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Source: Fast Company

Fast Company Magazine's First-Ever 'Fast Track Leadership Survey' Reveals Upper Management is Missing the Boat on Design

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Employees Say Executives Do Not Grasp Importance of Design in Global Competitiveness; Apple, BMW, IKEA, Starbucks, Target and Bang & Olufsen Are Among Most Cited For Innovative Design

NEW YORK and LAUSANNE, Switzerland, May 17 /PRNewswire/ -- Fast Company magazine's new "Fast Track Leadership Survey" reveals that design is a critical competitive and strategic weapon, and the majority (58%) of employee survey respondents say their top management sees design as a discipline they need to understand. The survey's results also indicate that a significant relationship exists between the strategic role of design and business performance. Nonetheless, more than one-in-three (37%) respondents believe that design is "fairly far down on (management's) list of budget priorities."

The survey, conducted in March 2005 by Fast Company magazine, Switzerland-based IMD MBA and Egon Zehnder International, includes responses of 707 business professionals in the US and abroad who were asked a series of quantitative and qualitative questions about the relationship between design and business performance. Additional survey findings are included in the June issue of Fast Company, on newsstands today, and on the magazine's website, <http://www.fastcompany.com>.

World's Top Design Innovators

When asked to name a product or company that exemplifies innovative design, survey respondents most often mentioned (unaided responses):

Apple Computer (iPod)
 Bang & Olufsen
 BMW
 Coca-Cola
 Ferrari
 Honda
 IKEA
 Nike
 Mercedes-Benz
 Mini Cooper
 Porsche
 Procter & Gamble
 Starbucks
 Target

"The results of the 'Fast Track Leadership Survey' show a significant relationship between a company's profit growth and market share and its strategic approach to design," said Professor Sean Meehan, Director of the IMD MBA Program. "The survey further reveals that business leaders tend to view their commitment to design in a divided manner - it's either proactively embraced as a competitive weapon or passively regarded as a necessary evil."

Design: A Competitive Weapon or Necessary Evil?

When asked, respondents said that they personally believe design is:

A discipline that top management needs to understand and champion	90%
An essential way to make lasting connections to consumers	89%
A vital way of solving problems and driving innovation	84%
A key competitive weapon against low cost imports	73%

However, fewer employees believe top management recognizes the value of design relative to business performance and think top management views design as:

An essential way to make lasting connections to consumers	66%
An effort they'll devote more resources to in the future	61%
A vital way of solving problems and driving innovation	57%
A key competitive weapon against low cost imports	49%
Fairly far down the list of budget priorities	37%
Much less important than more technical research and development	36%
Really just about how something looks	35%
Something that can be left to the design department	33%

"It's clear from the survey results that employees embrace design as a key differentiator to their company's brand, competitive performance and toward winning customer loyalty," said John Byrne, editor-in-chief, Fast Company magazine. "What's alarming is employees' view that their upper management places less strategic importance on design. Certainly, a proactive approach toward design appears to relate to enhanced business performance."

Leading Industries

Industry sectors nominated by respondents that exemplify great design include: retail (23%), automotive (22%), electronics (5%), computing (3%), cuisine (2%), banking (1%) and architecture (1%).

"Apple was repeatedly mentioned in the 'Fast Track' survey as a powerhouse that drives the design culture in all of Apple's products," said Justus O'Brien, partner of the consumer retail practice at Egon Zehnder International. "Apple was also often cited for its ability as a company to create new markets driven by its design -- and this capability is a core measurement of competitive strength for any enterprise."

Retail: Bang & Olufsen Has Global Design Appeal

In the retail sector, Danish sound system manufacturer Bang & Olufsen was the most popular choice among respondents as a company that "has global appeal and defies time" and uses "design as an established instrument for differentiation." The next most popular choices were retail stores IKEA, Starbucks and Target that are considered to have changed the face of the retail shopping experience. In particular, IKEA and Starbucks were said to represent a lifestyle that goes beyond their products. In the case of Target, many survey respondents said Target has "brought products of good design to the masses."

Last, companies including Nike, Procter & Gamble, Dyson, eBay and Zara also were mentioned for their innovative approaches to design in the retail environment.

Automotive: BMW Considered "End User Obsessed"

In the survey, 23 different makers of cars were categorized as examples of either "overall design combined with functionality," "timeless or emotional design" or "novel concepts." Specific cars nominated for their "overall design combined with functionality" included BMW, Mercedes-Benz, Volvo and Alpha Romeo. Of these, BMW was the most frequently cited car and was described as "end user obsessed."

Vehicles nominated for their "timeless or emotional design" included Porsche, Ferrari, Mini Cooper, Jaguar and the Vespa scooter. According to the survey, these vehicles conjured up images in people's minds that were part of their unique appeal. For example, Ferrari was described as a "work of art" and Vespa scooters as a "recognizable style throughout the world with continued appeal."

Cars designed around a "novel concept" included the Smart Car, Chrysler, Renault Espace and Ford Mustang.

Brand Distinction

According to the survey, key characteristics that employees most closely associate with companies and outstanding designs are "functional," "aesthetically pleasing" and "simple to use."

Functionality

When considering products that combine excellent user-friendly functionality with an aesthetically pleasing design, survey respondents cited BMW and the Apple iPod most frequently.

Aesthetics

Products most considered to be "design icons" include Alessi lemon squeezer and Chanel handbags. Respondents said they would purchase these

products regardless of their functionality.

Novelty

Retail store IKEA and Bang & Olufsen were seen as "novel" and changing the face of doing business in their respective industries.

Design's Strategic Bottom Line Importance

When the strategic importance of design was assessed by the respondent's industry group, respondents from the design and manufacturing industries rated the importance of design highest. Respondents from the technology sector perceived design to be less important than research and development. And, respondents from the finance and investment sectors see low perceived value for investments in design.

About The "Fast Track Leadership Survey"

The "Fast Track Leadership Survey" is a new, quarterly online survey conducted by Fast Company magazine, the IMD MBA and Egon Zehnder International to provide insight into the drivers of business performance. Survey respondents in the US and abroad are asked a series of quantitative and qualitative questions. The "Fast Track Leadership Survey" focuses exclusively on Design, Leadership, Creativity & Innovation and Competitive Strategy. Survey results will be published in corresponding issues of Fast Company magazine and on its website (<http://www.fastcompany.com>).

For the "Fast Company Leadership Survey" on design, respondent demographics were as follows:

- Under age 35 (55%) / Over age 35 (45%)
- Male (70%) / Female (30%)
- Lived outside US at some time (65%)
- Currently live in US (60%), Europe (18%), Asia (8%), Canada (7%), Elsewhere (7%)
- Management Position: Middle Mgt. (31%), Senior Mgt. (23%), CEO (12%), Lower Mgt. (20%), Other (14%)
- Industry: Tech (19%), Design (13%), Consulting (12%), Finance (9%), Manufacturing (8%), Retail/Consumer (7%), Other services (18%), Other (14%)
- Company Size (# employees): Less than 100 (37%), 100-999 (24%), 1,000-9,999 (17%), Over 10,000 (22%)

About Fast Company

Founded in 1995 and published monthly, Fast Company (<http://www.fastcompany.com>) covers ideas, trends and individuals devoted to managing change in today's economy. The magazine was acquired in 2000 by Gruner + Jahr USA, one of America's largest magazine publishers.

About the IMD MBA Program

IMD is based in Lausanne, Switzerland. In 2004, The Wall Street Journal ranked the IMD MBA as the #1 program worldwide in a survey of international corporate recruiters. IMD's unique Real World, Real Learning® instructional approach prepares its MBA participants for future business leadership. IMD's state-of-the-art learning facilities and market-driven faculty provide MBA participants the necessary speed and intellectual rigor to address complex business and management issues. IMD is the global meeting place for leadership and has more than 50,000 alumni in over 140 countries. Visit <http://www.imd.ch/mba>.

About Egon Zehnder

Egon Zehnder International (<http://www.egonzehnder.com>), with 300 consultants operating from more than 59 wholly owned offices in 38 countries, was founded in 1964 with a distinctive vision and structure aimed at achieving two basic goals -- to place its clients' interests first and to lead its profession in creating value for clients through the assessment and recruitment of top-level management resources.

Source: Fast Company

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