

# FAST COMPANY

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## Supporting Design and Innovation in a Down Economy

By Fred Collopy

In 2002 Michael Lewis wrote a New York Times Magazine article *In Defense of the Boom*. In it he observed that a rational stock market “channels less than the socially optimal amounts of capital into innovation.” I came across the article (it’s republished in his new book *Panic*) while flying back from the 6<sup>th</sup> European Conference on Design Innovation in Paris yesterday.

The conference, sponsored by the French Agency for the Promotion of Creative Industries, brought together designers and design policy directors mainly from the EU. A variety of issues related to effectively managing design were discussed. There was particular interest in how design would be affected by, and how it might help address, the many issues brought on by the current global financial and economic crises. There was some worry that design might be seen as nice, but not necessary in a time of diminishing budgets.

One pervasive theme was that design is moving beyond its focus on products into other areas of business. Growing numbers of European companies are curious about the factors that contribute to fully exploiting design’s potential. Gert Kootstra described a study of companies in the Netherlands in which they learned that the companies that attain the highest levels of value from design do so based on the presence of design expertise, design processes, design resources, and design awareness (in that order). Planning had no relationship to the attainment of design excellence in their study.

Dori Tunstall, a Design Anthropologist at the University of Illinois, Chicago, described Redesigning America’s Future, an initiative centered around ten policy proposals that were recently crafted by representatives of the American Institute of Architects, The Industrial Designers Society of America, AIGA, and a dozen other design industry, education, and government representatives. Details of the proposals are on the U.S. National Design Policy Initiative website (<http://www.designpolicy.org/>).

It seems clear that there is going to be a good deal of economic stimulus over the next several years. We must hope that the many new projects that are enabled by it will be approached with a design attitude, that seeks to come up with ever better ways of

doing things. In his assessment of the 1990s boom, Lewis went on to speak about the role of government in innovation.

“Good new technologies are a bit like good new roads; their social benefits far exceed what any one person or company can get paid for creating them. Even the laissez-faire wing of the economics profession has long agreed that government might profitably subsidize innovation by, for instance, financing university engineering departments. Government has obviously done this, albeit in a haphazard fashion. Still, there remains a huge gap between the optimum investment in technical progress and the amount we usually invest to achieve it. In this respect, the late 1990s were an exception.

“This suggests another interesting question. Not: Were the late 1990s a great disaster for the U.S. economy? But : As a social policy, might we try to re-create the last 1990s (Lewis, Panic, p. 254)?”

If we want to realize the oft-stated goal that the infusion of funds into the economy be used to create long-term improvements, it will require that some of it stimulates innovation. Supporting initiatives like the National Design Policy Initiative, paying more attention to how European countries successfully support design and innovation, and teaching design in leading business schools may help us get there.