

Better business by design

Research has repeatedly shown that investment in design enhances a business' chance of success, particularly during times of recession, so why is it one of the first areas to see budgets slashed when times are hard?

Natasha Zlobec and **Danny Brooks** from branding and communication design agency **Phage** look at why many businesses fail to take full advantage of design and examine the benefits that wise investment can bring...

Within many small businesses design is seen as a luxury, employed when times are good but easily set aside when belts are being tightened. For others, design is something that is relevant only to big brands. But great oaks from little acorns grow, and studies show that companies who cut their marketing and design budgets during a recession lag behind those who didn't in recovery.

So why *aren't* businesses using this valuable tool to their advantage? Below, we'll explore some common misconceptions about design and provide some valuable tips on how to maximise your own design spend in order to realise measurable business benefits and set you apart from your competition:

1: I don't need a 'brand', design isn't relevant to my business...

Branding is about much more than just a logo; it can be used to break into new markets or to develop existing ones, to refresh an out of date image or to sharpen your current positioning. Everything from your stationery to your website paints a picture that is visible to, and read by, your potential customers. Even if you don't spend money on your brand you are making a statement about what your business stands for—its values, passion, and integrity—and potential buyers will make judgements about it based upon what they see.

Add to that the fact that design has repeatedly been shown to have a positive impact on all key performance indicators: turnover, profit, market share, and competitiveness, and you could say that any business overlooking design in their business strategy is missing a beat.

2: But it's a recession, shouldn't I be cutting back?

A typical reaction to economic slow-down is to cut back spending on design and marketing, areas still viewed by

many as 'non-essential'. However, studies show that a recession is actually the best time to invest in your brand, with companies that do retaining more customers and gaining more new ones than companies who don't, and those that increase their investment in design more than twice as likely to see their turnover grow.

It's no secret that recessions cause insecurities: customers are less likely to take risks, and are more selective in their choices. In fact it could be argued that the psychological impact of a recession poses a greater threat, and can be longer lasting, than the economic effects themselves. A strong brand can differentiate you from your competition without drawing you into competing on price. Some of the most successful brand campaigns of the last 50 years were launched during recessions; by cutting back on design, companies are unwittingly damaging their long-term chances of success. Clearly positioned brands are more likely to survive, with two thirds of businesses not investing in design having to compete mainly on price, compared to only 21% of design-savvy businesses.

If you haven't been investing in your brand throughout the recession then now is an opportune time to start. An economic slump is the perfect time to reassess and shore up your brand: Are you appealing to the right customers? Is your website working hard enough? Is your image consistent with your values, services, and product range? Investment now, while other companies are making cut-backs, will deliver a higher return on investment than in busier times when there is more 'noise' to cut through.

Design can also help you to take advantage of new opportunities; maybe as a small business you could now gain orders from buyers who wouldn't have considered you before? As larger companies and organisations are having to have to justify their own spending more rigorously they

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are increasingly looking for smaller, leaner suppliers who can deliver better value—but how can you convince them that you can do as good a job as the big boys if you don't have a professional image?

3: I'm not losing business because of my design—why should I change?

If you are one of the 30% of businesses in the UK that regularly consult professional design services then chances are you won't have to; you will have already established a graphic language and visual identity that speaks to the customers you are trying to reach and will be regularly reviewing your communications strategy alongside your other business objectives. On the other hand, if you are still using the logo you designed in Word when you set up five years ago, then a change would probably be a fine thing.

Whether you are proactively managing it or not, potential customers will form an opinion about your brand that is difficult to change once formed (worse still, you may not get a second chance), so it's important to consider exactly what you are saying, how you are saying it, and to whom.

You are unlikely to hear about the people that didn't reach you because your brand gave out the wrong message or because they couldn't use your website, and you can hand out your credentials at every opportunity but if the message being conveyed doesn't tally with people's expectations of what you are selling then you are unlikely to hear from them again. Tone of voice is crucial—you'll have a tough job convincing people to buy from you if your image isn't painting the right picture.

4: Design won't affect my bottom line though...

Top of most businesses' objectives is growth, and hard times are great times to gain market share as weaker brands die off or reduce their design spend and visibility. You may not actually be losing business because of your brand, but could it be working harder to help you gain more *new* business? Rapidly growing businesses are three times more likely than other businesses to consider design critical to their success, and are twice as likely as the UK average to have recently increased their investment in design.

Good-looking business cards on their own probably won't make much of a difference, but a proactive approach to design in general, and a long-term investment in your brand can increase both turnover and profit, with research showing that for every £100 a business invests in design its turnover increases by £225, and its profits by £83!

Design has also been shown to increase market share, with an average of 6.3% gained by companies employing design, and a total of 83% of companies employing design seeing their market share increase in the last three years compared to a UK average of only 46%.

5: I can always change my branding later...

When you are establishing your brand you need to think long-term. Sure, it can change over time, but you should see this as an evolution rather than a complete re-birth. It's no coincidence that the most successful and recognisable brands today—Coca Cola, Colmans, Mars—have remained essentially the same as they were 50 years ago. Branding is

about creating an image that your customers learn to trust; if you keep re-inventing yourself you will erode brand loyalty as customers become unsure of what it is you are offering.

Like a bad habit, it's also much harder to change something once it's established; it may have always been your goal to target the luxury market but if that hasn't been part of a consistent brand strategy from the start it may be hard to persuade potential high-end customers that your product fits the bill when you eventually do re-brand.

That doesn't necessarily mean that you *must* do everything at once; changes can be integrated gradually or with a big bang depending on your budget, the important thing is that they are carefully considered against both your long- and short-term business objectives in order to ensure brand longevity and best value for your design spend.



6: I don't 'get' what makes good design—why should I pay more if I can't tell the difference?

Because your customers can. And because the evidence shows that an investment in design reaps financial rewards, increased market share, and brand loyalty.

By its nature, design is a difficult thing to measure, with many of its benefits—like brand loyalty and market share—being hard to define and keep track of, particularly for SMEs. A decade ago, when information on the impact of design was harder to come by, companies might be forgiven for overlooking the value of design to their business. This is no longer the case however, with recent research by the Design Innovation Group, Design Business Association, Create London, DTI, and Design Council, amongst others, demonstrating time and again the positive impact that investment in good design has on business growth.

When you think about it, it's not hard to see why, for example, a badly designed and built website will damage your business if potential customers can't click through to find your products, leading to a direct negative impact on sales. At the other end of the scale, a beautifully designed brochure outlining your services may not win you direct business on its own, but it can be an invaluable tool in improving your conversion rates from leads to sales.

One measure speaks for itself—the Design Index, an index of 61 design-led businesses, has outperformed the FTSE 100 by more than 200% over the past decade!

7: But professional design is expensive!

When it comes to design, a lot of small business owners turn to low-cost options such as using their local copy shop or employing the ubiquitous 'friend of a friend', believing

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that professional design is either out of their league or an unnecessary expense. As with anything though, if you're going to do it, it's worth doing properly, and with an average return on investment of more than 75%, professional design delivers pretty good value for money!

Not getting good advice from the beginning is a false economy—the expense of implementing a professional image later, when you want to grow, or expand into new markets, can be more costly in both time and financial terms. It's about building a strong foundation early on in your business' life—like choosing the right type of bank account, it's a pain to change it further down the line.

Good quality, professional design, needn't be prohibitively expensive either: a good designer will be able to find more effective ways to work with small, or shrinking budgets without decreasing value. Their training and experience will help you decide what tone of voice is right for your business. By examining your long- and short-term objectives, your budget, target audience, and expectations, they can provide a service tailored to your needs. Remember, you won't get champagne ideas for lemonade prices but spend wisely on good advice to begin with and the long-term benefits and savings will out-way the initial cost.

8: I'm worried that it will be an ongoing expense...

When you find a good designer, fostering a long-term relationship with them can reap many rewards; they will understand your brand, your history, your objectives, and your preferred style of working, making future projects flow much more smoothly. This needn't mean that you are faced with an ongoing expense as a result though, or that you will be tied into using one agency if you find that your needs change and they no longer suit your business.

Design services can be commissioned in a variety of ways. The two most common are: on a job-by-job basis, where each job is quoted for and undertaken separately; or by retainer, where a set amount of time is assigned each month for your projects, usually for a fixed fee negotiated annually. Which method suits you will depend on how much work you have to complete and over what sort of timescale.

In times when money is tight, your motto should be to 'spend smarter not harder'. If you can't afford everything at once, professional advice can help you to decide what to prioritise, and where savings can be made that won't compromise quality. Maybe there are things you could bring in-house? For example, an initial investment in a beautiful template for an e-newsletter will pay dividends if it gets people's attention, and updates can be managed internally so that there is no ongoing cost. Alternatively, if you produce printed communication such as brochures, flyers, or folders, then there may be ways in which you can combine jobs to deliver cost savings on print.

9: So, how do I know which designer is right for me?

The UK, and London in particular, has one of the most renowned design industries in the world, and yet UK businesses, particularly SMEs, are not making full use of this valuable resource. A major contributor to the failure of a design project is the selection of the wrong agency, but with so many different companies out there it can be hard for

even the initiated to make informed decisions about which one is the best fit for them. Most people wouldn't intentionally choose to work with the wrong designer but it's an easy mistake to make if you're not sure how to judge.

Good design is not an 'off-the-shelf' product so it's important to invest a bit of time in getting to know potential agencies. When you first start looking, keep examples of design work that you like and ask for referrals from other businesses whose design work has impressed you. Some things will be credited with the name of the designer who worked on them, otherwise, a quick internet search will usually do the trick. Arrange to meet with the two or three agencies top of your short-list—look at their work, ask for testimonials, and talk to them about what you need. Be sure that what you would get from them is *value for money* and not just the cheapest option or latest flavour of the month.

Once you've found a designer it's important to brief them properly. The single biggest contribution to the failure of a design project is mis-briefing: put simply, without a good brief you won't get good design. Be specific (and realistic!) about your aims for the work, and articulate them as clearly as possible. Honest and open communication is vital. Sometimes, the solution may be different from your initial expectations, but a good agency will provide options and explanations so that you can make informed choices about the best fit for your business.



Good design is an invaluable tool that can deliver a host of real, measurable benefits for businesses and organisations of all sizes and at all stages of their growth. Research has shown that businesses can no longer afford to view design as a mere 'embellishment', to be applied when times are good but quickly dispensed of when times are tough, but rather that those who invest wisely in design as part of a consistent long-term strategy will be the ones to come out on top in the end, and that those who don't... won't!

Phage provides branding, print, and website design to clients ranging from local authorities to local start-ups. To chat to them about your own business or organisation phone 020 7168 0081 or email info@phagedesign.co.uk

Research sources for this article include: the DTI, Design Innovation Group, Design Business Association, Create London, and the Design Council.