

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS & ICPE

MASTER'S THESIS

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**CORPORATE DESIGN STRATEGY AND
BRANDING: THE ROLE OF DESIGN MANAGEMENT IN
DEVELOPING THE CORPORATE IDENTITY**

LJUBLJANA, JUNE 2010

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DECLARATION

I, Marko Savić, hereby certify to be the author of this Master's thesis, that was written under mentorship of Prof. Dr. Žabkar Vesna and in compliance with the Act of Author's and Related Rights – Para 1, Article 21, I herewith agree this thesis to be published on the website pages of the Faculty of Economics, University of Ljubljana, Slovenia.

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INTRODUCTION

In the new millennium we already know that corporate identity is attracting more interest in the leading business schools (Van Riel & Balmer, 1997, p. 352; Balmer, 1998, p. 983). In the late 1990s the International Corporate Identity Group was formed, which published the so-called “Strathclyde Statement” instead of a definition of corporate identity (Van Riel et al., 1997, p. 341). The Strathclyde Statement was developed by academics from the Strathclyde, Erasmus and Harvard Business Schools and leading consultants in an attempt to articulate the meaning of corporate identity. From the Statement it is clear that every organisation has an identity. It also explains how corporate identity can help to differentiate organisations within their competitive environment. From the Statement we know that corporate identity is a strategic issue and that it differs from traditional brand marketing (Van Riel & Balmer, 1997, p. 341). The “Strathclyde Statement” can be found in its entirety in Appendix B of the thesis.

The core of the corporate identity is built around three themes – coherence, symbolism and positioning (Olins 1989, p. 148). In the first stage of developing a corporate identity, three things should be done: communications, design and a behavioural audit (Olins 1989, p. 161). In the thesis we would like to describe the process of corporate identity developing. We would like to find out **what the role of design management is in developing and maintaining a comprehensive and sustainable corporate identity. Why is the role of design management important and where does branding fit in?**

Is the role of design and/or design management to develop a logo and/or a name or should we agree with the statement: “The corporate brand is more than just a name and a logo – it is the essence of what the corporation does.” (Faust, W. H. in Paulmann, 2005, p. 2)? **We would therefore first like to find out what the connection between brand architecture and corporate identity is.** Is it possible to form a successful corporate identity without established brand architecture? Is branding corporations a necessity in every industry?

Branding in the thesis is going to be connected with brand architecture and not with branding in general. Although some authors recommend “brand” as the term that everyone will understand (Olins 2003, p. 208), in the thesis we are going to use the term “corporate identity” and not “corporate brand” or “corporate branding”.

The brand architecture of any company starts with its name. We differentiate six different name categories (Olins, 1989, p. 178) and in general three kinds of corporate structure - monolithic, endorsed or branded (Olins 1989, p. 79). We would like to present the relationship between brand architecture and corporate identity.

More specifically, we know that in the brand relationship spectrum we have a continuum “that involves four basic strategies and nine sub-strategies.” (Aaker & Joachimsthaler 2000, p. 10) We are going to be interested in brand architecture in connection, if there is one, with developing the corporate identity and not so much with the product or brand portfolio itself. We recognize, though, the importance of the brand portfolio analysis which was originally developed from the Boston Consulting Group matrix of “Stars, Cows, Children and Dogs” (Davidson, 2002, p. 28).

We are going to see in the next chapters, especially in Chapter 1 on Corporate Identity, that there is usually wide agreement between authors who claim that the corporate identity or the corporate identity mix is built on three foundations (Paulmann, 2005; Parum, 2006; Abdullah in Hinz et al., 2007):

- + corporate design,
- + corporate behaviour, and
- + corporate communications.

Second, we would like to find out what the role of design management is in developing the corporate identity. How should the process of design and branding in the corporations be managed, taking into consideration that design management is connected with three vectors: management, communications, and layout/design, and has three main tasks (Hase in Hase et al., 2007, p. 24):

- + design direction,
- + design realisation, and
- + design coaching?

We would also like to explain the role of design manager by using the example of an exceptional role model in the business world, namely Eliot Noyes as corporate design director at IBM, who, starting in 1956, worked with Paul Rand in graphics and Marcel Breuer in architecture for 20 years (Borja de Mozota, 2003, p. 27).

And since then the corporate identity of IBM has evolved but not changed significantly, although the IBM corporation has rapidly changed its offerings.

We see design management as an organizational learning process which could be based on two perspectives: reactive (managerial) and proactive (strategic) (Borja de Mozota, 2003, pp. 74–75). We also see brand differentiation and brand management (especially in connection with brand architecture, added by M. S.) as part of design management (Borja de Mozota, 2003, p. 82).

What are the possibilities of managing the process of design and branding, especially in the development of the corporate identity? From within corporations or with outside consultancies, or are there other options?

We are going to explain the corporate design strategy based on three possible definitions of design (Borja de Mozota, 2003, pp. 3–4):

- + design is an activity involving a wide spectrum of professions in which products, services, graphics, interiors, and architecture take part,
- + design and branding: design is a link in the chain of a brand, or a means of expressing brand values to its different publics,
- + design and corporate strategy: design is a tool for making a strategy visible.

These are the problems that we are going to address in the master's thesis.

Purpose of the Thesis

Why study brand architecture and corporate identity? **Is it possible to develop a corporate identity without establishing the brand architecture of the corporation first?** We would like to find out if it is possible to develop corporate identity without establishing the brand architecture first. We would also like to find out what the connection is between the two. In that process we want to explain the role of design management, including the suitability of design management for that process.

Why would we like to explain the role of design management? In explaining the role of design management we would like to find out what the specifications of the design profession are, be that inside corporations or in design consultancies.

We would like to present the possibilities that corporations have in developing their corporate identity. Furthermore, we would like to present the process itself of developing a corporate identity.

What are the necessary resources in establishing the corporate identity? We would like to present the role of the corporate stakeholders, the role of the corporate top management, and the role of other outside resources, especially design consultancies.

Goals

In the master's thesis we would like to find out:

- + What kind of connection, if any, exists between corporate identity and brand architecture?
- + What discipline or disciplines should have the main role in developing and managing the corporate identity process?
- + In supposing corporate identity is a strategic issue, what kind of resources from within corporations and from outside corporations are needed to develop and manage the process of corporate identity? Which of the corporate stakeholders are to be included in the process of developing the corporate identity?
- + What could be a further endorsement for a corporate design strategy and branding and design management, especially in developing and maintaining the corporate identity?

Main Hypotheses

- H1: It is not possible to develop a corporate identity without establishing brand architecture first.
- H2: Design management has the leading role in developing a corporate identity.
- H3: Corporate identity demands resources from the corporation, especially from the top management, and from outside consultancies.

Methodology

The thesis is monographic and written mainly in a descriptive manner. Inside the descriptive approach we used the method of compilation. In the concluding part of the thesis we used the analytical approach using the inductive method of reasoning (Ivanko 2007, p. 23).

1 CORPORATE IDENTITY

In the modern economy there is a growing interest in corporate identity. According to Balmer and Gray (2000, p. 257), there exist ten environmental factors contributing to the increased importance of corporate identity and corporate communication. These factors are:

- + Acceleration of product lifecycles.
- + Deregulation.
- + Privatised programmes.
- + Increased competition in the public and non-profit sectors.
- + Increased competition in the service sector.
- + Globalisation and the establishment of free-trade areas.
- + Mergers, acquisitions and divestitures.
- + Shortage of high-calibre personnel.
- + Public expectations for corporate social responsibility.
- + Breakdown of the boundaries between the internal and the external aspects of organisations.

The acceleration of product lifecycles in markets that are getting more and more fluid is one of the critical trends. Companies with high visibility and strong reputations are able to add value to their products and services by reducing uncertainty in the minds of their customers, retailers and distributors (Balmer & Gray, 2000, p. 257). We will discuss corporate reputation later in this chapter.

Deregulation has affected many industries, such as the financial and airline industries. It is a challenge for many corporations to adjust to the new circumstances accordingly (Balmer & Gray, 2000, p. 257).

Deregulation had affected the corporations' corporate identity and brand architecture. Brand architecture will be discussed more in detail in the next chapter on Brand Architecture.

Privatisation programmes have been an issue in many European countries, especially in the former Eastern Bloc nations. They have in many cases left corporations with an identity crisis (Balmer & Gray, 2000, p. 257).

More competition in the public and non-profit sectors has caused many of these organisations to undergo an identity change. Similar can be noticed in the service sector. Globalisation and new free-trade areas have offered many new opportunities, although they demand significant investments in developing a change and communication of the new regional and/or global identity. Mergers, acquisitions and divestitures are also a trend that has shown in many cases the gap between the corporate image and its true identity (Balmer & Gray, 2000, pp. 257–258). We will also discuss this issue later in this chapter.

In today's knowledge economy, corporations with a favourable reputation can play a major role in attracting high-calibre personnel. Another trend is the growing demand in society to form high levels of corporate social responsibility. This is why corporations have strategies to project a socially and environmentally responsible image (Balmer & Gray, 2000, p. 258). We will discuss the connection between the corporate identity and corporate image in the next pages of this chapter.

In the modern society and economy the once rigid demarcation between the internal and external aspects of organizations is beginning to crumble. As a result, new forms of identities are being built (Balmer & Gray, 2000, pp. 258–259). Historically speaking, some authors claim that the concept of corporate identity was coined in 1964 by Lippincot and Margulies (Balmer, 1998, p. 972). Others found out that corporate identity was presented in the work of Lippincot and Margulies already in 1957 (Cornelissen & Harris, 2001, p. 51). In any case we can differentiate three distinguishable paradigms of the corporate identity (Balmer, 1998, p. 966):

- + the psychology paradigm,
- + the graphic design paradigm, and
- + the marketing and public relations paradigm.

The first, psychological paradigm focuses on the symbolic relationship between an organisation and its stakeholders (Bromley, 1993; Grunig, 1993 in Balmer, 1998, p. 967). In the second paradigm, graphic design is used by organizations in an attempt to influence the perceptions of their publics (Balmer, 1995 in Balmer, 1998, p. 967). And the third, marketing and public relations paradigm develops on the understanding of the experiences, beliefs, feelings about and knowledge of an organization, as held by an individual group or groups (Bernstein, 1984 in Balmer, 1998, p. 967). The second, graphic design paradigm seems to be the domain of designers, while the corporate identity is supposed to be the domain of the organisational theorists (Melewar, Saunders, 1998, p. 539). The definition of the corporate visual identity system was published already in 1967.

Already in 1967 it was acknowledged that the corporate visual identity system (CVIS) is graphic design at the core of the firm's visual identity. The elements of CVIS are corporate name, symbol and/or logotype, typography, colour and slogan. At best, the CVIS provides the graphic language and discipline for the clear, consistent projection of a firm's visual identity." (Henrion & Parkin, 1967 in Melewar & Saunders, 1998, p. 539) But in the 21st century there seems to be wide agreement that corporate identity is a mix of (Parum, 2006, p. 562; Cornelissen & Hariss, 2001, p. 51; Paulmann, 2005, p. 70; Karaosmanoglu & Melewar, 2006, pp. 197–198):

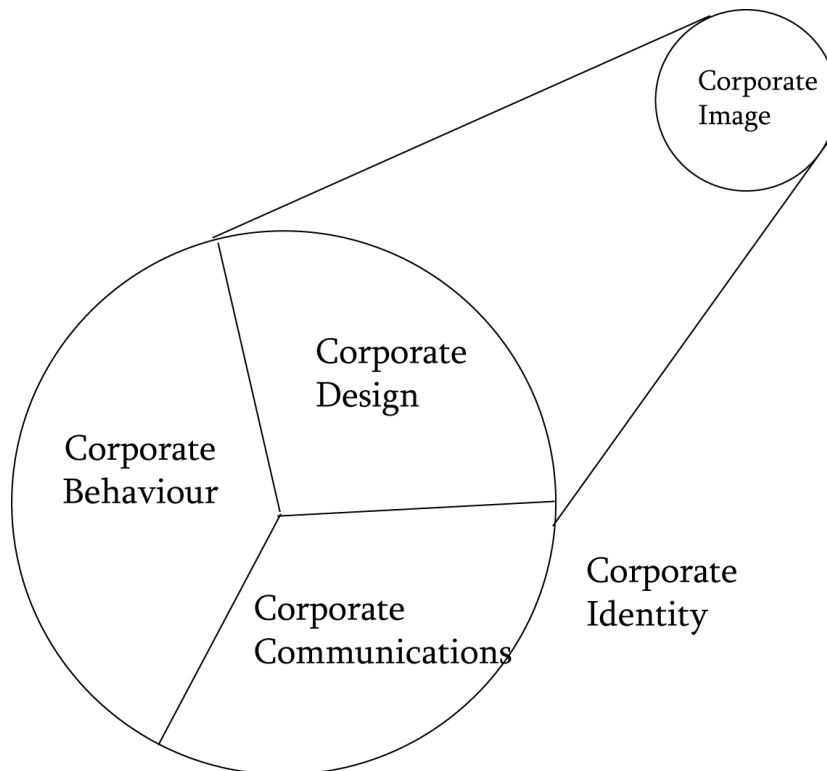
- + symbolism or, in other words, corporate design,
- + communication or corporate communications, and
- + behaviour or corporate behaviour.

We can see in Figure 1 that corporate identity and corporate image are two different things. Corporate identity is a whole, presented as a circle consisting of corporate behaviour, corporate communications and corporate design. Out of corporate identity is its projection, namely its corporate image. The corporate image is therefore only a projection of the corporate identity. While we are able to design a corporate identity and in that sense influence the corporate image, the corporate image has other factors that influence it. If we see corporate identity (CI) as a concept, there are three dominant conceptualizations (Cornelissen & Harris, 2001, p. 55):

- + CI as the expression of the corporate personality,
- + CI as the organizational reality, and
- + CI as all the expressions of the company.

The first concept of CI as the expression of the corporate personality was dominant in the 1980s, while in the 1990s the second conceptualization of CI as the organizational reality was prevalent (Cornelissen & Harris, 2001, p. 58). In the third concept the CI is trying to meet the plural demands of publics with multiple identities that companies issue (Cornelissen & Harris, 2001, p. 62).

Figure 1. Corporate Identity Scheme



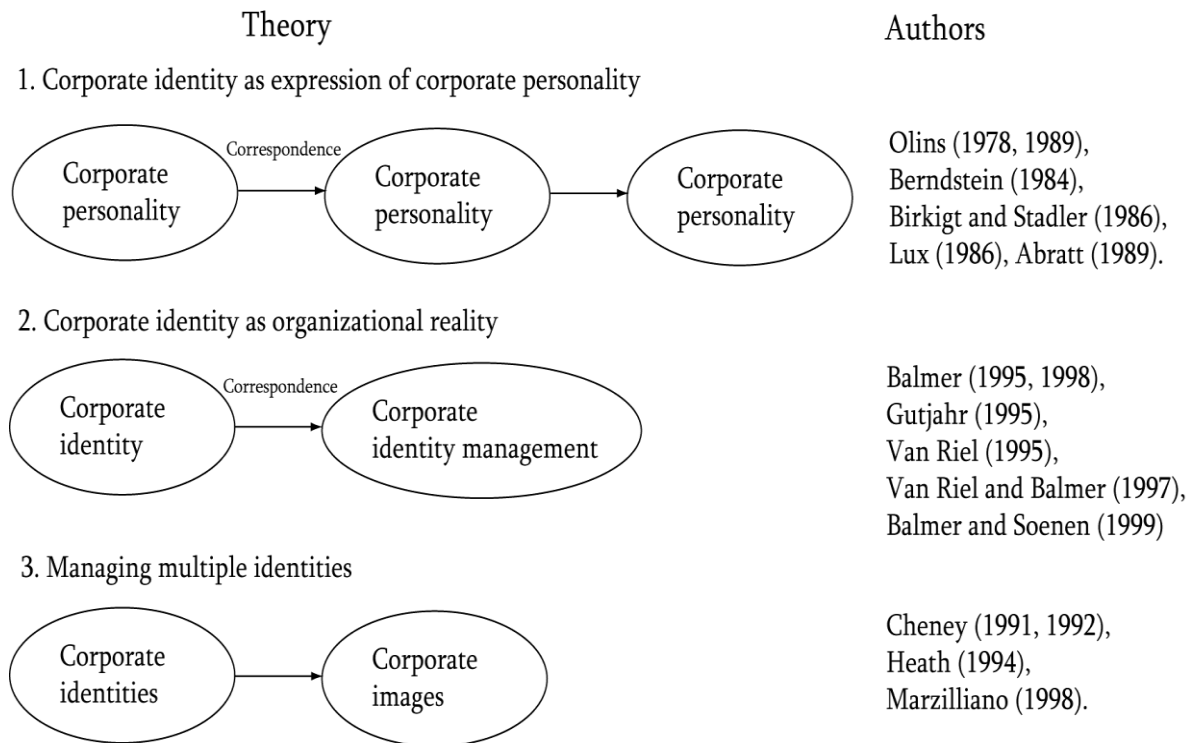
Source: R. Paulmann, Double Loop, Basiswissen Corporate Identity, 2005, p. 70.

The rhetorical view of corporate identity or managing multiple identities, as presented in Figure 2 by Cornelissen and Harris, is supposed to be the most viable conceptualisation of corporate identity. The utility of that conceptualisation should be in the denotation of the need for homogeneity and continuity in its corporate expressions to a particular stakeholder group (Cornelissen & Harris, 2001, p. 63).

Some other authors claim that there is a growing consensus among academics and consultants about the distinguishing features of corporate identity. These features were outlined by Balmer as (Balmer, 1995; Schmidt, 1996; Van Riel, 1995; Van Riel & Balmer, 1997; Moingeon & Ramanantsoa, 1997 in Balmer, 1998, pp. 979–980):

- + CI is fundamentally concerned with reality, with its strategy, philosophy, history, business scope, the range and type of products and services offered, and both formal and informal communication,
- + CI is multi-faceted and draws on several disciplines,
- + CI is based on corporate personality; this means it is based on the values present within the organisation.

Figure 2. Overview of Corporate Identity Theories



Source: J. Cornelissen & P. Harris, The Corporate Identity Metaphor: Perspective, Problems and Prospects, 2001, p. 64.

We have presented a brief historical overview of corporate identity development. It is obvious that corporate identity is of strategic importance and that it requires an interdisciplinary approach.

Following that path there is a clear possibility for senior managers to narrow the gap between the actual and desired corporate identity through marshalling the already mentioned corporate identity mix of corporate design, corporate communication and corporate behaviour. It should be noted that the management of the corporate communications mix is fundamentally different from, and is more complicated than, the management of marketing communications (Van Riel & Balmer, 1997, p. 341).

Especially the integration of corporate identity in marketing communications could cause difficulties in the implementation of the process (Stuart & Kerr, 1999, p. 177). If we see the corporate communications mix as part of the corporate identity mix we see that the management of the corporate identity mix is a demanding task for every organization or corporation.

This is why the articulation of the corporate identity and corporate communications process has been presented in a model, in Figure 3. Many scholars have shown great interest in the connection between corporate identity and corporate communications. The model presented in Figure 3 aims to show the inseparability of corporate identity, corporate communications, corporate image and reputation in securing a corporate advantage.

The author advocates that corporate communications forms a tripartite bridge between an organisation's identity and the resultant image and reputation (Balmer & Gray, 2000, p. 259). Corporate communications itself is not the subject of this thesis, therefore we are not going to discuss it in detail but only as it relates to corporate identity where, as we saw earlier, it forms its constituent part.

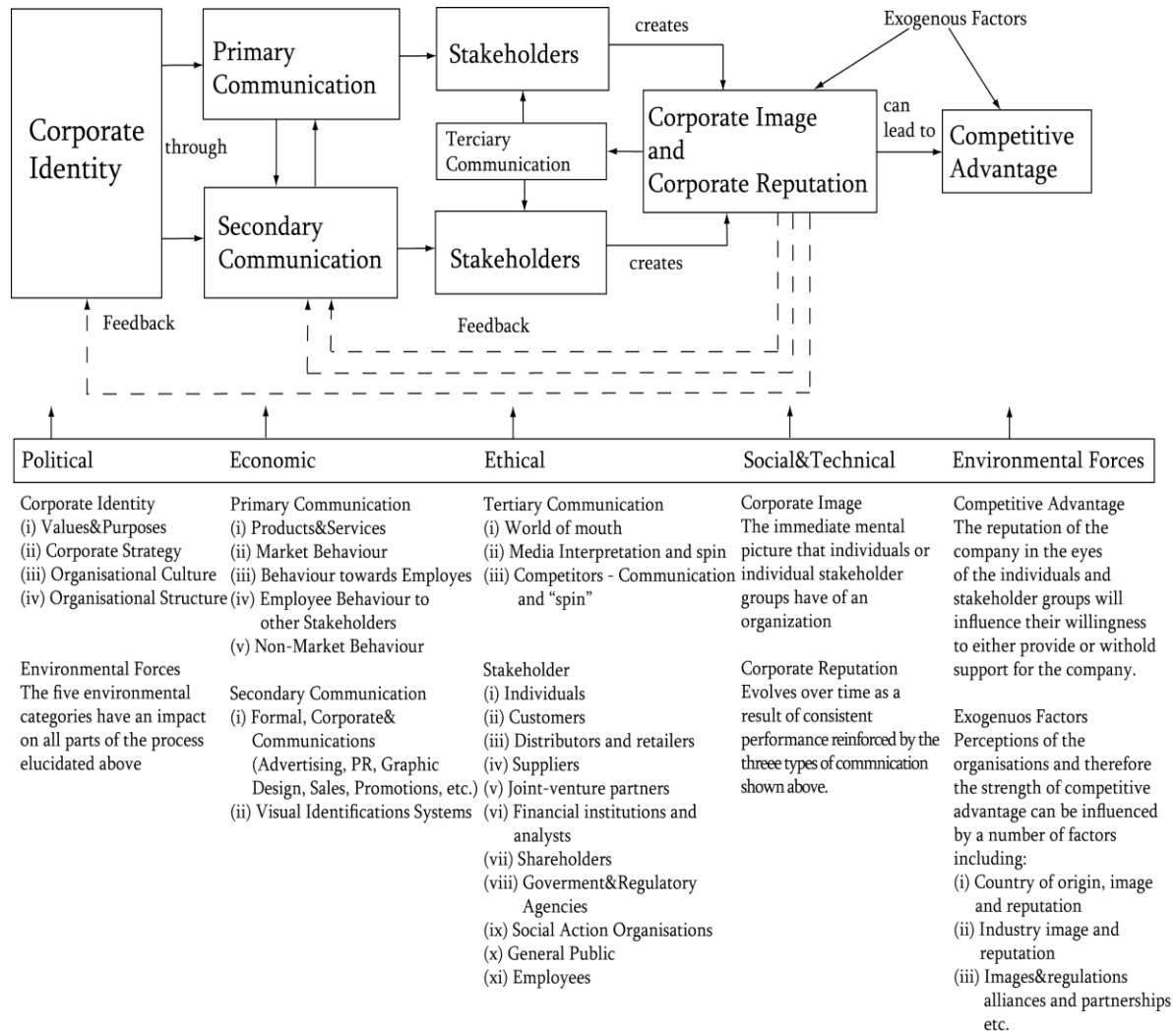
Other scholars have presented models of the corporate identity management process that differ from the model presented in Figure 3 only in their details. The process of corporate identity as they claim is at the heart of effective and integrated strategic management (Markwick & Fill, 1997, p. 408).

In general the process of establishing the corporate identity could be described in a five-step roadmap (Rhee & Han, 2006, p. 273):

- + Where are we now? History and capabilities.
- + What are we here for? Competitive context.
- + Where do we go from here? Development in the future.
- + How do we get there? Brand architecture.
- + Have we reached there? Evaluation.

As there is wide agreement among scholars that corporate identity is compiled from corporate design, corporate communications and corporate behaviour, so there is also wide agreement that corporate identity is an interdisciplinary and integrated subject process that includes strategic management, marketing, public relations, graphic design, psychology, organizational behaviour and ethnography (Melewar, 2003, p. 208).

Figure 3. Model of the corporate identity-corporate communications process



Source: J. M. T. Balmer & E. D. Gray, Corporate identity and corporate communications: creating a competitive advantage, 2000, p. 260.

Others have included human resources and communication studies, too (Van Riel & Balmer, 1997, p. 350). The most important thing is to know that the identity (or corporate identity, added by M. S.) of any organization cannot be changed by decree (Moingeon & Ramanantsoa, 1997, p. 394), no matter how many disciplines are included in the process.

As we see in the corporate identity management process, there are many disciplines included. There are also many methods to reveal the actual corporate identity. Van Riel and Balmer have presented three methods. The first one is Balmer's affinity audit, which is a specialized method using the principles of ethnography. Then there is the laddering technique, which relies on means and interviews resulting in Hierarchical Values Maps. Last but not least, to reveal the actual corporate identity there is also the Rotterdam Organizational Identification Test, which reveals the degree of acceptance by personnel and the desired corporate identity as articulated by senior managers (Van Riel & Balmer, 1997, p. 343).

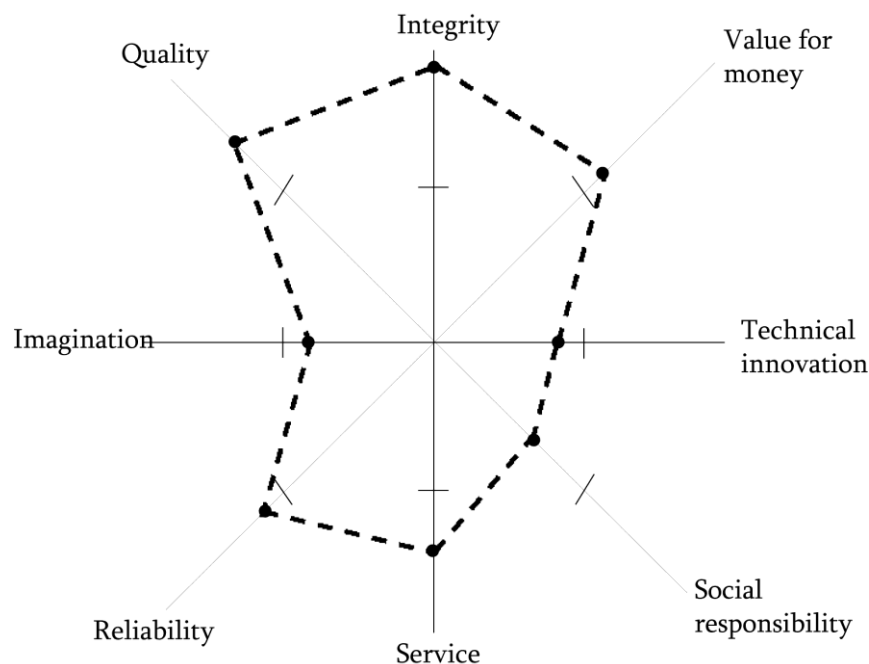
All the above presented methods are extensive and in-depth and therefore require a lot of resources both in the corporation and outside of the corporation. There is also a more pragmatic and less time-consuming method to reveal the desired corporate identity, called the Spiderweb method (Bernstein, 1986 in Van Riel & Balmer, 1997, p. 348). The main advantage of the Spiderweb method is its simplicity and effectiveness. It can also be used in smaller organizations. It is a qualitative technique. It uses group discussions with top and senior managers which usually result in a large amount of attributes. In the next stage participants have to choose the eight most important characteristics and rate them with a school figure from one to ten regarding the actual (perceived) and the desired corporate identity. A sample of a Dutch company on a wheel with eight spokes, representing a ten-point scale, with the zero value in the centre and the maximum ten values at the end of each spoke, is seen in the Figure 4 (van Riel & Balmer, 1997, p. 348).

In the following chapters we are going to describe in more detail the process of developing the corporate identity through design management. What are the actual benefits of the corporate identity management process, which is in general rather demanding and extensive?

The measurements of the benefits were known long in the past. The easiest way to approve the formation of or changes to a corporate identity was by measuring the effects of corporate design. Or in other words, the projection of corporate design into the corporate image.

The corporate image should be the totality of a stakeholder's perceptions of the way an organization presents itself, either deliberately or accidentally. In modern society maybe the most important benefits of the corporate image on the performance of the corporations is for the listed corporations. Namely the financial community grades, rates and invest in those corporations whereby the corporate image is the totality of stakeholder's perceptions the corporations presents them selves either deliberately or accidentally. In reality it cannot be expected that there will be a single, uniform and consistent image, but rather that corporations have to deal with a multiplicity of images. The corporate image cannot be managed directly because it is what the stakeholders perceive the organization to be. In reality these stake-holders have different images of the same organization. Management can influence the images of their corporations only through the management of the corporate identity (Markwick & Fill, 1997, p. 398).

Figure 4. Bernstein's Spiderweb method, a sample of a Dutch company



Source: C. B. M. Van Riel & J. M. T. Balmer, Corporate identity: the concept, its measurements and management, 1997, p. 349.

In that sense we could also speak about managing multiple corporate identities.¹ Other important benefits of a positive corporate image are (Pharoah, 2006, p. 45):

¹ More on the subject in Balmer, Greyser, 2002.

- + helping the companies recruit and retain the best staff,
- + increase sales, and
- + develop successful strategic relationships.

In the economic environment the corporate image can be altered relatively quickly, be that because of rapidly changing products and promotions or because of communication programmes (Markwick & Fill, 1997, p. 398), and this is exactly the reason why companies need to pay increasing attention to obtaining and retaining a strong corporate identity.

Probably even more important in measuring the benefits of corporate identity are the measurements of corporate culture. The corporate culture is supposed to be the “what” of a company and the corporate identity the “why” of a company. At the same time there is a need to say that a corporate culture, if we see it as a company’s shared values, beliefs and behaviour, in fact flows from and is the consequence of corporate identity (Downey, 1986/7 in Balmer, 1998, p. 976).

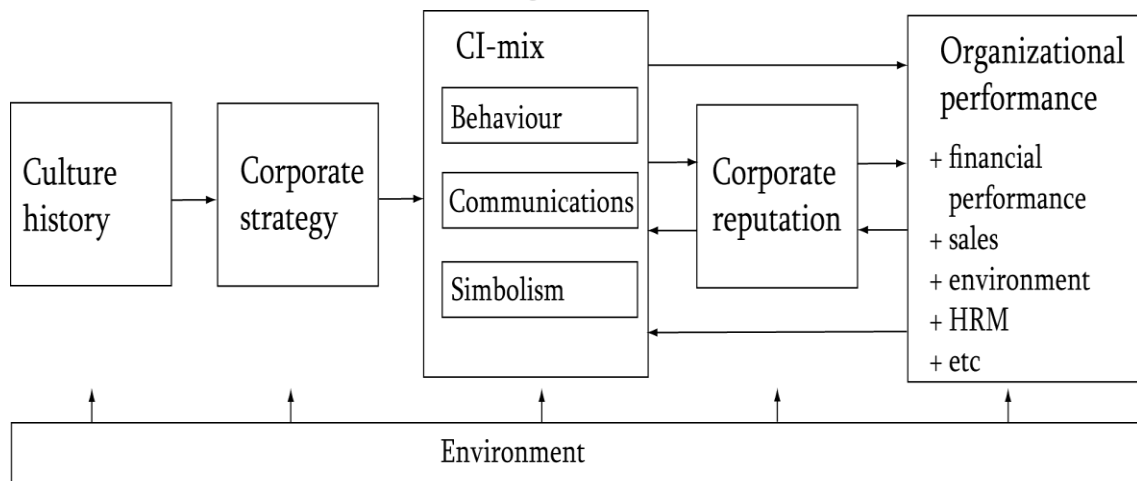
We can see the obvious benefits of corporate identity from the statement that the corporate culture is the consequence of corporate identity. Even more if we take into consideration the claim that 75 % of a consultant’s work in creating a new identity is in understanding an organization’s culture (Lumdsen & James, 1990 in Balmer, 1998, p. 976). Research has also shown that the high standardisation of corporate visual identity (in tools such as interior and exterior, stationery, publications, vehicles, signs, forms, advertising and promotion, packaging, give-aways, products) provides great effectiveness in the projection of a uniform and consistent corporate visual identity (Melewar & Saunders, 1998, p. 546).

But, nevertheless, the most important thing to remember is what the recognized strategic thinker Porter has determined, that **a strong sense of corporate identity is as important as slavish adherence to business units’ financial results if a corporate strategy is to be successful** (Porter, 2001, p. 52). Porter’s view of corporate identity is in coherence with van Riel’s and Balmer’s view of the interaction between corporate identity formation, corporate reputation and organizational performance.

Corporate reputation is to be something more durable than corporate image. Corporate reputation is a reflection of historical and accumulated impacts. There is supposed to be no doubt that corporate image and corporate reputation are closely allied elements and that one is necessary for the other to be developed (Markwick & Fill, 1997, p. 398). In Figure 5 we are able to see that corporations should have an appropriate corporate identity mix if they want their reputation to be in accordance with their organizational performance (financial performance, sales, environment, HRM, etc.) (Van Riel & Balmer, 1997, p. 342).

Again, from Figure 5 we are able to confirm the wide agreement that the corporate identity is a whole consisting of corporate behaviour, corporate communications and corporate symbolism (or design as used by other authors).

Figure 5. Interaction between corporate identity formation, reputation, improvement and organizational performance



Source: C. B. M. Van Riel & J. M. T. Balmer, Corporate identity: the concept, its measurements and management, 1997, p. 342.

In the next chapter we are going to turn our attention to branding systems or, as they are usually referred to, brand architecture. We are going to explore the connection between brand architecture and corporate identity.

2 BRANDING AND BRAND ARCHITECTURE

Branding systems or brand architectures (Campbell, 1999, p. 1), as they are usually referred to, can simply be seen as brand portfolio management. And brand portfolio management is relevant to any organization with a range of brands, be that one or more brands, and is as important to a local engineering unit as to a global beverage company (Davidson, 2002, p. 28).

What actually is brand architecture, then, and why is it needed? If we try to connect the brand portfolio and brand architecture, we will see that brand architecture is a broader term than brand portfolio; in the details we will see that the brand portfolio is important but only one part of brand architecture.

Aaker and Joachimsthaler define brand architecture as an organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands (Aaker & Joachimsthaler, 2000a, p. 8) whereby the relationships between the brands are supposed to be critical (Aaker & Joachimsthaler, 2000b, p. 26). We can also see brand architecture as a definition of the communications relationships between the company, the operating units, and their brands, products and services (Borja de Mozota, 2003, p. 105). Others see brand architecture more generally as an integrated process of brand developing through establishing brand relationships in the competitive environment (Rajagopal & Sanchez, 2004, p. 233). And the main reason why an organization would need brand architecture seems to be the definition of the company's brand or brands and their description (Bernstein, 2006, p. 13).

Traditionally, brand architecture is supposed to be an internal exercise of corporations, where brands are viewed separately and in distinction. At the same time, brands are usually managed independently rather than collectively (Petromilli & Morrison, 2002, p. 17). In that sense we should see the difference between brand structure and brand architecture. Brand architecture is supposed to be a formal process and outcome through which the management of a company rationalizes the company's brands and makes explicit how brand names at each level of the company will be applied.

At the same time, brand structure is defined as “only” a set of brands across countries, businesses, and product-markets (Douglas et al., 2001, p. 99). Brand architecture that is not based solely on an internally focused hierarchy of brands but more on the customer’s experience, represents a powerful strategic weapon (Petromilli & Morrison, 2002, p. 20). Whatever decision a corporations makes, brand architecture or brand structure and/or brand portfolio management, some think that the biggest mistake is not to portfolio manage brands at all. The process of portfolio management has developed from the Boston Consulting Group’s matrix of “Stars, Cows, Children and Dogs” and is a continuous activity (Davidson, 2002, p. 29). Branding authors have developed their own systems of the Strategic Brand, Linchpin Brand, Silver Bullet and Cash Cow Brand (Aaker & Joachimsthaler, 2000b, p. 136).

Therefore we are able to see that brand architecture has more than only one tool that a corporation can use. One of the most powerful tools in brand architecture is the brand relationship spectrum as presented by Aaker and Joachimsthaler (Figure 6). An endorsed brand has an endorser, usually an established brand that provides credibility and substance to the offering (Aaker & Joachimsthaler, 2000b, p. 102). This is also the reason why the endorser brands usually represent organizations rather than products, since the typical organizational associations such as innovation, leadership, and trust are particularly relevant in an endorsement context (Aaker & Joachimsthaler, 2000b, p. 103).

By definition subbrands are brands connected to a master, or parent, umbrella or range brand. A very common role of subbrands is to extend a master brand into a meaningful new segment. Descriptive brands or descriptors, as they are referred to, which simply describe what is offered, are also a very interesting possibility. They are still brands, but with limited responsibility (Aaker & Joachimsthaler, 2000b, p. 103). The most known are at the opposite end of the spectrum, namely the house of brands, developed in detail mostly in mass consumer goods markets, and the branded house, with some exceptional examples like Nokia and BMW.

The driver role in the brand relationship spectrum as presented in Figure 6 is important to explain. The driver role is supposed to reflect the degree to which a brand drives the purchase decision and use experience. In the house of brands, again in Figure 6, each brand has its own driver role. In the endorsed brand model, the endorser does not play a significant driver role.

In the case of subbrands, Figure 6, the master brand shares the driver role with the subbrands. And on the other end of the spectrum, in the branded house, the master (or umbrella) brand has the main driver role and any descriptive subbrand has little or no driver responsibility (Aaker & Joachimsthaler, 2000b, pp. 103, 106)

Figure 6. Brand relationship spectrum with examples (some brands added by M. S.)

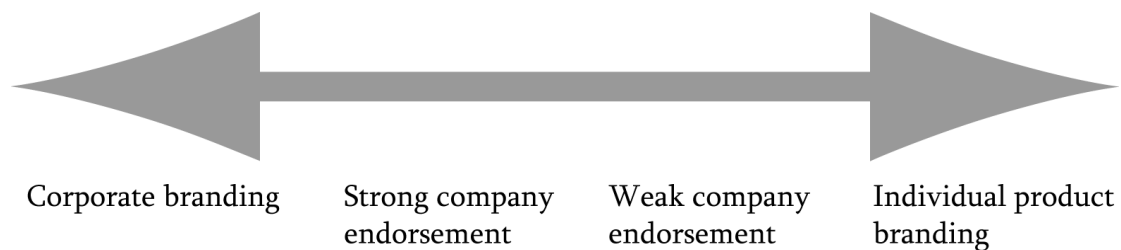
Brand Relationship Spectrum	Basic strategies	Sub-strategies	
	House of Brands	Not Connected	Saturn (GM) RCA (GE)
		Shadow Endorser	Lexus (Toyota) Touchstone (Disney)
		Token Endorsement	Universal Pictures, A Sony Company Docker's, LS&Co.
		Linked Name	McMuffin Nestea
Endorsed Brands		Strong Endorsement	Obsession by Calvin Klein Courtyard by Marriot
		Co-Drivers	Gillette Mach 3 Sony Trinitron
		Master Brand as Driver	HP Deskjet Dell Dimension
		Different Identity	GE Capital, GE Appliance Levi-Europe, Levi US
Subbrands		Same Identity	BMW Nokia
Branded House			

Source: D. A. Aaker & E. Joachimsthaler, The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge, 2000a. p. 9.

Similar brand relationship spectrum models like that presented in Figure 6 have been presented by other authors, too (Rajagopal & Sanchez, 2004, p. 237). Still others have presented a very simple model, as in Figure 7, where we have the spectrum of strong and weak corporate endorsement positions (Devlin, 2003, p. 1046). Important to note is that nearly all organizations will use some kind of brand relationship spectrum mixture. How the decisions will be made depends on the business strategy of the company (Aaker & Joachimsthaler, 2000b, p. 127).

In any case, before decisions are made, we should note that we have at our disposal **four basic brand strategies** and **nine substrategies within the brand relationship strategies**. Companies must understand each of these strategies if they hope to design effective brand strategies. The point of any company having a well developed brand relationship spectrum is to employ, with insight and subtlety, subbrands and endorsed brands. Without this powerful tool, the “new offering of companies would be limited largely to either developing a new brand (an expensive and difficult proposition) or extending an existing brand (and thereby risking image dilution).” (Aaker & Joachimsthaler, 2000b, p. 10) From the real world we would like to mention the case of Michael Jordan, where the basketball mega-star was at first the endorser (in Nike advertisements), then a sub-brand (Nike Air Jordan) and then the leader brand at the end (shoe brand manufactured by Nike) (Uggla, 2004, p. 121). The introduction of endorsed brands and subbrands was necessary not only to enter different product markets but sometimes to represent the organizational brand, too (Aaker & Joachimsthaler, 2000b, p. 10).

Figure 7. Corporate vs. line branding



*Source: J. Devlin, Brand Architecture in Services:
The Example of Retail Financial Services, 2003, p. 1046.*

How should companies select the right position in the brand relationship spectrum? Each context is different but addressing the four/five key questions presented in Table 1, companies have a structured way to analyze the issues. The main question if a company wants to move toward being a branded house is: Will the master brand be strengthened by associating with the new offering? And if the company is going to move toward being a house of brands, the key question is: Will the business support the new name? Often companies' brand or corporate name changes are motivated by ego or convenience rather than by a dispassionate analysis of brand architecture (Aaker & Joachimsthaler, 2000b, p. 126).

What are the other benefits or reasons for corporations to develop sustainable brand architecture? In the literature we are able to find the benefits of co-branding in strategic alliances between brands separated into three categories (Uggla, 2004, p. 105, 114):

- + functional benefits,
- + emotional benefits, and
- + symbolic benefits,

where an excellent example of the last category is the co-branding of Gorenje and Pininfarina, whereby the first presents function and technology and the second one presents the emotion and symbolic heritage connected with Italian design (Uggla, 2004, p. 115). Others have mentioned the benefits of corporate brand endorsement either as a name identifier or logo in domestic and international markets (Rajagopal & Sanchez, 2004, p. 246). Corporate endorsement was mentioned as a possibility of gathering products under a corporate umbrella and in that way ensuring the customers a reliable corporate image and visibility (Douglas et al., 2001, p. 246, Rajagopal & Sanchez, 2004, p. 240).

Table 1. Selecting the brand separation

Toward a branded house	Toward a house of brands
Does the master brand contribute to the offering by adding:	Is there a compelling need for a separate brand because it will:
+ associations enhancing the value propositions?	+ create and own an association?
+ credibility with organizational associations?	+ represent a new, different offering?
+ visibility?	+ avoid an association?
+ communications efficiencies?	+ retain/capture a customer/brand bond?
Will the master brand be strengthened by associating with the new offering?	Will the business support a new brand name?

Source: D. A. Aaker & E. Joachimsthaler, The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge, 2000a. p. 17.

Clarity, synergy and brand leverage were also mentioned among the benefits of well conceived brand architecture (Aaker & Joachimsthaler, 2000b, p. 102). And maybe one of the most important reasons for brand architecture is brand integration, whereby every single brand idea is consistently delivered at every stakeholder touch point, and that is long before any communication. Under these circumstances the issue of bigger or smaller logos would never be raised again (Bernstein, 2006).

We also have the duty to mention the possible disadvantages of branding architecture. Brands that are supposed to collaborate could also be exposed to risks in four areas (Uggla, 2004, p. 116):

- + loss of control,
- + confused positioning and lost focus in target groups,
- + image dilution through overexposure, and
- + less leverage points and potential in the future.

Others have mentioned the negative effects of corporate brand endorsement in brand architecture that can be harmful and have long-lasting effects across multiple product lines (Rajagopal & Sanchez, 2004, p. 246). Loss of focus, marketplace confusion, and brand developing waste were mentioned as the risks of ill conceived brand architecture (Aaker & Joachimsthaler, 2000b, p. 102). And as one expert has offered in an imaginary case study, the same is true for brand architecture disadvantages. If a business is to meet the expectations of its customers with its brands and appropriate brand architecture, then among the possible disadvantages are that at best, it will be a wasted investment in the brands and/or brand architecture, and at worst, deeply unhappy customers (Dev & Chekitan S. et al., 2008, p. 58).

From the above we are able to see that brand architecture is a process. This process needs to be revised if a company wants to set the appropriate direction for its brands, be that corporate or product brands. The brand architecture audit enables compliance with established procedures and determination of whether the structure of the brand architecture should be changed. We separate the brand architecture audit into two levels. The first is the compliance audit and the second is the strategic audit. The first one – the compliance audit – is defined as a bottom-up audit of the individual brands while the second one – the strategic audit – or the second phase is a top-down audit conducted on multiple levels (Douglas et al., 2001, p. 111; Rajagopal & Sanchez, 2004, p. 245). Others have outlined the importance and difference of brand in two ways. First that we should differentiate between product brand and service brand, with the main difference being that in the product brand 75 % of the brand's resources should be spent in trying to convince customers and in the service brand 50 % of the resources should be spent on the company's people (Olins, 2004, p. 76). Therefore brands have two roles: persuading outsiders to buy and persuading insiders to believe (Olins, 2004, p. 189).

While some authors have mentioned three different patterns of brand architecture: corporate-dominant, product-dominant and hybrid or mixed structures (Laforê & Saunders in Rajagopal & Sanchez, 2004, p. 234), we would like to describe the process of brand architecture in general.

Brand architecture should have five dimensions: brand portfolio, portfolio roles, product-market context roles, the portfolio structure, and portfolio graphics, all presented in Figure 8. While knowing these five dimensions, there are six objectives to be followed if the designing of the brand architecture is to achieve an effective and powerful brand impact (Aaker & Joachimsthaler, 2000b, p. 134–135). And the powerful system of brand architecture is a prerequisite in the development of the corporate identity.

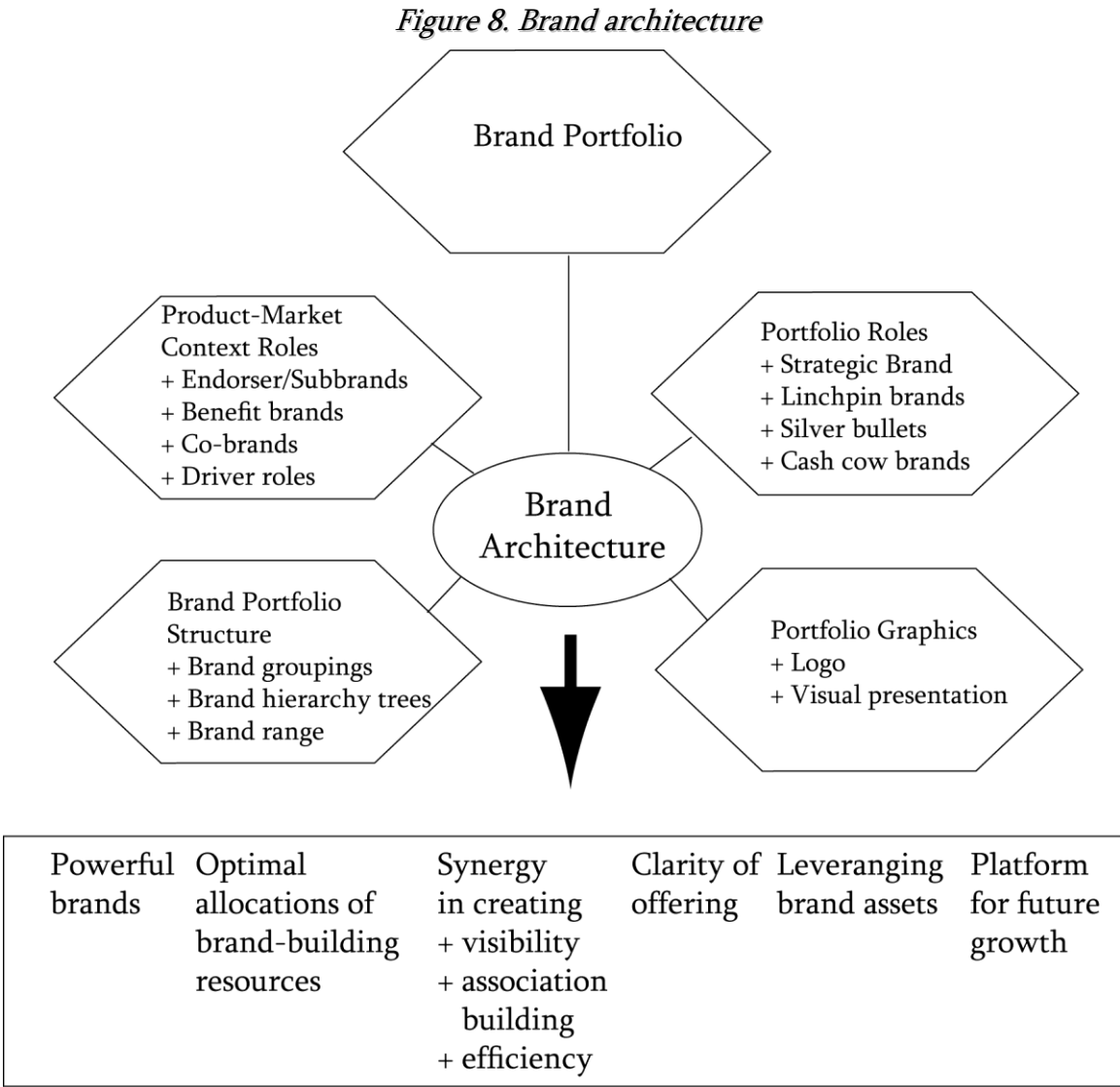
Relationships to brands are comparable to people's relationships to other people. But we should note the key distinction that people are born and brands are created (Borja de Mozota, 2003, p. 107). Brands represent identity (Olins, 2004, p. 27). And if we design brands and/or corporate identities we should remember that typography is about personality, form is content and that many enduring corporate identities have been built solely on typography (Borja de Mozota, 2003, p. 107).

In the process of designing brand architecture sometimes only indentifying the brands and subbrands – **brand portfolio** – can be a nontrivial task (Aaker & Joachimsthaler, 2000b, p. 134).

There is a famous picture that presents brand architecture as a soccer team, presented in Figures 9 and 10. The football pitch is supposed to be the market map. If each football player represents the brands, then they are to cover the priority areas. Some players are the stars or super-brands while others have minor roles and are support brands (Davidson, 2002, p. 28). If we think of each individual soccer player (as presented optimally in Figure 9) as a brand, then identity and communication programs are tools or exercises that make the individual player better (Aaker & Joachimsthaler, 2000b, p. 133).

In general we have to keep in mind **the product-market context roles** when a set of brands combines to describe an offering in a particular product-market context (Aaker & Joachimsthaler, 2000b, p. 138).

There are four different sets to define a specific offering: endorser/subbrand roles, branded benefit roles, co-brands, and driver roles). While we won't go into the detail of all of them, we need to explain the two that are connected with the corporate identity. An endorser brand is an established brand that provides credibility or acts as a so-called master or umbrella brand (Aaker & Joachimsthaler, 2000b, pp. 138–139). Usually this is the role of the corporations themselves.

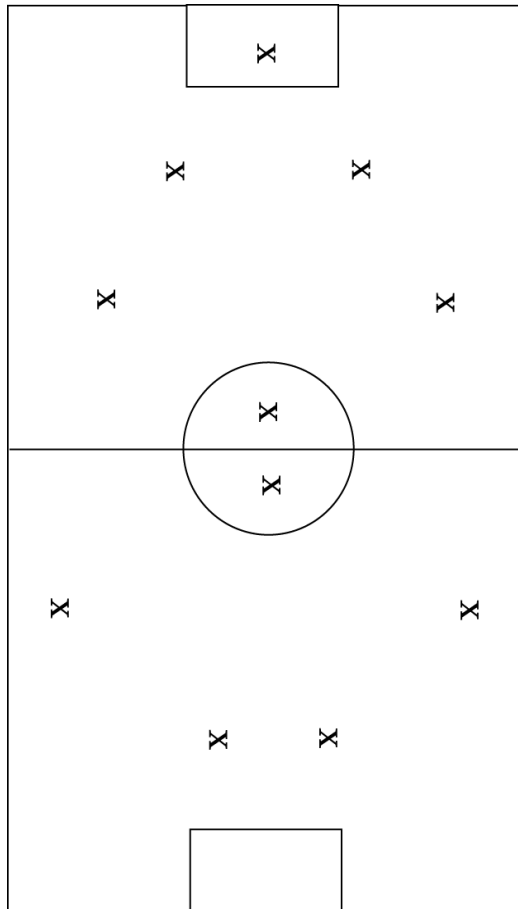


Source: D. A. Aaker & E. Joachimsthaler, Brand Leadership, 2000b, p. 135.

Especially important in all these cases is to understand the driver roles that represent the extent to which a brand drives the purchase decision and use experience. Brand architecture design has to involve the selection of a set of brands to be assigned major driver roles. A misstep with the so-called driver brand could be a serious problem (Aaker & Joachimsthaler, 2000b, pp. 143–144).

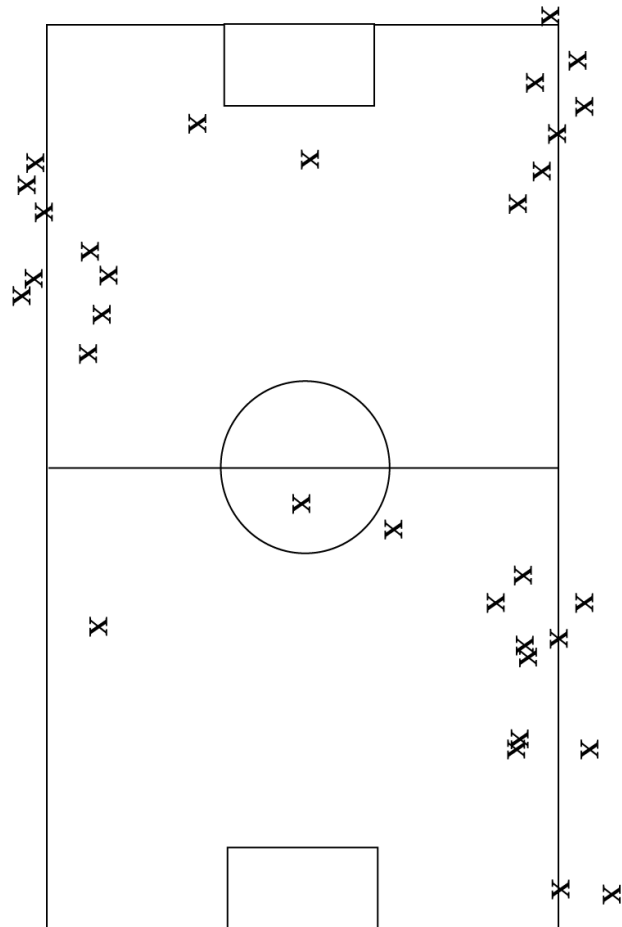
And at the same time we should know that the driver role of each brand can vary from zero to 100 percent. Because of that, driver brands need to be actively managed while brands with limited driver roles should neither receive brand development resources nor be actively managed. Flexible and powerful brand architecture would have to allow the driver roles to be refined (Aaker & Joachimsthaler, 2000b, pp. 143–144).

Figure 9. The ideal portfolio



Source: H. Davidson, Portfolio managing matters, 2002, p. 28.

Figure 10. The typical market/brand portfolio



Source: H. Davidson, Portfolio managing matters, 2002, p. 29.

In developing **the brand portfolio structure** we differentiate between three approaches: brand groupings, brand hierarchical trees, and brand range. In brand grouping there needs to be developed a logical grouping of brands that have meaningful characteristics in common, such as which segment, what kind of product, what level of quality, and what kind of design (Aaker & Joachimsthaler, 2000b, pp. 144–145).

A brand hierarchy tree that looks like an organizational chart is sometimes the most appropriate way to present the logic and clarity of brand structure (Aaker & Joachimsthaler, 2000b, pp. 144–145). A key question, especially for endorser brands and driver brands, is how far they should be stretched, be that horizontally across markets and products or vertically into other value or upscale markets. Brand range should therefore be described for each brand in the portfolio that spans product classes or has the potential to do so (Aaker & Joachimsthaler, 2000b, p. 148). **Brand range** can also be described when we compare brand identity to brand roles such as master brand, strong endorser and token endorsers whereby the brand identity helps to underscore the nature and quality of the logic of the brand range. To that we are then able to represent brand problems and opportunities as master brand, strong endorser or token endorser (Aaker & Joachimsthaler, 2000b, p. 148). We should bear in mind that a brand should be extended only where it fits, where it can add value, and where the new association enhances its equity (Aaker & Joachimsthaler, 2000b, pp. 153–154).

Last but not least in brand architecture – as presented in Figure 8 – we should mention **the portfolio graphics**. Portfolio graphics are actually the most visible result of brand architecture. They are the pattern of visual representations across brands and context. Any of the portfolio graphics, be that logo or packaging, can send signals about relationships within the brand portfolio (Aaker & Joachimsthaler, 2000b, pp. 148–149).

We have briefly explained all five dimensions of brand architecture. We will only mention the six **objectives of brand architecture**. While the prime goal should be creating an effective and powerful brand impact, we should also follow (Aaker & Joachimsthaler, 2000b, pp. 152–153):

- + creating effective and powerful brands,
- + allocating brand developing resources,
- + creating synergy,
- + achieving clarity of product offering,
- + leveraging brand equity, and
- + providing a platform for future growth options.

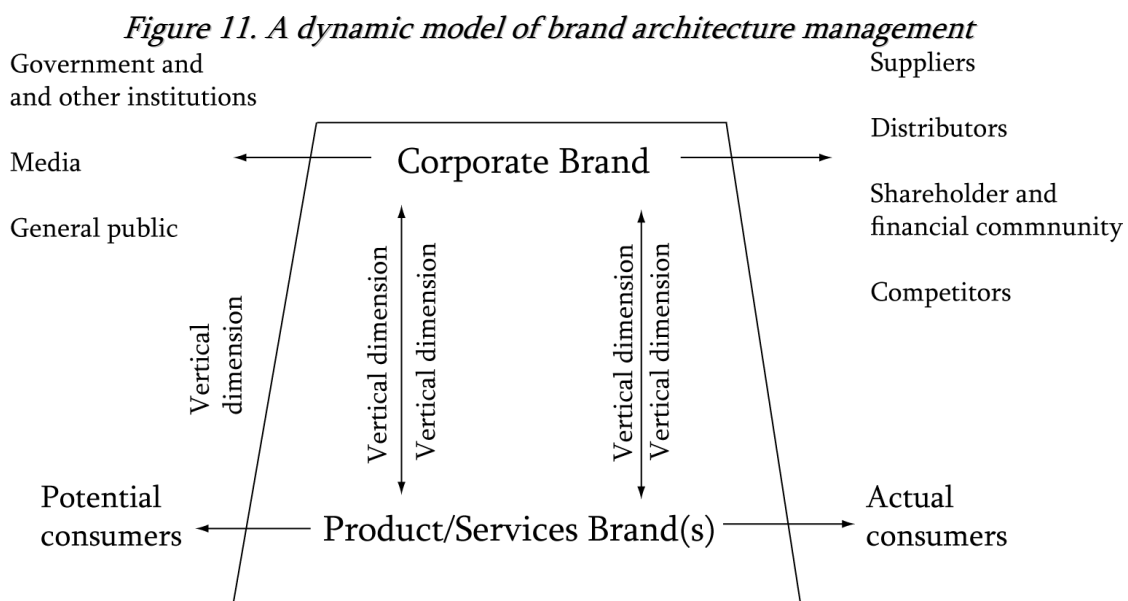
In an attempt to connect the corporate identity with brand architecture, we would like to present a dynamic model of brand architecture management.

The authors of the model found out that through successive rebrandings, brand architectures and corporate identities are evolving all the time to the extent that they modify the degree of synergy between the corporate brand and the product brand (Muzellec & Lambkin, 2009, p. 42).

Interactions between corporate brands, product/services brands and their respective audiences are presented in Figure 11. In the model, the vertical dimension refers to the interrelation between corporate images and product brand images. The horizontal dimension refers to all the stakeholders of the company, from potential to actual consumers, and from the media and general public to suppliers, distributors, shareholders and competitors.

And while some authors have suggested that the word brand has supplanted other words like identity, image, reputation, personality, etc. – the reason being that brands are making money (Olins, 2004, p. 208; Muzellec & Lambkin, 2009, p. 39) – we will stay with corporate identity and are therefore not going to use corporate brand, umbrella brand, master brand or other possibilities.

In the following chapters we will try to determine the role of design management in developing corporate identity with the help of the presented process of established brand architecture. But first we have to present the role of corporate design strategy.



Source: L. Muzellec & M. C. Lambkin, Corporate branding and brand architecture: a conceptual framework, 2009, p. 43.

3 CORPORATE DESIGN STRATEGY

We have already written in previous chapters that corporate identity is made up of corporate behaviour, corporate communication and corporate design. There is no doubt that corporate design is the most known instrument of the corporate identity (Abdullah & Cziwerny, 2002, p. 13). But first of all we would like to know how strategy and corporate design are connected.

Corporate design does not create the company image. Design creates signs and symbols that reflect the corporate identity (Borja de Mozota, 2003, p. 155). We explained in the earlier chapters that corporate image cannot be managed and that corporate reputation is to be something more durable than corporate image. Every company needs strategy to create a sustainable competitive advantage. Therefore we are able to see that brand architecture has more than only one tool. The classical Porter view on strategy, competitive advantage, positioning and fit has been changed from (Borja de Mozota, p. 159):

- + Strategy as fit to strategy as stretch.
- + Resource allocation to resource leverage.
- + A portfolio of business to a portfolio of competences.
- + Competition as confrontation to competition as collaboration.

If we try to connect strategy with corporate design we must realize first that corporate design is only one part of corporate design corporate strategy in general. But we are going to suppose that what is valid for design strategy is also valid for corporate design strategy in particular. Design as a sustainable competitive advantage is a relatively new discovery. This can be exemplified by four major trends in the marketplace, namely (Joziassse, 2008, p. 23):

- + Design as a core competency.
- + Integration of design into the business world.
- + Design management and planning as a focus for consultancies.
- + The merging of business and design education.

These trends started in the 1980s and 1990s, and therefore we should be aware that design strategy is also a relatively new field (Joziassse, 2008, p. 24).

Design strategy as such is supposed to be the effective allocation and co-ordination of design resources and activities to accomplish a firm's objectives of creating its appropriate public and internal identities, its product and service offerings and its environments (Olsen in Best, 2006, p. 50). Out of this comes the claim that a corporate identity is visual, spatial, and verbal (Borja de Mozota, 2003, p. 165). In developing the corporate identity, graphic design is the visual output of a change. And there is an important detail: if the change that design proposes is to be accepted, it must not be "frightening". Out of this rises a paradox, namely that graphic design is both a guarantee of continuity and a vector of change (Borja de Mozota, 2003, p. 163). Corporate design should therefore be viewed as an instrument for transformation and, at the same time, a guarantee of continuing corporate recognition (Van Cauwenberge, 2008, p. 65).

There is a claim that this paradox, design being new, surprising and historically consistent, and corresponding to the basic motives of the employees, can rarely be handled by the advertising agencies. But the biggest mistake in developing corporate design for the corporate identity is the break with the perception that has been carefully built up in the minds of hundreds of thousands, even millions of observers. This collective perception belongs to the intangible assets of a company. For this reason alone, corporate design should be given the attention that is given to every other area of investment (Van Cauwenberge, 2008, pp. 62, 65). Investments by corporations are usually carefully planned according to an overall corporations' strategy. Design strategy is no exception. We could say that design strategy is a plan that helps diffuse design throughout a company. There are supposed to be three generic design strategies (Borja de Mozota, 2003, pp. 247–248):

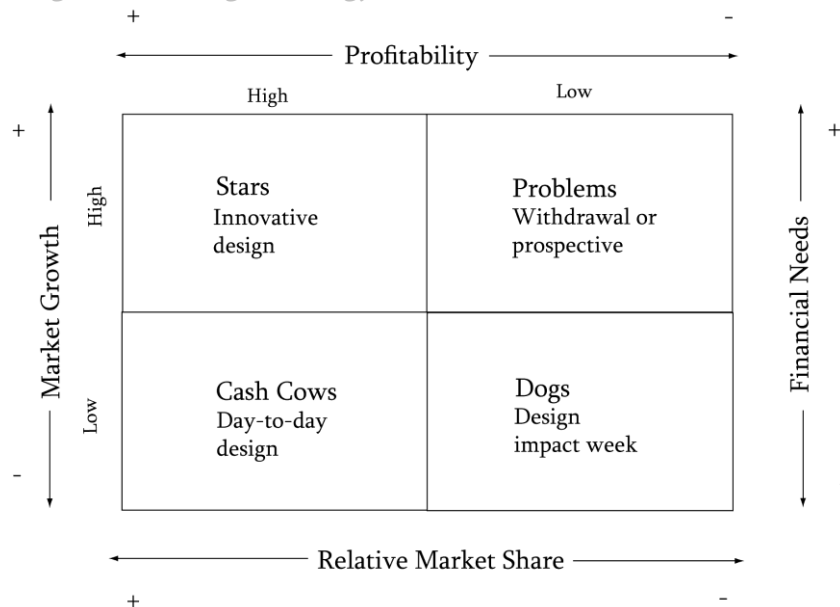
- + cost driven,
- + image-driven, and
- + market driven.

And there is an opinion that ad-hoc decisions are costly and do not use the strategic potential of design (Hase & Klein-Luyten, p. 15 in Hinz et al. (ed.) 2007), therefore design strategy is a must if design investments are to be successful. Although strategic thinking in design is in demand, we should be aware that design strategy is not about future fantasy. As such, no strategy, including design strategy should be based on intuitive speculation ((McCullagh, 2008, p. 68).

Therefore design strategy should also consist of big-picture perspective, analysis, synthesis, frameworks, and implementation planning (McCullagh, 2008, p. 68).

As an emerging discipline, design strategy is an interplay between design and business strategy. Its purpose is to help organizations know what to make and do, both in the short and long term (Canada et al., 2008, p. 57). In strategy formulation a classical method is that of the Boston Consulting Group (BCG). The BCG product portfolio classifies a product according to two axes: the relative market share and the growth rate of the market. This creates four product types and thus it is possible to create four types of design policy (Borja de Mozota, 2003, pp. 199–200) that could be the basis for a company's design strategy. How the design strategy could be used in the BSG product portfolio is presented in Figure 12.

Figure 12. Design Strategy and the BCG Product Portfolio



Source: B. Borja de Mozota, Design management: using design to develop brand value and corporate innovation, 2003, p. 200.

Corporations use specific design strategies to adopt their new product and/or service ideas. We can differentiate six generic design strategies, so organizations have the possibility to choose between these strategies (Canada et al., 2008, pp. 58–61):

- + endorse,
- + curate,
- + integrate,
- + economize,
- + play, and
- + refresh.

More about the possibilities of use of these strategies will be discussed in the concluding chapter of the thesis. For now let it be enough that all these strategies are based on the technology adoption curve.

While designers tend to use largely qualitative approaches that seek to generate market and user insights, managers in strategic planning are mostly familiar with either rigorous formal approaches or less rigorous possibilities. The first include game theory, decision trees, opportunity portfolio, real options, scenarios, and simulations, and the latter include SWOT, scorecards, weighting systems and others (Chhaptar, 2008, pp. 13–15). We have already mentioned some of these approaches, such as the above mentioned BSG Product Portfolio, which could be used in developing the design strategy.

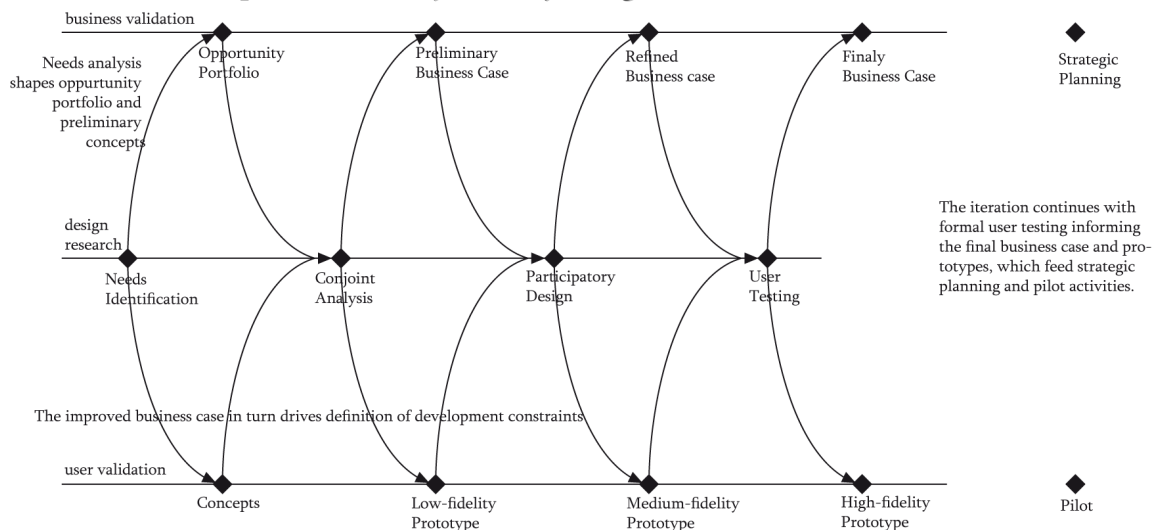
Other authors have tried in more detail to connect the designer's approach with managerial analytical and quantitative approaches. A juxtaposition of design methodologies with traditional decision making approaches was presented in an Enhanced Business Case. Its main idea is to join independent, sequential business case and prototype tracks and parallel tracks with design research methods. It is an evolution from the traditional approach from where business validation leads to a business case, which is then supported by a validation of concepts, low-fidelity prototypes, and high fidelity prototypes (Chhaptar, 2008, pp. 17–19). Designers, if they are lucky, are called in at the concept stage. The new approach of parallel business and user validation tracks with design research activities is presented in Figure 13.

The connection between strategy, design and management is presented in Figure 14. Strategic design management is supposed to be a business process that incorporates design and its management into the strategy formation process, and implemented at every level of an organization (Gillespie, 2002, p. 2). More about design management will be presented in the next chapter. For the moment let it be enough to mention that we can divide design management into strategic design management, business or tactical design management, and operational design management (Joziassse, 2008, p. 23).

The fact that design should be a part of all corporate activities, including the corporate strategy, is not a recent idea. Already in 1989 Design Management Journal published an issue on Design Management Strategies.

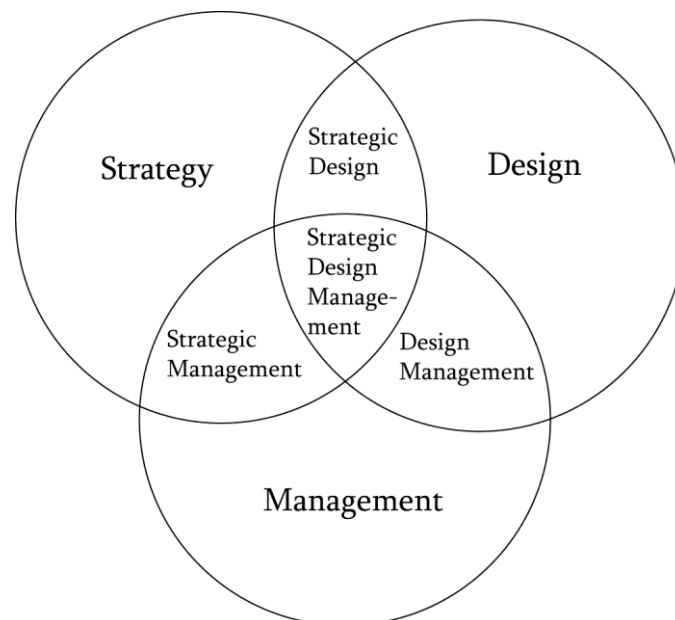
Already in 1989 it was clear that design as making “pretty” products or services would not contribute to the effective use of design. Design should be integrated into all activities, from strategy to products and services to production and also to marketing and other support (Walton, 1989, pp. 5–6).

Figure 13. Independent, sequential business case and prototype tracks and parallel tracks joined by design research methods



Source: R. Chhaptar, *Analytic Enhancements to Strategic Decision-Making: From the Designers Toolbox*, 2008, p. 19.

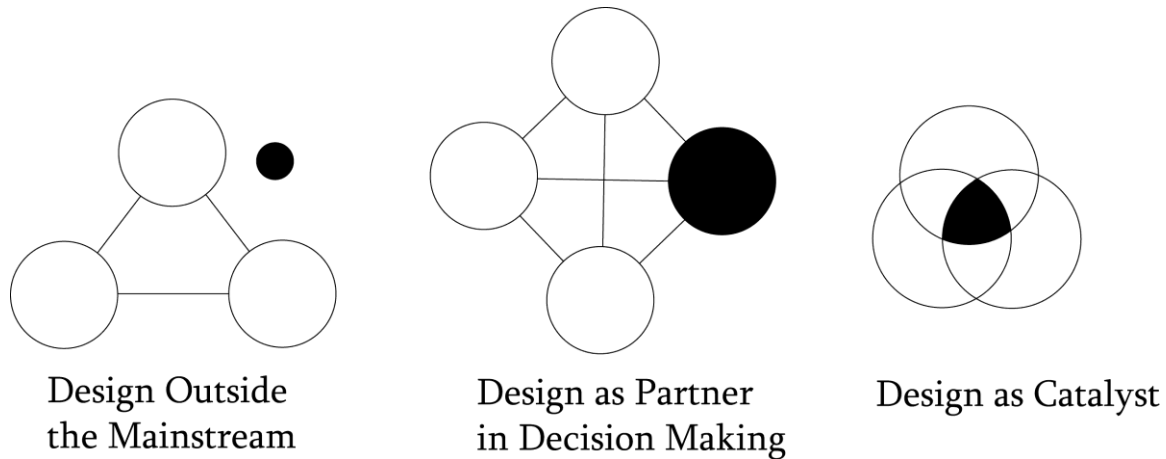
Figure 14. The connection between strategy, design and management



Source: B. Gillespie, *Strategic Design Management and the role of Consulting: Research Report*, 2002, p. 2.

In Figure 15 there is a presentation of design as being out of the mainstream, to design as a partner in decision-making, and to an even higher-profile model where design acts as a catalyst to promote synthesis among a multitude of corporate objectives.

Figure 15. Three possible roles of effective design use

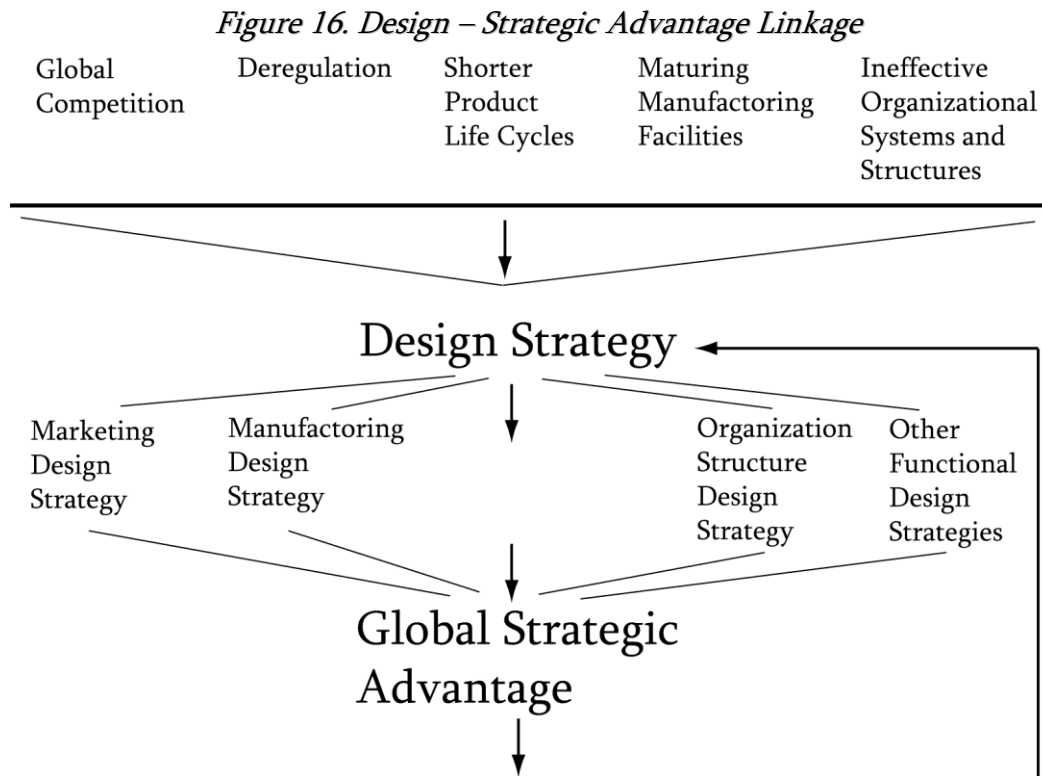


Source: T. Walton, Design Management Strategies, 1989, p. 5.

Design strategy has in recent years been one of the top subjects in economics and society in general. It was part of program at the 2006 Annual Meeting of the World Economic Forum, and as part of the Creative Imperative a special panel was named “...Through Innovation, Creativity and Design Strategy” (World Economic Forum Insights, 2006, p. 6). And strategic thinking in design is supposed to be in demand (McCullagh, 2008, p. 67). We could say that creativity is the currency in the strategic foundation (Dziersk, 2008, p. 129).

Greg Orme from the London Business School’s Centre for Creative Business has pointed out that design strategy is essentially about envisioning a new future from the perspective of a 35,900-foot chief executive officer. Progressive corporate strategy departments are therefore already using design strategists to help develop peripheral corporate vision (McCullagh, 2008, p. 68). Design strategists themselves might take particular comfort in Mintzberg’s proposition of “crafting strategy” (Mc-Cullagh, 2008, p. 72). In the sense of “crafting strategies”, the model of integrating design strategies into corporations has been known for some time. The model of design as a strategic advantage and their linkage dates back to 1984. It is still quite valid. The questions regarding the model also remain the same. Are corporations willing to admit that the link between design and strategy is already there?

And are corporations going to acknowledge that a design strategy has a corporate wide existence and bring it to a prominent position by integrating it into all facets of corporation activity (Phatak & Chandron, 1989, p. 27)? In Figure 16 the model is presented of how to link design strategy to achieve a global strategic advantage.



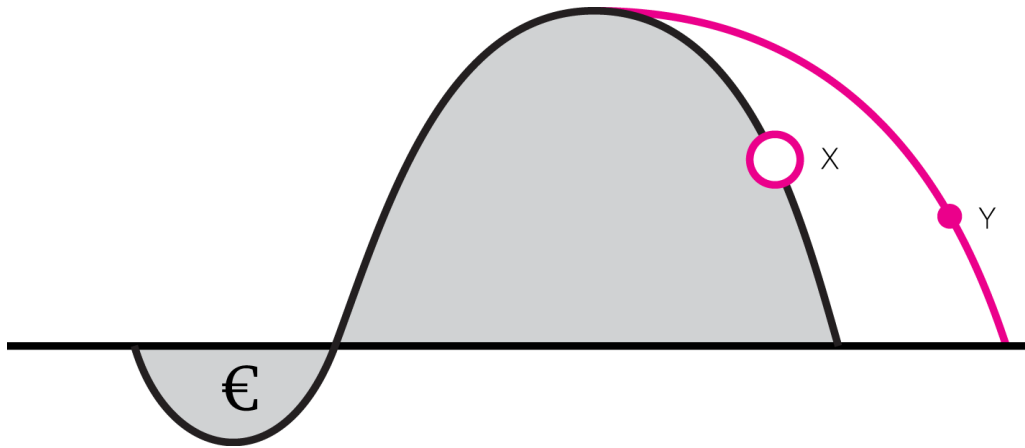
Source: P. Kotler & G. A. Rath in A. Phatak & R. Chandron. Design Positioning for Strategic Advantage, 1989, p. 27.

The manifestation of design strategy, namely the creative process itself, is often or even in general not linear, regimented, easily measured, or even described successfully. In that particular fact lies another fact, namely that design strategy is rarely seen by others in organizations as strategic or even as a possible leadership model of an organization (Dziersk, 2008, p. 128). One of the possibilities design strategists or even designers have is to visualize strategic design thinking in order to establish effective communication to the leadership of a major company (Dziersk, 2008, p. 124). A simple model of how to present a design strategy's return on investment is visualised in Figures 17 and 18.

Figure 17 illustrates what happens when a corporation invites design into a major strategic project, looking for a return.

Usually design is invited at point X in the Figure 17, when the product and/or service is already in decline. The best that could be done by design and/or design strategy is presented by the line Y.

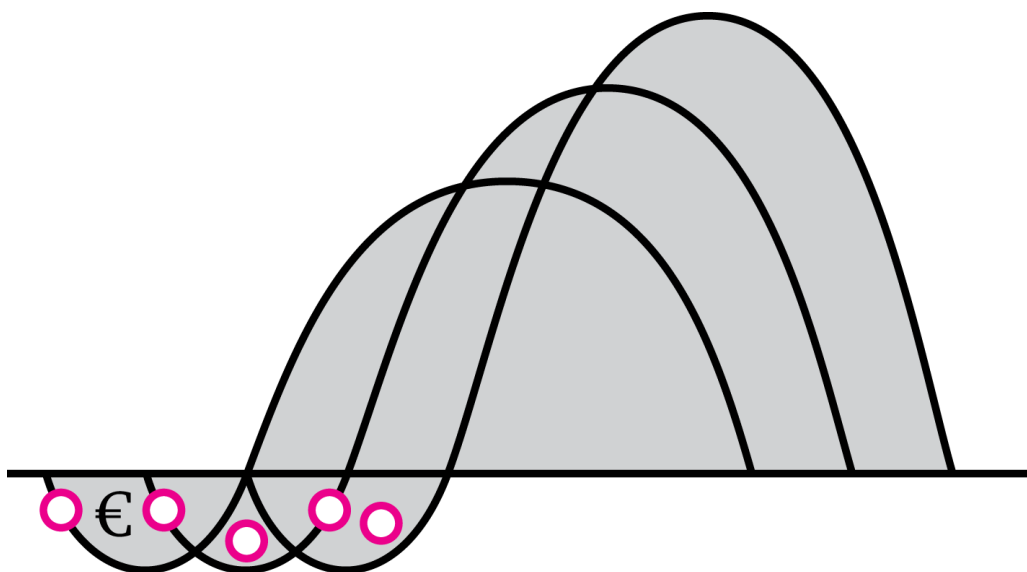
Figure 17. Presenting *major* design effort in an ordinary company



Source: M. Dziersk, *Visual Thinking: A Leadership Strategy*, 2008, p. 124.

And what would be the possibility of gaining a higher return on investment, be that development or redevelopment of corporate identity, new products and/or new services? And in that process also create an innovation pipeline? The possibility exists by creating a continuous pipeline of innovation, without reinventing the wheel each time out (Dziersk, 2008, p. 125). Figure 18 presents such a possibility by using the example of a truly visionary corporation.

Figure 18. Presenting *major* design effort in a visionary company

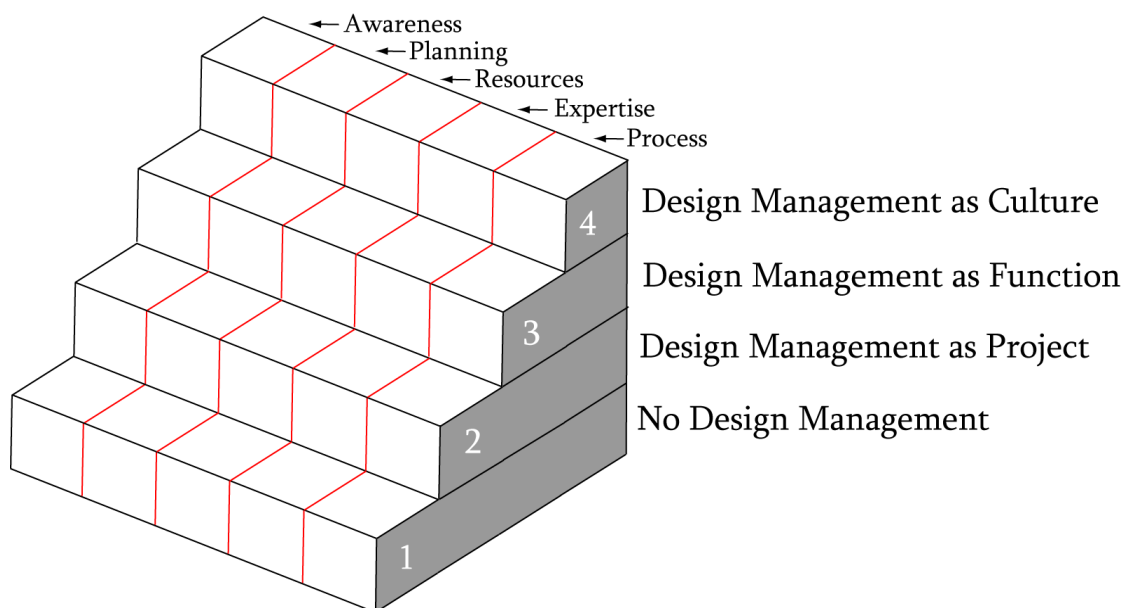


Source: M. Dziersk, *Visual Thinking: A Leadership Strategy*, 2008, p. 125.

We know that every investment, especially strategic investment, has a negative return at the beginning of the investment, as presented in Figure 18. By creating a continuous wheel the possibility exists of lowering this first phase of negative cash flow. And not least then there is the possibility of an investment or investments gaining higher added value.

If we speak about the connection between strategy, design strategy and design management, there is a model that was developed to show that companies should focus on design management rather than simply on the use of design. In the model there is a range presented from an immature level of design management to a level where design management is of a strategic nature and part of the company's culture (Kootstra, 2009, p. 12) and therefore part of its corporate identity. The model is presented in Figure 19. At highly driven design corporations they have a differentiation strategy where design is at their core. Those kinds of corporations are market leaders through design innovation.

Figure 19. Design Management Staircase



Source: G. L. Kootstra, The incorporation of design management in today's business practises: An analysis of design management practises in Europe, 2009, p. 12.

This is reflected in the non-technological innovations that are first-to-market in opposition to so-called me-too innovations where design innovations are copied by followers (Kootstra, 2009, p. 13). If a company wants to be a market leader it needs to have design as part of its strategic plans and design planning should be a dynamic process that drives the business (Kootstra, 2009, p. 15).

However, not every company needs to focus its strategy on the role of design as a driving force of innovation. It depends on the nature of the organization, its market position, or its strategy. In some cases it may be sufficient for a company to be on the level of design management as a function or even as a project (Kootstra, 2009, p. 13). In the model presented in Figure 19 that means stair two or three. Some other authors have produced similar research results, namely that only companies with “design leadership ideology” take design into account when planning their business strategy (Joziassse, 2008, p. 26).

The possibilities of how design managers and strategy consultants could work together in crafting the corporate strategy are presented in Table 2. Presented are the skills of design managers and strategy consultants and their perspectives, which could be of great help to corporations when crafting the corporate strategy.

Table 2. Design managers and strategy consultants’ skills and perspectives

	Skills	Perspectives
Design managers	Motivation and mentoring	Corporate culture
	Internal and external communication	Political/diplomatic
	Culture creation and management	Internal capabilities
	Cross-department alliances	Brand
	Budgeting	Sector
		Target consumers
Strategy consultants	Bi-polar: analytical and intuitive	Objective
	Thought leadership	Big-picture
	Empathy with corporate pressures	Cross-sector
	Ability to produce tangible, engaging, and stand-alone deliverables	External possibilities
		Challenging
		Consumers in general

Source: K. McCullagh, Strategy for the real world, 2008, p. 72.

It is very obvious from what is written in this section that senior executives will learn to deal with soft issues, such as aesthetics and experience, and design managers are going to learn how to present the hard stuff – data, rigor and the business case (McCullagh, 2008, p. 67). More about design management will be written in the next chapter.

4 DESIGN MANAGEMENT

Design management was first mentioned in the United Kingdom in the 1960s. Its role at the time was the execution of projects and maintaining good communication between the design agency and its clients. In 1966 Michael Farr also mentioned the term design management (Hase, p. 23 in Hase et al. (ed.), 2006). And in the United States in 1975, Bill Hannon and the Massachusetts College of Art founded the Design Management Institute in Boston (Borja de Mozota, 2003, p. 68). Historically, in short, we could summarize design management development in five phases: design as function from the 1940s till the 1950s, design as style from the 1960s till the 1970s, design as process from the 1980s till the 1990s, design as leadership from the 1990s till the 2000s, and design as thinking from the 2000s till the present (Borja de Mozota & Young Kim, 2009, pp. 67–68).

Table 3. Historical development of design management

Period	Main Perspective	Design Role	Design Management Focus	Cases
1940s to 1950s	Design as function	Product quality	None	AEG, Olivetti
1960s to 1970s	Design as style	Quality communication	Project management	Alessi, Braun
1980s to 1990s	Design as process	Innovation	NPD innovation management	Philips, Sony
1990s to 2000s	Design as leadership	Creativity strategy	Brand	Apple
2000s to now	Design as thinking	New business model	Creative organization	IDEO

Source: B. Borja de Mozota & B. Young Kim, Managing Design as a Core Competency: Lessons from Korea, 2009, pp. 67–68.

From Table 3 we see that design management has evolved into design-minded leadership. Other authors have presented development of design management in the consumer society, from 1958–1981, to the network society, from 1982–1997, to the so-called design society, from 1998 till 2006 (Best, 2006, pp. 23–25).

Design management is supposed to be a bridge between design and business (McBride, p. 200 in Best, 2006). Simply put, **design management is about the management of design** (Best, 2006, p. 6) or **design management is the business side of design** (Design Management Institute, 2009).

We should note that no two design managers will have the same backgrounds; the reason being that design management is not a clearly defined vocation, career path or academic subject area (Best, 2006, p. 6). The Design Management Institute (DMI) has defined the scope of design management as ranging from “tactical management of corporate design functions and design agencies, including design operations, staff, methods and processes – to the strategic advocacy of design across the organization as a key differentiator and driver of organizational success.” At the same time, the DMI admits that design management practitioners are, among other things, also (Design Management Institute. 2009):

- + design department managers,
- + brand managers, creative directors,
- + design directors,
- + heads of design,
- + design strategists, and
- + design researchers, as well as
- + managers and executives responsible for making decisions about how design is used in the organization.

This is why the practise of design management is evident across a range of disciplines such as (Best, 2006, p. 16):

- + fashion,
- + architecture,
- + media,
- + entertainment,
- + advertising, and
- + software and games design.

We should also notice that design is managed according to the context, be that in realms of business, engineering, technology or the above-mentioned creative disciplines (Best, 2006, p. 16). In companies, though, there is a tendency to need either purely technical design services or consulting on their design strategy. And companies that are working on their corporate identity need designers with expertise in brand management and strategy formulation (Borja de Mozota, 2003, p. 167).

In general, nevertheless, we are able to see design as active on strategic, tactical or operational levels that are either setting long term goals or in day-to-day decision making (Best, 2006, p.16).

The ways to manage design are numerous. As far back as 1989 respective authors have considered five ways to manage design. For the purpose of this thesis the first proposed way is the most interesting. All of these five ways are as follows (Dumas & Mintzberg, 1989, pp. 37–41):

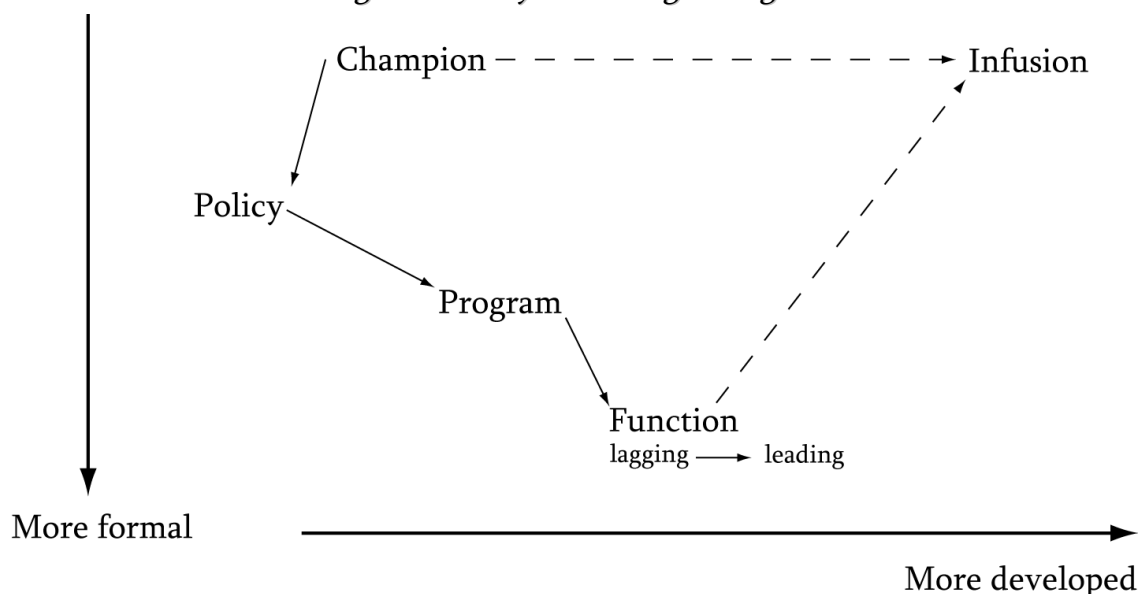
- + Design Champion: Find a champion and establish a steering team.
- + Design Policy: Everyone's getting one; we should have one, too.
- + The Design Program: Speak softly and carry a big stick.
- + The Design Function – Lagging: What we need here, I suppose, is one of those chappies with a long scarf.
- + The Design Function – Leading: We regard design as a driving force, aimed towards the establishment of a new image for our whole product range.
- + Design as Infusion: Good design (is) a symptom that other even more important things are right – such as people, organization, strategy, cash flow, skills balance, attitudes, and motivation.

Having a Design Champion is, according to one of the design consultancy approaches, one of the most suitable ways for an organization to promote design. The champion could be the chief executive officer or other executive, too, or even an outside consultant. This person acts as a patron and even if he/she leaves the organization there is the possibility of leaving something important behind. Problems could occur, however, when there are promoted beliefs about design rather than good design per se. In that case usually nothing tangible is left behind. This is why Dumas and Mintzberg claim that a design champion – be that patron, crusader, team or consultant – is only a necessary first step in order for an organization to be infu-sed with design (Dumas and Mintzberg, 1989, pp. 37–38). Out of that first step come three other options for managing design and designing management.

Figure 20 presents all of the mentioned possibilities of managing design and designing management.

Design policies very often occur because “everybody” has them. They are supposed to be a suitable approach if they clarify beliefs that already exist in an organization. Otherwise they are of little consequence. A design program has the main disadvantage of being “temporary design”. If this program is really a part of the corporate strategy then as such it could have a lasting effect on other initiatives. When design is only lagging in function it can only be considered “cosmetic design”. The products may look a little better but this is only effect. It is difficult for a designer in such an organization to make a difference without firm belief and commitment. In managing design as a leading function, design could end up as “encapsulated design”. This could cause problems in the internal efficiency of the organization. The least formal and the most developed is supposed to be the approach where design is infused in the organization. It has been pointed out that design cannot be managed as just another cog in a bureaucratic wheel. The infusion of design into an organization is also described as “silent design” (Dumas & Mintzberg, 1989, pp. 39–41).

Figure 20. Ways to Manage Design



Source: A. Dumas & H. Mintzberg, Managing Design Designing Management, 1989, p. 43.

And Dumas and Mintzberg have stressed that: “**Champions may push from above, policies may sit off to one side, programs tend to be temporary and functions isolated, whether leading or lagging. In contrast, design as infusion works alongside, and especially within, other functions. Managers whose responsibilities touch design do not merely accept it, but become part of it. Design thus becomes a way of life in the organization.**” (Dumas & Mintzberg, 1989, p. 41)

We have already mentioned that it is hard for designers to work with management. This belief was confirmed by dos Santos: “...everybody knows non-designers are making design decisions every day. Designers tend to see this as an attack on their profession.” (dos Santos, p. 202 in Best, 2006) Furthermore, in design, one form of design rejects another (Borja de Mozota, 2003, p. 51). And for management design is unknown information. We should note in that sense that managers also do not always react in a completely rational manner (Borja de Mozota, 2003, p. 75), which makes the process of design and management working together even more complex.

If we are able to define the key categories of design relatively easily, namely product, environmental, information (or communication) design and corporate identity (or brand design) (adopted from Gorb in Best, 2006, p. 14; Hase in Hase et al. (ed.) 2006, p. 21), then we are able to say that design management has a two-fold objective: to familiarize managers with design and designers with managers (Borja de Mozota in Best, 2006, p. 14).

There is also a very common belief that design and management belong to two different cognitive spheres. This belief is rooted primarily in the mutual suspicions managers and creative teams have of each other. If the belief about two different cognitive spheres of design and management is true, then design management must be viewed as an organizational learning process. Borja de Mozota has presented a comparison between design and management concepts, as seen in Table 4. We see that it is possible to find to every design concept a suitable management concept. Therefore the difficulties in cooperation between design and management should be handled in a cognitive manner (Borja de Mozota, 2003, p. 74).

Table 4. Comparative approach to design and management concepts

Design concepts	Management concepts
+ Design is a problem-solving activity.	+ Process. Problem solving.
+ Design is a creative activity.	+ Management of ideas. Innovation.
+ Design is a systemic activity.	+ Business systems. Information.
+ Design is an activity of coordination.	+ Communication. Structure.
+ Design is a cultural and artistic activity.	+ Consumer preference. Organizational culture. Identity.

Source: B. Borja de Mozota, Design management: using design to develop brand value and corporate innovation, 2003, p. 74.

In serving the above mentioned dilemmas Borja de Mozota has developed a convergent model of design management, based on two perspectives: reactive (managerial) and proactive (strategic) (Borja de Mozota, 1992 in Borja de Mozota, 2003, p. 75).

The model, called “Designence”, applies different theories of management and/or science: scientific, behavioural, decisional, systemic, situational and operational. Part of the model is presented in Table 5. The two approaches, managerial and strategic, enable managerial methods to enhance design and aim to improve management with design knowledge.

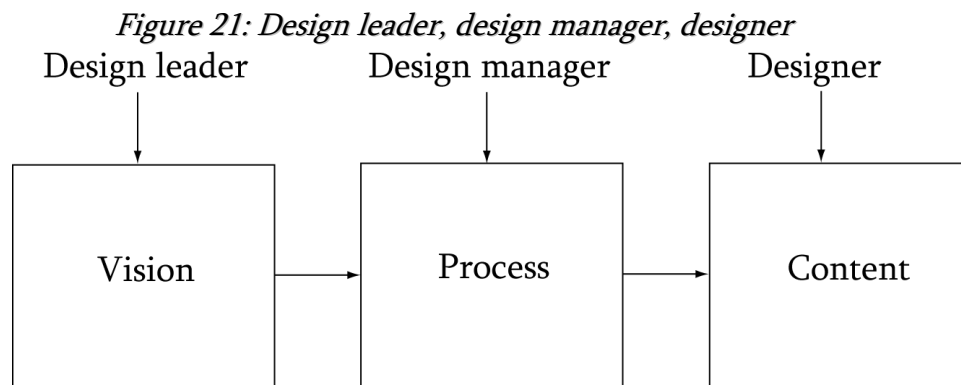
Table 5. A part of the convergent model for design and management: “Designence”

Design management approach	The objective of design management
The managerial approach to design management	Enhance design with managerial methods: + design and organizational performance + design/brand, identity, strategy + general management and design management methods
The strategic approach to design management	Improve management with design knowledge Theories of form: design principles Creativity and idea management

Source: B. Borja de Mozota, Design management: using design to develop brand value and corporate innovation, 2003, p. 76.

So, how is design management defined? At the Pratt Institute they define design management as the identification and allocation of creative assets within an organization to create a strategic, sustainable advantage (McBride, p. 202 in Best, 2006). For Topalian design management consists of managing all aspects of design on two different levels: the corporate level and the project level (Best, 2006, p. 12). Borja de Mozota defines design management as the planned implementation of design in a corporation to help the corporation achieve its objectives. And furthermore, the person in charge is supposed to be the design manager (Borja de Mozota, 2003, p. 79). Maybe the most suitable way to present the roles of design leader, design manager and designer is presented in Figure 21. The design leader sets the vision of how design could be used within an organization. The buy-in of the stakeholder is a must. The design manager leads the design process, procedures and internal functions. The designer helps unlock the potential of a proposal, crafts and delivers a solution, and develops a brief (Crump, p. 17 in Best, 2006).

Furthermore, the design manager has to deliver successful design solutions in an efficient and cost effective way. And the design leader is supposed to help the corporation envision the future and ensure design is used to turn those visions into reality (Turner in Best, 2006, p. 186).



*Source: K. Best, Design Management:
Managing Design Strategy, Process and Implementation, 2006, p. 17*

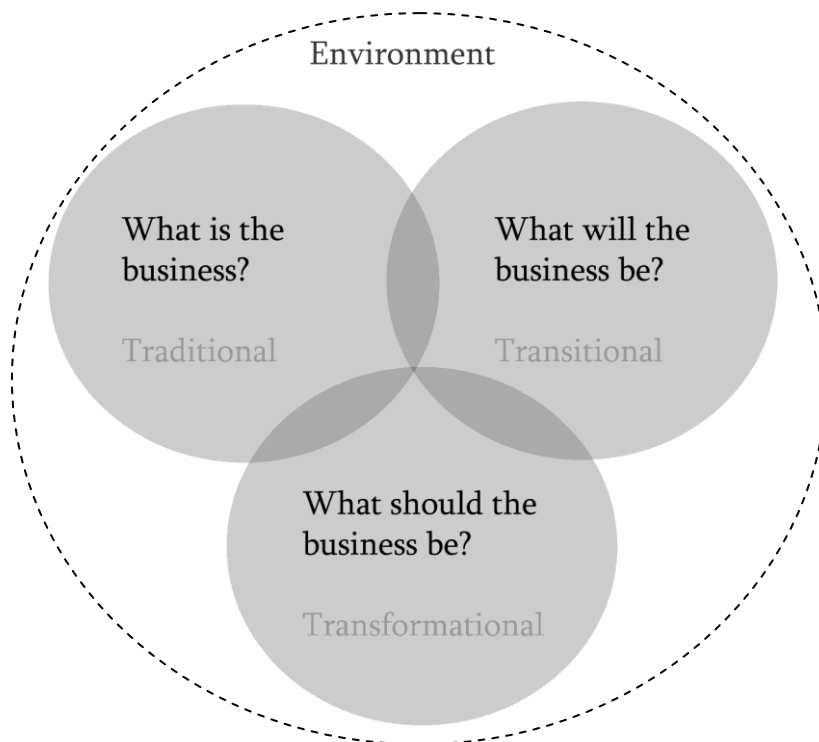
A vision of design at all levels of an organization is design strategy. And design strategy establishes how an organization is to use design, and on the other hand how design could best serve the operational needs of that organization (Cooper & Press, 1995 in Best, 2006, p. 48). Identifying the design opportunities in the management of organizations is one of the main roles of design management. Developing on Drucker's Paradigm of Change model, Flaherty has identified three management approaches for the traditional, transitional and transformational business dimension.

Design plays a role in every dimension, be that by concentrating on organisational strengths in the traditional approach, by satisfying unmet consumer needs in the transitional approach, or by attracting new customers or successfully exploiting new product development ideas in the transformational business dimension (Flaherty in Best, 2006, pp. 31–32).

The change model based on Drucker's paradigm is presented in Figure 22. The design manager's responsibility is therefore to ensure both the coherence and consistency of the organisation's design message (Best, 2006, p. 47). In the field of design and management, design management constitutes its own field that is responsible for design direction, design realisation and design coaching. In that field the third vector should not be forgotten, namely communication (Hase in Hase et al. (ed.), 2006, pp. 23–24).

Design managers should have the ability to play different roles when being at different stages of a project. They should be a coach and mentor to both the client side and to the design team. These roles include being a coach, being a mentor and frequently a peer. When coaching, design managers should encourage clients and design teams about the business benefits of design. In mentoring it is necessary for design managers to educate and support both the client and the design team. And in being a peer, design managers should assist and facilitate the client and the design team (Best, 2006, p. 82).

Figure 22: Drucker's Paradigm of Change model



Source: Flaherty, 1999 in K. Best, Design Management: Managing Design Strategy, Process and Implementation, 2006, p. 31.

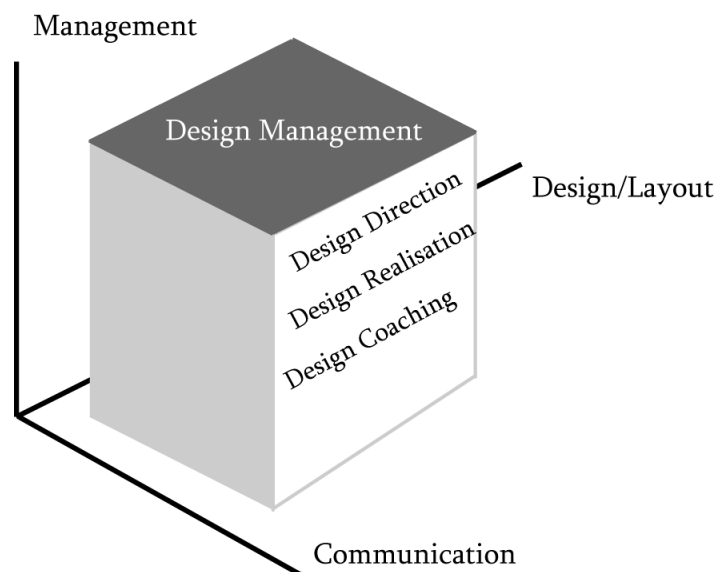
A three vector design management model consisting of design, communication and management is presented in Figure 23.

While managing a design department, design managers need to involve a transformational leadership style. Managers in these departments should follow the four dimensions of transformational leadership style: charisma, inspiration, intellectual stimulation, and personal attention (Borja de Mozota, 2003, p. 224).

In leading a design department, the design manager has the following options from which to choose the most appropriate structure (Borja de Mozota, 2003, p. 224):

- + flexibility versus consistency,
- + autonomy versus control, and
- + centralization versus decentralization.

Figure 23: Three vectors of design management



*Source: H. Hase in H. Hase et al. (ed.), Design Management.
Teil 1: Design Management im Fokus, 2006, p. 24.*

That also means that adaptability in design management is necessary not only in terms of survival but also in terms of development (Kaminagal in Borja de Mozota, 2003, p. 246). We mentioned in the beginning of the chapter that design management is not a clearly defined vocation. We are, however, able to see that it has developed enormously in the last few decades.

There is the possibility of presenting a career path from designer to strategic design manager (Borja de Mozota, 2003, p. 73). Various studies have shown that designer's usually only parts of their professional work really do as designers (Vervaeke in Borja de Mozota, 2003, p. 73). And there is a possible career lifecycle for a designer to be developed into a strategic design manager (Haerle in Borja de Mozota, 2003, p. 73).

We would although like to mention again that design managers come from various and different profiles. Table 6 shows a possible design management career lifecycle model in five phases.

Table 6: The designer career path

	Job title	Responsibilities
Designer	Associate Designer	Developing creative solutions to design problems
	Assistant Designer	
	Designer	
Design Project Manager	Senior Designer	Coordinating resources in order to deliver a design within a predetermined schedule and budget
	Project Manager	
	Associate Design Manager	
Design Staff Manager	Creative Director	Managing design staff, transferring design strategy into creative briefs, and assembling design teams to meet project needs.
	Studio Leader	
Design Organization Manager	Director	Making operational and general management decisions that drive the development of a design group or organization.
	Principal	
Strategic Design Manager	Chief design officer	Developing the organization's strategic business objective, along with the related design strategies that help meeting the goals.
	Chief executive officer	

Source: B. Borja de Mozota, Design management: using design to develop brand value and corporate innovation, 2003, p. 73.

If we try to summarize, what are the skills a design manager needs? A design manager should be able to manage (Turner in MacDonald (ed.), 2004, p. 14):

- + design people,
- + design budgets,
- + design timetables,
- + design work, and
- + design organizations.

It is obvious that it is a wide range of complex skills, especially if we consider that design managers are often supposed to be design leaders, too.

Design leadership, on the other hand, requires six basic skills (Turner in MacDonald (ed.), 2004, p. 14):

- + envisioning the future,
- + manifesting strategic intent,
- + directing design investment,
- + managing corporate reputation,
- + nurturing the environment for innovation, and
- + training for design leadership.

In the following concluding section of the thesis we are going to explain – among other things – in more detail the fourth design leadership skill, namely managing the corporate reputation if we find that this is possible.

CONCLUSIONS

“Good design is good business” was said by Thomas J. Watson, Jr., who was IBM’s chairman and founded the company’s innovative Design Program (Kraus, 1989, p. 44), as far back as in 1956. Every good corporation with its more or less diverse businesses should have a slavish adherence to its corporate identity, if we try to paraphrase one of the most well known business school professors, Michael Porter (Porter, 2001, p. 52). If we then suppose that corporate identity is a strategic issue, how come on the boards of corporations it is so rare to find design managers or at least design consultants responsible directly to the board. And while in theory such proposals are known, namely that there should be at least one member of the board who takes a personal and qualified interest in design (Bernsen in Best, 2006, p. 54), in reality it is very clear that design (and therefore corporate identity, too) is the item that boards know the least about (Turner, 2000, p. 43). There are numerous examples where if a corporation does not have a design champion, possibly a design-aware CEO, it is hard to expect that this corporation will have design infused in the corporation. There was a proposal from the known authors Angela Dumas and Michael Porter on how to infuse a corporation with design, but already then they had to admit that corporations rarely take corporate identity programs seriously (Dumas & Porter, 1989, p. 39).

There have been other proposals, which we are going to deal with a bit later. One thing is very clear, though: no suite of corporate identity manuals or design guidelines can replace design vision or design policy or, as it is perhaps easier to say, the creation of a common corporate design focus (Turner, 2000, p. 45). And we can hypothetically say that there are more corporations without corporate identity manuals or design guidelines (or are these dated from previous decades?) than with those manuals or guidelines. How can we then expect that those corporations would take design or their corporate identity seriously?

Ideally design is part of a corporate and market strategy (Jevnaker, 2000, p. 42) and there is some agreement that design is able to improve performance in areas from corporate communication to the competitiveness of nations (Borja de Mozota, 1998, p. 26). On the global level there is a body called the Global Agenda Council on Design working under the umbrella of the World Economic Forum (Appendix C).

There is the case of Denmark, which was one of the first countries to develop and accept a national design policy in 1997. What is even more important is that they redeveloped it in 2003 and refocused the policy on supporting 10 Danish companies per year. In that sense they developed two special programs. One was Designer ISO – a certification program for design companies – and the other an in-service training in design management. Great interest was shown in the first program, which may become an international standard, and the second one was aimed at design executives who are not designers by profession (Havgard & Melander, 2004, pp. 48–54). And countries compete in today's economy the same way corporations do. The only difference is that corporations have been in that business much longer than countries.

If a design strategy is to be successful, it must be the right balance of design, politics, and economics (Kristensen, 1990, p. 29). So, every corporation should not only have high standards about its corporate identity and consequently its corporate reputation, but it should also create its own corporate design agenda (Chung in Green et al., 2004, p. 78), because, in our opinion, corporate identity will hardly make an impact and gain the desired corporate reputation without there being a defined design agenda or design strategy in the first place. And corporate identity again at least needs to have balanced brand architecture.

What every designer or design manager has to admit is that design is not a matter of life-or-death to any corporation. The successful relationship between design and corporation could be described as one of a dominant partner and a quiet one, a leader and a supportive follower. And in that case the corporation must be the leader and design should be the supportive follower (Turner, 2000, p. 43). The first step in that relationship is to admit that organizing and managing design is not easy (Jevnaker, 2000, p. 25). It is not clear whether the design-aware corporate executives have admitted that, but it is very clear that some executives have pushed their corporations as leaders by strategically using design or design management (it seems to them that there is no difference). The most respectable cases are Akio Morita, from Sony, and Steve Jobs, from Apple (Peters, 1989, p. 13.) In 2009 Steve Jobs was named CEO of the decade by Fortune Magazine (CNN, 2010) and the Best Performing CEO by the Harvard Business Review after he again took over the company, which was in dire shape, in 1997 (Hansen et al., 2010, pp. 104, 107). This is only one more proof of the claim that the most viable way to infuse a corporation with design is through a design champion. The reason is supposed to be in the informal nature of this kind of way. A design-aware CEO is the one who leaves enough feeling for the process, exemplified in the designs that have already been executed (Dumas & Mintzberg, 1989, p. 43).

Usually, companies do not have such design-aware executives. It is, on the other hand, fairly easy to sell the strategic importance of design to a CEO using a commercial argument. We have to bear in mind that the full potential of an investment in design will be understood by only a few (Turner, 2000, p. 43). And designers and especially design managers are the ones that will have to bring design to business and not vice versa. There is no reason to send all corporate managers to a crash course in design and design management (Turner, 2000, p. 46). And there lies the biggest challenge, because it is a fact that design (represented by designers and design managers) will have to be the one to understand clearly and to know the difference between a mission and a vision, a corporate strategy and a business plan, and respectively how all that relates to the design strategy (Turner, 2000, p. 42).

Experience has shown that one possible route is the creation of a formal place for design in an organization. This has one main downside, namely that independent corporate design functions have little long-term effect. A possible solution for design is to become part of the DNA of the whole business (Turner, 2000, p. 44) or, as Dumas and Mintzberg would have put it, to infuse the corporation with design.

Some say this is the biggest challenge for the design world (Turner, 2000, p. 44). There are successful cases that demonstrate how to reach that infusion. Because design is a problem-solving discipline it is recommendable when forming partnerships with corporations to remove all references to art. Even further, some have removed all references to service to form strategic partnerships and elevate design to the role of core business competency (Phillips, 2002, 55). In such an environment there is no place for designer posing and design-speak (Turner, 2000, p. 47).

There was a prediction by future design professionals, back in 2004, of who would be (Cooper in Green et al., 2004, p. 77):

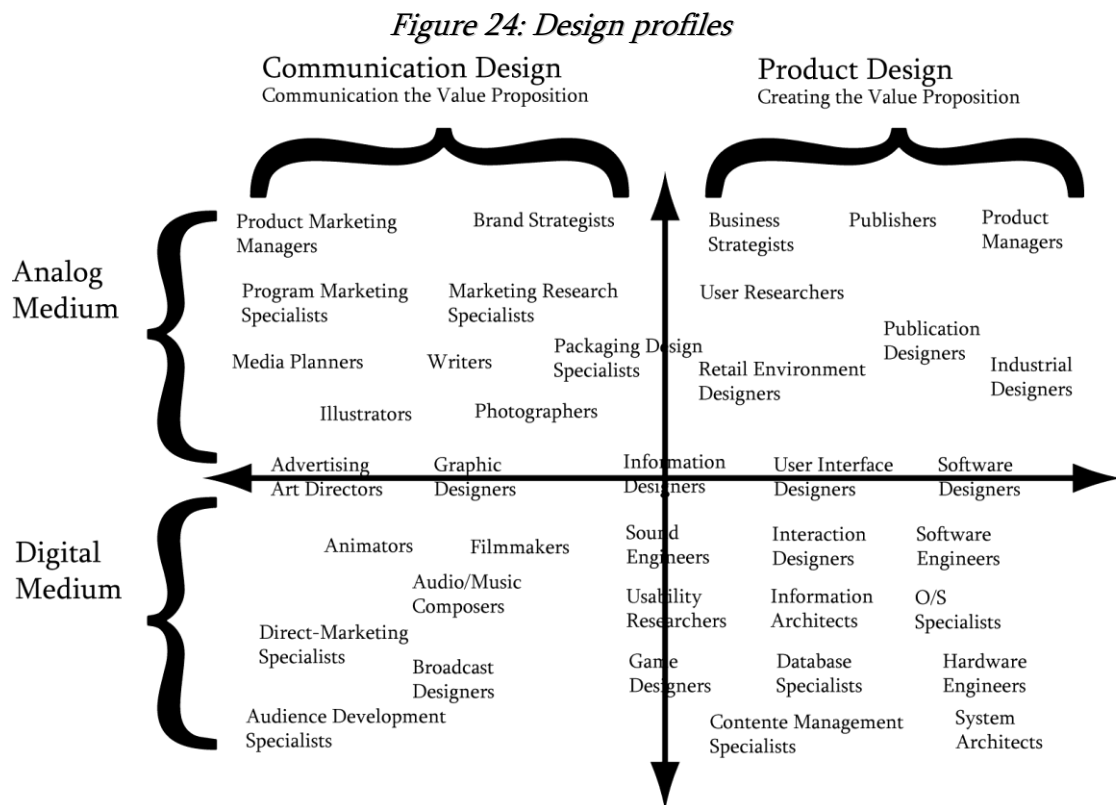
- + intelligent “makers”,
- + active learners and communicators,
- + active citizens, and
- + sustainable entrepreneurs.

And these design professionals were to work in sustainable economies and corporate environments that are concerned with economic, social, and environmental issues (Cooper in Green et al., 2004, p. 77).

We have already shown the possible career path from designer to strategic design manager at the end of the chapter on Design Management. We have to bear in mind, though, that only in design are we able to name almost 40 career profiles (Goldfarb, 2001, p. 14). It is not necessarily that all of these profiles are from design schools, but they definitely have an important role to play in the design process. These profiles are shown in Figure 24. And our guess is that the number of these profiles is growing. Therefore we could say that designers have more than enough possibilities to develop their careers, be that horizontally or vertically.

Already from the number of design profiles presented in Figure 24 above we are able to see that there is a need for the management of the design process. And in terms of corporate identity it was said that the identity of an organization is a balance between the visionary and the practical. Design management in particular is well suited to help strike such a balance (Gierke in Bachman et al., 1998, p. 16).

And while we may assume that in developing the corporate identity, not all the design profiles mentioned are needed, we can assume that design management is definitely needed. And who actually are the design managers in the process of developing the corporate identity? There is an opinion that in the management of design it is critical that the manager is highly skilled in design (van Deursen in Bachman et al., 1998, p. 18). This is similar to the opinion that design managers evolve from design practitioners (Green et al., 2004, p. 74). Others have pointed out some other priorities.



Source: Mok in R. Goldfarb, Careers by design, 2001, p. 14.

Design management is, in ideal terms, a holistic, long-term activity, encompassing all levels of corporate functions (Hirano in Bachman et al., 1998, p. 17). Some have said that design management becomes asset management and beyond that attitude management. And along the same lines design management at its best is design leadership (Larsen in Bachman et al., 1998, p. 17). This said in other words means that design management is design leadership (Dobbens in Bachman et al., 1998, p. 15). In more practical terms design management produces compelling value – tangible and intangible – and the company knows this (Fricke in Bachman et al., 1998, p. 15).

And in more detail, design management is (Vossoughi in Bachman et al., 1998, p. 19):

- + like conducting an orchestra,
- + a process of guiding and shaping individual efforts to achieve a larger goal,
- + control without limiting creativity,
- + as varied and changing as human experience, and
- + its greatest contribution is non-visual.

We could summarize again that a design manager should know everything about design and something about related disciplines, especially management (Green et al., 2004, p. 78). We are more than able to see that design management is about the management of a group of people as part of a larger organization. And it seems not to be as critical to be highly skilled in design as a design manager as to be skilled in some management skills, being aware of creativity and human experiences as points of difference. Although, all things considered, being highly skilled in design could be a great advantage.

We have already pointed out in the chapter on Design Management that it is not important to focus on the use of design itself but to be aware of design management as such. We have even presented the Design Management Staircase. Nevertheless the usage of design is valuable information. In Denmark they researched their companies according to a Design Ladder where companies were classified into four categories (Havgard & Melander, 2004, p. 49–50):

- + no use of design,
- + design as style,
- + design as process, and
- + design as strategy.

And in general they found out that the higher the use of design in an organization the higher its gross performance (Havgard & Melander, 2004, p. 49–50).

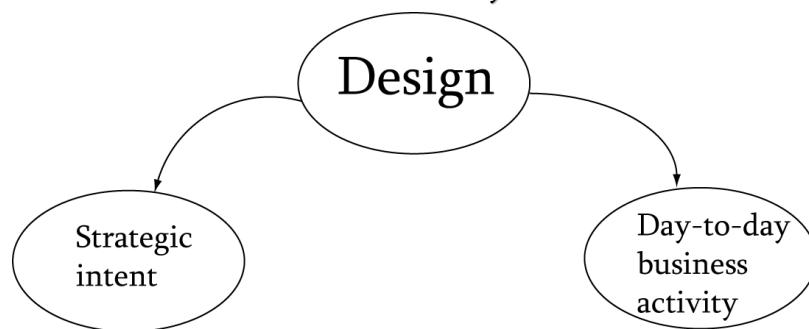
It appears that it is important for design, designers and/or design managers to be able to convince the organizations they work in or for that design should be of strategic importance. And that corporate identity is only a part of the design process.

And if corporate identity is to be a process of continuous evolution, as we mentioned in the case of IBM in the Introduction chapter of this thesis, then it is obvious that for such a corporation design will be of strategic importance.

How to convince a corporation that design (and its corporate identity) is of strategic importance? The first thing that design should be able to do is to clearly articulate the value it offers. And if the intention is for design to become strategic, and then it is important to be able to articulate the strategic value of design. How to achieve the strategic level? It is important to know how to quantify the contribution of design. And at the same time it is important to know how design is or will become the essential strategic resource to achieve the overall mission of the organization. When design is taken seriously in the business process it is important to remember that establishing and maintaining a mutually valuable relationship and being ready for design counselling to everyone in the organization is of critical importance. And last but not least, to work with business people and not for business, if design is to be a strategic partner (Phillips, 2002, p. 54–57).

We now assume that design has been successful at convincing the organization on the importance of its strategic nature. In this case it should be pretty straightforward to establish a clear and practical link between the strategic intent of a business and its day-to-day activities (Turner, 2000, p. 47), as presented in Figure 25.

Figure 25: Design as a link between the strategic intent of a business and its daily activities



Source: R. Turner, Design & Business: Who Calls the Shots?, 2000, p. 147.

We have so far confirmed the opinion that there are no simple solutions to make design an effective organizational resource (Green et al., 2004, p. 76).

The same – namely that there are no simple solutions – could be claimed for corporate identity to be an effective organizational resource. What then are the possibilities of managing design and brand architecture in the development of the corporate identity? There are some proposals from different authors. It seems that the proposals depend on the point of view of the authors.

If authors write from the perspective of corporate consultants, then they develop a rough process that uses the business language and should appeal to the boards of corporations. Such a business proposal of a process approach in developing corporate identity or other design fields to gain a competitive advantage usually includes different steps (Olson et al., 2000, pp. 10–16):

- + articulating the firm's competitive strategy,
- + design requirements and resources,
- + insuring communication among design and other functions,
- + the design brief, and
- + measuring performance.

It is somehow obvious that the designers themselves need some different and more specific information. This specific and different information could be presented in complex models² or could be put in simple laws of corporate design that are the constitution of the corporate identity. In the process of developing the corporate identity, **corporate design needs to assure** (Van Cauwenberge, 2008, p. 62 in de Bruijne, A., Brandt, H. P. & de Boer (ed), 2008).

- + **change, but sensible change,**
- + **understanding that design is order,** and
- + **repetition is power.**

² Although product lifecycle is a known instrument in developing design strategies, it could also be applied to a complex model including McKinsey's 7S model: + shared values; + style as culture, atmosphere, style, attitude, social capital; + skills as proficiencies capacities, levels, competencies; + staff as staffing human factor, co-workers, psychological capital; + strategy as strategic plans, perspective point of view; + systems as methods, procedures, functional organization, and + structures as structured forms of work, responsibility model. The model and its redefinition of culture, skills and staffing with the place of the corporate identity in it are presented in Appendix D.

The first law – change, but sensible one – means that corporate design provides a footing, a bridge between the past, present and future. The second law – understanding that design is order – is about considering the ties that have been forged in cultures and individual minds between images and experiences. And the third law – repetition is power – means that corporate design is to be integrally and systematically applied to all manifestations of a corporation, be that a sign or annual report, be that a letterhead or a flag (Van Cauwenberge, 2008, p. 62 in de Bruijne, A., Brandt, H. P. & de Boer (ed), 2008).

From the definition of corporate identity (Appendix B) we know that corporate identity is a strategic issue. Therefore it is absolutely clear that we should not speak about cosmetic design but of the essence of the corporation. Corporate design is an instrument for transformation and, at the same time, a guarantee of continuing corporate recognition (Van Cauwenberge, 2008, p. 65). And that can be developed only if the proper corporate identity audit has been performed.

A corporate identity audit has been developed in 9 steps. These 9 steps are (Olins & Selame, 2002, pp. 15–16):

- + step 1: select the audit team,
- + step 2: assess the key elements in the corporate identity,
- + step 3: determine who should be interviewed,
- + step 4: conduct audit interviews,
- + step 5: audit corporate identity factors,
- + step 6: summarize salient points,
- + step 7: determine the options for change,
- + step 8: present the audit results, and
- + step 9: use the audit data to improve the corporate identity.

If the corporate identity audit process is to be taken as an important or strategic issue it must have enough influence. In the first step it is good to know that the audit team may consist of individuals with expertise in sales and marketing, communications, operations, construction management, engineering and design. The main task is to prepare a written brief that describes the task and which should be signed by the chief executive officer (Olins & Selame, 2002, pp. 15, 17).

Even before beginning the corporate identity audit, the senior management should be clear about the context in which that identity operates. This will be of help when doing the subsequent identity audit. Therefore, in the second step, the audit team should consider the areas in which corporate identity manifests itself (Olins & Selame, 2002, p. 19). We already defined the corporate identity as being made up of corporate communication, corporate behaviour and corporate design. Some define corporate design in more detail as corporate products and services and corporate environments (Olins & Selame, 2002, p. 4).

The main point of step two is to determine what kind of identity the corporation has. Is it a monolithic or, in other words, branded house, or are we dealing with branded identity or, like some say, a house of brands, or are we in between the endorsed identity or subbrands. There are a few models; they are presented in detail in Chapter II in discussing Brand Architecture. In the second step of the corporate identity audit we have an important answer that we are going to present in the continuing part of these Conclusions.

In the third step of the corporate identity audit it is important to assess the consensus view of the organization internally and externally. Even if it's not possible to select a statistically significant sample, like is sometimes the case in very large corporations, this shouldn't stop the audit team from doing the interviews. And the second goal is to find out if there are any significant discrepancies between internal and external perceptions. And finally this step is an excellent opportunity to uncover real or political issues that may either enhance or inhibit the acceptance or implementation of the corporate identity program (Olins & Selame, 2002, p. 23).

In steps four, five and six the audit team is to work with what was prepared in the first three steps. In the fourth step, conducting the audit interviews, the main objective will be (Olins & Selame, 2002, p. 25):

- + how much people know about the corporation and business,
- + what other opinions or judgements people attach to their knowledge of the organization,
- + how clear and consistent these opinions or judgements are; and
- + how far those opinions and judgements vary from the identity which senior management wishes to project.

In the fifth step the audit team needs to assess all corporate identity elements. Be that products, services and/or environments. A corporate design checklist should be made. And some questions should be answered, like (Olins and Selame, 2002, pp. 33–34):

- + is there a graphics standard program (or corporate identity manual) in place for the current corporate identity program?,
- + is there design consistency?,
- + are there ways to reduce the costs of elements that constitute the corporate identity, such as eliminating duplicate communications, consolidating sizes, increasing volume orders, new ways to use technology...?, and
- + would implementing the corporate identity all at once increase the costs?.

According to different fields, questions on corporate communication and corporate behaviour will have to be asked (Olins & Selame, 2002, pp. 36–37). Very often, in the sixth step, certain critical and consistent points will emerge. This is an opportunity for the auditors to uncover those important issues and develop a consensus within the organization (Olins & Selame, 2002, p. 15).

And in the last three steps the audit team has to explore the differences between how the company is perceived and how it would like to be perceived. It should effectively present the audit results. In the last step the auditors should provide ideas for using corporate identity as a powerful management tool if the identity is to be managed actively and effectively (Olins & Selame, 2002, p. 16). Now we are able to provide the answers to the goals of this thesis.

The first goal of the thesis was to find out what kind of connection, if there is one, exists between corporate identity and brand architecture. Is it possible to form a successful corporate identity without established brand architecture? We explained corporate identity and brand architecture extensively in the first and second chapters. There is wide agreement in the literature that corporate identity is a whole, made up of corporate behaviour, corporate communications and corporate design (as presented in Figure 1). There are some different terminologies used but the most coherent explanation, in our opinion, was that corporate image is only a projection of a corporate identity. By definition the corporate image is the totality of the stakeholder's perceptions of how the organization presents itself either deliberately or accidentally.

And corporate reputation should be something more durable than corporate image. Corporate reputation is a reflection of historical and accumulated impacts. Although corporate image could be influenced in the short term, there is an agreement that it can not be managed directly (Markwick & Fill, 1997, p. 398). Corporate reputation also depends on the corporate identity mix and is not necessarily in accordance with other organizational performance (financial performance, sales, environment, HRM, etc.) (Van Riel & Balmer, 1997, p. 342).

While the corporate culture is supposed to be the “what” of an organization, the corporate identity is the “why” of the corporation. In the development of the corporate identity, especially in service industries, 75 % of the work of a consultancy in (re)creating the corporate identity is in understanding an organization’s culture (Lumdsen & James, 1990 in Balmer, 1998, p. 976). The biggest mistake for any company, be it a multinational corporation or a local dealer, is to not create a brand portfolio at all (Davidson, 2002). And brand portfolio is one of the tools to be used in brand architecture. The brand architecture of every company starts with its name (Olins, 1989, p. 178) and this is exactly why the development of the corporate identity should start with a brand architecture audit before the corporate identity audit process is to begin.

The bare minimum for every corporation should be decision making about the four basic brand strategies and nine subbrand strategies in the brand relationship spectrum (the brand relationship spectrum is presented in Figure 6). Like we mentioned in the chapter on Brand Architecture, companies must understand each of these strategies if they hope to design effective brand strategies. We explained in the process of the corporate identity audit in this concluding chapter that at least senior management should be clear about the brand portfolio and/or brand architecture before starting the corporate identity audit.

One of the most reasonable arguments in this thesis is that maybe the most important reason for brand architecture is brand integration. And brand integration means that the brand idea is delivered consistently across every stakeholder touch point, and that before any communications are supposed to start.

In these kinds of circumstances the issue of bigger or smaller logos would never be raised again (Bernstein, 2006). This is the responsibility of design or design strategy in the corporation. If the “logo issue” is being raised the management should take a step back and reconsider its brand architecture.

That being said, however, there is one very simple and sustainable approach followed by some of the most successful and enduring corporate identities. They have, deliberately or accidentally, followed the rule that typography is about personality and that form is content. This is why many enduring corporate identities have been built solely on typography (Borja de Mozota, 2003, p. 107).

Also there is no doubt that corporate design is the most familiar instrument of the corporate identity (Abdullah & Cziwerny, 2002, p. 13), but again corporate design does not create the company’s image. Corporate design creates signs and symbols that reflect the corporate identity (Borja de Mozota, 2003, p. 155).

We are able to support the first goal of the thesis that there is a clear connection between corporate identity and brand architecture. In our opinion brand architecture is a precondition for the corporate identity development process to start. Naturally it is possible to begin the development of the corporate identity without even senior management being clear about the brand architecture, but then this is the responsibility of design or the design consultancy to be aware at least of the “logo issue” if not some bigger problems for the corporate reputation.

The second goal of the thesis was to find out what discipline or disciplines should have the main role in developing and managing the corporate identity process. How should the process of design, including the corporate identity and branding in particular, be managed with regard to the brand architecture? What is the role of design management? We have described design management in depth in previous chapters. From the chapters on Corporate Identity and Brand Architecture it was quite obvious that both processes need to be taken as strategic. Therefore management is needed. We are not able to claim that it is exactly design management the discipline that needs to be “in charge” of corporate identity and branding development.

We mentioned in the chapter on Design Strategy that design as a sustainable competitive advantage is a relatively new discovery.

And one of the trends that has exemplified that design is a sustainable competitive advantage was also (Joziassse, 2008, p. 24):

- + design management and planning as a focus for consultancies.

Inside that trend of design management and planning as a focus for consultancies it was noticed that traditional management consultancies were also offering design services to support the implementation of corporate strategies. We could conclude that in some cases this implementation was also connected with the corporate identity. Inside the trend of design management and planning as a focus for consultancies there is even the origination of independent design strategists (Joziassse, 2008, p. 24), who offers advanced design management services like consultancy, coaching and education and not design services themselves (Park advanced design management, 2010).

We showed many design profiles in this concluding chapter. It is even more symptomatic of design management having numerous routes. And although we have found an opinion that for a design manager it is highly critical to be skilled in design, and we even presented a career path from designer to strategic design manager (in Table 6), we found even more opinions that a design manager needs to know everything about design. There is also no doubt that corporate identity as a strategic process demands a team of experts, therefore different profiles will have to be included in the development of the corporate identity and brand architecture.

We know that corporate design is the most familiar instrument of the corporate identity (Abdullah & Cziwerny, 2002, p. 13), but this does not mean that design management is the only discipline that will be involved in corporate identity and branding. And it seems not so important which discipline will have the responsibility for the development of corporate identity and branding. It could be also brand management. What seems more important is the strategic issue of the subject. We presented the possibilities of design infusion in organizations. The simplest way to manage design is to infuse an organization with design.

Dumas and Mintzberg claim that this is done most easily through a design champion in an organization. The design champion could be, but does not necessarily have to be, the chief executive officer (CEO) or other board member (Dumas & Mintzberg, 1989).

We showed in the process of the corporate identity revision that the support of the CEO is an absolute necessity. And there is an interesting opinion that every organization that would like to grow needs a Chief Brand Officer or Chief Design Officer (Neumeier, 2009, p. 144). What we couldn't present is how to approach the development of the corporate identity and branding in organizations where they do not have design management, or where design management is a project or maybe a function.

We know that market leaders with design innovation have made design management part of their culture (Kootstra, 2009, p. 13). These highly driven design companies take design into account when planning their business strategies (Joziassse, 2008, p. 26). In these highly driven design organizations they understand not only the use of design but also design management and in the new century design thinking in particular (Borja de Mozota & Young Kim, 2009, pp. 67–68), as presented in the historical development of design management (in Table 3). In these organizations they probably take for granted that corporate identity is not something you put in place and then, with a breath and a sigh of relief, stand back (Sorrell in Dumas & Mintzberg, 1989, p. 39). In this way organizations should also take for granted that design management should never be outsourced (Neumeier, 2009, p. 164) if they want their corporate identity to be alive.

We could say that in corporate identity and branding development, design management should at least have a role. It is possible or even a must that other disciplines are included. But design management is such a wide-spectrum discipline that it would be optimal if it had a leading role. The possibilities of how to manage the process of design and/or corporate identity and branding depend mostly on how developed the design and/or design management in an organization already is. And what are the corporate and business strategies of the organization?

We presented a design management staircase where organizations are arranged according to their level of design management development, from no design management to project design management, design management as function, and the most developed, design management as culture (Kootstra, 2009, p. 12). And we also presented ways of managing design, where there is a distinction between design champion, design as policy, design as program, or design as a lagging or leading function (Dumas & Mintzberg, 1989, p. 43). At least one of the possibilities should be orchestrated into the implementation of the corporate strategy.

The third goal of the thesis was to find out what kind of resources from within and from outside corporations are needed to develop and manage the process of corporate identity and which of the stakeholders are to be included. We already mentioned in this chapter of the thesis that design management should never be outsourced. The argument goes further that many of the design skills needed to execute brand related projects should always be outsourced (Neumeier, 2009, p. 164).

For design as such we know that there are some advantages to outsourcing design, such as (Best, 2006, p. 51):

- + breadth of experience,
- + objective opinion,
- + bringing a challenging perspective to problem-solving, and
- + producing focused solutions.

The advantages of an in-house design team are (Best, 2006, p. 51):

- + that they are active stakeholders in the organization,
- + focused experience,
- + shared sense of purpose,
- + influence on the company's design culture, and
- + easier access to decision-makers and power-holders.

Both options have their disadvantages, too, such as risk from insularity, complacency or becoming less objective for in-house, and expences and new 'off brand' ideas for out of house design team (Best, 2006, p. 51).

It is pretty clear that, although the previous example comes from using design in corporate identity and brand architecture development, the optimal solution will always be a combination of internal and external resources. It seems that if only external resources were used, the development of corporate identity and branding has little hope of success. And it also seems very unlikely that a corporation would have all the necessary resources to develop and manage the process of corporate identity and brand architecture, because it seems that there are too many specific skills for one organization to have. And it wouldn't be rational to have all those specific skills, like for example auditing brand architecture and auditing corporate identity.

Again it seems more important that decisions about the usage of resources are made on the strategic level. The resources needed to develop the corporate identity and brand architecture range from (Olins & Selame, 2002, p. 95):

- + sales and marketing,
- + communications and marketing research,
- + operations,
- + engineering, and
- + industrial and graphic design,

to (Hatch & Schultz, 2008, p. 9):

- + chief executive officer or executive team,
- + marketing,
- + corporate communications.
- + human resources,
- + strategy, and
- + design or development departments, and not least to
- + multiple stakeholders including employees and managers as well as customers, investors, non-governmental organizations, partners and politicians.

A general rule of thumb in branding is that in a product brand customers come first but in a service brand organizations' people come first (Olins, 2004, p. 76).

In corporate identity we could be dealing with a similar but different approach, namely if there is a possibility of determining a corporation as strictly product-oriented, we should focus on its customers. But that is not a reality because we live in an era of services; therefore any identity will first have to be built inside the corporation. That is why this is corporate **identity**.

What would be a further endorsement from a design management point of view in developing the corporate identity? Where do corporate design strategy and brand architecture fit in? These are the questions of the fourth goal of the thesis. Design would have to become a strategic partner of business because vice versa it is not going to happen (Turner, 2000, p. 46).

In design becoming strategic, design management has a critical role. In the development of the corporate identity, design management should be a team made up of resources from inside the corporation and outside from a design or brand consultancy. It should be clear before the development starts that corporate identity is a process; without an established corporate design strategy it is not very likely to be successfully implemented in the corporation and its businesses.

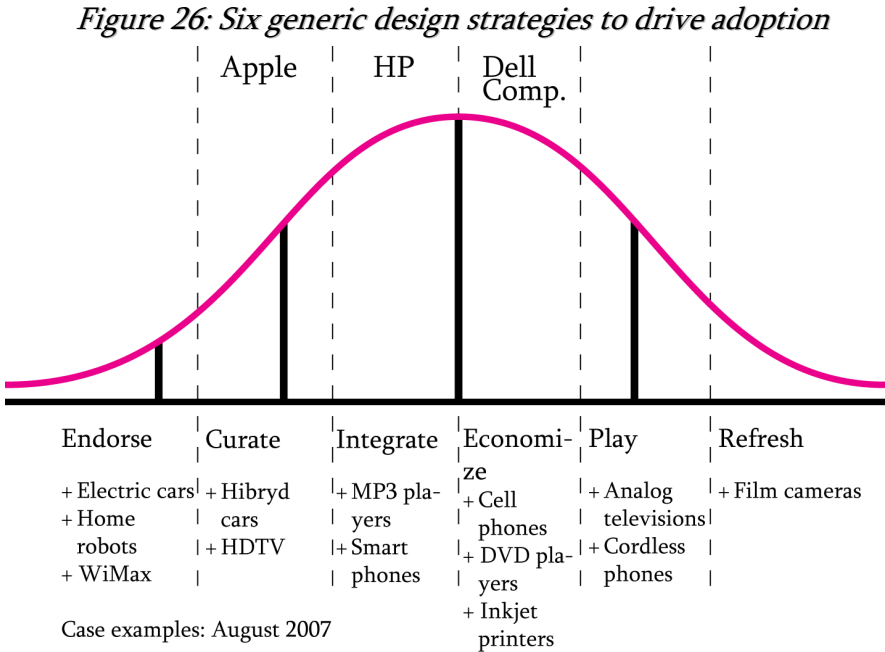
Back in the beginning of the 20th century, professor Robert Hayes from the Harvard Business School said that in the past companies competed on price, and that today (that means in the beginning of the 20th century) companies competed on quality, and that tomorrow companies are going to compete on design (Waters, 2008, p. 36). There is no doubt that in the 2010, tomorrow is here and today. We mentioned in the previous chapters just a few of the most well-known cases that have built a sustainable competitive advantage competing on design. And furthermore, we mentioned research that found out that for companies it is not only important how they use design but also how they use design management (in the Design Management Staircase, Figure 19).

The companies that use design management as part of their corporate culture have the possibility of being market leaders through design innovations, which are reflected in non-technological innovations that are first-to-market (Kootstra, 2009, p. 13).

Some possibilities of using design strategies – like already mentioned in the chapter on Design Strategy – to develop a sustainable competitive advantage are (Canada, A. et al., 2008, p. 61):

- + Endorse. Explain the benefits and functions of a nascent technology to the world.
- + Curate. Create icons that are selective in their functionality.
- + Integrate. Provide solutions that fit into people's lives.
- + Economize. Drastically cut the costs of production of already successful technologies;
- + Play. Find new ways to add value that don't depend on technical differentiation.
- + Refresh. Reinvent existing offerings and renew technical differentiation to reach new markets.

In Figure 26 some possibilities of design strategies with product examples from 2007 are presented. Also presented are the corporations Apple, using the Curate design strategy; HP corporation, using the Integrate design strategy; and Dell Computer corporation, using the Economize design strategy. The adoption curve of design strategies is based on the technology adoption curve, which is divided with dashed lines in Figure 26.



Source: Jump in Canada et al, Design Strategies for Technology Adoption, 2008, p. 62.

And not only companies should use design strategies, be that in corporate identity development or in developing a competitive advantage, but whole countries should, too. We mentioned the case of Denmark in the Design Strategy chapter.

There is no doubt that in developing a design strategy for the whole country, design management has a crucial role to play. Corporations and countries should develop training seminars to close the gap between university knowledge and industry knowledge and between industry knowledge and company knowledge (Neumeier, 2009, p. 138) for design management to be able to fulfil the endorsement mentioned above.

We know that design (and design management too, by M. S.) is the subject that boards know the least about (Turner, 2000, p. 43). Therefore there is no other option than to help board members and CEOs to become design-aware.

A Danish Design Center training program offering in-service training in design management with a high level of personal coaching aimed at executives who are not designers by profession (Havgard & Melander, 2004, pp. 52, 54) is a nice example of how to create design-aware CEOs.

Design management as a discipline has an inspiring future in economics and business. One of its basic tasks should be to explain to the economy and corporations that the corporate image, not to mention the corporate reputation, needs continuing corporate recognition and collective perception (Van Cauwenberge, 2008, p. 65), where corporate design and corporate identity have a crucial role to play. At the end of these Conclusions we need to consider the main hypotheses.

The first hypothesis of the thesis is

H1: It is not possible to develop a corporate identity without establishing the brand architecture first.

We are able to support the first hypothesis of the thesis that there is a clear connection between the corporate identity and brand architecture. In our opinion the set-up brand architecture is a precondition for the corporate identity development process to start.

The second hypothesis of the thesis is

H2: Design management has a leading role in developing a corporate identity.

We are able to confirm that design management is not the only discipline that should be involved in corporate identity and branding development and management. But we could say that in corporate identity and branding development, design management should at least have a role. It is possible or even necessary for other disciplines to be included. But design management is such a wide-spectrum discipline that it would be optimal if it has a leading role in corporate identity development.

The third hypothesis of the thesis is

H3: Corporate identity demands resources from the corporation, especially from the top management, and from outside consultants.

Corporate identity definitely demands support from the top management. Resources in corporate identity development are to be combined from inside the corporation and from outside consultants.

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Appendix A

Povzetek

V magistrskem delu z naslovom Korporativna dizajn strategija in znamčenje: vloga dizajn managementa v razvoju korporativne identitete, obravnavamo pomen študija arhitekture blagovnih znamk in korporativne identitete. Zanima nas ali je možno razviti korporativno identiteto brez prvotno vzpostavljene arhitekture blagovnih znamk. Hkrati imamo namen ugotoviti kakšna je vloga dizajn managementa in dizajn strategij, predvsem v razvoju korporativne identitete in arhitekture blagovnih znamk. In nenazadnje je naš namen ugotoviti kateri so nujni viri za vzpostavitev korporativne identitete.

Cilji, ki jih zasledujemo v pričujočem magistrskem delu so:

- + Ali obstaja povezava, in če obstaja kakšna je ta povezava, med korporativno identiteto in arhitekturo blagovnih znamk?
- + Katera disciplina ali katere discipline imajo vodilno vlogo v razvoju in vzdrževanju procesa korporativne identitete?
- + Ob predvidevanju, da je korporativna identiteta strateška zadeva hočemo ugotoviti kateri viri znotraj korporacij in kateri zunanji viri so nujni za razvoj in vzdrževanje korporativne identitete? Kateri deležniki korporacije bi morali biti vključeni v proces razvoja korporativne identitete?
- + Katera so nadaljnja priporočila za dizajn management in dizajn strategije, še posebej v procesu razvoja in vzdrževanju korporativne identitete ter arhitekture blagovnih znamk?

V magistrskem delu postavljamo sledeče hipoteze:

- H1: Razvoj korporativne identitete ni možen brez predhodne vzpostavitve arhitekture blagovnih znamk.
- H2: Dizajn management ima vodilno vlogo v razvoju korporativne identitete.
- H3: Korporativna identiteta zahteva vire znotraj korporacije, še posebej v vodstvu korporacije in v zunanjem svetovanju.

Uvodoma ugotavljamo, da v 21. stoletju obstaja široko soglasje, da korporativno identiteto tvorijo (Parum, 2006, s. 562; Cornelissen & Hariss, 2001, s. 51; Paulmann, 2005, s. 70; Karaosmanoglu & Melewar, 2006, s. 197, 198):

- + simboli ali z drugimi besedami korporativni dizajn,
- + komunikacije ali korporativno komuniciranje,
- + kultura ali organizacijska kultura.

Posamezni deli korporativne identitete so med seboj neločljivo povezani in so prikazani v Shemi 1. Kako se na korporativno identiteto navezuje arhitektura blagovnih znamk ugotavljamo v drugem poglavju o arhitekturi blagovnih znamk.

Aaker in Joachimsthaler sta definirala arhitekturo blagovnih znamk kot organizacijsko strukturo portfelja blagovnih znamk, ki definira vloge blagovnih znamk in naravo odnosov med njimi (Aaker & Joachimsthaler, 2000a, s. 8), pri čemer je kritičen del odnos med blagovnimi znamkami (Aaker & Joachimsthaler, 2000b, s. 26).

Arhitekturo blagovnih znamk je možno definirati tudi kot komunikacijski odnos znotraj korporacije, njenih poslovnih enot in njihovih blagovnih znamk, produktov in storitev (Borja de Mozota, 2003, s. 105). Znotraj arhitekture blagovnih znamk imamo vedno na razpolago štiri osnovne strategije blagovnih znamk in devet pod-strategij. Korporacije bi morale razumeti vsako izmed teh strategij, če bi želele oblikovati uspešne strategije blagovnih znamk (Aaker & Joachimsthaler, 2000, s. 10).

V razvoju korporativne identitete je brez dileme najbolj izpostavljen del korporativni dizajn. (Abdulah & Cziwerny, 2002, s. 13). Za ustrezno razumevanje te trditve, je nujno omeniti, da korporativni dizajn ne ustvarja korporativne podobe. Dizajn ustvarja znake in simbole, ki reflektirajo korporativno identiteto (Borja de Mozota, 2003, s. 155).

V prvem poglavju o Korporativni identiteti pojasnjujemo razliko med korporativno podobo in korporativnim ugledom, kot tudi to, da korporativne podobe ni mogoče upravljati, ter da je korporativni ugled nekaj trajnejšega kot korporativna podoba.

Ne le za postavitev arhitekture blagovnih znamk in razvoj korporativne identitete temveč tudi v pomoč korporacijam kaj in kako početi tako kratkoročno kot dolgoročno, se kot nastajajoča disciplina vedno bolj uveljavlja dizajn strategija.

Gre za medsebojno igro med dizajnom kot takim in poslovnimi strategijami (Canada et. al., 2008, s. 57). Dizajn strategija bi naj bila učinkovita razporeditev in koordinacija dizajn sredstev in aktivnosti za doseganje ciljev korporacije z ustreznimi javnimi in internimi identitetami, njenimi produkti in storitvami ter okoljem (Olsen v Best, 2006, s. 50). Iz tega izhaja tudi trditev, da je korporativna identiteta vizualna, pro-storska in verbalna (Borja de Mozota, 2003, s. 165).

Za formuliranje korporativne in poslovnih strategij se uporablja klasična metoda Boston Consulting Group (v nadaljevanju BSG). Portfelj matrike BSG klasificira produkte po dveh abscisah in ordinatah glede na relativni tržni delež in stopnjo rasti trga. To ustvari štiri tipe produktov in zato je možno ustvariti štiri tipe dizajn strategij (Borja de Mozota, 2003, s. 199–200), ki so lahko podlaga za korporativno dizajn strategijo. Kako je možno v BSG matriki uporabljati dizajn strategije prikazujemo v Shemi 12.

Za uspešno postavitev arhitekture blagovnih znamk, razvoj korporativne identitete in dizajn strategij je pomembna tudi vloga dizajn managementa, ki ga obravnavamo v četrtem poglavju. Prvič se dizajn management omenja v Veliki Britaniji leta 1960. Takratna vloga dizajn managementa, je bila izpeljava projektov in vzdrževanje dobre komunikacije med dizajn agencijo in njenimi naročniki (Hase, s. 23 v Hase et al. (ur.) 2006). V Združenih državah Amerike sta leta 1975 Bill Hannon in Collega-e of Art iz Massachusetts-a v Bostonu ustanovila Design Management Institute (Borja de Mozota, 2003, s. 68).

Zgodovinsko gledano prikazujemo razvoj dizajn managementa skoti pet obdobj. Od dizajna kot funkcije med 1940 in 1950, dizajn kot stil od 1960 do 1970, dizajn kot proces od 1980 do 1990, dizajn kot vodenje od 1990 do 2000 in dizajn razmišljanje od leta 2000 naprej (Borja de Mozota & Young Kim, 2009, s. 67–68). V poglavju o korporativni dizajn strategiji omenjamo, da je za dizajnerje sodelovanje z managementom težavna naloga.

To mnenje je potrdil tudi dos Santos, ko je omenil, da vsakdo ve, da ne-dizajnerji sprejemajo dizajn odločitve vsak dan, ter da je med dizajnerji zato tendenca, ki to vidi kot napad na dizajn stroko (dos Santos, s. 202 v Best, 2006). Še več, celo znotraj dizajna različne dizajn poddiscipline zavračajo medsebojno sodelovanje (Borja de Mozota, 2003, s. 51). Za management kot tak, je dizajn prav tako neznana informacija (Borja de Mozota, 2003, s. 75), kar naredi proces sodelovanja dizajna in managementa v medsebojnem skupnem delu še bolj kompleksnega.

Če je možno navesti ključne kategorije dizajna relativno enostavno, namreč kot (prilagojeno iz Gorb v Best, 2006, s. 14; Hase v Hase et al. (ur.) 2006, s. 21):

- + produktni dizajn,
- + okoljski dizajn,
- + informacijski (ali komunikacijski) dizajn in
- + korporativna identiteta (ali dizajn blagovnih znamk),

potem je za dizajn management to nekoliko težje, a je hkrati pomembno izpostaviti dva cilja (Borja de Mozota v Best, 2006, s. 14):

- + približati dizajn managerjem v korporacijah in
- + približati management dizajnerjem v korporacijah.

Prav tako obstaja splošno prepričanje, da dizajn in management pripadata dvema različnima kognitivnima sferama. To prepričanju ima temelje v medsebojni sumničavosti managerjev in kreativnih skupin. Če to prepričanje drži potem mora biti dizajn management del organizacijskega procesa učenja (Borja de Mozota, 2003, p. 74). Dizajn management sicer ni popolnoma jasno definirano poslanstvo, karierna pot ali akademska disciplina (Best, 2006, s. 6). Dizajn management je predvsem most med dizajnom in poslovanjem posamezne korporacije (McBride, s. 200 v Best, 2006).

Dizajn manager bi moral biti sposoben upravljati (Turner v MacDonald (ur.), 2004, s. 14):

- + dizajn kadrov,
- + dizajn proračunov,
- + dizajn časovnic,
- + dizajn dela, in
- + dizajn organizacij.

Dizajn vodenje pa zahteva še (Turner v MacDonald (ur.), 2004, s. 14):

- + predvidevati vizijo prihodnosti,
- + izražati strateški namen,
- + nadzorovati dizajn investicije,
- + upravljati s korporativnih ugledom,

- + negovati okolje primerno za inovacije,
- + usposabljanje za dizajn vodenje.

V zaključkih magistrskega dela – med drugim – ugotavljamo bolj podrobno ali je sposobnost upravljanja s korporativnim ugledom sploh možna.

Že leta 1956 je takratni predsednik korporacije IBM, Thomas J. Watson, zagovarjal trditev, da je dober dizajn dober posel. Zato je takrat g. Watson ustanovil inovativni dizajn program (Kraus, 1989, p. 44). Z druge strani je še v 80. letih 20 stoletja zelo znani profesor s poslovnih šol, Michael Porter, ugotavljal, da je za vsako korporacijo, z več ali ali manj različnimi poslovnimi enotami, suženjska pripadnost korporativni identiteti vsaj tako pomembna kot finančna disciplina (Porter, 2001, s. 52). Če že zaradi tega sklepamo, da je korporativna identiteta strateška zadeva, kako potem, da je v upravah korporacij prej izjema kot pravilo prisotnost dizajn managerjev ali vsaj dizajn svetovalcev? Vsaj v teoriji so taki predlogi sicer prisotni, namreč, da bi vsaj en član moral imeti tako osebni kot strokovni interes za dizajn (Bernsen in Best, 2006, s. 54), v gospodarstvu pa še vedno večinoma velja, da je dizajn (in tudi korporativna identite, dodal M. S.) zadeva o kateri uprave vedo najmanj (Turner, 2000, s. 43).

Obstajajo številni primeri, ko v posamezni korporaciji ne obstaja t.i. dizajn šampion in je zato skorajde nemogoče pričakovati, da bo taka korporacija navdahnjena z dizajnom. Poznamo sicer predlog dveh znanih avtorjev, Angela-e Dumas in Michael-a Porter-ja, kako navdahniti korporacije z dizajnom, a sta avtorja že takrat priznavala, da korporacije redko jemljejo programe korporativne identite resno (Dumas & Porter, 1989, s. 39). Poznamo tudi druge predlogi. A je jasno, da noben priročnik korporativne identite ali dizajn smernice ne morejo zagotoviti dizajn vizije ali dizajn strategije ali enostavno povedano dizajn fokusa posamezne korporacije (Turner, 2000, s. 45).

In hipotetično predvidevamo, da so korporacije z izdelanimi priročniki korporativne identite oz. dizajn strategijami v izraziti manjšini. Tako potem ugotovljamo le, da korporacije v splošnem ne zavzemajo resnega pogleda bodisi na dizajn ali vsaj na korporativno identiteto.

V idealnem primeru je dizajn del korporativne in tržne strategije (Jevnaker, 2000, s. 42) in obstaja tudi okvirno strinjanje s trditvijo, da je dizajn sposoben izboljšati do-sežke v zelo širokem polju od korporativnega komuniciranja do konkurenčnosti držav (Borja de Mozota, 1998, s. 26).

Na globalni ravni obstaja tudi telo, ki se imenuje Globalna svetovalna agenda v dizajnu in deluje pod okriljem Svetovnega ekonomskega foruma (Appendix C). In omeniti je treba primer Danske, ki je ena prvih držav, ki je razvila in sprejela nacionalno dizajn strategijo že v letu 1997. Uspešno so na Danskem to strategijo prenovili in usmerili fokus v podporo desetim večjim danskim korporacijam na leto (Havgard & Melander, 2004, s. 48–54). Z namenom izvedbe nacionalne dizajn strategije so na Danskem razvili dva posebna programa, prvi je program za certificiranje in drugi program, ki je namenjen izvršnim dizajn direktorjem, ki niso dizajnerji po osnovnem poklicu (Havgard & Melander, 2004, s. 48–54). Danes ša kako dobro vemo, da države ekonomsko tekmujejo po zelo podobnih načelih kot medsebojno tekmujejo korporacije. Razlike je le, da korporacije to počnejo že precej dlje kot države.

Če želi biti dizajn strategija uspešna rabimo pravo ravnovesje dizajna, politike in ekonomije (Kristensen, 1990, p. 29). Vsaka korporacija bi tako rabila ne le visoke standarde glede lastne korporativne identite in posledično korporativnega ugleda temveč bi morala imeti ustvarjeno tudi lastno korporativno dizajn agendo (Chung in Green et al., 2004, p. 78) oz. dizajn strategijo. Po našem mnenju je učinek korporativne identitete bistveno manjši, če korporacija nima defirane dizajn agende oz. dizajn strategije že primarno. In vsekakor velja omeniti, da korporativna identiteta rabi vsaj uravnoteženo arhitekturo blagovnih znamk

V razvoju dizajn strategije ali v razvoju korporativne identite mora vsak dizajner priznati, da dizajn ni stvar življenja ali smrti. Uspešen odnosa med dizajnom in korporacijo je možno opisati kot odnos dominantnega in tihega partnerja, kot odnos vodje in sledilca. V takem primeru mora biti korporacija vodja, in dizajn nosilni sledilec (Turner, 2000, s. 43). Prvi korak v takem odnosu je priznanje, da organizacija in upravljanje dizajna ni enostavna naloga (Jevnaker, 2000, s. 25).

Sicer ni znano ali so tak prvi korak – da upravljanje dizajna ni enostavna naloga – naredili tudi t.i. dizajn šampioni v korporacijah ampak je zelo znano, da so nekateri dizajn zavedni izvršni direktorji izrazito uveljavili njihove korporacije s pomočjo dizajna ali dizajn managementa (in zdi se, da ti dizajn šampioni ne priznavajo razlike med dizajnom in dizajn managementom). Dizajn zaveden izvršni direktor je tisti, ki pusti dovolj občutka za proces, kar se potem odraža tudi v sami izvedbi dizajna (Dumas & Mintzberg, 1989, s. 43).

Za tak uspešen proces bodo morali dizajnerji in še posebej dizajn managerji približati dizajn poslovanju in ne obratno. Tudi ni pravega razloga pošiljati vse managerje neke korporacije na hitri tečaj dizajna in dizajn managementa (Turner, 2000, p. 46). In tu je največji izziv za dizajn, v dejstvu namreč, da mora dizajn (ki ga zastopajo dizajnerji in dizajn managerji) natančno razumeti razliko med vizijo in poslanstvom, med korporativno strategijo in poslovnim načrtom in še posebej kako se na vse to navezuje dizajn strategija. (Turner, 2000, p. 42).

Kako torej prepričati korporacijo, da je dizajn (in tudi korporativna identiteta) strateškega značaja? Dizajn mora biti najprej sposoben jasno izraziti vrednost, ki jo ponuja. Če je namen, da dizajn postane strateškega pomena, potem je nujno znati opredeliti strateško vrednost dizajna. In kako doseči strateško raven dizajna? Pomembno je znati kvantificirati doprinos dizajna. In vedeti kako bomo dosegli, da bo dizajn ključen vir korporacije za dosego njenega poslanstva. Ko je dizajn resen partner v poslovnem procesu, je kritičnega pomena uveljaviti in vzdrževati dragocene odnose ter pripravljenost na dizajn svetovanje vsakomur v korporaciji. In nenazadnje veljat imeti v mislih, delo s poslovnosti in ne izključno za poslovanje kot tako, če želi biti dizajn resen strateški partner (Phillips, 2002, s. 54–57).

Za sam razvoj in vzdrževanje korporativne identitete je smiselno upoštevati tri zakone korporativnega dizajna, ki nam povejo, kaj mora korporativni dizajn zagotavljati (Van Cauwenberge, 2008, s. 62):

- + spremembo ampak razumno spremembo,
- + razumevanje, da dizajn pomeni dobro ureditev,
- + v ponovitvah je moč.

Prvi zakon pomeni, da je korporativni dizajn podlaga med preteklostjo, sedanostjo in prihodnostjo. Drugi zakon omogoča vezi, ki so se spletle tako v organizacijski kulturi korporacije kot v posameznikovih mislih in med podobami ter izkušnjami. In tretji zakon terja izvedbo korporativnega dizajna integralno in sistematično v vse manifestacije posamezne korporacije, bodisi, da gre za znak ali letno poročilo. Bodisi, da gre za poslovne tiskovine ali za zastavo korporacije (Van Cauwenberge, 2008, s. 62).

Prvi cilj magistrskega dela, je ugotoviti ali obstaja povezava, in če obstaja kakšna je ta povezava, med korporativno identiteto in arhitekturo blagovnih znamk? Obširno smo v prvem in drugem poglavju obrazložili korporativno identiteto in arhitekturo blagovnih znamk. Osnovni minimum, ki bi ga morala sprejeti vsaka korporacija, je odločitev o štirih osnovnih strategijah blagovnih znamk in devetih pod-strategijah blagovnih znamk (spekter možnih odnosov med blagovnimi znamkami smo predstavili v Shemi 6). Ugotovljamo tudi, da bi vsaj vodilni management moral imeti jasno sliko vsaj o portfelju blagovnih znamk ali tudi o arhitekturi blagovnih znamk, še preden se prične proces revizije korporativne identitete.

Eden najmočnejših argumentov za arhitekturo blagovnih znamk je integracija blagovnih znamk in uveljavitev ideje blagovnih znamk konsistentno na vseh točkah dotika vseh deležnikov. In to še preden se prične proces kakršnegakoli komuniciranja. V takih okoliščinah se tema večjega ali manjšega znaka (blagovne znamke ali korporacije) ne bi sploh začela (Bernstein, 2006). In ravno to je odgovornost dizajna oz. dizajn strategije v korporaciji. Če se »tema znak« vseeno pojavi bi moral management razmisliti o koraku nazaj in prevetritvi arhitekture blagovnih znamk.

Zato ugotavljamo, da obstaja jasna povezava med korporativno identiteto in arhitekturo blagovnih znamk. Po našem mnenju je postavljen arhitektura blagovnih znamk predpogoj za začetek procesa razvoja korporativne identitete.

Drugi cilj magistrskega dela je ugotoviti katera disciplina ali katere discipline imajo vodilno vlogo v razvoju in vzdrževanju procesa korporativne identitete? Kako upravljati proces dizajna vključujoč korporativno identiteto in znamčenje in še posebej arhitekturo blagovnih znamk? Kakšna je vloga dizajn managementa? V poglavjih o korporativni identiteti in znamčenju ter arhitekturi blagovnih znamk nesporno ugotavljamo, da mora biti tako proces razvoja korporativne identitete kot arhitekture blagovnih znamk, strateški. Zaradi tega je nujna vključitev managementa. Ne moremo z gotovostjo trditi, da je ravno dizajn management vodilna disciplina v razvoju korporativne identitete in znamčenja.

Možnosti upravljanja procesa dizajna in/ali korporativne identitete in znamčenja so odvisne predvsem od obstoječe razvitosti dizajna in dizajn managementa v korporaciji ter glede na obstoječe korporativne in poslovne strategije.

V predstavitvi stopnišča dizajn managementa razkrivamo možnosti, od neprisotnosti dizajn managementa, do projektnega dizajn managementa, dizajn managementa kot funkcije in najbolj razvita stopnja, dizajn management na ravni korporativne kulture. Za vsako raven velja tudi ustrezna dizajn osveščenost, načrtovanje, viri, strokovna podkovanost in proces (Kootstra, 2009, s. 12).

Tretji cilj magistrskega dela je ugotoviti, ob predvidevanju, da je korporativna identiteta strateška zadeva, kateri viri znotraj korporacij in kateri zunanji viri so nujni za razvoj in vzdrževanje korporativne identitete? Kateri deležniki korporacije bi morali biti vključeni v proces razvoja korporativne identitete? V zaključkih tega magistrskega dela omenjamo trditev, da korporacije ne bi smele nikoli najemati dizajn managementa kot zunanjega vira. In po drugi strani bi korporacije morale nekatere projekte povezane z znamčenjem vedno iskati zunaj »hiše« (Neumeier, 2009, s. 164). Obstajajo prednosti dizajna »izven hiše«, kot so (Best, 2006, 51):

- + široke življenjske izkušnje,
- + objektivno mnenje,
- + vnašanje izzivalnih perspektiv za reševanje problemov,
- + produkcija fokusiranih reštev.

In obstajajo prednosti dizajna »v hiši«, kot so (Best, 2006, 51):

- + aktivni deležniki korporacije,
- + fokusirane izkušnje,
- + skupen občutek namena,
- + vpliv na dizajn kulturo korporacije,
- + enostavnejši dostop do odločevalcev in nosilcev moči.

Splošno pravilo pravi, da je v znamčenju produktov potrošnik na prvem mestu, a v znamčenju storitvenih korporacij so kadri na prvem mestu (Olins, 2004, s. 76). Podobno bi znalo veljati za korporativno identiteto, namreč uveljaviti razliko glede na to ali je korporacija produktno ali storitveno orientirano. A vseeno obstaja pomembna razlika, identiteta mora biti vedno najprej zgrajena znotraj korporacije, zato ji tudi pravimo korporativna **identiteta**.

Katera so torej nadaljnja priporočila za dizajn management in dizajn strategije, še posebej v procesu razvoja in vzdrževanju korporativne identitete ter arhitekture blagovnih znamk? To sta vprašanji četrtega cilja tega magistrskega dela. Ključno priporočilo pravi, da mora dizajn postati strateški partner poslovanja, ker se obratno ne bo zgodilo (Turner, 2000, p. 46). Zato da dizajn postane strateški, je ključna vloga dizajn managementa.

Prva hipoteza magistrskega dela je

H1: Razvoj korporativne identitete ni možen brez predhodne vzpostavitve arhitekture blagovnih znamk.

Ugotovili smo nedvoumno povezavo med korporativno identiteto in arhitekturo blagovnih znamk. Po našem mnenju je postavljena arhitektura blagovnih znamk predpogoj za začetek procesa revizije korporativne identitete.

Druga hipoteza magistrskega dela je

H2: Dizajn management ima vodilno vlogo v razvoju korporativne identitete.

Potrjujemo, da dizajn management ni edina disciplina, ki mora biti vključena v razvoj in vzdrževanje korporativne identitete in znamčenja. Ugotavljamo tudi, da je vsaj določena vloga v razvoju korporativne identitete in znamčenja, za dizajn management nujna. Obstaja široko polje možnosti, da so v takem razvoju vključene tudi druge discipline. Ugotavljamo tudi, da je ravno zaradi zelo širokega profila same discipline, dizajn management zelo primeren za uveljavitev vodilne vloga v razvoju korporativne identitete.

Tretja hipoteza magistrskega dela je

H3: Korporativna identiteta zahteva vire znotraj korporacije, še posebej v vodstvu korporacije in v zunanjem svetovanju.

Korporativna identiteta zagotovo zahteva podporo vodilnega managementa. Viri v razvoju korporativne identitete bi morali biti porazdeljeni tako na vire znotraj korporacije kot tudi na vire zunanjega svetovanja.

Appendix B

The Strathclyde Statement

Every organisation has an identity. It articulates the corporate ethos, aims and values and presents a sense of individuality that can help to differentiate the organisation within its competitive environment. When well managed, corporate identity can be a powerful means of integrating the many disciplines and activities essential to an organisation's success. It can also provide the visual cohesion necessary to ensure that all corporate communications are coherent with each other and result in an image consistent with the organisation's defining ethos and character.

By effectively managing its corporate identity an organisation can develop understanding and commitment among its diverse stakeholders. This can be manifested in an ability to attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose. Corporate identity is a strategic issue.

Corporate identity differs from traditional brand marketing since it is concerned with all of an organisation's stakeholders and the multi-faceted way in which an organisation communicates.

Source: Balmer, J. M. T. (1998). Corporate Identity and the Advent of Corporate Marketing. *Journal of Marketing Management*, 14(8), p. 985.

Appendix C

World Economic Forum

Committed to Improving the State of the World

Global Agenda Council on Design

List of Members

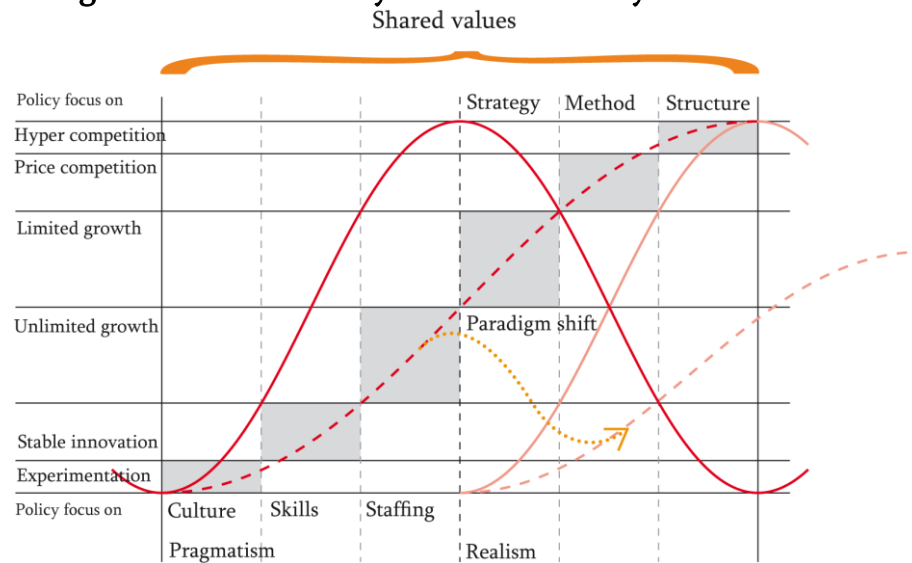
* Paola Antonelli	Senior Curator, Department of Architecture and Design	Museum of Modern Art	USA
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Christopher E. Bangle	Director, Design	BMW Bayerische Motoren Werke AG	Germany
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* Toshiko Mori	Robert P. Hubbard Professor in the Practice of Architecture	Harvard University Graduate School of Design	USA
* Bruce Nussbaum	Assistant Managing Editor	Business Week	USA
* Alice Rawsthorn	Design Critic	International Herald Tribune	UK
* Milton Tan	Executive Director, Design Singapore Council	Ministry of information, Communication and the Arts of Singapore (MICA)	Singapore
* Arnold Wasserman	Chairman	The Idea Factory	Singapore

* Confirmed participation in the Summit of the Global Agenda.

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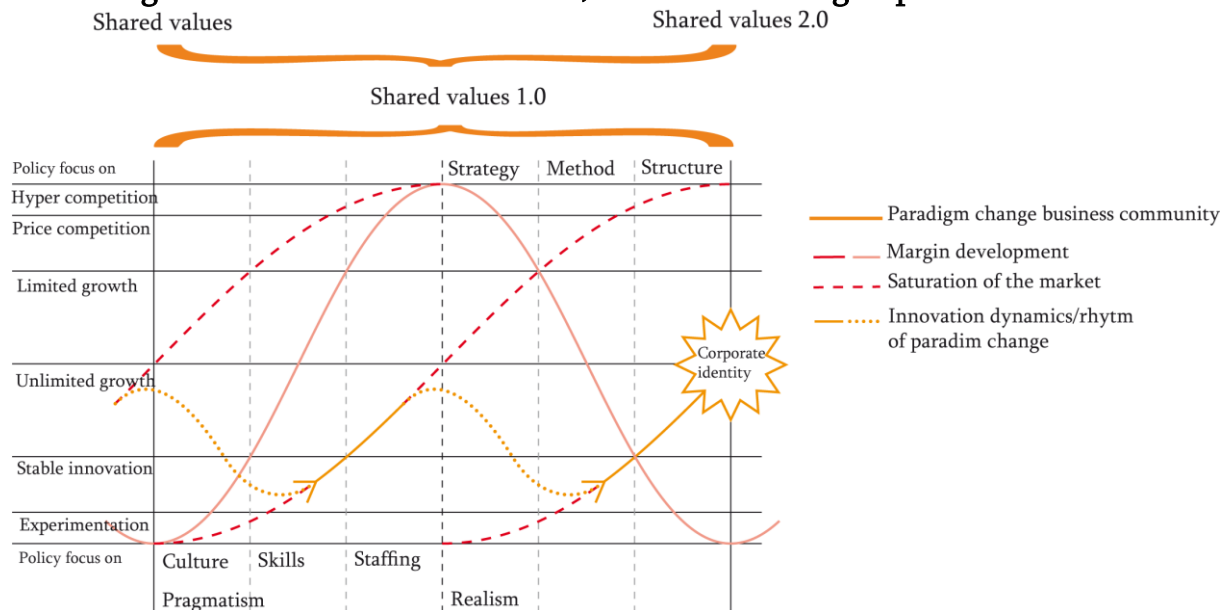
Appendix D

Figure 1: Product lifecycle and McKinsey's 7S model



Source: De Bruijne, A., Brandt, H. P. & de Boer, S. (ed.). *Identity 2.0*. 2008

Figure 2: Redefinition of culture, skills and staffing in previous model



Source: De Bruijne, A., Brandt, H. P. & de Boer, S. (ed.). *Identity 2.0*. 2008