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# **Design Led Innovation as a Means to Sustain Social Innovation Enterprises**

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## **Provocation**

This proposition challenges the notion that clean technology firms, who form part of the emerging social innovation enterprise sector, do not have the resources to gain value from Design Led innovation practices, due to their size and operational constraints.

Much has been written on the benefits of linking design and design thinking to organisational strategy and business transformation. The term Design Led in the context of this proposition is defined as the tools and approaches which enable design thinking to be embedded as a cultural transformation within a business. Being Design Led requires a company to have a vision for top line growth within their business, which is based on deep customer insights and expanded through customer and stakeholder engagements, with the outcomes being mapped to all aspects of the business to enable the vision to be achieved.

Several government programs exist to support firms in their journey to becoming Design Led (such as the UK Design Demand Program and New Zealand's Better By Design Program) and have constantly evolved over a 10 year period. Countries which have adopted these programs generally have a policy objective of stimulating innovation activities in SME manufacturing and service firms to have a longer term impact on the global competitive of their national economy. Results from these programs, generally expressed in individual firm economic outcomes highlight the significant impact design can have on a business's top line growth.

Key to these programs is moving the firm from the use of design at an operational level to design as a strategic driver for growth within the business. This shift in thinking on the role and value of design requires the firm to consider not just the product and services characteristics of the idea, generally found through human centred design approaches, but also the value proposition and business model aspects of the concept, early in the design process. The ability to integrate both design process and business thinking into a single concept at an early stage in the design process generally requires the firms to undertake some form of cultural transformation as design thinking and business thinking are seen as opposing forces within an organisation.

Although success can be found in SME manufacturing and service firms who have undergone this transformation, it is the authors experience that firms who best succeed in such programs are generally of medium nature in size and have strong operational practices to support growth opportunities. When considering how such programs or approach can be applied to social innovation enterprises, such business fundamentals often are not present in these firms as they are generally in a start up phase of their development. This is particularly true of the clean technology sector, which in Australia consists of several small technology led businesses and generally do not have the absorptive capacity to adopt the approach from such programs or are generally ineligible to access the funding of these programs.

However the major challenges facing humanity today such as energy supply, clean water, food availability and the environment can be potentially solved by implementation of Clean Technology solutions and design should have a role in resolving potential solutions. Within Queensland Australia, clean technology companies generate more than AUD\$3.1 billion in revenue, employ ca. 12,500 people and create exports of products and services in excess of AUD\$125 million per annum. However the majority of these firms are generally small in size, typically employing less than 4 staff. Typically they have been founded through a unique technology offering, with their focus being on the scientific validation of their results rather than developing the complete business contribution that the new technology offers the market.

This approach follows a typical pattern of social innovation enterprises, where Manzini notes that firms who have a focus on social innovation should start 'small' and pilot their ideas within a region or context in the first instance (DPPI 2011). Although for many social innovation projects this approach is valid, given the resource constraints these firms face, in the clean technology sector, this approach has limitations. The challenge of adopting this approach is that when the technology is required to scale to beyond the regional pilot stage, the expanded value proposition and business model does not scale to match the global opportunity. Often a completely new value proposition and business model is required and the work undertaken at the pilot stage is no longer valid. However through the author's research in working with several clean technology firms, an approach which allows these

smaller firms to gain access to design led innovation approaches, while continuing on their scientific validation has been developed and applied, with initial positive outcomes. This paper therefore challenges the two existing notions of Design and Social Innovation. Firstly the authors believe that through a structured approach small firms can gain strategic value of a Design Led innovation approach. Secondly, that social innovation enterprises should be considered to think 'large' from the outset of their projects to ensure their ideas scale through the developed value proposition and business model which is required to translate their technology to the broader community.