

NORDIC DESIGN FOR A GLOBAL MARKET

Policies for developing the design
industry in the Nordic Region

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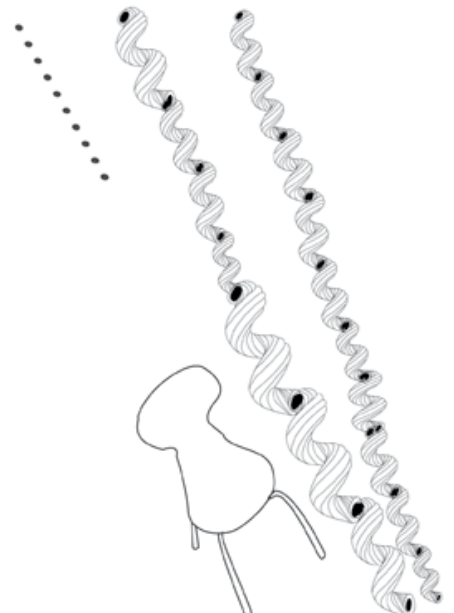
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INTRODUCTION

This report provides policy suggestions for how the design industry in the Nordic countries can be helped and supported. While the design industry is a cultural industry with many societal benefits beyond the purely economic, the report takes an economic standpoint. The measures it suggests are about how increased Nordic coordination of policies, and ultimately of the design industry itself, may enhance the economic effects of the industry.

The report differs in several ways from much earlier analysis and policy suggestions aimed at promoting design. In particular, the following dimensions characterise the report:

Design as an industry. Above all the report is very narrowly focused on analysing design as an industry. While the process of designing is carried out by highly skilled people, often with artistic ambitions, these people are also employed in commercial firms, and the organization of these firms and their economic condition have profound effects on the quality and impact of design activities. Hence, the report uses analytical frameworks from business economics, institutional economics and economic geography to analyse and provide policy suggestions for the design *industry*. We make no attempt to analyse the trends and developments (of techniques, styles, and so on) within the design *product*.

Global perspective. The report also takes the view that the Nordic design industry needs to aim to be globally competitive. Design is, as mentioned, a creative industry, but it is also a service industry, supplying other industries. Traditionally, the markets for such service industries consisted of local (i.e. national) clients, but this pattern is changing, with more and more firms in service industries (such as advertising, consultancy, and design) aiming to supply global markets and enter new markets. The report works from the assumption that due to the growing global service economy and increasing competition from abroad Nordic design firms must aim to operate not just in the Nordic markets but also in the EU or even beyond.

Nordic policies. The policies suggested are explicitly Nordic in character and scope. While there are many measures that can be – and are – taken at national levels to enhance the economic effects of the design industries in the Nordic countries, we argue that there are significant synergies to be gained from coordinating policies across borders, and that the Nordic arena is a natural candidate for such coordination and cooperation.

Selective suggestions. Finally, as the report is founded in a scientific logic and in earlier research into the Nordic design industries, it is selective in its suggestions. Simply speaking there is a range of policies that the report deliberately does *not* include. First, the report aims to suggest policies that supplement rather than replace existing policies: We do not wish to down play existing beneficial framework conditions on the demand or supply side, such as targeted public purchases and entrepreneurial schemes. Second, the economic approach to the design industry means that we focus on policies that aim to facilitate industries actors' own attempts to become more effective and competitive: on helping them to help themselves rather on top-down policy approaches. The result is that rather than a comprehensive catalogue of possible policies, the report suggests a careful selection of policies that stand a good chance of working together successfully.



WHY?

THE VALUE OF THE NORDIC DESIGN INDUSTRY

The report focuses upon the economic effects of the design industry, both in itself and in its ability to infuse value into other sectors and parts of the economy. It addresses the industry consisting of specialized design service providers, rather than in-house designers employed in other industries.

The Nordic countries are small open economies, and by now, it is commonly accepted that given increasing globalization we need to compete on knowledge and innovation. But knowledge is not only what is taught at universities; and innovation occurs in other industries than biotech and information technology. In fact, design is a great example of a knowledge-based industry that has potential not just to grow and become competitive in its own right, but also create other benefits for the economy and the society in general.

Design can be considered to have two main positive effects for the Nordic countries.

DESIGN ADDS TO QUALITY OF LIFE AND HAS A VITAL PLACE IN OUR CULTURE

Design has long been an integral part of cultural life in the Nordic countries. Design and design professionals have been at the forefront of artistic and cultural innovation; and have contributed enormously to the wealth and well-being of our societies and everyday lives. Design is valuable to society and culture in a myriad of different ways, for example:

- Design tangibly links immaterial with material worlds and is a central link between the worlds of art and commerce.
- It is concerned with improving form and function, and hence has a huge potential for improving quality of life: Well designed products, services and environments help us live safer and easier lives.
- Design has a substantial symbolic value and is both a user and driver of artistic development.

DESIGN HAS A COMMERCIAL VALUE AND ECONOMIC IMPACT

Societal and economic development has, in recent decades, fundamentally changed the way western economies, countries and regions are competing for jobs and trade. The influences of economic globalisation as well as the omnipresence of electronic information and communications technologies have resulted in a set of paradigmatic changes in the fields of politics, economics, ecology and technology. In many cases production, and especially employment within manufacturing, is moving out, and being outsourced, to countries and regions with less expensive labour and regulatory systems. This leaves us the problem of the creation of new employment opportunities and the development of new products and services: ideally jobs, products and services that rely on talents and skills not easily or cheaply found elsewhere.

The competitive crisis our economies now face has lead many to suggest that the commercial value of design has become increasingly important. Because design is essentially about the coordination of form and function in a new and special ways design inputs to production processes or products are able to help us refine, reinvent and reposition existing products as well as helping us launch new products that grab consumers attention in new and valuable ways.



Perhaps most importantly – to firms now competing in global markets saturated with substitutes and increasingly knowledgeable and fussy consumers – design is central to branding and differentiating product offerings. The increased value of branding and differentiation through design is due to the rise of what has been termed “the experience economy”. Due to a general growth in disposable incomes and education levels, many societies have seen a general growth in leisure, an increased focus on lifestyle issues, and consequently a rapid increase in the consumption of products with an ‘experience’ component. Products ranging from cars to foods are now valued as much for their function as for their ‘positional’ or aesthetic value or the particular experience they add to our lives. In a world where raw materials and labour can be globally sourced, the ‘cultural’ or immaterial aspects of products (and services) are often harder to ‘manufacture’ and thus often add more value than materials and labour.

Whatever the roots or current conditions that affect the commercial value of design, design has a number of notable economic impacts:

- Design is a *commercially viable industry in itself*. While many designers work in-house in production firms, many are employed in dedicated design firms that supply design products and services. This industry has significant employment, entrepreneurial and growth effects and it is these effects that are the focus of this report. We hence chose not to address in-house design in detail focusing instead upon the dedicated design *industry*.

- Good design *adds value to other industries*. High quality design services provided by design firms increases the competitiveness and export potential of a host of other industries.

- A vibrant design industry *adds to the quality of place* that is becoming increasingly important for attracting people and capital from abroad. It has been demonstrated in studies both in the US and Europe that the presence of strong creative or cultural industries such as design attracts highly mobile innovative labour (the notorious “creative class”). Furthermore, the branding of a place which design and other creative industries add to, helps attract foreign investments. Branding of a place through design also attracts various kinds of tourists.

The increased commercial value and economic potential of design means that the public is becoming increasingly willing both to purchase designed products for public consumption and provide basic infrastructures for the design industry, most notably, educating designers. It also means that, even if design is very labour intensive and hence a relatively costly service, the potential clients for design services – industries in general – have become increasingly aware of the strategic importance of design in developing and selling their products. This means that more and more firms hire in-house designers, but also that client firms with no (or limited capacity of) in-house design capabilities are increasingly willing to pay for design services from specialized design providers: The design industry is growing.



The vision is to make the design industry in the whole Nordic region a global player. There is a wealth of design talent and innovative firms in the Nordic region. We should aim to build upon this base and aim at supporting a world class Nordic design industry. A first step in actualizing this vision is through focusing on four goals: Create a common market; Make the design industry operate across borders; Attract talent and investments; Build a global brand.

As illustrated above, the economic potential of the design industry is significant, particular for small open economies. Already, the design industries in the Nordic countries have demonstrated large potential for increased exports and further growth and development, as well as potential for supplying vital services to other Nordic industrial sectors. We believe that it is crucial that the Nordic countries, both respectively and in cooperation with each other, start building immediately on the strengths and opportunities their design industries represent in order to further realize the economic potentials of the design industry.

The vision of the report is not only to further strengthen the Nordic design industries as commercially viable, but also to expand their markets beyond the Nordic countries, to increasingly become a global supplier of design services. This is a challenging task. But a Nordic design industry with globally recognised strengths and profile could create positive effects that are much more significant than the relatively modest role design plays today for the Nordic economies. Globalization and internationalization of the Nordic design industry would not only increase the employment and turnover of the Nordic design industries but also provide them with more global talent and further raise their capabilities to the benefit of local clients. Globalization of the Nordic design industries is also necessary for the simple reason that global competition is on the rise, with design industries in neighbouring countries globalizing and potentially moving into Nordic markets for design services (a development in the service industries we already witness in consultancy and advertising).

There are four important – and ambitious – goals on the way to realizing this vision.

GOAL 1: CREATE A COMMON NORDIC MARKET FOR DESIGN

A first element in enhancing the economic importance of the Nordic design industries is to increase the engagement in design from potential customers. Most important in this development is the implementation of the idea of design as added value to products and services not normally associated with design. Design needs to be considered as a natural and integrated part of all types of products and services made by Nordic companies. Such increased demand for design would create growth in the number (and size) of specialized design firms.

A common Nordic market for design products and services is a necessary condition for the Nordic design industry to be able to reach out to the international market and become a global supplier of design products and services. A common Nordic market for design would raise competition and create a critical mass of sophisticated customers who are able to put highly qualified demands on products and services produced by Nordic design firms. Furthermore, there are significant synergies to be obtained with a common Nordic market, as it facilitates a restructuring of the design industries in the respective Nordic countries.



GOAL 2: MAKE THE DESIGN INDUSTRY OPERATE ACROSS NORDIC BORDERS

With a larger home market, namely the entire Nordic area, design firms may specialize further, and the incentives for up-scaling and networking would be significantly higher. It has the potential of connecting design firms, as well as design clusters, across Nordic national borders. Such restructuring, and the increased Nordic competition and collaboration it would encompass, is crucial if Nordic design firms are to be globally competitive. Studies on regional and industrial competitiveness have time and time again drawn attention to the fact that dynamic dense networks at regional levels give firms a significant edge when they later go on to compete internationally.

Furthermore, a basic assumption behind a successful and growing industry is the existence of a flow of ideas, information and knowledge between the different actors involved. This assumption counts for the development and innovation of both processes and products. Creating spill-over effects at the Nordic level – across national borders – is crucial to the competitiveness of the design industry in the Nordic countries. If successful, these spill-over effects need to include techniques, technology and talent. The flow of talent and people between the local labour markets of the Nordic countries is especially important; high mobility in a common Nordic 'local' labour market is crucial to facilitating spill-over effects and the dispersion of ideas, information and knowledge.



GOAL 3: ATTRACT INTERNATIONAL TALENT AND INVESTMENTS TO THE NORDIC DESIGN INDUSTRY

In order to be competitive at a global level the Nordic region requires increased international exchange and linkages to the global market. Even if creating a common Nordic market for design products and services is a step in the right direction it is not sufficient to be able to create strong companies with sustainable economic growth. To be able to do this it is necessary to attract foreign investments and foreign expertise. Investments, funding and venture capital are needed to build strong companies ready able to support product development, go out and find new markets and be competitive on a global market. Inward investment is not just about foreign expertise contained in venture capital and foreign firms; it is also about attracting new design talent and people. People with backgrounds from outside the region bring with them valuable new insights, deeper understandings of foreign markets and through their professional networks help connect the Nordic design field with other places.

GOAL 4: BUILD A GLOBAL BRAND FOR NORDIC DESIGN

At an international level strengthening existing brands has to do with external advertising. In particular, this is to do with increasing the awareness abroad of Scandinavian (or Nordic) design as a brand. This means changing the symbolic content of the Nordic (Scandinavian) brand. At present it is a fact that Scandinavian design is a well-known symbol outside the Nordic countries. Advertising, films, books, journals and magazines have helped Nordic design brands become internationally renowned symbols of an emerging Nordic post-industrial society. However, not many Nordic designers themselves are entirely happy with the stylistic associations and constraints that have grown up around the current 'brand', e.g. minimalist, clean and light design.



Therefore it is of great importance to take advantage of the positive values already existing in the Nordic brand but actively work to change its symbolic value. Changing the symbolic value of the Nordic brand is a chance to create a sustainable brand which should not be about particular styles or artistic values but rather about a brand that functions as a mark of quality and innovation.



The Nordic design industries currently face a range of challenges that must be faced if the region is to be a global player. These challenges are listed below.

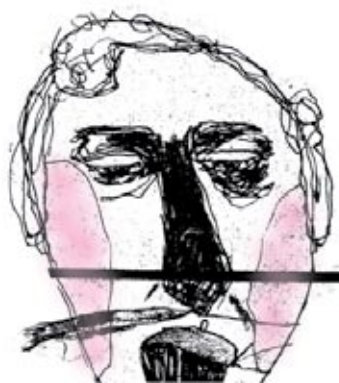
CHALLENGE 1: THE KNOWLEDGE BASE OF THE NORDIC DESIGN INDUSTRY DOES NOT FULLY FACILITATE SUCCESSFUL ENTREPRENEURSHIP AND CONTAINS TOO LITTLE HIGH LEVEL R&D.

The education system underpins the politics and policy initiatives that have to be coordinated to make the Nordic region a piece of the global puzzle in the design industry. It is through the education system that the structure of tomorrow's design industry will be shaped because it is there that the future designers, entrepreneurs, innovators and business managers get their education. The education system not teaches design skills themselves but is the space within which future generations get their education and view of society, their understandings of career trajectories and entrepreneurship, the way they think design will change future products and services, and the role design will have in a future society.

The Nordic countries have an extensive and high quality design education system. Design education in the Nordic countries has rapidly expanded with big increases in the number of institutions and of students at different levels. New courses and institutions are opening and existing ones are quickly expanding. The implication of this is that the educational system is currently in a period of rapid change.

The expansion of the design education system is of course good for the knowledge base and labour pool the design industry will rely upon, but change must be carefully managed and reflected upon. Previously, design education has been too focused on arts and crafts and it is generally true to say that design education in the Nordic countries systematically fails to provide students with basic business and management skills: sets of tools needed to successfully manage their own businesses and networks. This means that while there is a boom in small design firms started by recent design graduates, there is also a high failure rate of these firms and little replenishment of the population of successful design firms. High failure rates may be brought down if better entrepreneurial and management skills, or access to partnerships with people with management skills, were provided at design schools.

Furthermore, at present there is relatively little research and development (R&D) conducted in design schools and departments and doctoral and post-doctoral research is largely non-existent. In general, there is little fundamental theoretical or methodological research work produced. If research is conducted at all it often tends to work from the perspective of art history or be far removed from applied problems and issues. Research is beginning to emerge in technology and product development and in new ways of understanding cognitive processes and consumer psychology and should be encouraged. Applied research on management and organizational issues, product development, design implementation, and design marketing are also important areas for research.



CHALLENGE 2: POTENTIAL NORDIC USER INDUSTRIES ARE HESITANT TO BUY AND USE DESIGN

Design in itself has a function to fill in our society and even more so in the future. But, if the design industry is going to grow further it is necessary to work with other industries and to be seen as a natural and integral part of product development in other industries and innovation systems. It is necessary to seek partners, liaison and cooperation outside the general sphere of the design industry. The Nordic region has a long tradition of consumers and firms that are focused on high quality design; these actors are knowledgeable and culturally aware consumers. But there is still a long way to go before this sophisticated demand could be a source of innovation and before the Nordic market could be used as a laboratory and seedbed for building globally competitive design services. Potential user firms are generally very hesitant to approach design firms for services and need help in understanding why this is necessary and how it can be done.

CHALLENGE 3: THE FIRM STRUCTURE OF THE NORDIC DESIGN INDUSTRY IS VULNERABLE

The firm structure of the design industry is highly fragmented where a large part of the firms are small (often one person businesses). As a result most firms lack the resources to be able to grow and reach new markets: for instance to invest in new products, sales trips, foreign offices, etc. There is generally also a low level of networking among firms. These structural characteristics make the design industries poorly equipped for competing on global markets. In order to be competitive in the future, more complex design "packages" are needed, and they cannot be delivered by small firms alone. If this structure is not changed, the expanding markets for more complex design offerings will be taken by larger (non-Nordic) firms that can offer total service ("system houses") or by networks of smaller design suppliers in flexible collaborations.

CHALLENGE 4: THE NORDIC DESIGN INDUSTRIES HAVE A POORLY DEFINED AND ORGANIZED INSTITUTIONAL SETUP

There is no clear vision of what the design field encompasses. It is an 'industry' populated by multiple professions trained in different schools, dominated by very autonomous managers, and is a structurally disintegrated and fragmented set of very small firms with few connections to each other. In contrast to many other industries, design is one which is poorly organized and networked at the level of trade associations, industry organizations, trade unions, lobby groups, etc. With a lack of a coherent set of professional or industry representative bodies, political lobbying, and linking policy and industry is difficult. The lack of clear institutional structures also makes it difficult for firms to easily access information and support as well as to understand the true extent of their field of industrial activity. Industry bodies, at this stage, have only a weak position to provide courses/ programs/seminars to promote awareness in the wider business community. There is a huge challenge for the design industry to coordinate institutions in order to increase the effectiveness of their voice (helping policymakers understand their needs) and to help the industry construct shared resources and identities.

CHALLENGE 5: IN SOCIETY, DESIGN IS MAINLY VIEWED AS A CULTURAL GOOD NOT AN INDUSTRY

There is a wealth of cultural institutions, exhibition spaces, galleries, museums, exchange programmes, etc. that have a potentially powerful role in communicating design to other sectors and customers; both in the Nordic region and abroad. Furthermore, these institutions have the potential to act as platforms and arenas within which the Nordic design industry could meet, cooperate and coordinate itself. However, these institutions and players are generally not used strategically as platforms or arenas for the industry to connect to itself or to society; and tend to work along tradition ideas that in the public sphere cultural and commercial activities need to be decoupled. More careful and strategic linking of these institutions to the design industry and to its needs is important to unlocking a potentially important set of spaces for network building and an invaluable channel to society.



Policies for the design industry need to focus on strengthening the design industry's own capacity for change and development. We must avoid trying to find top-down policies to hand down to designers and instead enter into constructive dialogue with industry actors. Through such dialogue a policy framework may be developed that helps firms be more competition and collaboration at the Nordic level. We suggest concrete policies in order to meet the challenges for the Nordic design industries: Education and knowledge policies; policies targeted at design buyers; policies targeted at design firms; policies targeted at industry organizations; and policies targeted at other organizations.

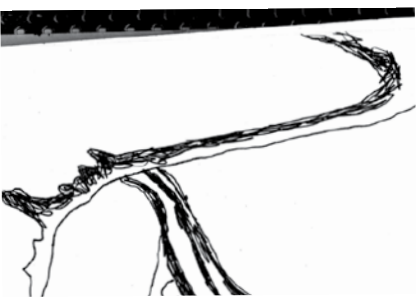
Design is not an industry in need of heavy public investments and technological forecasting (as for example high-tech industries are). In fact, the scope for foreseeing future demands and products within the design industry is very limited. The design industry is, as are so many other creative industries, hugely dependent upon creativity and dynamism at the level of the single designer, the single firm (or, for that matter, in the single design school). It is at these levels the necessary experimentation, discovering tomorrow's design techniques and solutions, takes place.

Any policy that erodes this creativity and experimentation taking place among firms and people will severely hamper the development of the design industry. This means that policies supporting the design industry need to be *market-based*. First and foremost, this means not interfering with the design process itself. Designers, design firms, and design schools need to experiment their way towards more efficient designs and solutions. They are the only actors who can do it: Given the right conditions, just like the design schools will find out what tomorrow's skills and technologies are, design firms and their customers will find out what tomorrow's technologies and products/services are. The role of policy is not to infuse money into the industry or to remove all thinkable obstacles. It is a noteworthy policy principle for creative industries that are driven by experimentation, like the design industry, that when there is a lack of a resource or a market failure, it is not always necessary for the public to automatically remedy it. Subsidies or policies targeted at particular movements or technologies may be obsolete in a short time or intervention may prevent the organic rise of new solutions.

However, policy *should* provide the infrastructure for experimentation and knowledge creation, and policy may be needed to allow firms and other actors to try out forms of organization that best allow them to experiment and innovate, and dissolve the forms that are inefficient. For example, while there is agreement that the current disintegration of the design industry – few large firms, and a lack of networking among small firms – constitutes a problem for coping with emerging global competition within the industry, it is difficult to know at this stage whether the solution for Nordic design firms is integration or networking – working towards larger Nordic "system houses" or towards flexible specialized networks of small firms, possibly across national borders. It is not for policymakers to promote one solution or the other, but policies should provide information and resources to firms to experiment and choose their own way.

It may often be necessary for policymakers to provoke experimentation when it has stalled. In the Nordic design industries, experimentation with cross-border sales and collaboration is modest. If cross-border synergies are to be realized, a policy push may be beneficial. Hence, there is a huge scope for policies that promote a combination of cross-border competition and collaboration in the Nordic design industry: Cooperation where the complementary skills exist, for example, to be able to offer broader products and services through cooperation; or competition between Nordic firms in particular segments that could stimulate innovation and new products.

Below, we shall suggest a range of policies that all aim at facilitating experimentation at the level of designers, design firms, and design schools, rather than at prescribing particular solutions. We have prioritized policies that supplement existing policies rather than replace them.



POLICIES TARGETED AT EDUCATION AND KNOWLEDGE CREATION

There are a range of policies that can be used to support the aim of creating a world class Nordic knowledge base in design education, design schools, design departments, design related education and research institutions.

Design management and entrepreneurship. In the education system in general there is a lack of understanding and knowledge about the possibilities of design in society. In particular, there is a need to ensure that new graduates in subjects such as business and economics have a good understanding of the value of design and how to work with designers in this area of value creation. Such graduates could help lift the demand for design in the industries they end up working within and they could act as sophisticated customers that can help design professionals realise commercially viable products and services.

- The importance of design management must be emphasized not only in design schools but also in business schools. The cooperation and interaction between education institutions such as business schools is already happening in other world leading industrial regions like Los Angeles, San Francisco and Milan. Internationally many educational institutions/programmes within, for example, business studies are introducing courses specialised in design and design management.

- The lack of design management training is also evident in design educations. Most (though not all) design educations have been based on the traditional arts school emphasis on the solitary genius and on being the 'next big name'. This can lead to a lack of team working and collaborative problem solving. Indeed many design professionals point to a culture in design schools that result in the creation of 'primadonnas' that find it hard to adjust working effectively and smoothly with others. An added dimension to this is that the focus on creating primadonnas tends to lead students to focus on artistic creativity and to neglect the problem solving, production oriented and entrepreneurial or business elements so essential to making a career in the design industry. Such problems are compounded by the traditional fact that design education in the Nordic countries systematically fail to provide students with basic business and management skills. Given that directly after graduation the majority of the students will work in the private sector or start-up small firms this is a serious failing. In the situation of a start-up firm there are several problems that the entrepreneur should be able to handle like administrative, management, legal and marketing issues. Also, one should not forget the importance of networks when setting up a designer business, both for commercial aspects and the development and production of a product or service. Design educations should start addressing this problem by better integrating such considerations into their courses or by having students complement their education with courses in business studies or management faculties where available.



- To be able to match designers on the labour market there is a need for industry internships and mentoring programmes. For example, as part of educational courses there should be mandatory internship periods in the industry.

- Finally, it might be worth considering the creation of incubators with or adjoining design schools so that graduate start-ups and other design companies can link to the design schools resources, talent, research and networks. Incubators should work well with student during the studies. Incubators should help coordinate students who want to work together and cooperate on commercial ventures. Incubators might also have the role of coordinating financial and entrepreneurial support to designers.

Internationalization of the design education. Third level design educations need to be internationalized to a far greater extent than they are today. In order for firms to be more international, the students and future design professionals they rely upon should be provided with educations that are international in scope.

- To be able to supply firms with adequate labour and strengthen the labour market in general there is a need for initiatives such as: Increased collaboration and joint programs/courses between design schools in the Nordic countries; Mandatory exchange programs/study abroad periods, Making better use of Nordic exchange programs such as NordPlus; Extended visiting academic initiatives and programs; Support of a system of external examiners that can quality control teaching/examination standards and advise on best practice.

- In general there is a need for international monitoring and benchmarking of international best practice in design education.

Nordic design research and post-graduate education. The future competitiveness and competences of the design industry in the Nordic countries is dependent upon basic, applied and experimental research, and development work being undertaken in third level educational institutions. For other high growth and knowledge intensive industries – such as biotech or engineering – the role of third level research that is connected to the business community is accepted as being beneficial to both researchers and businesses. The establishment of high-level research institutions in individual Nordic countries may be problematic, due to the fact that currently there is a lack of a critical mass in individual institutions: critical mass is needed to make a global impact in research fields.

- To create this critical mass of knowledgeable scholars and researchers cooperation between the Nordic countries could play an important role. In other scientific and research fields Nordic cooperation is common place and has had greatly lifted scientific capacity. To this end it is advisable to investigate the creation of virtual Nordic R&D infrastructures or platforms that are focused on postdoctoral and doctoral research and experimentation.

- Most concretely policy initiatives within the Nordic design research and post-graduate education should involve: Expanding doctoral and post-doctoral programs and funding. Currently there is a lack of funding and investments in research in design and design methods. To encourage this design schools that already have some research excellence should be helped to build up and support doctoral and post-doctoral level research that is focused on fundamental, theoretical, methodological and technological issues.



- Through Nordic cooperation it should be possible to create a Nordic PhD programme and academy. Nordic cooperation can serve to create a network based doctoral academy that links educational resources and strengths and also research environments. Individual research departments and institutions will in the near future find it hard to provide world class research training. Therefore it is of great importance that a Nordic research network will have the capacity to coordinate and intensify research into design and the design industry and establish a foundation able to help the Nordic design schools become research-based learning nodes. An expected positive outcome of initiatives like a Nordic research network is that it has the possibility to become successful in driving forward academic research as well as business spin-offs and applications.

Continuous (life-long) learning and training. Basic or undergraduate design educations are often excellent but there is a lack of resources and avenues for lifelong learning. Usually small and medium sized firms do not have the resources to continuously educate and train their personnel. In addition it can be difficult to find stand alone courses tailor made for design professionals.

- There is an urgent need for further education, ongoing seminars and training resources.

POLICIES TARGETED AT (POTENTIAL) DESIGN BUYERS

These policies are aimed at linking design into other industries and sectors, thus helping to create a common Nordic market for design.

Meeting places to increase awareness. Many other industries could greatly increase their awareness of the business benefits of employing professional designers.

- Design departments and in-house designers should be better integrated in firm strategic planning and general firm hierarchies. There is a need for upgrading the design knowledge of chief executives and senior managers and in design appreciation and the management and strategic application of design.

- Educate and inform administrative staff at public authorities and organizations to increase the knowledge and awareness of the importance of design and include the design dimension much more when making purchasing decisions.

- There are often significant gaps between clients' and designers' worlds. Consequently, meeting places and contact brokers could help bridge these gaps; and courses could be provided to designers on how to pitch projects and negotiate in the language of target industries. The public should allocate resources to increase awareness about design in industries not directly linked to the design industry by creating meeting places and strategic projects within the firm or with networks and milieus the firm moves within. A good example of such meeting places could be clusters, industry organizations and industry conferences should support meeting places and contact brokers to help bridge different worlds.

Icebreaker policies. Launch policy initiatives or icebreaker policies to increase the use of professional design in other industries, the public sector and education institutions.

- For example, the initiative administrated by DDC (Danish Design Center) where the government assigned earmarked resources to individual firms willing to invest in professional design services, is inspirational.

- Other examples of similar policy initiatives include creating national funding for strategic design projects where design and non-design firms can get funding to start up projects or product development in innovative areas.

- Other areas that need examination are tax on cultural products and the classification and condition of design as a tax deductible form of R&D.



POLICIES TARGETED AT DESIGN FIRMS

These policies are targeted at stimulating experimentation and change in the industry structure of the Nordic design industries. We are interested here in helping to lay the foundations for how private sector actors and firms within the design industry can better work together, create new employment, grow as firms, and reach their sales potential.

Industry mediators. There is a need for a better and more developed understanding between the design industry and other industries.

- In facilitating this effort it is necessary to found and support agents, brokers, and industry mediators. These actors can play a valuable role in bridging the gap between the design industry and other industries.

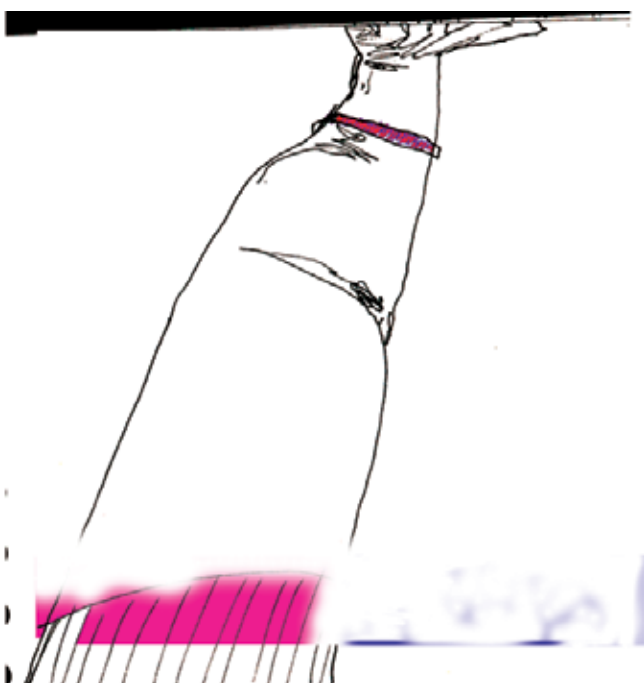
- Industry organizations and public authorities could produce information packages and organize targeted seminars to help financiers and venture capitalists understand what investing in design involves and the potential returns.

Upgrading the knowledge base. Inward investment could improve the competitive and knowledge base of the Nordic design industry. In order to achieve this local initiatives are important and encouraging the diversity of national and regional design clusters should be a Nordic priority.

- Inward investment agencies (e.g. Invest in Sweden Agency, Invest in Denmark, Innovation Norway) should target international design firms and design-intensive firms and sectors to locate offices or project teams in Nordic regions.

- The design industry needs to professionalize their sales and revenue streams. Current contract and payment models in the industry are overwhelmingly focused on hourly rates and can be an ineffective method of valuing the intellectual property design firms develop for clients. The design industry should look to other creativity- and knowledge-based industries for new types of revenue streams from their intellectual property. Monitoring services and best practice studies and business consultancy services could help with this. In order to upgrade the knowledge base in the Nordic design industry courses on how to pitch projects and negotiate in the language of target industries could be provided. This should be provided with the aim of helping designers to be better at presenting their business cases and to link to buyer/customers to a higher degree. In addition, design companies must be better at using, for example, marketing techniques to reach new customers.

Export oriented activities. Trade fairs are now important aspects of the business environment in all industries. This is especially true in the design industry. However, participation and presence at trade fairs is costly and resource intensive. Support is needed to help design firms attend at international trade fairs and the like. On the other hand trade fairs themselves can be good candidates for policy support.



- Trade fair support should be recognised as a real investment opportunity in itself by export authorities and trade bodies (and not just a promotional exercise). Funding attendance and activities that link firms with potential clients and marketing/press channels should be prioritized. At trade fairs export authorities and industry organizations can help with administrative issues and translation services, and by helping pre-arrange business and press contacts.

- Nordic and national trade fairs should be supported in their efforts to internationalise and attract greater international attention. Strong, vibrant, internationally recognised trade fairs attract enormous attention to their regions, bring in (if only temporarily) new innovations and people, and greatly help firms access wider markets. Trade fairs are also an important tool used by many countries to enhance their international brand and standing as centres for design.

Helping overcome growing pains. It is necessary that business and entrepreneurship is better developed and strengthened if the Nordic countries are to become a World Class Design Region. Policy initiatives should focus on the creation of a solid foundation and institutional structure facilitating companies and firms to start and grow. In particular, policy initiatives directed towards the Nordic design industry have an important task in coordinating and facilitating cooperation between firms.

- The design industry (e.g. small established design firms wanting to make the next step; firms that want to grow; or networks of flexible specialisation firms) sometimes face problems securing venture capital. In general the industry needs more information on venture capital. Equally the opposite applies. Potential investors need to upgrade their knowledge and be more aware of how to develop business opportunities based on design and how to evaluate these opportunities.

- Provide operational information such as IPR (intellectual property rights) based and other forms of payments, and enhance the internal and external knowledge about IPR. Although the Nordic IPR regimes are fairly well developed there may be a need for a better understanding of design firms' rights and potential profit streams. Provide specialized legal services giving advice to small and medium sized design companies on IPR issues and commercial strategies: especially in connection to exporting IPR.

- Design firms are operating in increasingly international and niche markets – trade authorities and government should give advice and help fund firms internationalize.

POLICIES TARGETED AT INDUSTRY INSTITUTIONS, ORGANIZATIONS AND ASSOCIATIONS

These policy suggestions are aimed at the institutional infrastructure: Helping the design industry to become better organized and to be able to carry out activities at a Nordic level. Given the current low level of organization at both national and Nordic levels it is a substantial challenge to upgrade the organizational cooperation. However, without the active involvement of trade associations, industry organizations, trade unions, lobby groups, and so forth, the process of creating a common Nordic design industry is bound to move forward very slowly.

Institutional infrastructure.

- National industry organizations should coordinate their efforts and join together.



- Support should be given to professional networking initiatives. In particular, industry associations should supported in their efforts to help link small firms together so that they can share experiences and offer wider joint product packages.

- Nordic government should establish a design council with the purpose of strengthening design policy and the design industry.

- In order to advertise the Nordic countries and support institutional networking design driven region global prizes, awards and congresses could be supported. High profile prizes in the areas of culture and science already add considerably to the Nordic region's global reputation. A Nordic 'Polar' prize in design could be model for such an initiative. Such a prize should be global in its focus. Global gatherings or congresses aimed at promoting design should be encouraged in the Nordic countries. Such congresses bring status to the region and attract attention to what is happening here. Current models for this are Index and ERA. The ERA 05 World Design Congress was held in Copenhagen, Oslo, Göteborg and Helsinki and is a good example of what can be achieved at a Nordic level.

POLICIES TARGETED AT OTHER ORGANIZATIONS AND INSTITUTIONS

These policies are targeted at how existing information channels and institutions in the cultural sphere may be used for disseminating information, helping to brand Nordic design and providing platforms for the integration of the Nordic design industries.

- Support for common branding abroad and within the Nordic countries. Brands such as Scandinavian Design or Swedish style are valuable and have currency abroad. However, brand building and maintenance is a delicate process. Efforts made should not be focused on particular 'styles' or 'aesthetics' but on attributes such as innovation, quality and diversity. The aim should be to promote Nordic/Scandinavian design as an internationally recognized brand (or set of brands) such as 'Paris fashion'.

- These initiatives might work best if focused on building B2B (Business-to-business) brands around Scandinavian or Nordic design – not promoting design to the world in general but to business people that are in the market for design services and products. National and regional brand building focused on consumers need to be complemented by branding efforts directed at targeted business areas through trade missions and business linking, etc.

- Follow up projects to the Design Year 2005. Nordic initiatives that go beyond 2005 and takes up the momentum produced by the national Design Years could help raise awareness of Nordic design in the long term. However, there is a danger that the public suffer from 'design overload': such follow up projects should be clear in their goals and targeted at real business opportunities.

- Nordic institutions, at home and abroad, should offer designers, designer firms and organizations more and better opportunities to demonstrate their products and services in existing exhibition spaces and facilities. As we have already mentioned there is a wealth of cultural institutions, exhibition spaces, galleries, museums, etc. in the Nordic region and abroad there is an extensive network of cultural organizations, consulates, etc. that represent the Nordic countries. These spaces can play an important part in communicating design to other sectors and customers. In addition, these spaces and organizations can help provide an institutional framework and focus for the design industry by acting as platforms and arenas within which the Nordic design industry could meet, cooperate and identify itself. By opening themselves to Nordic designers and design firms these spaces and organizations could greatly help to the industry achieve its potential.

CONCLUSION

Design and design professionals contribute enormously to our cultural life and as such cultural policy that is supportive of design innovation and creativity is of undoubted importance. However, design can not be treated simply as a set of cultural activities. Design is an activity that is predominantly carried out in commercial enterprises and designers need a growing industry in which they can earn a living that supports their creative development. In addition design is increasingly important as a strategic input into all Nordic firms and economies competitiveness. For these reasons it is necessary that policy supports the development of the industrial and commercial aspects of design.

In this brief report we have taken an unashamedly economic approach to the development of design. In particular we have argued that there is a sound case for thinking that, in addition to local policies, we need policies which aim at supporting a *Nordic* design industry.

The Nordic region is currently well positioned to become a global leader and player in commercial design activities. There is already a rich and varied talent base and a growing number of innovative and competitive design firms. Given these strengths and the fact that the global market for design services and products seems to be ever expanding there is no reason that we should not be ambitious and aim to make the Nordic region a world class centre for the design industry.

We suggest that policies focused on the Nordic level could best start by focusing on achieving four goals: the creation of a common market; laying the ground work for more cross border cooperation and competition within the design industry; attracting new talent and investment to the region; and building a global brand that includes and helps all Nordic design firms.

In order to achieve such goals we must recognise that the design industry faces many challenges today. With these in mind Nordic policy should concentrate on addressing these challenges with concrete policies in five key areas: education and knowledge policies; policies targeted at design buyers; policies targeted at design firms; policies targeted at industry institutions; and policies targeted at other organizations.

Finally, we hope that the ideas and suggestions contained in this document can act as a provocation to both policymakers and the design industry and help start a constructive debate and dialogue on how we can together create a world class regional infrastructure for design activities.

