

# DESIGN THINKING AND BUSINESS INNOVATION STRATEGY IN CREATIVE SMES: A COMPARATIVE STUDY BETWEEN THE UK AND THAILAND

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## ABSTRACT

The integration of design thinking into strategic management leading to design business success is an emerging debate within design research. Design thinking is crucial to the creative economy but its implementation is prone to unpredictable changes, particularly in an organisation's external or internal environments. This can have a measurable effect upon the performance of small and medium sized design businesses (SME's).

Whilst research into design thinking into SMEs design business environments is well recognized there is a lack dearth of literature based on discussing how design thinking can influence a businesses innovation strategy for supporting SMEs design businesses development. The proposed research will aid the understanding of the design business innovation process across various SMEs design focused businesses with a focus on businesses located in Thailand and in the United Kingdom (UK). This study will highlight the

potential critical success factors that contribute towards design business innovation. By undertaking case studies with SMEs design businesses in the UK and Thailand, a comparison can be made regarding geographical location, economic conditions, creative cultures and success factors allowing a comparison to be made between a country with a substantial history of design practice and one which can be considered to be an emerging marketplace for design practice.

The purpose is to investigate design thinking within businesses in these selected countries to evaluate the key success factors in implementing design thinking for business management and innovation strategy. This will allow an identification and exploration of the key differences between UK and Thai design companies in applying design thinking for business management; developing new conceptual business models and toolkits; and integrating design thinking into SMEs design business strategy.

Mixed research methods have been employed to explore the core research questions which include case studies, semi-structured interviews and questionnaires. These were undertaken with a range of stakeholders within design associations and agencies, which conform to the UK classification of SMEs (i.e. between 5 and 249 employees). The research aims to explore and evaluate how and why design businesses implement development processes and the apply design thinking methods within a broader business context.

As such, the research will focus on identifying design thinking as a cross-disciplinary process and will evaluate how it can be implemented between the design and business environments as well as exploring the key success factors. Through this research it is anticipated that an appropriate management innovation strategy will be identified that can be used in SMEs design businesses, especially in Thailand, to gain sustainable competitive advantages to company and client.

## INTRODUCTION

High potential returns from rising design's awareness with SMEs have been evidenced by Design Council and other international policy organisations in the UK. Wherever committed design managers provide benefits for larger companies, commonly shortage a strategic approach of smaller companies to design within management, related process of design for development of products or services, along with the self-reliance and experience to command professional designers. According to Design Council (2009), survey of 1,500 UK firms towards 'Design in Britain' has been accomplished by Design Council. This survey is dating back twenty years as a longitudinal survey. Over the period of three-year meanwhile the previous surveys, the value firms positioned on design increased meaningfully.

One of key sectors within the creative economy development in Thailand is identified as SMEs of design and creative businesses. Various management systems such as applying relevant laws and hiring permanent employees have to be competed among

SMEs entrepreneurs. The use of design in Thai SMEs and the significance of design are demonstrated by a study by TCDC entitled "Roles of Design toward Thai Business" (Chokchainirun 2008). The report indicated that in developing design business, difficulties, challenges and suggestions were found. Most business owners have inadequate understanding in using design in their corporate. It can be implied that the study must be additional developed to lead them consider that their growth rate can be influenced by applying design in business, along with their rivalry capability and their long-term profit.

The organisation can ensure its sustenance in competitive markets by applying the incorporation of management and design. Design must not be regarded as a whole but just a source of innovation in new products and can be a decisive contribution. Design should be an important part of the business strategies implying some respect in minds of business people towards the creative disciplines (Brown 2008; Brown 2009; Lockwood 2009; Martin 2009; Verganti 2009). It has a crucial role in diverse management levels operational, business or corporate. It is required to critically analyse the participative role of Design Thinking for the organisational culture and at the same time, identifying inventiveness at various management levels.

In order to implant design thinking into external and internal projects of the organisation, collaboration and design integration must be incorporated together. This research holds much significance as it will explore the way of conceiving of firms and their customers (SMEs) and interpret design thinking which is reliant on the reasons and ways of attitude, encouragement, point of view, methodologies, approaches and instruments. It will also scrutinise which products, communication and services evolve from the perceptions of design relationships, SMEs and design agencies.

The basic purpose of this study is to examine the present issues confronting SMEs design business concerning their implementation of design thinking to improve theoretical business standards and toolkits required for the SMEs. The aforementioned development would be achieved through the following points:

- Examination of design thinking inside SMEs design corporations in the UK and Thailand.
- Evaluation of the major success features in consuming design thinking for a modern plan or scheme for business administration.
- Identification of the variation and dissimilarities between the UK and Thai design corporations, regarding the application for business administration plan.
- Development of fresh and innovative theoretical business models and toolkits combined with the design thinking into SMEs design business scheme.

## METHODOLOGY

To meet the aims and intentions of this study, productive and profound information is required. The basic purpose of this requirement is to figure out the recent practices of employing design thinking inside SMEs design corporations. To investigate the chief research interrogations and aims, a research procedure is utilised which involves (Yin 2009):

- Recognition of research technique
- Training regarding designing
- Formulation to gather case study proofs
- Examining case study proofs
- Coverage of case studies

A qualitative research methodology is employed to explore the main research questions and included semi-structured interviews based upon the framework. These interviews informed practical evidence of their influence and various perspectives upon design business development. Design agencies were chosen to participate in the research and contributed their business strategies at different management levels for a multiple case studies enquiry. They represent the successful design companies with design thinking experiences in their organisational structures.

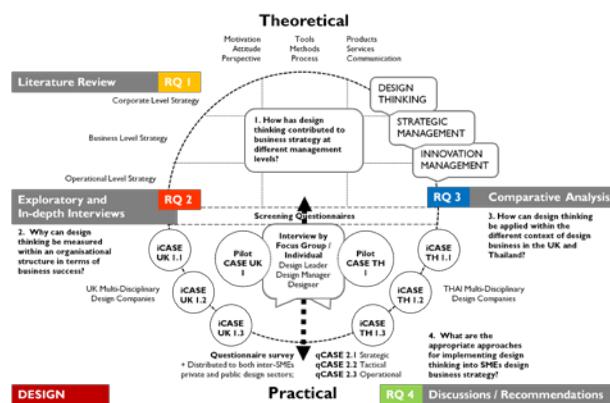


Figure 1: Conceptual framework methodology

## SELECTION OF CASE STUDIES

The national design associations' representatives that were selected in the SMEs business supporting programs were UK Design Council and Thailand Creative & Design Centre (TCDC). The judgement sampling theory (Collins 2010) was used to select design agencies through questionnaires that would be the specific case study. As the criteria was on the basis of 'design of the year' taken from 'Design' magazine that has a speciality in creative business consultancy.

The 'Design Excellence Award (DEmark)' was used to select the creative SMEs' interviewees in Thailand. Besides, 'Thai Creative Awards' were also used for this with the support of the Thai government. Likewise, agencies in the UK were chosen on the basis of Top 100 UK Design Week and Design Business Association (DBA).

A significant part of creative business development is multi-disciplinary design. Those creative agencies that considered multi-disciplinary design team were taken as an important part of the study with respect to the application of business strategies relevant to SMEs design business development.

## INTERVIEW ANALYSIS

There are three categories in which the case study question was divided: 1) design and business strategy 2) Factors of success and 3) implementation. A thematic analysis was done to analyse the research data using theoretical codes in order combine the features that result from the data of the interview and literary concepts. Thematic analysis is the right way as it gives detailed and rich data accounts related to epistemological and theoretical approach. There are no limits in thematic analysis and hence a researcher can easily get important themes out of complicated data.

### Q1: DESIGN & BUSINESS STRATEGY

The analysis of the design and business strategies adopted by the organisations is critical as it influences the identification of the most vital elements that influence the integration and consequent adoption of design within the organisation's strategy and operational roles across all the departments. Through the analysis, the study sought to provide a cross-case analysis of the major elements highlighted within the case studies and identified as the main themes and key aspects guiding the integration of design within the organisational process.

### Q2: SUCCESS FACTORS

The case studies utilised their individual success factors, which were identified as being similar among the case studies, while other were identified being different. It provides an analysis of culture embedding, existent challenges, possible solutions, winning mindset, entertaining aspect and commercial returns on investments experienced by the organisation through the provision of various awards.

Table 1: The success factors highlighted by UK companies

UK1	UK2	UK3	UK4
Return on Investment	Organisational Culture	Achieve Expectation	Organisational Change
Employees	Winning Mindset	Effective Service Delivery	Design Effective
Entertaining	Commercial Returns	Technical Underpinning	Emotional Gratification

Table 2: The success factors highlighted by Thai companies

TH1	TH2	TH3	TH4
Success Case Study	Sincerity (User-centred Approach)	True Identity	Satisfy and Happiness
CRB Thinking	Love in the Profession	No Leader	Human Resource
Getting Awards	Brand Health	Client's Trust	Self-manage

Q3: IMPLEMENTATION

The implementation aspect of the design process is identified as a vital element within all the case studies reviewed. The development of an interactive organisational environment is considered vital as it influences the development of a highly involved organisation. This is realised through the development of an understanding that all the individuals within the organisation are considered vital and relevant to the operational processes. This has influenced increased involvement of the employees in the creative process, which influences the development of innovations that seek to meet the client needs and sets the organisation apart from the existent competitors.

CROSS CASE ANALYSIS

The study provides an analysis of the existent similarities and differences pertaining to the eight (8) case studies analysed relating to UK, and Thailand firms and the adoption processes incorporated pertaining to design thinking in SMEs. The themes emerging from all the case studies include leadership, organisational communication, teamwork, communication processes, involved decision-making and job training for the employees.

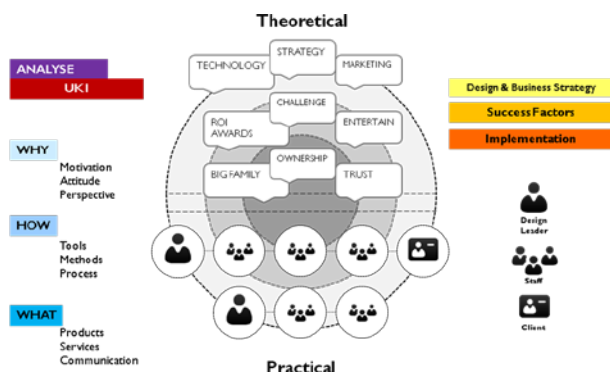


Figure 1: Example of UK case study analysis

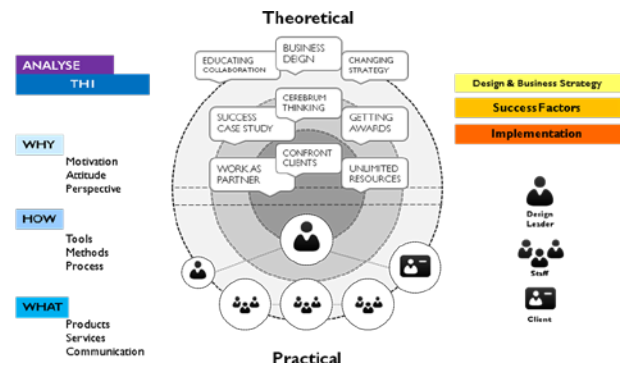


Figure 3: Example of Thai case study analysis

DESIGN LEADERSHIP

Design leadership refers to the increased management involvement in the development of solutions pertaining to design problems identified within the organisation through the integration of human-focused strategies. In the analysis of the eight case studies, management involvement within the design thinking processes was identified as being paramount and was incorporated within all the organisational processes. This necessitates the development of a detailed understanding of leadership together with the different types of leadership that may be integrated within the organisation and their impact upon the organisation's operational processes.

DESIGN THINKING

All the case studies reviewed espouse that design thinking identifies a vital element within the organisation as it influences the development and growth of the organisation's creative and innovative capacity, which influences the development of a competitive advantage to the organisation within the market thus developing into an industry leader. They maintain that through the integration of design thinking within the organisation roles, the organisation is able to influence the development of innovative solutions pertaining to the organisation's services. This identifies design thinking as an organisational tool that influences the development of creative decisions, which may be integrated within the organisational processes to enhance the existent creativity levels.

DESIGN SERVICE

Through design service, organisations are able to identify the existent needs within the market. The identification of the existent needs is vital for business growth as it influences the development of an effective market analysis, which influences the identification of not only the existent client needs, but also the potential clients as the analysis integrates an overview of the entire market. The integration of a market analysis influences the design process as it enhances the identification of the existent needs and consequent utilisation of the design process in the development of viable innovations that meet the stipulated needs. All the organisations analysed within the case study identify the paramount importance of design service as it

influences need identification and consequent integration of innovations that meet the needs. This influences the organisation's creative capacity and viability within the existent market.

## CASE STUDY FINDINGS

This study integrated an analysis of the design process and consequent integration within organisational operational capacity through the integration of eight case studies from the UK and Thailand. The case studies influenced the provision of an analysis pertaining to the importance of integrating design processes within an organisational operational process. This necessitated the development of a detailed understanding of the key elements involved within the design process: design leadership, design thinking and design service.

Therefore, design leadership, design thinking and design service identify processes geared towards influencing the integration of innovative capacities within the organisation's operational processes and capacity. The eight case studies integrated within this study sought to provide a detailed understanding of the impact of design within the organisation's operational processes.

Through the analysis, several themes were identified as being prevalent and instrumental in the integration and effective success of the design process. These themes were developed around several vital theories related to the process. The main themes developing from the process included organisational culture, employee engagement and job satisfaction, customer relationship management, leadership, knowledge management and innovation. These themes are ingrained within certain theories including the user-centred approach, the motivational theory and the value-added approach. Several sub-theories emanated from the analysis including the leadership theory, knowledge management theory, customer relationship-management theory and the cultural theory.

## CONCLUSION

The analysis has integrated strategies from both literal perspective and case studies analysis, which affirmed that design thinking is a sensitive but effective strategy that business organisations should not look down upon in their quest to enhance competitive advantage within markets. Moreover, it is somewhat important to acknowledge the fact that the design process requires human resources. However, level of expertise is an important consideration that most organisations that are willing to adopt innovative strategies have to put in place.

However, process of integrating and embedding design thinking should conform to organisation's structure and culture; thus encouraging the employees and other stakeholders to take it positively towards enhancing the

quality and level of service delivery to their satisfaction. The design process could either be integrated to create new products and services or conversely improve and rebrand the existing product in the market.

The outcome of design thinking should be confirmed before it could be evaluated. The process requires affirmation of the level of client satisfaction in order to maintain good work and relationship within the market scope. Moreover, following literary studies, it is pragmatic to state that the process of design thinking is very wide hence requiring numerous people to survive. The planning and design process, and the corresponding process involved in the preparation of design management, innovation strategy are all geared towards picking the winners to evaluate the creative ideas. In spite of the fact that design practice is based on the works of designers, other stakeholders also play a great deal. This is a multi-disciplinary process that enhanced proper relations within design and business area.

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