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Design in the Conceptual Age

Of the \$22BN coatings industry in North America, \$12BN serves the industrial and manufacturing markets where our technologies are used to coat and protect durable goods destined for both the consumer and other manufacturers. As we all know our customers, the durable goods manufacturing industries in North America have been under pressure from the effects of overseas manufacturers who have much lower overall costs. While we all complain and are concerned about it, the bottom line is that the consumer (you and me who do the complaining) really like the choice available to us. Our customers, the durable goods manufacturers, have a common theme which one hears all the time and it involves the words “maturity”, “declining profitability” and the need for “leadership”.

The trends are clear but specific solutions are lacking. Part of the problem is that many of the “pain points” are just indicators of a much broader issue.

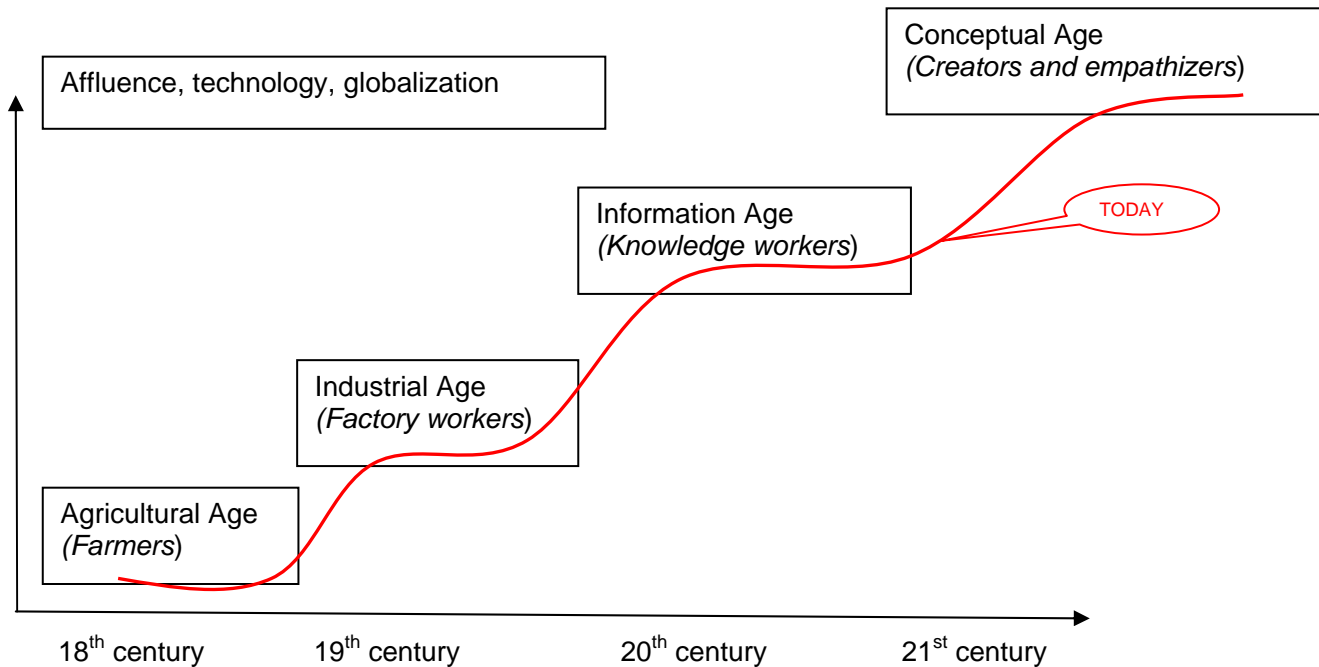
The blunt fact is that we are undergoing a radical change as industrial society caused by the following;

- A “pull” vs. “push” economy; Globalization has created an abundance of capacity for just about everything. Simply being able to produce something is of no great value, it must be wanted by the consumer.
- Technology is creating the capability for production of goods and services with fewer and fewer workers. This is creating dislocations and dysfunctions in society that we are struggling to deal with.
- The old motors of growth – land, capital, and natural resources will be replaced by more qualitative assets. Organization, motivation and self discipline.



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What we are experiencing is a transition from the information age to the conceptual age. As one considers the advance of society from the 18th century to now we can subdivide it into segments as shown in the following graph;



Graph adapted from Pink⁹

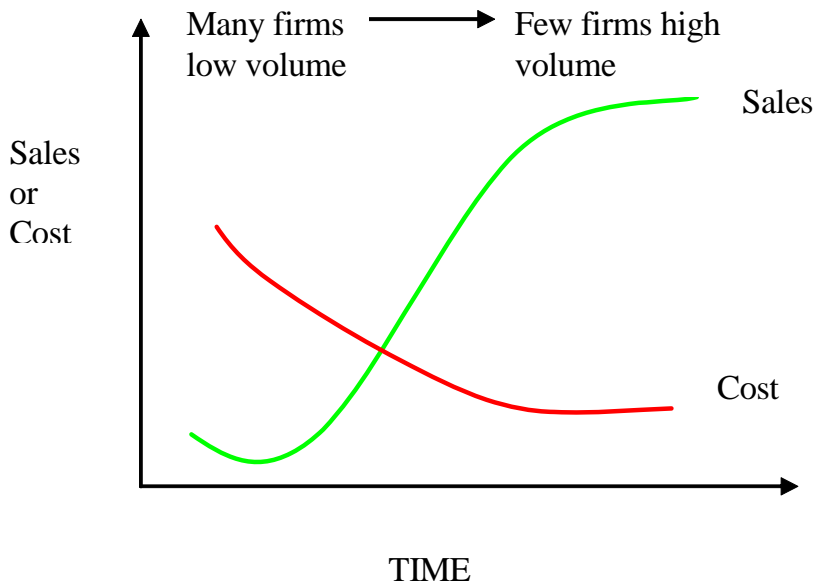
As society advances it has passed from an agrarian to a factory/labor intensive base, to in the past few years, the information age. Most of us in this industry began our careers at the beginning or middle of the information age. While we probably recognize the significance of this shift, the rate at which it is happening is catching us off guard. The red line on the above graph signifies periods of relative stability, in which we develop habits and assumptions about the future. Unfortunately one of our assumptions is that these shifts from era to the next happen very slowly. This is the real problem, they do not shift slowly, and change comes very rapidly.

In order to prosper in this new environment we must develop a whole new set of skills and abilities. It must be done quickly, the “cat” is already “out of the bag” we are today on the upslope of the transition and there is more rapid change to come. This period of stability followed by rapid change is the reason for what we perceive today as stress and lack of vision.



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Our “industrial model” has depended on the “learning curve” approach to business as shown below



In a relatively stable environment we can “take our sweet time” to improve our business through improving sales and lowering associated costs at a rate that the information age human being is comfortable with. With the advent of the forces of globalization the time scale has dramatically shrunk thereby creating the pain points we see today.

In order to succeed in this new environment we must make the following shifts

Information Age

Consolidation
Product Assembly
Manufacturer
Supply Chain



Conceptual Age

Fragmentation
Product creation
Designer
Value “Network”

In an age of material abundance “design” has become a crucial means of differentiation and as a way to create new markets. As global competition becomes more intense, new dimensions of competitive strategy have received increasing attention. One of the most important is design and the management of design. Most managers consider good design frivolous. They viewed Designers as people who simply determine the color and overall appearance of a product. Design—from reliable performance to quality appearance—is indeed a crucial competitive weapon.



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Electrolux, recently featured in Business Week magazine sponsored a global design contest in which students from 88 different schools of design participated. The participants had only three criteria

1. Solve the customers needs
2. Create a “wow” effect, as well as appeal emotionally and intuitively
3. Creatively applies technology from other product areas.

The winner was the “Airwash” waterless washer, which eliminates the use of detergent and water in the clothes cleaning process. It also converts the current ugly washer which is usually stuck into a back part of the house into an attractive decorative appliance that can used anywhere in the home. Since white goods do consume a significant amount of coatings in their manufacture the success of this type of product could impact many suppliers’ of coatings. On the flip side, being involved in the original development of such a device could create a whole new world of opportunity.

The winner of this design contest by the way was China.

Its 5:00 PM do you know where the designers are?

John Lowry ~ Director, The *CHEMARK* Consulting Group, Inc.