

Case study 9.4.3: The Changing Face of Product Design: Making Real Returns from Intangible Assets

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Abstract Product Design is changing from a process that is based on using creative design skills and technical engineering competencies in a 'problem solving' mode of operation to one that incorporates a wider set of skills and is more generally geared towards the complete product innovation process. In this new mode of operation a design company's objective is to be engaged with the product from early conceptual stages right through to manufacturing and commercialisation.

At each stage in this innovation process the skill requirement will change, and this gives rise to two underlying management issues. First, the need to maintain coherency throughout the project as the different skills make their own distinctive contribution, and second the ability to recognise where it might be more appropriate to use skills that are external to the company. One part of the management task that this entails, therefore, is being able to build effective teams, but more strategically another part is being able to create a process that will 'deliver innovation' without at the same time losing the creative spark that is essential to any product design team. From a business perspective, it also raises the issue of understanding the nature and value of the company's intangible assets, and how to realise them in a price to be charged for the product innovation service.

This case study illustrates these themes by looking at a successful UK product design company, PDD, that is moving from a situation where the intangible assets were equated with 'creative design skills' to a situation where it is the 'ability to do innovation' that creates value. In this new model, measurement of the intangible assets could be either the conventional one of establishing a charging rate for delivering consultancy services or measuring it in terms of the value being created by the product innovation.

This is not completely clear cut and there will be extensive overlaps, particularly as the company wishes to retain a considerable element of its revenue from traditional sources. So, in effect, the new model will be introduced in those circumstances where it is most appropriate. This case shows that by viewing the two approaches as complementary, management in PDD can make operating decisions that create greater synergy.