

Knowledge-Based Capital and the Creation of Value by Business: The Role of Design

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February 13, 2013
OECD, Paris

Agenda

- Why is design important for countries?
- Why is design important for companies?
- What can policymakers do?
- Conclusion

Design is a means to connect with people

Apple's Official Mission Statement

"Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings."

The Apple Experience

"Man is the creator of change in this world. As such he should be above systems and structures, and not subordinate to them."

Design changes the game



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Strategic challenges require design

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- Co-creation/Consumer Experience
- Innovation/New Business Model Creation
- Globalization
- Human Capital Development
- Health

Convergence of Brand and Design



Convergence of Brand and Design

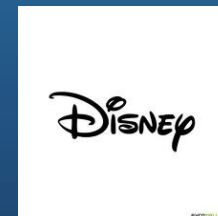
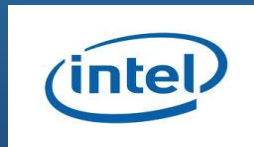
- Brand leaders are design leaders
- Brands have a distinct look, feel and experience
- This experience must be valued by consumers



The role of technology

No longer “tools”, but new brands

1. Coca Cola
2. **IBM**
3. **Microsoft**
4. **Google**
5. GE
6. McDonald's
7. **Intel**
8. **Apple**
9. Disney
10. **HP**



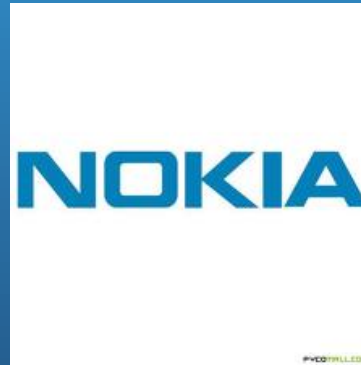
Top 10 Global Brands 2012

1	Coca-Cola (+8%)	\$77,839 M
2	Apple (+129%)	\$76,568 M
3	IBM (+8%)	\$75,532 M
4	Google (+26%)	\$69,726 M
5	Microsoft (-2%)	\$57,853 M
6	GE (2%)	\$43,682 M
7	McDonald's (+13%)	\$40,062 M
8	Intel (+12%)	\$39,385 M
9	Samsung (+40%)	\$32,893 M
10	Toyota (+9%)	\$30,280 M

India's most trusted brands 2011

Mirroring global trends

1. Colgate
2. Lux
3. **Airtel**
4. Lifebuoy
5. **Nokia**
6. Dettol
7. Britannia
8. **Vodafone**
9. Maggi
10. Closeup



A Sphere of Influence



Facebook is expected to have more people than China by 2016

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Top 10 Most Innovative Countries (Global Innovation Index)

All are high income countries

1	Switzerland	68.2
2	Sweden	64.8
3	Singapore	63.5
4	Finland	61.8
5	United Kingdom	61.2
6	Netherlands	60.5
7	Denmark	59.9
8	Hong Kong (China)	58.7
9	Ireland	58.7
10	USA	57.7

Other Major Global Players Capacity Building in Key Areas

- 17. Israel
- 21. Republic of Korea
- 32. Malaysia
- 34. China
- 57. Thailand
- 64. India
- 79. Mexico

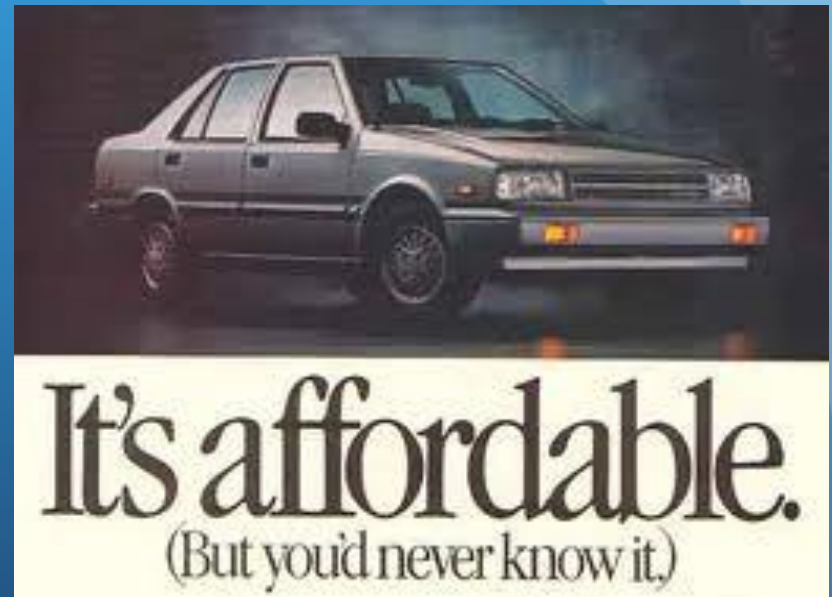
Source: INSEAD/ WIPO Global Innovation Index, 2012

Design as a strategic signal

Transforming the consumer experience: Hyundai

First Ad for Hyundai Excel

- Began selling low-priced cars in the US 25 years ago
- Seen as an alternative to a used car - at \$5000
- Offered “Best Warranty in America”
- Sold 168,000 cars in 1986



Brand Evolution

First SUV 1999 Hyundai Santa Fe



First midsize car 2000 XG300

First Luxury Car 2007 Genesis



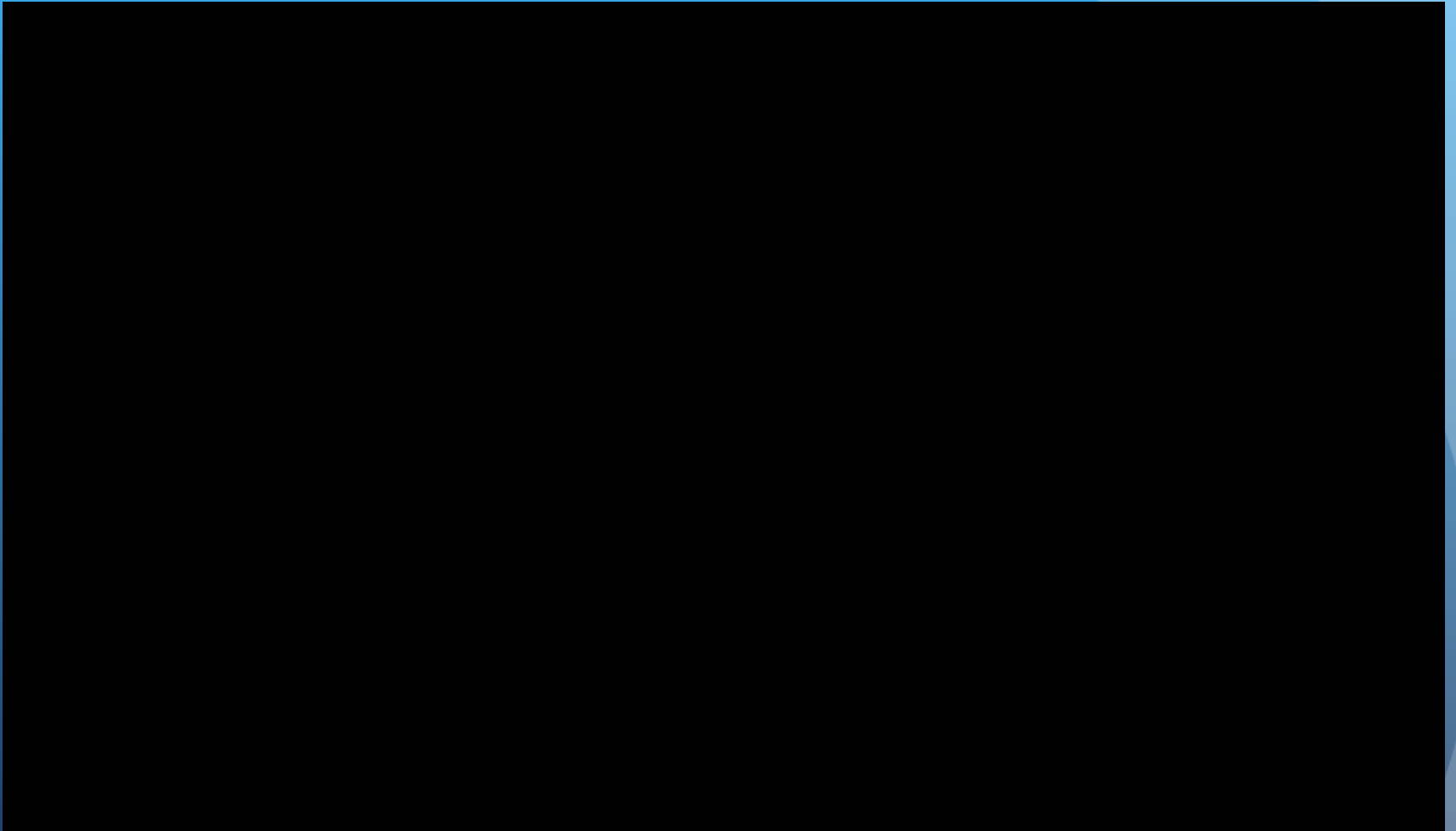
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Design and business models that connect

- 2008, introduction of Hyundai Assurance program at the beginning of recession - 14% sales increase
- Hyundai Genesis voted one of the Best New cars of 2009 (in \$32,000 - \$37,000 price range)
- Goes from 11th to 4th largest carmaker (topped Ford by 400,000 vehicles)
- Named No. 1 “upward climbing brand” and top in brand loyalty



Luxury Hyundai Equus Today



Design as a tool of social justice

GE: The Magic of Science and Empathy

Panda Infant Warmer



- Issues addressed:
Reduce fear for parents and children
- Friendly imagery, simplified User Interface
- Cost of Equipment: \$20,000 - \$40,000
- Cost of Training: 3 day course, \$4500 - \$5000
- Market: Large hospitals, NICU

Non-profit Consortium (CIMIT)

- Incubator from car parts



- Issues addressed: high cost of maintaining incubators and scarcity of parts
- Project development cost: \$150,000
- Cost of building unit: \$1000
- Steady supply of replacement parts worldwide

Updated Image of “Neonurture” Design that Matters



Embrace: MBA Student Design

- A portable solution



- Issues addressed: Many people don't have access to hospitals or health care
- Cost of solution: \$100
- Designed to be reusable
- Maintains constant temp. for 4-6 hours, insert can be reheated with hot water

Innovations with Global Relevance

BOP Design Elements

- Lower cost
- Ease of use
- Sustainability
- Scale

New Markets

- Elderly/ Fixed Income
- Students
- Eco-conscious
- Unemployed

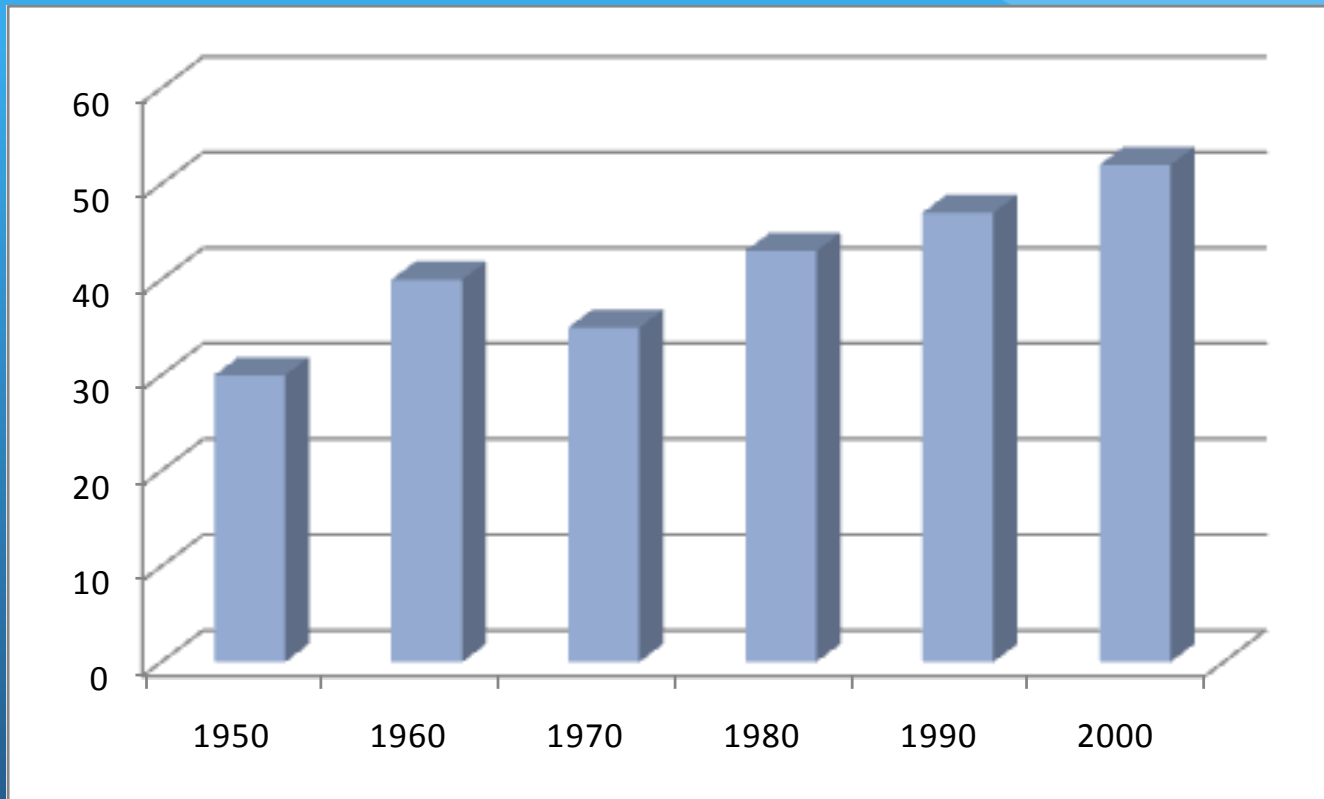
What are the policy implications?

Build/ Maintain Governance Standards

Global Innovation Rank	Transparency International Rank
1 Switzerland	6
2 Sweden	4
3 Singapore	5
4 Finland	1
5 United Kingdom	17
6 Netherlands	9
7 Denmark	1
8 Hong Kong (China)	14
9 Ireland	25
10 USA	19

Source: INSEAD/ WIPO Global Innovation Index, 2012, Transparency International .

Intangibles as % of Enterprise Value



Year	Value
1950	30
1960	40
1970	35
1980	43
1990	47
2000	52

Source: The Brand Bubble

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What are intangible assets?

Intangible Assets	Brand	Brands, customer goodwill, trademarks, company reputation
	Market Position	Contracts, licenses, legal monopolies, customer lists
	Business System	Organizational models, software investment, proprietary processes, franchise rights
	Knowledge	R&D, patents, human capital, IP

The present extremes...

- Vigil outside Apple store
- Occupy Wall Street



Create access to critical design tools

Techshop - the new public library?



Establish standards for social innovation

Case Study: India

- Number of NGOs

- 1970 - 144,000
- 1980 - 179,000
- 1990 - 552,000
- 2000 - 1,122,000
- 2009 - 3,300,000

Source: Indian Express

- HDI Ranking of India

- 2000 - 128
- 2005 - 127
- 2009 - 132
- 2011 - 134

Note: Methodology was changed in 2010 to give greater weight to inequality

Listen. Experiment. Refine. Repeat.