line or business unit.

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## On "Strategy"

At the business schools, strategy is fundamentally about *value creation*. In pragmatic terms, good strategies always lead to some kind of advantage: by appealing to customers, by differentiating a company, or by outmaneuvering competitors. Truly great strategies are rare indeed. They manage to defeat competitors almost automatically. Lexus today, combining a great product with uniquely personal and low pressure sales approaches, and extraordinary service after the sale, is systematically destroying share for Jaguar, Mercedes, BMW, and Porsche. This is an integrated, powerful, and well-executed *strategy*.

Strategy is an issue today because of the pace and complexity of modern business dynamics. It is clear that changes are happening in most major industries to a degree and at a rate that is completely unprecedented, exceeding even the time of the industrial revolution. In this environment winners can become losers very rapidly, as IBM, GM, and Sears will all attest. Moreover, unknown players can reshape entire industries, as CNN has demonstrated in broadcasting and Home Shopping Club has shown for retailing.

### *Designers and strategy*

Most designers accept whatever strategy they are handed. This is a common and classic mistake. People at the high end of design practice are now directly shaping strategy. This normally requires special teams and methods but it is possible because designers are skilled in contributing three basic ways. First, they focus on and care about end-users of an artifact, a habit often lacking amongst other professionals. Second, they have conceptual skills about changing artifacts, an ability that can be hugely rewarded today. Third, they can *simulate* things that don't exist yet in ways that permit other individuals with less imagination to experience them. At Doblin Group, we argue that designers, acting at the concept level, can play a vital role in helping to conceive, shape, and clarify strategy.

## Derived design tactics

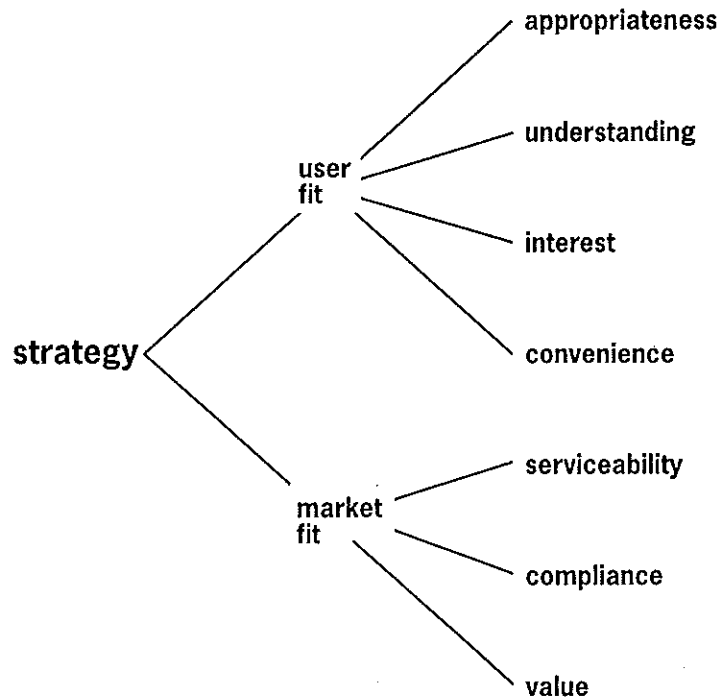
If strategy is fundamentally about creating value, one obvious question to ask is What kinds of value can be added through good design? To search for an answer to this question Doblin Group began by taking hundreds of successful products and services and analyzing them to discern the role played by design. Proprietary clustering methods were used to find patterns in design contributions.

The net result was a discovery of seven essential design tactics, shown below as a tree structure. We call these *tactics* for the simple reason that none of them, used alone is likely to be powerful enough to create a strategic breakthrough. Indeed, consider an interesting piece of logic:

- These were *derived* by examining contributions of design and designers, but
- Designers are usually directed by others and given proscribed roles;
- Therefore, these clusters only show the best contributions designers tend to make probabalistically, not the best they are capable of making

Despite these limitations the seven basic design tactics are interesting. It is also interesting that they cluster into two larger sets: four tactics relate to *users* and three relate to *markets*. Done well, any of these, or especially combinations of them, can play an important role in supporting a powerful strategy.

### *Design tactics model*



## Generic design strategies theory

### Frontiers of strategy

Strategy is taught and shaped through *frameworks*, Porter's strategy framework described earlier being one of the most popular. Increasingly these frameworks are commonplace and universal. They are taught and applied broadly at the world's leading business schools, at most consulting firms, and within large corporations. It is increasingly possible that the wide dispersion of common frameworks is itself a cause now of strategies in decline. Two leading theorists, C.K. Prahalad and Gary Hamel are attacking this directly, and have authored an important series of four articles in *Harvard Business Review* that try to move thought processes about strategy beyond the ordinary.

In their most recent paper, "Strategy as Stretch and Leverage<sup>3</sup>," Hamel and Prahalad argue that managers acquire managerial frames of reference "invisibly, from business school and other educational experience, from peers, consultants, and the business press, and above all, from their own career experiences." They go on to say that these invisible "frames" become the assumptions, premises and accepted wisdom that bound a company's understanding of itself and its industry and drive competitive strategy. In effect, these are the hidden beliefs and assumptions that tell us what it means to be "strategic". Too often they are limiting. With startling regularity, the frameworks themselves are wrong and executives are insufficiently aware of what is possible, desirable, and achievable.

By analyzing patterns in the contributions of design, then by analyzing commonplace weaknesses in organizational strategies, Doblin Group is now prepared to assert and defend a *generic strategy model*. In essence this work provides a map that encourages broad conceptual thinking about what can be done to fundamentally reshape industries. This model balances both organizational and end-user issues, and can be used in three basic ways:

1. Analytically, to determine who's winning and losing within a given market at any point in time and why;
2. Analytically, to look at a market to discern its transformations over time; and
3. Prescriptively, to help look forward and predict or shape transformations that are relevant to users and likely to significantly alter the strategic balance.

### Generic strategies model

	new framework		
	<b>INTEGRATE CONCEPT</b> Walkman Lexus Books on Tape Swatch Disposable camera Starbucks Wal-Mart	<b>INVENT CONCEPT</b> Post-it Notes Polaroid CNN QVC, HSC Digital imaging Madonna	
current capabilities	<b>IMPROVE CONCEPT</b> Micro-Tac Phone Gillette Sensor Home Depot Call-Waiting DCC	<b>EXTEND CONCEPT</b> Newman's Own Disney Electric cars Nintendo	new capabilities
	current framework		

## Using generic strategies

The effective use of this model requires careful understanding of its underlying structure. Throughout the model, the goal is to achieve *transformational change*. We define this as the ability to fundamentally alter an industry. Thus, *Improve Concept* in the lower left hand box, seemingly the easiest change to achieve, is only good enough if the resulting offering is *ten times better* than other substitutes available within a market. Thus, anything good enough to make this map is very good indeed. Throughout the model, *conceptual* challenges should be expected. It is applied most effectively by special design research methods and teams.

The horizontal axis is about *capabilities*. Changing capabilities might mean the ability of an organization to change the kinds of products it makes, the properties of those products, its services, its processes, its positioning, and brand expectations, etc. Normally there are many barriers within an organization to this type of change. Such changes, if achieved, may yield market advances for two to five years before competitors catch up. Often portions of these advances are subject to patent protection, permitting, when you are very lucky, a partial advantage for perhaps fifteen years.

The vertical axis is about *frameworks*. These are those vexing, invisible, sets of hidden assumptions that blind both organizations and their customers to what might be possible. Changing frameworks is really tough. This may require changes to customer expectations, channel behaviors, service and sales practices, information systems, and more. Such changes, if achieved, can often disrupt a market balance for four to ten years before competitors catch up.

The four generic design strategies can be described in a nutshell:

*Improve*: seeks a ten-fold improvement over the status quo  
*Extend*: transforms an existing strategy in a surprising way  
*Integrate*: combines many current capabilities systemically  
*Invent*: creates something wholly new and valued by end users

While these are different kinds of change, each yields dramatic market transformation and value creation. At a minimum, the model is a smart guide to conceptual transformation. It should help people identify and challenge their assumptions about the status quo. At its best, this model can lead to radical but relevant industry breakthroughs. When it does so, naturally it reshapes the role of and economic value for design and designers.

## Some closing observations

At any given time there are companies that tend to break out of the pack and move substantially beyond industry patterns. Nike, in sporting goods; Toyota and Lexus in automobiles; Ben & Jerry's in frozen confections; Microsoft in software; Sony in consumer electronics; CNN in network news broadcasting. Each of these companies have demonstrated conceptual skills in creating a strategy matched with organizational skills in executing it.

At Doblin Group we are interested in the powerful use of design to reshape industries and markets. Generic design strategies appear to offer four basic ways to *reliably* create the requisite strategies. In conjunction with user-centered research and great strategy prototyping, they can help individuals within an organization clearly understand what is possible in vital new ways.

Of course simulating a new strategy is a long way from achieving it. At Doblin Group we are aware that this type of thinking and behavior is inherently traumatizing to the individuals it affects. Change management skills, a relatively new term applied to many different types of organizational development tools and processes, would normally also be required for clients to get the full value of this type of work.

## References

- 1 Porter, Michael, *Competitive Strategy*, 1980, The Free Press, div. Macmillan Publishing Co., pp 34-46.
- 2 Keeley, Larry, "The Strategic Palette", see *Communication Arts Magazine*, May/June 1992, pages 134-139, for a brief summary, or contact the author for more detailed information.
- 3 Hamel, Gary, and Prahalad, C.K., "Strategy as Stretch and Leverage," *Harvard Business Review*, March-April, 1993, pp. 75-84. Interested readers may wish to pursue all four articles, the earlier ones being "Strategic Intent," HBR, May-June, 1989; "The Core Competence of the Corporation," HBR, May-June, 1990; and "Corporate Imagination and Expeditionary Marketing," HBR, July-August, 1991.