TRANSFORMING
organization

DESIGN THINKERS ADVOCATE FLEXIBILITY RATHER THAN RESISTANCE TO CHANGE AND THE ORGANIZATION MUST PURSUE A SIMILAR OBJECTIVE.

THE TREND

An increasing number of firms are beginning to grasp the importance of a strong and healthy organizational culture. In a strong culture, values of organization and staff must be aligned to increase autonomous responsiveness in regards to anticipated and unanticipated stimuli. A weak culture is exactly the opposite, one where values in the organizational hierarchy are not aligned and, thus, require a greater degree of control by the bureaucracy.

RECENT FINDINGS

Thomas Lockwood's Integrating Design into Organization Culture is a case study on several companies. It outlines methods in which a firm can apply design to make the most of its resources. Not only does Lockwood emphasize the importance of a common set of values, but he also states that by creating these values around design, a firm stands to gain from increased autonomous innovation.

Organizational Structure: The design element must be incorporated into the appropriate functional areas within the organization. Upper-management must first recognize the strategic value that design has on business and these values will trickle-down to the rest of the firm.

Design Management Process: Features in design management include planning, budgeting, organizing, staffing, controlling and problem solving. Although highly conventional to business, these features can take different forms depending on how they are approached. Lockwood highlights the importance of design leadership in preparing the firm for change.

Design to Enable Change:
To achieve a successful design culture, the firm must be open to change and not only acknowledge it, but also update its strategy in a continuous manner as to achieve a design-facilitated corporate strategy.

Design a Collective Purpose: A shared vision of corporate strategy facilitates collaboration between various units throughout the company. When it comes down to an individual project or problem, this "designer collectivism" yields more innovatively effective results and solutions.

Design-Minded Culture: For all the previous methods to be successful, the firm's corporate culture must foster design. This task should be implemented by management. It will often be a result of a previous business success that the company realized was due to design.

DT TOOL CHECKLIST

- Design management & organizational structure
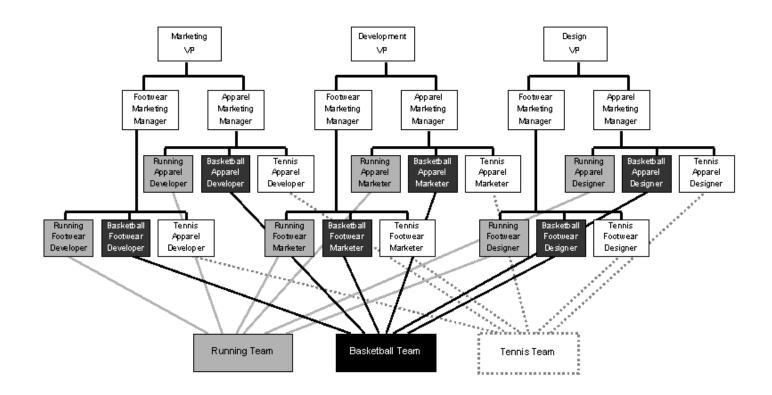- Design-driven culture
- Collaborative product development

"Lockwood highlights the importance of design-leadership in preparing the firm for change"

NIKE - ORGANIZING
FOR INNOVATION

Design and transformation are regular aspects of Nike's corporate culture. In the mid- 80's, Nike's organizational structure was transformed from a general manager orientation (main divisions led by a marketing manager) to a matrix model that emphasized functionally oriented division (sales, marketing, R&D, production and operations now contributed to various product categories). Management's main objective was to jumpstart innovation through team-based product development; Nike's previously established "designer collectivism" would facilitate the reorganization.

The Problem: By 1993, various teams performed various functions throughout the firm. Communication and interaction from team to team became complicated. Innovation was hindered by a lack of risk-taking by teams and team members. Nike's corporate values were starting to misalign, so management took-on more roles in controlling and monitoring rather than in encouraging autonomous innovation. The functional units that Nike had once established to promote new ideas proved to be doing the exact opposite.

The Process: It was evident that the organizational structure had to be completely transformed again; yet, Nike was in possession of all the knowledge to do so. Predisposed to various fluctuations in their history, Nike is very open to change and update their strategies consistently. Moreover, Nike's Design Management Process had been developed fairly well in the past, i.e. management had already embraced design as a competitive advantage in their industry and this resonated through all the aspects of the firm. Nike wanted to maintain team-based product development as seen in the functionally oriented structure but wanted to reduce the degree of complexity to promote intra-organizational interaction. Strengthening the organizational and strategic ties between marketing, merchandising, design and development was also key. In order to achieve this, management wanted teams to become fully focused category units.

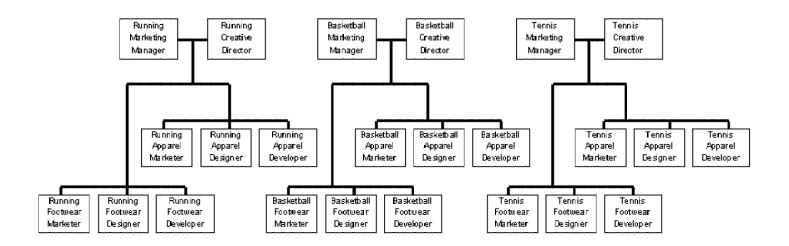EXHIBIT 1. NIKE ORGANIZATIONAL MATRIX (1980S)

EXHIBIT 2. NIKE PROPOSED REORGANIZATION (1993)

The Solution: Nike completely reformed their organizational structure to emphasize the importance of different product categories. They moved from a complex web of innovation that undermined interaction to one that would take advantage of team identity, stability and expertise. To be more specific, Nike's transformation design led to the creation of several autonomous units that directly controlled one product type, i.e. basketball, running, tennis, etc. The units act like small, entrepreneurial companies able to make decisions, develop visions and run their business like their livelihood depends on it. Nike, however, must ensure that an overall coordinated product line is communicated to establish a general direction. As long as everybody understands the Nike's mission and objectives, they can take a portion of the business and make it their own.

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