

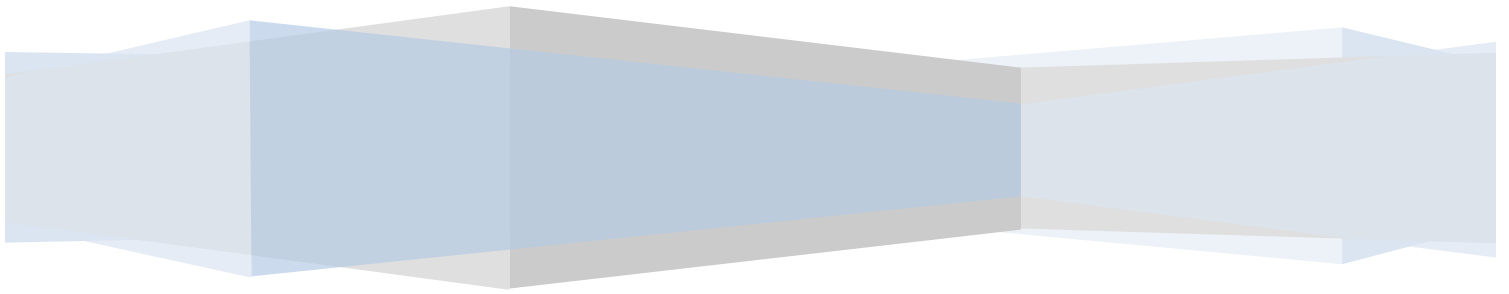


Handelshögskolan  
VID GÖTEBORGS UNIVERSITET

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# Structuring the Innovation Spirit

*A Study of Two Design Consultancies and their  
Approach to Innovation*



## **Bachelor Thesis**

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## Abstract

**Title:** Structuring the Innovation Spirit

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**Level:** Bachelor thesis in Management, (15 ECTS-credits), Spring 2010

**Research question:** How do the two companies Designit and IDEO present themselves as innovative organizations on their websites?

**Purpose:** The two design consultancies Designit and IDEO have been chosen for this study, to develop a better understanding of how innovation can be increased in organizations.

**Methodology:** The methodology is a textual analysis of each company's website, where their presentations of themselves show their approach to innovation in the organization, their working methods and their general mindset.

**Theoretical framework:** The theoretical framework includes three classical theories; two theories discuss innovation, and the third discuss organizational structure. Schumpeter's *Theory of Economic Development* describes how innovation arises in society, and has a more general approach to innovation. Rogers's theory *Diffusion of Innovations* illustrates how innovations spread in society, and emphasize the importance of the diffusion innovation to the consumers. Mintzberg's theory *Structure in Fives* tries to explain how and why organizations structure themselves as they do. His configuration Adhocracy is presented in closer detail.

**Empirical framework:** Quotes from the websites have been chosen, to clearly show how these two companies present themselves as innovative organizations.

**Conclusion:** The conclusion in this paper summarizes a few important factors that seem fundamental for being innovative in these two organizations, and these factors include: multidisciplinary teams, creativity-enhancing working methods, client involvement, user-centered design, reality focus, and a general mindset in the organization that supports innovation. Both companies had these factors in common, and many of these identified factors could also be found in the theoretical framework. The findings in this paper can be used as a starting point of reflection for other organizations that wish to enhance innovation.

**Keywords:** Innovation, design consultancies, collaboration, multidisciplinary teams, creativity, client focus, user-centered design, Designit, IDEO, Mintzberg, Schumpeter, Rogers.

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# 1 INTRODUCTION

This section presents the main topic in this paper, and the topic is innovation. At first, there will be a discussion on why this topic is relevant to study. Secondly, there will be a general discussion on innovation, in order to understand how the concept might be defined. Then, the research question will be presented, and the purpose of the paper will be discussed. Finally, some basic knowledge about the two chosen companies in this study is presented briefly.

## 1.1 Rationale of Study

We humans have been innovative as long as our species have existed. For instance, the car would probably not have been developed, if the wheel had not been invented a long time ago. The Industrial Revolution is a great example of how important innovative breakthroughs can be for society, as those innovations revolutionized the daily life. In other words, society as we know it today would not exist, if it were not for innovation. Despite our long history of an innovative spirit, the phenomenon innovation is bigger today than it has ever been before. For example, the British publication *Economist* stated a few years ago: “*innovation is now recognized as the single most important ingredient in any modern economy.*”<sup>1</sup>

Businesses are facing a much tougher competition today due to globalization. Internet is one of the tools that have contributed in making the global market more accessible and transparent. It is possible to find new revolutionary products that have been launched on the other side of the planet, thanks to this simple tool. Since customers are much more aware of what is happening anywhere, businesses now have to compete on a global scale. This is one of the reasons for why innovation has become so important for organizations today; innovation has become a competitive advantage in a global world, which is changing and developing rapidly. Innovation is even so important that “*it is commonly perceived that organizations should innovate to be effective, or even to survive.*”<sup>2</sup>

Most organizations of today have acknowledged the importance of being innovative, and they are frequently using words such as “innovation”, “innovative” and “design” in an attempt to follow this trend. However, far from all companies manage to build an image of really being innovative. The same companies continue to top the lists of the world’s most innovative companies each time; for example, Apple and Google was in top in the latest list made by *BusinessWeek*.<sup>3</sup> The same two companies have had those rankings on this list since 2006. Then, what are these companies doing different from everyone else? Or put differently, what are all other companies doing wrong?

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<sup>1</sup> “Thanksgiving for innovation.” *Economist*, (2002).

<sup>2</sup> Damanpour, F. & Schneider, M. “Phases of the Adoption of Innovation in Organizations” *British Journal of Management*, (2006).

<sup>3</sup> “THE 25 MOST INNOVATIVE COMPANIES.” *BusinessWeek*, (2009).

It is obvious that innovation is one of the most important qualities organizations should strive for today. During the last decades, many design consultancies have emerged as a response to this phenomenon. There is a market for helping companies being innovative, since clearly they are not able to reach innovation themselves. Then what are the secrets these consultancies have? In what way are they innovative and what knowledge do they have that most other companies lack? Are these design consultancies really necessary in order to be innovative, or can organizations maybe manage to become more innovative on their own?

## 1.2 General Discussion about Innovation

Innovation can be described in many different ways, and there is not one acknowledged definition in use. However, the general understanding of innovation is pretty much the same, although the definitions differ slightly. The purpose of this paper is not to provide an explanation of what innovation really is; a “true” definition will thus not be presented. However, a basic understanding of innovation is essential in order to understand the topics discussed in the paper. A few different definitions will therefore be introduced, and a general definition from the common denominators will be made in the end of this section.

*Nationalencyklopedin* defines innovation as “a process through which new ideas, behaviours and practices enters society and then diffuses there.” It also states “Inventions are usually not denoted as innovations until they are in use”<sup>4</sup> (our own translation).

The first definition of innovation in the *Oxford English Dictionary* is “the introduction of novelties; the alteration of what is established by the introduction of new elements or forms.” Another definition presented is “a change made in the nature or fashion of anything; something newly introduced; a novel practice, method, etc.” and “the action of introducing a new product into the market; a product newly brought on to the market.” Also J.A. Allen’s words from *Science, Innovation & Industry Prosperity* are cited: “Innovation is the bringing of an invention into widespread, practical use. (...) Invention may thus be constructed as the first stage of the much more extensive and complex total process of innovation.”<sup>5</sup>

*The International Encyclopaedia of Organization Studies* begins the section about innovation with the following description: “Innovation is now commonly defined as the creation of novelty of economic value. This usually translates into seeing innovation as the creation of new products and services, as the processes of production of these and as the associated organizational changes, sometimes including the establishment of new work practices and skills.”<sup>6</sup>

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<sup>4</sup> Nationalencyklopedin, <http://www.ne.se.ezproxy.ub.gu.se/lang/innovation>, 2010-04-16.

<sup>5</sup> Oxford English Dictionary, [http://dictionary.oed.com.ezproxy.ub.gu.se/cgi/entry/50117397?single=1&query\\_type=word&queryword=innovation&first=1&max\\_to\\_show=10](http://dictionary.oed.com.ezproxy.ub.gu.se/cgi/entry/50117397?single=1&query_type=word&queryword=innovation&first=1&max_to_show=10), 2010-04-22.

<sup>6</sup> Marceau, Jane. (2007). Innovation. *International Encyclopedia of Organization Studies*.

To sum up, innovation is to perform something in a new way. It can be the launch of an entirely new product, but it can just as well be the launch of an existing product in a new market, or using new production methods. Innovation does not have to involve a revolutionary invention; it is innovative as long as something is achieved in a new way. Another important aspect in the definition of innovation is that it should produce an economical value.

Finally, many words and concepts are closely linked to the concept innovation. In this paper, innovation, design and creativity will be considered as strongly related phenomena. Creativity is similar to innovation, since also creativity is the discovery of new ideas, although it is more a state of mind that might lead to innovation. Furthermore, the word design can be used in many different contexts. However, design and innovation are often connected; the companies who are seen as innovative are often also praised for their design. Steve Jobs said, “*design is not just what it looks like and feels like. Design is how it works.*”<sup>7</sup> This quote has inspired the understanding of design in this paper.

### 1.3 Research Question

How do the two companies Designit and IDEO present themselves as innovative organizations on their websites?

### 1.4 Purpose

The purpose of this paper is to get a better understanding of which factors that can help nurture innovation in organizations. However, this paper should not be read as a recipe on how a company can become innovative. Instead it should be used to encourage reflection and make people think about their own organization and how they might stimulate innovation. The two design consultancies Designit and IDEO are going to be examined, in order to see how they approach innovation. Although the working processes and mindsets that are being used in these design consultancies cannot be applied to all companies, there might be certain aspects they apply in their organization that can be valuable in other companies, with modifications of course. This paper should hopefully ignite a spark in the readers mind and encourage them to think more creative and reflect on how they can support innovation in their organization.

The theoretical framework in this paper will discuss a few famous theories on innovation and organizations. A classical theory on organizations supporting innovation will be presented, namely Mintzberg, as well as classical theories on innovation, such as Schumpeter and Rogers. On the one hand, the theoretical framework will present a traditional view on innovation. On the other hand, the empirical work will be based on a study of two successful design consultancies. Each company’s website will be examined and analyzed in order to see how they are describing themselves as innovative. The empirical work will create an image of how innovation and innovative organizations are presented today, in order to grasp the current understanding of the phenomenon. To sum up, the ambition of the paper is

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<sup>7</sup> [http://en.wikiquote.org/wiki/Steve\\_Jobs](http://en.wikiquote.org/wiki/Steve_Jobs), 2010-04-20



to better comprehend which factors that can help to support innovation in an organization, based on a study of two companies who have innovation as their core activity.

## 1.5 Information about the Companies



### 1.5.1 Designit

Designit is an international strategic design consultancy that works within the areas of, for example, product design, service design, and interactive design. The company was founded in 1991 by Anders Geert, Mikal Hallstrup and the CEO David Fellah in Aarhus in Denmark, where the company's headquarters are today. Designit also has offices in Copenhagen, Gothenburg, Oslo, Paris, London, Munich and Shanghai. They have more than 80 employees and are one of the largest design consultancies in Northern Europe.<sup>8</sup> On their website, they state that *"our soul is Scandinavian, our mindset is international, our market global."* Furthermore, in their mission they describe themselves as *"agents of change"* and also declare that they combine human needs with strategy. Finally, they state *"innovation is a collaboration between you, us and the user."*<sup>9</sup>

As mentioned, Designit offers their service within many different areas. They have a big focus on healthcare, and have for example, developed "Helping Hand" together with Bang & Olufsen Medicom. This is a tablet dispenser, which helps reminding patients to take their medication. They have also worked on many different projects with Novo Nordisk, and helped develop products, such as the successful insulin delivery device "FlexPen", as well as product user manuals and an internal website for the company. Some of the other sectors they are working within are consumer electronics, food, financial services, telecom and the public sector. Designit have won many awards for their products; for example, they received three different awards for Helping Hand in 2005. The most recently award received is an award called Eyewear of the year 2010.

### 1.5.2 IDEO



IDEO is one of the most famous design consultancies in the world. IDEO was founded in 1991, in a merger of three established design firms created by David Kelley, Bill Moggridge, and Mike Nuttall. In other words, IDEO's creators had been working with design long before IDEO was born; even as early as 1969 when Moggridge Associates was founded.<sup>10</sup> IDEO's headquarters is located in Palo Alto, California. They also have offices in San Francisco, Chicago, Boston, New York City, London, Munich, and Shanghai. IDEO has more than 550 employees, and Tim Brown is CEO. On their website, they state, *"we are a global design consultancy. We create impact through design."* Furthermore, they describe their popular concept design-thinking as *"human-centered innovation"*.

IDEO works within many areas, and some of their focus areas are education, environmental impact, food science, health, innovation strategy, manufacturing, and invention

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<sup>8</sup> <http://en.wikipedia.org/wiki/Designit>, 2010-04-18

<sup>9</sup> <http://designit.com/about/story>, 2010-04-18

<sup>10</sup> <http://www.ideo.com/culture/history/>, 2010-04-18

& engineering. IDEO has helped develop successful products, such as “Humalog/Humalin Insulin Pen”, the “Palm V PDA”<sup>11</sup>, and the service “Keep the Change” account for Bank of America. They have won numerous awards for their products and services, and have had many high rankings in honourable lists. For example, they were ranked as #35 of the 50 most innovative companies, in *Fast Company*’s list from February this year (2010)<sup>12</sup>, and they were ranked as #10 on the same list in 2009. They have also won more IDEA awards than any other design firm. Finally, they have been ranked #15 on Fortune’s list of the 100 most-favoured employers by MBA-students in 2009.

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<sup>11</sup> [http://findarticles.com/p/articles/mi\\_gx5202/is\\_1994/ai\\_n19122362/?tag=content:coll](http://findarticles.com/p/articles/mi_gx5202/is_1994/ai_n19122362/?tag=content:coll), 2010-04-18

<sup>12</sup> <http://www.fastcompany.com/mic/2010/profile/ideo>, 2010-04-18

## 2 METHODOLOGY

This section will try to explain our approach to the research, and describe the chosen methods. First of all, the different choices will be motivated; such as the choice of subject, the choice of companies, and choice of data. Then, there will be more focus on the actual methodology, where the choice of approach and analysis will be motivated and described. Finally, the procedure of the data collection and the analysis will be illustrated.

### 2.1 Choice of Subject

Innovation is a phenomenon that has become increasingly popular in today's society. It has been recognized that companies need to be innovative in order to survive in the competitive, globalized world market. Innovation is an important competitive advantage, which many companies seek to achieve. However, far from all companies manages to be innovative. In view of this, it is essential to learn more about how a company can enhance innovation.

This paper approaches innovation from an organizational perspective. The purpose of the paper is to better comprehend how an organization can be innovative, by creating an organization that supports innovation. The conclusion of this paper will hopefully help the reader understand which factors that can be important in enhancing innovation in an organization.

### 2.2 Choice of Companies

Different approaches for this paper were discussed, before these two companies were chosen. For example, if companies that were seen as innovative, but did not have innovation as core activity, should be examined; or if companies that were not perceived as innovative, but claimed that they were, should be studied. However, we believe that companies which have innovation as their core activity will be the best examples to learn from and will give the most interesting answer to the research question.

We were familiar with IDEO before we started writing this paper, and knew that they are one of the most successful design consultancies in the world. In view of this, it seems significant to examine this company, and it can be seen as a kind of benchmarking when understanding innovative organizations. In comparison to IDEO, Designit was completely unknown to us before, and we found out about them by searching for design companies in Gothenburg. We think that Designit is a suitable company to study in this paper, since it is very similar to IDEO. In this way we will be able to see which factors both companies highlight as essential for being innovative.

Although we knew a lot about IDEO before we started, we will still try to disregard this information and only concentrate on what we find on their website. However, since we did not know anything about Designit before, we will be able to found our impression of them and how they work with innovation from our empirical framework.

## 2.3 Choice of Data

Today, most large companies use their website as the primary way to communicate with the outside world. This quote explains this further; “*For people a website best answers who, what, why, how and when the business can help them. For the business it is the best chance they have to fully and completely express who they are, how and why they are special and best able to provide the value people are looking for.*”<sup>13</sup>

Once we had found these two companies and decided to do a textual analysis, it felt most natural to examine their websites, since both websites provided a lot of available information in text form. The website is a forum where the company presents themselves and has a free space to determine and control how they describe their organization and how they want visitors to understand the company. In other words, they will probably choose to illustrate the factors that are considered as essential in order to show what makes their company unique.

A further discussion about this can be made with the help of Mats Alvesson’s model of different aspects of a business idea (see figure 2.3). The chosen data in this paper, the websites, can be assumed to present the business idea as well as the core activity of the companies. This model is therefore interesting to study, in order to understand different perspectives that can be studied in order to answer the research question. Alvesson’s model is divided into four perspectives, and six functions of the business idea, which blend into each other. This paper mainly focuses on the Ideal and the External perspectives, which includes the Ideological, Image, and Marketing functions.

The type of analysis we have chose to perform will illustrate the ideological image the company wishes to present. A website is a way of marketing yourself, and of course this affects the information that is presented. The company would want to create an image that creates legitimacy. Furthermore, the presentation they have chosen will most probably show the ideal they wish to be. However, Alvesson claims that although this function is making the business idea seem more attractive, there still has to be some truth in the statements that are made.<sup>14</sup>

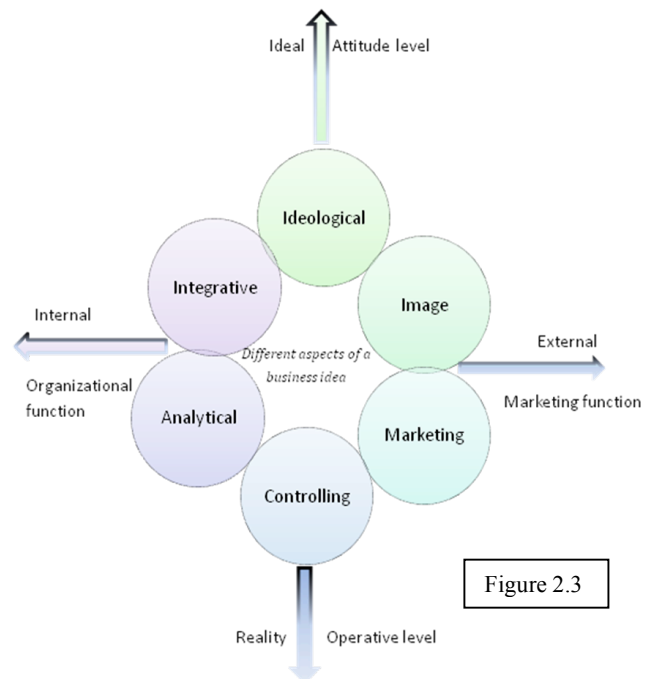


Figure 2.3

<sup>13</sup> <http://www.webdesign.org/web-design-basics/design-principles/do-you-know-why-a-website-is-so-important-for-your-business.15355.html#ixzz0mP1oISK0>, 2010-04-20

<sup>14</sup> Alvesson, M. (1989). *Ledning av kunskapsföretag*. (p. 250-255)

## 2.4 Choice of Approach

There is a distinction between qualitative and quantitative methods in the literature of methodology. The reason for separating them is to highlight that there are different ways to establish knowledge.<sup>15</sup> The major disparity is that there are different types of data to work with.

The quantitative approach deals with "hard" data, such as questionnaires, which is one of the most widely used techniques in this approach. Quantitative data is usually compiled by using different calculations. In comparison, qualitative data is "softer" and this can for example be form of shorter or longer texts. A qualitative approach is suitable when calculations are not appropriate, and there is rather a focus on processing the texts through different forms of interpretations. Hence, the ambition with the qualitative approach is to find a meaningful connection and get a comprehensive understanding of the data. On the other hand, the intention in the quantitative approach is to find causality through a more superficial image of information. However, Johannessen and Tufte believe that although there are differences between the two approaches, neither is completely accurate and they may even complement each other.<sup>16</sup>

The chosen methodology for this paper can be resembled to a qualitative approach, since the empirical material is texts that will be interpreted and analyzed by us. The ambition is to find a deeper meaning in the information provided on the websites, and then categorize our interpretations in some way. This categorization could be seen as part of a quantitative approach. Apparently, it is difficult and also undesirable to clearly express a certain choice of approach, since they often can blend into each other. However, the research method can still mostly be compared and resembled with a qualitative approach.

## 2.5 Choice of Analysis

The purpose of this paper is to look at factors applied in organizations, as they try to be innovative. We have chosen to not establish contact with the two selected companies during our research, since both companies' websites contain very extensive and detailed information. The material found on the websites should therefore be enough, in order to answer the research question. Therefore, we chose to do a textual analysis of these two companies' websites, in order to see which factors they highlight in their presentation of themselves. By interpreting their presentations, we hope to find factors that contribute to making them innovative.

In order to best respond the research question, we will make an analysis that could be resembled with a qualitative textual analysis, with a focus on the meanings of the content. This type of analysis will help us understand these companies and find the significant information for our study: *"In a textual analysis the researcher ask questions to the text, issues that arising out of a desire to know something about a particular text or a certain kind*

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<sup>15</sup> Johannessen, A & Tufte, P-A (2003). *Introduktion till samhällsvetenskaplig metod.* (p.67)

<sup>16</sup> *ibid.* (p. 67,69,70,74)

of text"<sup>17</sup> (our own translation). The reason for doing a textual analysis is because we believe that it is by first creating a comprehensive picture of each company, we can find the most interesting components. The understanding of the whole piece is based on an understanding of the small pieces, and this is the starting point of the classical theory of interpretation, *Hermeneutics*, and the interpretation process is called the *Hermeneutic Circle*.<sup>18</sup>

In other words, the whole picture has to be clear in order to be able to determine which parts of the content that is most relevant first requires that the whole picture is clear. Furthermore, "some passages in the text are considered to be more important than others" important for the researcher.<sup>19</sup>

On the other hand, a quantitative textual analysis means that figures based on analytical units would be used to make equivalent comparisons.<sup>20</sup> This would probably not contribute to a deeper understanding of the information in the texts, and we could miss important information needed to answer the research question.

### 2.5.1 Content Analysis

There is no clear prescription for which techniques that should be used when doing a textual analysis. The approach often depends on the text's properties, and there are several ways to carry out the analysis of the text. However, the analysis should still be performed with some kind of idea about how the text should be interpreted and performed.<sup>21</sup> Therefore, we have based the textual analysis on Kirsti Malterud's *Division of Meaningful Content*, which consists of four phases: 1) Overall impression 2) Coding 3) Condensation and 4) Summary.<sup>22</sup>

In the first phase, the idea is to read through all the material, in order to gain an overall impression of what should be analyzed. It is important to not go into too much detail, but instead look for interesting key themes and try to exclude any irrelevant information. The second phase, coding, is used to organize the discovered text elements, which are identified as the main themes in the material. These major themes include the most significant information that is necessary to respond to the research question.

The third phase, condensation, means that after having determined the themes, the meaningful parts are coded and taken out of the entire mass of text. This is a form of condensation of the initially large volume of text material, hence the name of this third phase. A summary of the condensed material is the last and fourth phase, and is made by combining the selected elements, in order to be able to communicate new findings and descriptions to others. Malterud's division is one of several ways to systematically analyze the text material, and this division will serve as a basis for our textual analysis.

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<sup>17</sup> Østbye, H. et al. (2003) *Metodbok för medievetenskap*. (p.63)

<sup>18</sup> Karlberg, M. & Mral, B (2006). *Heder och Påverkan. Att analysera modern retorik*. (p.12)

<sup>19</sup> Esaiasson, P. et al. (2007). *Metodpraktikan. Konsten att studera samhälle, individ och marknad*. (p.237)

<sup>20</sup> ibid p.223

<sup>21</sup> Østbye, H. et al. (2003) *Metodbok för medievetenskap*. (p.69)

<sup>22</sup> Malterud, K. (1998). *Kvalitativa metoder i medicinsk forskning*. (p.86-100)

### 2.5.2 The Procedure of the Textual Analysis

The purpose of this study is to see what these two companies believe to be the contributing factors for being innovative organizations. We chose to look at their websites, in order to find information to answer the research question. The procedure of the data collection and the work with the text material will now be described.

First of all, we studied the websites in detail, in order to grasp the available information. Secondly, we made printouts of the material we chose for our textual analysis, and the procedure of this will be described in further detail later on. Then, we read through the whole text material in detail, and wrote notes in the margin of the printouts. This provided us with an overall impression of the texts and headlines, and helped us sort out the data that was relevant and interesting for our study. The selected texts contain the factors highlighted by each of the companies, which we interpret as reasons for being innovative.

We discovered that these factors could be divided into two overall perspectives; one internal and one external perspective. The internal perspective concerns the factors within the organization; such as creating a climate beneficial for creativity, which affects the work and also relates to clients and the outside world. The external perspective includes these last two factors; the clients and the outside world, which we also relate to as the reality. Within these two perspectives, we identified three themes that were suitable for the division of the text material. These themes can be compared with Malterud's coding; where a breakdown of the text in themes is a way of organizing the text material.<sup>23</sup>

Some text remained after the presentation of the text extracts in the second phase, which contained a mix of all the key words that were treated separately in each theme. The remaining text material was in the form of quotes, which we felt contained important information and best described the factors each company highlighted as factors that improve innovation. These chosen quotes are what Malterud describes as the condensation of an initially large textual mass.<sup>24</sup> We completed our textual analysis with a summary of what each company's main focus has been.

## 2.5 Data Collection

Here we present a brief overview of the procedure of our data collection. The data that we have collected includes all information that is relevant for our study. First of all, the two websites [www.designit.com](http://www.designit.com) and [www.ideo.com](http://www.ideo.com) is our primary material. For the secondary material, the main search engine used has been Gothenburg University Library's website, where we found sources, such as encyclopaedias and databases. The databases we used most frequently to collect significant information were JSTOR and Business Source Premier (EBSCO). We also used the library catalogue GUNDA in order to find useful literature.

A large amount of literature was read in the beginning of our research, and after that we could sort out the literature that was relevant for our study. In the theory section we

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<sup>23</sup> Malterud, K. (1998). *Kvalitativa metoder i medicinsk forskning*. (p.96)

<sup>24</sup> *ibid* (p.96-100)



found three interesting theories that we found relevant, when doing a comparison with the empirical findings. The ambition with these three theories is to have a funnel approach; where the first theories covers innovation in general, and the discussion is then narrowed down to the innovative organization. Hence, Schumpeter's *Theory of Economic Development* discusses what innovation is and how it arises in the society. Then, Rogers's theory "*Diffusion of Innovations*" explains how innovations diffuse to the consumers. Finally, Mintzberg's theory "*Structure in fives: Designing effective organizations*" focus on how the organization and the structure of the organization can enhance innovation.

### 2.5.1 Collection of Information on the Websites

We decided that during a period of time, more exactly between 8.30 – 12.00 A.M on the 13<sup>th</sup> of April 2010, we were going to collect all the text material needed for our research on the two websites. The reason for this specified time was that a website can change the information quite frequently. We used the function print screen, in order to save the information on the websites. We decided that the number of print screens for each of the companies' website should be more or less equal, but without disregarding necessary or relevant information. Designit had much more brief and compact information on their website, compared to IDEO who were more elaborate. Due to this, a lot more information on IDEO's website could, and had to be, omitted, in order to make a balanced analysis compared to Designit. Thus, after having read through all the available information on both companies' websites, we chose the sections most relevant for our study, and made print screens of them. This resulted in approximately 20 print screens for each of the companies.

### 2.5.2 Credibility

We are aware of the fact that our choice of analysis only shows how these companies have chosen to present themselves. Any kind of personal contact with employees on the companies would probably have given us another material to work with. Still, we believe that the chosen methodology is appropriate since this is the presentation chosen by the company itself, and should therefore represent the general opinion they want to express on the behalf of the whole company. Where an interview with an employee would result in a very subjective image, and would therefore maybe not represent the overall view of how the companies chose to present themselves.

As mentioned earlier, the data collection was performed under a very limited period of time, in order to assure that the information would not change during the research. We believe that this limitation has increased the credibility of the data, since the data used in the analysis therefore was consistent. Naturally, the data collection could have been more extensive, if we would have had more time for our research. For instance, we could have had the possibility to complement the data with interviews, in order to see if our findings in the textual analysis seemed correct. However, we looked at the websites again in the end of this research (2010-05-27), to see if they had changed anything. There were some changes, for example, there were an update in latest news. Still, the information we used in our analysis was unchanged, and we therefore believe that the credibility of this research is good.



Finally, it also has to be clear in this discussion about credibility that our textual analysis is very subjective. As mentioned earlier, the analysis and conclusion is based on our interpretations of the data, and is thus affected by our subjective comprehensions. However, no research can really be performed objectively, since all people are affected by their personal experiences and values, in some degree. As Jackson and Carter discuss: “*There is no aspect of organizational behaviour, in theory or practice that is not based on subjective values, norms or preferences.*”<sup>25</sup> (our own translation) Therefore, we believe that the credibility of the chosen data and the following analysis is fairly good.

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<sup>25</sup> Carter, Pippa & Jackson, Norman (2002). *Organisationsbeteende i nytt perspektiv* (p.133)

### 3 THEORETICAL FRAMEWORK

A few classical theories have been chosen for this segment of the paper, in order to illustrate some of the most influential ideas about innovation and innovative organizations. Thus, these theories should help interpreting the empirical material, in order to answer the research question. The first part will present one of the first and most central theories about how innovation arises. Schumpeter's *Theory of Economic Development* gives a general perspective on innovation in the society. The second part will then briefly describe important perspectives on how innovations spread in society. Rogers's theory about *Diffusion of Innovations* explains this phenomenon. Finally, after these two more general theories on innovation, there will be a more narrow focus on the organization and how it can be structured to support innovation. Mintzberg's *Structure in Fives* will be presented, and the structure Adhocracy will be discussed in more detail.

#### 3.1 Schumpeter: The Theory of Economic Development

Joseph Schumpeter presented his *Theory of Economic Development* in 1934, and this theory has become one of the most central theories on innovation within the economical science. Schumpeter is even described as “*the godfather of innovation studies*”.<sup>26</sup> In view of this, it seems significant to briefly discuss his view on innovation in order to better comprehend this theory, which has influenced many of the more current theories on innovation.

In the *Theory of Economic Development*, Schumpeter presents two economical processes that explain the economic system: the process of circular flow, and the process of development. The first process explains the activities occurring during an economic equilibrium, and the other process describes how development arises, and this is when innovation appears according to this theory. Schumpeter identifies development as “*spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing.*”<sup>27</sup> In this theory, he claims that innovation is the phenomenon which gives rise to economic development.

Development is then further defined as “*the carrying out of new combinations*”, and this is Schumpeter's definition of innovation. He classifies five different cases of innovation<sup>28</sup>:

- 1) The introduction of a new good or a new quality of a good.
- 2) The introduction of a new method of production, or a new way of handling a commodity commercially.
- 3) The opening of a new market, or entry into an existing market by a new branch.
- 4) The conquest of a new source of supply of raw materials of half-manufactured goods.
- 5) The carrying out of the new organization of any industry.

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<sup>26</sup> Tidd, J. (2005). *Managing Innovation*. (p. 7)

<sup>27</sup> Schumpeter, J. (1965). *The Theory of Economic Development*. (p. 64)

<sup>28</sup> *ibid* (p. 66)

Clearly, Schumpeter does not view innovation as something entirely new; he considers innovation as a new economical application of something. Furthermore, he does not think that the inventor is essential in innovation. He states that: “*as long as they are not carried into practice, inventions are economically irrelevant.*”<sup>29</sup> In other words, it is not the invention itself that creates development, but rather the economical application of an invention. Schumpeter emphasizes the role of the entrepreneur in innovation, and claims that it is the entrepreneur who is the driving force behind economical development.

According to Schumpeter, the entrepreneur is the most important person in innovation, because this is the person who actually performs the function of “*carrying out new combinations.*” The theory focus on the problems facing the entrepreneur, for example, the difficulty of thinking in new ways, referred to as the entrepreneur’s psyche, and the reaction of the social environment. The entrepreneur is seen as a leader, who is able to lead others into doing things in new ways. Schumpeter stresses the role of the entrepreneur, who is a single man with a vision, but also admits that there is one other important actor in innovation; the capitalist. Schumpeter understands the importance of financing innovation. The capitalist is considered almost equally important as the entrepreneur, since innovation is an expensive and a risky business. The capitalist was most often a bank, and credit was an important factor in order to afford to realize the entrepreneur’s vision.

Furthermore, Schumpeter discusses the role of the consumer, and claims that this is passive. He argues that it is “*the producer who as a rule initiates economic change and consumers are educated by him if necessary; they are taught to want new things.*” However, Schumpeter also writes that: “*we must always start from the satisfaction of wants, since they are the end of all production, and the given economic situation must be understood from this aspect.*”<sup>30</sup> In other words, Schumpeter views consumers’ tastes as given, and thinks that it is the entrepreneur who is changing their tastes or habits with innovation. However, he acknowledges the fact that the satisfaction of wants is in focus.

Some criticisms can be mentioned about Schumpeter’s theory of economic development. Gidlund and Frankelius argue that Schumpeter has the ambition to form a theory on the cause of development, whereas the development is the economical equilibrium and the cause is innovation. However, he fails to capture “*the cause behind the cause.*”<sup>31</sup> (our own translation) In other words, Schumpeter does not really manage to explain how innovation is created. Furthermore, Schumpeter has also been criticized for his view of the consumer as passive, and he does not give a convincing proof of this claim. What is more, critics argue that the focus on the entrepreneur is too big, and that innovation most often occurs as a result of more people than just one person.<sup>32</sup>

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<sup>29</sup> Schumpeter, J. (1965). *The Theory of Economic Development*. (p. 88)

<sup>30</sup> *ibid* (p. 65)

<sup>31</sup> Gidlund, J. & Frankelius, P. (2003). *Innovativa Processer*. (p. 113)

<sup>32</sup> *ibid* (p. 114)

## 3.2 Rogers: The Diffusion of Innovation

While Schumpeter tried to describe how innovation arises, Rogers wanted to explore how innovation spreads in society. Everett M. Rogers presented his theory *Diffusion of Innovations* in 1962, in which he summarized literature about diffusion of information, and also presented his own contribution in this area of studies. His approach to the subject is a reflection of why good new ideas often fail to succeed in the market.

First of all, Rogers's definitions of "innovation" and "diffusion" need to be presented. He defines innovation as "*an idea, practice, or object that is perceived as new by an individual or other unit of adoption*" and he emphasizes that it does not really matter if the innovation is "objectively" new.<sup>33</sup> Secondly, he defines diffusion as "*the process in which an innovation is communicated through certain channels over time among the members of a social system.*"<sup>34</sup>

Rogers claims, "*many technologists believe that advantageous innovations will sell themselves, that the obvious benefits of a new idea will be widely realized by potential adopters, and that the innovation will diffuse rapidly.*"<sup>35</sup> However, he declares that this is rarely the case. In other words, he acknowledges the fact that an innovation does not only have to be a pure technological success in order to be a successful innovation – it must also achieve an economical value. Rogers's theory focuses on the process of diffusion, in which the innovation reaches its users. The economical marketing approach is thus central in his theory.

An important aspect of Rogers's theory is re-invention, which is defined as "*the degree to which an innovation is changed or modified by a user in the process of adoption and implementation.*"<sup>36</sup> In other words, re-invention tries to describe the users' involvement in innovation. However, according to Rogers's theory, this re-invention occurs in the diffusion process. Rogers also mentions some important features to consider in the diffusion process, and these are; which communication channels to use, the recipient's innovation-decision process, the individual's innovativeness, and the social system.<sup>37</sup>

Gidlund and Frankelius discuss Rogers's view on innovators, and consider his view as "peculiar". According to them, Rogers perceives innovators not as the actual actor behind the innovation, but instead the actors who are actively seeking information about new ideas in an early phase. However, Rogers is aware of the fact that his theory of diffusion does not cover the actual path to innovation, and acknowledges that the origin and diffusion of innovation should be studied in the same research.<sup>38</sup>

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<sup>33</sup> Rogers, E. (2003). *Diffusion of Innovations*. (p. 12)

<sup>34</sup> *ibid* (p. 5)

<sup>35</sup> *ibid* (p. 7)

<sup>36</sup> *ibid* (p. 17)

<sup>37</sup> *ibid* (p. 36-37)

<sup>38</sup> Gidlund, J. & Frankelius, P. (2003). *Innovativa Processer*. (p. 131)

Furthermore, Rogers's theory of diffusion can be criticized in a number of other aspects. For example, the theory is rather one-sided as it only discusses innovation from a communication-theoretical perspective. Furthermore, Rogers focus mostly on technological innovations in his theory, which then exclude all other types of innovations. Finally, Rogers and Schumpeter agreed in the assumption that new innovations always replace an earlier innovation. However, also this can be questioned, since some innovations sometimes form a completely new phenomenon, and therefore do not replace an existing alternative.

### 3.3 Mintzberg

Mintzberg's theory discusses why and how organizations structure themselves as they do, and according to him, three aspects answer these questions:

- Five coordination mechanisms
- Five components of an organization
- Five different configurations

An understanding of these three elements is essential to better comprehend the more detailed discussion of the Adhocracy, which is the form of organization that according to Mintzberg best supports innovation. This section about Mintzberg's theory will follow this outline; first, a presentation of the five coordination mechanisms and the organization's five different parts, and then a brief presentation of the five different configurations. Finally, there will be a discussion of one of these configurations; namely the Adhocracy.

#### 3.3.1 The Five Coordination Mechanisms

According to Mintzberg, five coordination mechanisms explain why organizations coordinate their work as they do. These five coordination mechanisms are Mutual Adjustment, Direct Supervision and the last three coordination mechanisms are dealing with different types of standardization; Standardization of the Work Processes, Standardization of Output and the final way to coordinate the organization is when skills and knowledge are standardized.<sup>39</sup>

#### 3.3.2 The Five Components of the Organization

*"Organizations are structured to capture and direct systems of flows and to define interrelationships among different parts"*<sup>40</sup>

Mintzberg uses this figure as a starting point to more easily explain these different flows; figure 3.3.2 is referred to as Mintzberg's "logo". This figure includes the five elements that is the foundation of an organization, and also the people that are included in each of these components. A brief review of each component's role in the overall organization will now be made.

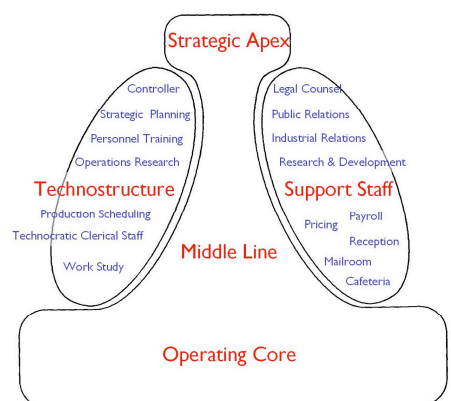


Figure 3.3.2

<sup>39</sup> Mintzberg, H. (1983). *Structures in Fives: Designing Effective Organizations*. (p.4-7)

<sup>40</sup> *ibid* (p.9)

The Operating Core is at the bottom of the figure, and consists of the people who perform the basic work of the organization, and here standardization of various kinds is most common. The next component is the Middle Line, which includes the middle managers. This component acts as an intermediary between the senior managers and the Operating Core. The Strategic Apex is at the top of this figure, and includes the senior executives and the board of directors. Now an organizational hierarchy is created.

The last two components have administrative functions, but they serve different needs in the organization. The Technostructure includes analysts and different specialists. Their function is that they control the processes and are responsible to streamline rather than standardize the organization. The last component, Support Staff whose role is to facilitate and support the organization by indirect support that is not clearly related to the daily operational activities. These five components form Mintzberg’s “logo”, which he then uses in order to deduce five different configurations, which will be presented briefly in the next section.<sup>41</sup>

### 3.3.3 The Five Configurations

This section is an overview of the five configurations, where Mintzberg’s "logo" can help to better understand the organization’s structure. By configurations Mintzberg means that it is the design parameters and situational factors that together create what he calls configurations. In other words, it can be described as the external shape or formation. A more detailed description of each configuration is not presented, except for the Adhocracy, since this configuration best suit the research question. Therefore, this figure 3.3.3 is a brief overview of the configurations.<sup>42</sup>

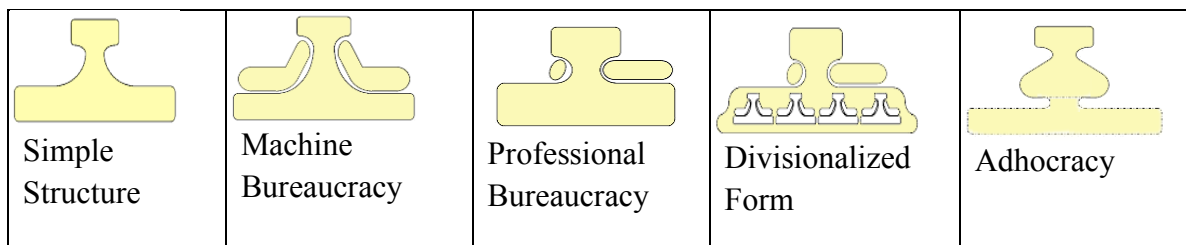


Figure 3.3.3

### 3.3.4 The Adhocracy

*“To innovate means break away from established patterns. So the innovative organization cannot rely on any form of standardization for coordination.”*

The Adhocracy is a complex configuration it is a flexible and organic organization, in which new ideas could flourish and lead to innovations In an Adhocracy, the structure is rather based on solving problem, and the focus is to not control and standardize the final product.<sup>43</sup> The experts are first grouped into functional units; i.e. each group of profession acts as a functional unit, and these units are the basis for the project teams. Experts

<sup>41</sup> Mintzberg, H. (1983). *Structures in Fives: Designing Effective Organizations*. (p.12-19)

<sup>42</sup> *ibid* (p.280)

<sup>43</sup> *ibid* (p. 254-253)

from the various functional units are assembled for a project, and a multidisciplinary team is designed in this way.<sup>44</sup>

The Adhocracy “is able to fuse experts drawn from different disciplines into smoothly functioning ad hoc project teams.”<sup>45</sup> Specialists and experts are engaged in multidisciplinary teams, when they work with specific projects of innovation. The reason for this is that if only one type of experts with the same profession co-operate in teams, it might lead to further standardization of existing solutions or products, instead of innovation. The combination of different professional groups in expertise is required, in order to create new ideas and knowledge that leads to innovative solutions and products.<sup>46</sup>

The primary coordination mechanism in the Adhocracy is Mutual Adjustment, which according to Mintzberg means that the work is coordinated through informal communication; “the work rests in the hands of the doers”.<sup>47</sup> Mutual Adjustment requires that the interaction between people in the organization work well. In other words, the people in the organization rely on informal information and collaboration, and this provides the best innovative solutions to different kinds of problems.<sup>48</sup> There are therefore integrating managers, functional managers, and project managers, who work in various ways to ensure that the interactions between and within the functional teams and the project groups work smoothly. The managers’ main role is to support collaboration, rather than exercise direct supervision and give explicit orders. In other words, the power is not concentrated in the Operating Core, but instead the experts, those who make decisions, are scattered in all parts of the organization. Mintzberg calls this selective decentralization; “the power over different kinds of decisions rests in different places in the organization”<sup>49</sup>. In the Adhocracy, this means that depending on its nature, both managers and employees can make decisions, and Mintzberg claims; “no one in the adhocracy monopolizes the power to innovate.”<sup>50</sup>

When an organization's primary goal is to be innovative, the final outcome cannot be predetermined, according to Mintzberg. That is why this type of organization cannot have a clearly specified strategy or a predetermined pattern of decision. New targets or goals can emerge throughout the project, which leads to new and innovative ideas. A predetermined plan would then rather work as an obstacle in the process. Thus, an Adhocracy does not need to have a strategy formulation. Instead, Mintzberg discuss how strategy formulation is frequently changed, where the strategy is implicitly formed through decisions made by individuals. In other words, the organization ceases to be Adhocracy with a stable strategy.<sup>51</sup>

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<sup>44</sup> Mintzberg, H. (1983). *Structures in Fives: Designing Effective Organizations*. (p.256)

<sup>45</sup> *ibid* (p.254)

<sup>46</sup> *ibid* (p.256)

<sup>47</sup> *ibid* (p.4)

<sup>48</sup> *ibid* (p.256)

<sup>49</sup> *ibid* (p.100)

<sup>50</sup> *ibid* (p.256-257)

<sup>51</sup> *ibid* (p. 262-263)

## 4 EMPIRICAL FINDINGS

The empirical material is presented in the following section. The structure of this section will follow a classification structure developed by the professor Malterud, in which four phases is used; the overall impression, coding, condensation, and summary. There is a further division in the coding phase, where the presentation is divided into three themes. One of the themes includes the internal perspective, and the other two have a more external approach. These themes reflect the factors emphasized by the companies for supporting innovation.

The internal theme is called internal creativity, and this theme is the one that best describes how the company is approaching innovation within the company. It deals with the employees, the working structure and the working processes, as well as the general culture of the company. Although the internal work with innovation is extremely important, there are also other factors that affect the innovation process. Innovation cannot succeed unless there is a market for the innovation, and it is therefore important to create something that is desired on the market. There are two important stakeholders, whose needs and desires should be satisfied by the innovation; the clients that engage the design consultancy, and their customers – the end users. Thus, these are our three themes; internal creativity, the clients and the reality.

### 4.1 Designit

#### 4.1.1 Overall Impression

The first impression of Designit’s website was that it was very straightforward. It was relatively easy to find the wanted information, and the information was easy to digest. Most of the texts were concise, but filled with facts. Our overall experience from looking at this website is that it has a strong client focus. It feels like Designit are directing their message at the organizations who are their clients, rather than the general public. For this reason, the website feels a lot like a marketing tool, where much of the information is “selling” services.

Also the front page is very explicit and simple to grasp. Three aspects are highlighted with relatively large images, and these aspects are: our people, our approach, and our clients (see figure 4.1.1). The structure of the front page is also very coherent, where they present six main areas in focus in the header. The headlines presented up here are: approach, work, healthcare, latest, contact, and about (in this order). All of these areas have further subdivisions, with sub-headlines.

Figure 4.1.1





The front page does not present any actual information about the company itself. They have contact information to all of their offices at the bottom of the page, and they also present the latest news in links to blogs, news, and projects they are working on. The only kind of slogan they present here is in their logo, where they write “Strategic Design Consultancy”. Designit presents them self under the last area of focus, “about”, where they present “our story” and “our mission”.

The most important section for this paper is found under the headline “research and innovation”, under the headings Work and then Services. In this section, three headlines are presented: reality driven, creative zoo, and client involvement. These three areas are very similar to the themes chosen for the structure, and this section is therefore very important for answering the research question in this paper.

### 4.1.2 Themes

#### 4.1.2.2. Internal Creativity

Designit clearly describes what they are looking for in their employees, how they all work together, which methods they use, and how they think about innovation. All of these factors show what Designit think is important for nurturing creativity in the company, and thus being innovative.

*“Everything we do, we do in teams. Why? Two brains are better than one. Collectively we perform best because we draw in the individual talent of every team member. Our people learn to work as individuals in a team and reap the benefits.”*

One word that is repeated frequently on the website is “multidisciplinary”. It is very explicit that Designit values team work highly, and probably believes that this is one of the main reasons for being innovative. Although they work in team, they still highlight the importance of diversity and individual talent; they even state that individual talent is their “*most important resource*”. They describe this in more detail under the heading Approach – Mindset:

*“Think of us as a zoo. We do. Not because we’re hairy or walk on all fours. But because we thrive on diversity. I’ll explain. Our zoo is a creative team with a multidisciplinary skill base. Each of us has our own individual talent. Together we bring innovation to life.”*

This paragraph is a good example, since it compresses a lot of the keywords that are repeated frequently in the website. They continue to develop this zoo-metaphor further, under the heading Work – Services:

*“We’re a creative zoo – a diverse bunch of idea-centric individuals working strategically in multidisciplinary teams. We call this collective creativity – a strategic-collaboration that delivers competitive solutions with high commercial*

*value. By working in multi-talented teams we deliver innovative, high-impact solutions for our clients.”*

They repeat this one more time, when they describe their creative zoo under the headline Research and Innovation:

*”Truly multi-disciplinary, our team includes experts in anthropology, information studies, industrial design, transporting and business administration. Together we delve into a multitude of scenarios, from production costs and logistics to consumer behaviour and service delivery. We see the whole picture.”*

Designit values their employees and emphasize their “*wide-ranging in-house expertise*”. They continue to describe their employees as experts, for example when they write: *”equipped with across-the-board expertise, Designit has the knowledge and experience to tackle a wide range of design challenges.”* They also state *”our strength lies in our multidisciplinary teams.”*

Although Designit does not describe their working process in detail, they explain different methods they use to encourage innovation. They are very explicit and concise when they under the headline Mindset state in one single sentence:

*“We work. Play. Challenge.”*

This is a very brief summary of how they describe their way of working. They continue by describing their approach by using the word challenge: *”We question every decision so mistakes are part of the learning process – not the result.”* In other words, challenge is a key word in their working process, as well as play. Their approach to “play” is described in even closer detail.

One of the methods they describe in detail is the creative dice. They explain that the reason for using the dice is to “*kick-start creativity*”. They develop this by saying that they use the dice to “*boost co-creation and reframe our challenges*”. They describe how to play, by briefly presenting each of the six sides of the dice. These different sides are:

- Flash it: *“Quick and dirty, flash your work to a colleague.”*
- Leave now: *“Taking your team for a walk’n’talk will help you reframe your challenge and turn ideas upside down”*
- Mock it up: *“Show it instead... Do a role-play... Build it... Or draw it. Don’t aim for perfection.”*
- Swap seats: *“Swap roles and attitudes.”*
- Screw up: *“When you allow yourself to fail, you innovate.”*
- Call mum: *“She’s smarter than you think... As long as you don’t just consult the usual suspect.”*

The dice is a method used in their projects, in order to improve creativity when innovating for clients. They also have a method to enhance creativity, something they call playground and describe like this:

*”This is the challenge we set ourselves every now and again to keep us on our toes. When the hard work for clients is done, we develop concepts for fun.”*

*“All show our surplus of creative energy. We are creative people and sometimes we need a place to let off this creative steam. That’s why we’ve created our very own playground. We hope you enjoy it too.”*

Although the playground is a method to boost creativity, it also fills a purpose of making the workplace more fun.

Designit claims that it is the extraordinary mix of people that makes it an “*inspirational workplace*”. The atmosphere between the employees and the special mindset used in the company creates their special approach to innovation. For example, they write that they are looking for: “*Chemistry. It’s the oil to the entire creative process.*” They describe themselves as very passionate people, and although they all are individuals and their “*personal passions differ*”, they still “*share one common passion: creating valuable design that improves business and society*”. Another important aspect that they emphasize is respect. They write that: “*we value and respect every team, regardless of position. We take your ideas seriously.*” They describe the company culture as “*challenge culture*”, which “*allows people to constantly evolve*”. Furthermore, they state that difference is extremely important, which is described with the words: “*Multi-national, multi-disciplinary, and multi-talented, we embrace difference across our corporate culture.*” Another important aspect is incremental change, something Designit connects to creativity: “*As a creative organization, we change continually.*”

The following quote is suitable to sum up this section about the internal creativity, since it highlights the most important aspects discussed:

*“Difference creates synergy. Collective creativity. By working in multidisciplinary teams, we generate creative synergy that flows across our company to our clients.”*

#### **4.1.2.2 External: the Clients**

Designit understands the importance of satisfying the stakeholders’ needs. They are therefore involving their clients in the innovation process, in order to create innovations that truly meet their demand. Designit seems to involve their client relatively much in the innovation. For example, under the headings Approach – Action, they write:

*“Client involvement. We hope you like teamwork; it’s the backbone of our innovation. Your know-how forms the foundations for our innovation.”*

Designit describe their approach to their clients, by explaining how they find new opportunities by “*stripping your company down to the bare essentials*”. Under the headline Research and Innovation they explain this further:

*“You – not us – hold the key to unlocking your potential. That’s why we involve you throughout the process – assessing your business problems and strategy, developing concepts, evaluating concepts, and deciding on the winning solutions. Your know-how enables us to design solutions that work.”*

Designit emphasize the fact that they are not creating standardized services. They state that: *“We delve into your company’s past, present and future and ask: what makes your brand unique?”* A unique brand is important for a company’s success, and offering unique products and services creates a unique brand. In order for Designit to create this, they need to understand their clients. This is something they recognize when they state: *“Knowing more about your product and market helps us discover new opportunities.”* They also claim *“This can save you money, streamline your organization or add value to your brand.”*

When approaching the client, Designit asks the question: “Who creates the solutions?” Their answer is “We both do”. Designit highlights a process called “Triple I process”; a tool they use when working with their clients. When describing this process, they first state that: *“Three steps lie at the heart of our Triple I process, which helps organizations achieve international success”*. These three steps are: insight, ideation, and implementation. See figure 4.1.2.2. During the first step insight, *“You, your customers, and your market are*



Figure 4.1.2.2

*put under the microscope.”* Then Designit moves on to the second step, ideation: *“Armed with the facts, we start creating ideas.”* Finally, during the last step implementation: *“We take care of the implementation phase to ensure your new strategy has optimum impact.”*

Although Designit involves their clients during the innovation phase, they still offer a full service. They understand the importance of offering innovative products and services, but they also understand the importance of the business aspects in their service. For example, they write: *“We consider financial factors”*. They stay with their clients throughout the whole project, for example they state: *“We take care of the entire process – which saves you time. And money.”* They also explain the importance of understanding the client, when they say, *“misunderstandings cost money – and maybe your reputation”*.

#### 4.1.2.3 External: the Reality

The other important external stakeholder in an innovation process is the surrounding environment; the reality. The main focus here is that the reality brings solutions, which benefits the end user; Designit’s clients’ customer. Designit integrates this perspective in their innovation process, and claims *“our design is reality driven”*. They describe this statement further under the heading Research and Innovation:

*“We look for answers in the world around us. We invade people’s homes, visit super markets or talk to shop workers. By immersing ourselves in real-life scenarios, we find and test real-life solutions. Trends, consumer behaviour and market competition are inspected under the microscope. Once we’ve gathered knowledge about your*

*business problems, strategy and emerging markets, we move on to user-, market-, incremental-, or radical-driven innovation.”*

Also the end users are involved in the innovation process. Under the heading Approach – Process, Designit describes:

*”Your clients are involved. We talk to them. Study them. Understand their world. User-centred design is more than a buzzword at Designit. It’s an integral part of our solution – and reaching our goal.”*

They claim that their mantra is “usability” and they develop this argument further when they say: *”We improve your products’ usability and aesthetics”*. They know that *”Well-designed service creates a happy, satisfied people. In business, this means consumers who spend more money, more often. In the public sector, this means making people’s everyday lives easier and more fulfilling.”*

### 4.1.3 Condensation

In the following section, a few powerful quotes will be presented. These quotes sum up the key points made in the themes described above. The different themes will be mixed in the following quotes. This section also gives a brief overview of the most important facts found on Designit’s website, which can answer the research question.

- *”By combining human needs with strategy, Designit acts as an agent of change for society and business. We work in multidisciplinary teams, involving clients and users in the design process. At Designit, innovation is a collaboration between you, us and the user. Finally, we never lose sight of the real world – a global economy demanding solutions that work.”*
- *”Our team at Designit improves factors like satisfaction, efficiency, ease and loyalty by influencing the built environment and human behaviour. We help you deliver great experiences.”*
- *”Collective creativity. We work in multidisciplinary teams in close collaboration with clients.”*
- *”Client involvement. We hope you like teamwork; it’s the backbone of our innovation.”*
- *”Good design makes sense. We make sure you – and your customers – understand our solutions.”*

### 4.1.4 Summary

To sum up, the three themes presented are the perspectives discussed most on Designit’s website, and are therefore most relevant for the research question. There is a larger focus on the internal perspective, since Designit presents the internal factors in most detail. The main focus in the internal factors is the employees, and more exactly, the multidisciplinary teams. Designit highlights the individual talents as their most important resource, but also emphasizes the importance in multi-skilled teams. They also describe their working methods, and “play” is a keyword used for describing their approach to innovation. Designit also describes the general mindset in the company, and highlights keywords such as chemistry, diversity, and collective creativity.

Also external factors are important in the innovation process. There are two different perspectives; Designit’s clients and the real world. Designit emphasizes the client involvement as a key factor, to create the best solutions. The clients are involved in the innovation process, and Designit truly tries to understand what the clients need. However, they also recognize the business aspects when directing their clients. The other perspective is the reality, which is the other important component for creating innovative solutions. The main focus is the end user, and how their needs can be satisfied, in order to make the clients’ products or services desirable.

**4.2 IDEO**

**4.2.1 Overall Impression**

The first impression of IDEO’s website is that it feels a bit disorganized. This is because IDEO have a lot of available information, and it is hard to really know where to begin. A reason for this unstructured impression could be that they are directing their message at everyone, i.e. private persons, companies and other organizations. Because of this, there is a larger focus on what IDEO do and how they think, rather than the fact that they are offering a service. IDEO launched the concept of “Design thinking” and this is explained in detail.

“Design thinking is an approach that uses the designer’s sensibility and methods for problem solving to meet people’s needs in a technologically feasible and commercially viable way. In other words, design thinking is human-centered innovation.” —Tim Brown

Figure 4.2.1a

images and movies are used to convey this information. They have comprised the main areas in focus in the footer, and these areas are: thinking, work, news, culture, and contacts (in this order). All of these areas have further subdivisions, with sub-headlines. For example, under Thinking, they have the headlines focus, approach, and IDEO fellows, and under Culture they have the headline teams.

They display this slogan on the front page “We are a global design consultancy. We create impact through design.” However, this is written in a small text, and therefore it disappears among all the other information. IDEO have a strong focus on their way of thinking in the company and this is displayed already on the first page, where they have the headline “Our thinking” and links to focus areas under this topic. As seen in figure 4.2.1b, IDEO’s concept “design thinking”

Also the front page is experienced as a bit unstructured. There are a lot of mixed messages, and mostly about projects they have done and what they are working on. Texts,

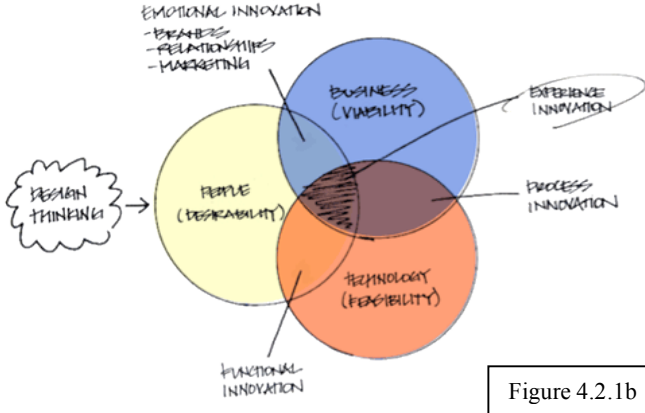


Figure 4.2.1b



integrates the three themes discussed below, and this thinking is therefore relevant for answering our question.

## 4.2.2 Themes

### 4.2.2.1 Internal Creativity

IDEO are successful in helping other improve innovation in their organizations, and they apply their working methods in their own organization as well. Under the heading culture, they explain:

*"We strive to be an extraordinary and sustainable workplace for world class professionals. We've applied the human-centred design process to our own organizational structure and processes, and we continually fine-tune our system to ensure that we effectively address employee growth and wellness."*

At IDEO, they state that they value their employees and believe in their competences. Under the heading Culture, IDEO describes their view on teamwork and collaboration:

*"At IDEO, we work both broadly and deeply pulling the expertise of multidisciplinary individuals to work together in domain-specific teams. These teams represent our breadth of capabilities and enable us to work across a range of industries. We are constantly seeking new areas to apply team know-how, best demonstrate their value through collaboration with clients, other teams, and design thinkers in and outside of IDEO."*

They emphasize the importance of teamwork, when they state *"IDEO has a team-oriented, collaborative culture."* They explain this further, when they write: *"We've found that when this work is framed strategically and appropriately supported within an organization, the more focused and fruitful the outcome."* They also highlight the importance of diversity within their teams, and claim: *"Design thinking brings together people from different disciplines to effectively explore new ideas."*

Moreover, they describe that they use capabilities from within and outside of IDEO. For example, they present the "IDEO fellowship"; *"a network that includes NGO's, foundations, not-for-profits, government groups, and public wealth groups"*. This fellowship is *"a handful of influential thinkers and practitioners who contribute to our culture of innovation."*

When IDEO describe their working processes they express themselves as; *"Design challenges are inherently complex and deserving of more than a step-by-step plan"* and therefore they have developed a method that consists of four stages that: *"include observation, prototyping, building, and storytelling, and can be applied by a wide range of people to a breadth of organizational challenges."*

IDEO's concept design thinking influence the whole organization and collaboration is a key-word for example they write; *"Design thinking also enables us to*

*collectively tackle problems and ideas that are more complex than the lone designer can imagine.” They state their beliefs in the power of collaboration by saying;” We believe that we all work better and learn more when we freely interacts and collaborate with other talented people.” Furthermore they emphasize the importance of diversity among their employees; ”We see ourselves as a mosaic of individuals, where the big picture is beautiful but each individual is different.” The last example shows their desire to embrace diversity and to have an open mind; “We are eclectic, diverse and there is always room for another angle.”*

#### **4.2.2.2 External: the Clients**

IDEO acknowledge that each client, and thus each project, is unique. They describe their relationship with their clients as a partnership, which can be seen in the following quote from the section where IDEO describes Design thinking:

*”Because design is a messy and non-linear, each project we do is bespoke. We customize it for the challenge at hand. The scoping of the project plan is when our project starts to take shape, and when our partnership with you begins.”*

The clients are involved in the innovation process. For example, IDEO thinks that it is important to be able to show prototypes to their clients in an early stage in the process, and they describe this under the headline Iteration:

*”At IDEO, we use prototypes to provide stakeholders with the ability to evaluate an idea through direct and experimental learning, and to create a common vision that informs everyone involved.”*

Furthermore, they also express the importance of play as a way of involving the clients in the innovation process; *“Play is an approach, an inspiration, and a catalyst for an engagement for our clients and their customers.”* IDEO believes that the clients benefit from this involvement process, and think that it leads to:

*“Clients’ cultures – whether top-down, bottom-up, or emerging – benefit from the generative and collaborative methods inherent to design-based innovation strategy: fieldwork, prototyping, implementation, and storytelling.”*

IDEO also believes that the result of using these methods benefits their clients, as it lead to more innovative outcomes. They describe this under the headline Innovation strategy:

*”Innovation at IDEO means being receptive to cultural and market trends, and applying this knowledge in forward-thinking ways to generate groundbreaking and desirable products and services for our clients.”*

Finally, IDEO believes that it is important that the clients really understand the innovations. In order to help the clients do this, IDEO uses Storytelling:



*”At IDEO, we use whatever storytelling medium best fits the message - ... - to convey to clients and stakeholders the intent, potential, and emotional experience of an idea or a product. ”*

#### **4.2.2.3 External: the Reality**

One aspect, which is strongly emphasized by IDEO, is people. For example, Tim Brown states *“design thinking is human-centered innovation”*. Human-centered is a keyword that is repeated frequently. The importance of this human-centered approach is described further:

*“An inherently shared approach, design thinking brings together people from different disciplines to effectively explore new ideas – ideas that are more human-centered that are better able to be executed, and that generate valuable new outcomes.”*

IDEO explains the concept human-centered, when describing their way of thinking:

*”Design thinking also enables us to collectively tackle problems and ideas that are more complex than the lone designer can imagine: inaccessible healthcare, billions of people living on a few dollars a day, energy usage outpacing the planet’s ability to support it, education systems that fail students, and beyond. These problems all have people at their heart.”*

Finally, IDEO describes how the reality actually is involved, and the end user’s part, in the innovation process, under the headline Inspiration:

*”Think of any big, disruptive offering that has come to market and chances are it success stems from an ability to satisfy a latent human need, behaviour, or desire. At IDEO, our designers are seasoned observers of people and how they interact with the world. With Human Factors specialists leading the world. We engage end users throughout the design process to evaluate the desirability of new ideas and possible solutions.”*

#### **4.2.3 Condensation**

Some important quotes will be presented in the following section, which summarize the key factors described in the themes above. All the different aspects in the themes above will now be combined in these quotes. Finally, this section provides an overview of the most significant facts found on IDEO’s website, in order to answer the research question.

- *”Design thinking is an approach that uses the designers’ sensibility and methods for problem solving to meet people’s needs in a technologically feasible and commercially viable way. In other words, design thinking is human-centered innovation. /Tim Brown”*
- *”They [the problems] require a collaborative, human-centered, iterative, and practical approach to finding the best ideas and ultimate solutions. Design thinking is just such an approach to innovation.”*
- *”The word ”innovation” has never meant much in isolation. To create innovative offerings and sustainable growth requires alignment of an organizations goals, people, resources and culture.”*

- *"IDEO projects are highly collaborative, and project teams typically comprise people from multiple disciplines within IDEO, from our client and sometimes other partners from our talent ecosystem."*
- *"We believe in the power of play. Play is an approach, an inspiration, and a catalyst for an engagement for our clients and their customers."*
- *"At IDEO, we believe innovation happens through networks of inspired people. Appropriately, we consider our community to be one of our strongest assets."*

#### 4.2.4 Summary

To sum up, these three themes shows the significant factors that IDEO stress on their website, and therefore best answers our research question. Also IDEO focus on the internal perspective, and discuss their employees, and working methods a lot. However, IDEO present themes more closely connected, which makes it a bit more difficult to divide into each theme. There is often only a vague boundary between the internal and the external factors. Furthermore, IDEO emphasizes the thinking, and describes their concept design thinking in detail. This way of thinking is the reason for how they have chosen to approach innovation within their organization, and how they approach the external world.

IDEO stress the importance of working in multidisciplinary teams, and thus puts a great value in their employees. However, IDEO is open for collaboration with external people who can contribute to the innovation process. For example, they have developed a network that they call the "IDEO fellows". IDEO states that this community, which involves both people within IDEO as well as external partners, is their most important asset. IDEO also involves their clients and their customers in the innovation process. Finally, they emphasize that their design is human-centered. In other words, throughout the innovation process, they have people at their heart.

## 5 ANALYSIS

The following section will attempt to integrate the theoretical framework with the empirical findings. The disposition of this analysis will follow the theoretical discussion and there will continuously be a focus on the organizational perspective throughout the analysis. Mintzberg's theory will therefore be the starting point, where the focus on the organization is greatest. Then, Rogers's and Schumpeter's theories will be discussed, which have a more generalized approach. However, these theories will be discussed from an organizational perspective. The purpose of this structure is to discover which factors supporting innovation that are acknowledged both in classical theories, as well as in modern innovative companies. This section will then be summarized in a discussion about which possible reasons there might be for why the companies are so similar to each other in their presentations. In the end, there will be a discussion on why the identified factors are important.

Mintzberg's theory "Structure in Fives" focus on the different structures an organization can apply. Furthermore, he defines and discusses different components of organizations, and how these can be coordinated. These components are parts of Mintzberg's "logo"; a model which can be developed into five different configurations. The configuration Adhocracy has the structure that mostly enhances innovation within an organization according to Mintzberg, and is therefore most relevant for answering the research question.

Mintzberg describes the Adhocracy organization as a flexible and organic organization. When looking at how these companies present themselves they both could be compared with the Operating Adhocracy one of the two Adhocracy types. The reason for that conclusion is that both of the companies primarily serve their clients by coming up with new innovative solutions.

As Mintzberg says, the structure of the Adhocracy is based on being problem solving, rather than have a focus on control and standardize the final product. The reason for that is that an organization that wants to be innovative cannot rely on standardization in any forms because that would prevent the process of coming up with new ideas. When looking at Designit we discovered that they presented themselves as an organization that could bring up the best solutions, i.e. that they were good problem solvers. For example they talk about real-life solutions and the importance of understanding the solutions. IDEO, on the other hand, seemed to emphasize their design thinking as the way to solving problems. They rather use their collaborative culture meaning that the multidisciplinary teams and their network of fellows i.e. the best way of tackle problems is by doing it collectively.

What it is striking is that both of the companies seems to emphasize the importance of being problem solving, but do they experience themselves as a maker of standardized solutions or not. That leads us to see how their choice to structure their people in the organization to be just that – good solvers of problems, and if there is any similarities with Mintzbergs configuration the Adhocracy.

According to Mintzberg the Adhocracy could be described as a matrix structure. Where functional units i.e. teams where the members all have the same profession, works as a basis when picking out project teams. So experts from the various functional units are assembled for a project, and a multidisciplinary team is designed. The reason for this says Mintzberg is that a combination of different professions that sets out to work in a team is required to create new ideas and knowledge that leads to innovative solutions and products.

Designit presents their way of structure their organization as creative zoo with talented individuals that are working in multidisciplinary teams, and they believe that this structure brings up the best innovative solutions or ideas. They also highlight the client's involvement and the role of the "reality" as important factors in the innovation process. IDEO describe the structure of their organization as mentioned above in the discussion about problem solving, as a mosaic of individuals that together works in teams, which consist of people from multiple disciplines. These people could either work within the organization or belong to the "outside" i.e. the network of fellows or clients. It seems that the reason for this collaboration with people both within and outside of IDEO ensures that the best solutions are generated.

These companies choice of structuring the organizations could be seen as a further development of Mintzberg's theory about the importance of multidisciplinary teams. Because except both of the companies emphasis on the multidisciplinary teams, they also stress that the collaboration and observation of the "real world" which consist of consumers and clients play a major part in order to come up with new innovative solutions and ideas.

Mintzberg stated that in the Adhocracy no one monopolizes the power to innovate; therefore the structure of decision- making was called selective decentralization. This actually meant that those who make decisions are scattered in all different parts of the organization. In our empirical findings we could not see any specific facts about the hierarchy and who was in charge of the decision-making. However, from what we have seen we believe that the structure is rather decentralized, in that sense that they emphasize the multidisciplinary teams and the importance of collaboration. Both the companies seem to value their employees' opinions and believe that individuals' talent could contribute in the decision process. This shows that the manager is probably not alone in the decision-making.

Mintzberg wants to raise an awareness of how the different ways of communication effects the coordination of the workflow in organizations, he discuss different coordination mechanisms. In the Adhocracy the work is coordinated through Mutual Adjustment, which simply means that the communication between people is based on informal information and collaboration, the reason why, according to Mintzberg is because that is what provides the best innovative solutions to different kind of problems. When we have looked at the companies' way of present themselves we found it rather difficult to draw any conclusion about how they communicate to coordinate the workflow. However, the multidisciplinary teams are once again a central issue, since this way of structuring the work is all about collaboration. Naturally, information and communication is also essential in this

process, but we cannot know if the companies mostly use formal or informal information. IDEO emphasize teamwork, which shows that they find collaboration important, and for a project to work out well we believe that informal information ease the collaborative environment that is needed. Although Designit also emphasize teamwork, they seems to have a different approach, since they write much more about the individuals and it feels like the teams collaborate first after individuals have worked alone.

To sum up Mintzbergs theory the last thing that he stresses is that if an organizations primary goal is to be innovative the final outcome cannot be predetermined. The result of that statement is that this kind of organization doesn't have specified strategy because that would be an obstacle in the innovation process and with a stable strategy the organization ceases to be an Adhocracy. Mintzberg rather talks about an implicit strategy that is formed by individuals' different decisions that are made throughout the process. When IDEO presents themselves, we did not see any explicit strategy that indicates a standardized approach to projects. We experienced that they are open to any challenge and that each project is seen as unique. Designit also have clients from different kinds of industries and they use different kinds of working methods to keep an open mind and thinking in new ways. This approach to work with each project with an open mind helps keeping the company innovative.

The second theory deals with the process of how the innovation spreads in society, and also this classical theory has some aspects that can be identified in modern companies. Rogers's theory "Diffusion of Innovations" acknowledges the fact that good innovations does not always becomes a success, and this is because another element is needed in the innovation process; a more economical aspect. An innovation has to diffuse to its users, and they have to adopt the innovation. The innovation will in this way be established on the market and contribute with an economical value.

This aspect is very visible in Designit, who clearly points out that they take care of the entire process – not only the innovation of a new product or service. They consider all the important factors of developing a product and then help their clients market this. This is how innovation can create value; by becoming a success in the market. In other words, the consumers can understand the innovation and desire it and therefore buy it, and generates profits to the company. In contrast to Designit, IDEO does not describe this "whole-package-solution" explicitly. They highlight the business aspect and the innovation's viability in their presentation of Design Thinking, where they also emphasize branding and marketing. However, they never explain or describe their work in helping their clients bring the innovation to the market and how to reach the consumers.

Re-invention is an aspect that is central in Rogers's theory, which means that the consumer modify the innovation in the adoption process. This is another aspect of the consumer's involvement in the innovation process, where the consumer is very active and actually continues innovating after the product or service has been released in the market. Again, this shows the importance of the user and that they in fact can contribute to

innovations. Rogers's theory is rather different from Schumpeter's ideas in this perspective, since the consumer is not passive at all and that the entrepreneur is not the only driving force in innovation. This aspect is, on the other hand, nothing that can be identified in IDEO and Designit. Neither of the companies discusses how the customers adopt the innovation. A reason for this can be that this is something they cannot really affect. However, they still acknowledge the importance of the customer, and do their best in order to understand and meet the customers' demands before the product or service is released on the market.

Since the purpose of this study is to understand innovation and how companies can enhance the innovation process, it is important to understand how an innovator is defined. Rogers have a rather different view on the innovator, in which he sees the true innovator as the one who is actively seeking information about new ideas, rather than the one who is inventing a new product. Although this definition can be questioned, it is still interesting to see it from this perspective. According to the empirical findings, this is not something that Designit seems to believe in. They are seeking inspiration in the real world, but are producing their product or services in-house, and therefore rather take the role as the "inventor", according to Rogers's theory. IDEO, on the other hand, seems to take both roles. Exactly as Designit, they "invent" within the company, but they also work externally. In this way, they take an active role in seeking new ideas created by people outside of their organization, and thus can be seen as an "innovator", according to Rogers.

The most important aspect in Rogers's theory is the fact that a good invention is not always enough for releasing a successful innovation. He highlights the value in the diffusion, as well as the adoption, process when releasing an innovating invention. This fact is recognized in both companies, but in different manners. Designit's approach to their clients is to offer a whole-package-solution, and they stay with their clients throughout the entire process, from research, to invention, to marketing. In this way, they stress the value in actually establishing the innovation on the market. IDEO, on the other hand, put a great value in their network. They are searching for innovation where they can find it, and are not hesitant to integrate external partners in the innovation process.

Schumpeter's Theory of Economic Development presents a general comprehension of innovation and its effects in the economy. However, he does not really explain how innovation is created. His theory is still significant in order to detect factors that organizations should be aware of to truly understand innovation, and thus be able to foster innovation. His definition of innovation is "*the carrying out of new combination*", and he describes five different categories of innovation. He clearly shows that innovation does not have to be a completely new product, but can just as well be a new working method or launching an existing product in a new market. This recognition of the diversity of the concept innovation can be found in both companies. Both Designit and IDEO works in different projects within all kinds of industries, and the projects often approach innovation in another perspective than simply being inventive. Furthermore, Schumpeter discuss that it is the economical application of an invention that leads to economical development, and thus

innovation. Also this is acknowledged in both companies, since they both emphasize the business aspect, although Designit stress its importance even more than IDEO do.

According to Schumpeter, the two most important driving forces behind innovation is the entrepreneur and the capitalist; where the role of the entrepreneur is to actually perform the function of carrying out new combinations, meanwhile the role of the capitalist is to finance this process. This could be compared with what we have seen in our study of IDEO and Designit; the clients' play a big role in that sense that they stand for the financing part of the innovation process. The other important aspect is the role of the consultancies that acts as the entrepreneur. One major difference between the theory and the empirical findings is that there is not a single man that is responsible for the innovation process. Instead what we saw was a big emphasis on the importance of working in teams and that collaboration both within and outside an organization is their way to tackle problems in a more complex world.

Schumpeter discusses different problems in the innovation process, and one of them is the entrepreneur's psyche; the difficulty of thinking in new ways. This is a problem acknowledged by both IDEO and Designit, and both companies try to overcome this problem with different methods. Designit, for example, uses a "dice" that helps them view problems in new perspectives and think in new ways. They also have a "playground" that helps them increase creativity. IDEO, in the other hand, emphasize the importance of their network of "fellows"; people outside of the organization that can contribute with new angles of a problem.

Another aspect of Schumpeter's theory is his view on the role of the consumer; he thinks that this is passive. He claims that the consumer is taught to want new things by the producer, who in this case becomes an educator. However, he admits that the entrepreneur have to start from the satisfaction of the consumers' wants. Both similarities and differences with this viewpoint can be detected in the companies. Both companies have this starting point; that they aim to satisfy the consumers' goal and both companies emphasize this as an important factor. However, the consumers' role is not only passive – it is rather really important in the innovation process. Both companies claim that they involve the consumer in the innovation process. Although it is difficult to know to which extent the consumer is involved, both companies highlight the importance of understanding the reality; Designit claims that their innovation is "user-centered" and IDEO claims that their innovation is "human-centered". Still, the consumer can be seen as passive in one sense, since they do not explicitly tell the innovators what they want. It is rather observation of the consumer and their behaviour that help the design agencies understand what the consumers really wants and need; since this is often something the consumers do not know themselves.

Although Schumpeter's theory was developed a long time ago, some of his viewpoints can be perceived in modern innovative companies. For example, his definition of innovation has influenced the current view on innovation. Moreover, his emphasis on the entrepreneur and the capitalist is also something that can be recognized, although in a

somewhat different shape. The entrepreneur is most often not a single man, but rather a team of talented people from different disciplines, and the capitalist is not a bank but instead a company that wishes to produce more innovative products or services. Finally, modern companies involve the consumer more in the innovation than Schumpeter thought was necessary. However, this involvement is often in the form of observations and studies of the consumer and their everyday-life in order to produce products that satisfy their needs.

In the empirical findings it can be seen that the two companies are very similar to each other in their presentations of themselves. This is not really surprising, since both companies are design consultancies, and thus in the same business. Yet, it is significant to ask why there is such a great similarity between IDEO and Designit, and possibly other design consultancies as well. One explanation can be that they have been influenced by the same classical theories, such as Mintzberg, when they have developed their approach to be innovative. Furthermore, the companies have developed in the same global competition and met the same market demands; for example, both companies were founded in 1991, and the prevailing ideas have naturally affected the company values and structures from the foundation. Another explanation for the two companies' similarity can be an aspect of legitimacy. The reality, thus the clients, the consumers and other stakeholders, has certain expectations on these companies, and this fact probably affects how the companies chose to present themselves. If their clients want to employ a consultancy that seems to use methods that enhance creativity, this is naturally something the consultancy would want to convey in their communication, in order to create an image of being innovative. Finally, another explanation can of course be that these methods actually can work, and the presented factors actually help stimulating innovation in a company.

This last reason is the explanation for why this study is interesting; if these two design consultancies actually manage to create an organization that supports innovation, they might apply working methods that can enhance creativity and a more innovative mindset in other organizations. Many organizations can be centralized hierarchies with strict control-mechanisms, formal communication and standardized working methods, and with this very rigid structure it can be difficult for them to change their organization to become more innovative. This study is therefore relevant, in order to create a better understanding of how an organization can think in new ways, thus be more innovative. Naturally, the exact methods discussed in the paper cannot be applied to all companies. However, a better understanding of how an organization can be structured in order to enhance innovation is a first step in this process of becoming more innovative.



## 6 CONCLUSION

The purpose of this paper is to create an understanding of which factors that can be important, when an organization tries to become more innovative, and this is thus the research question. Two companies have been chosen for this research, and they have been studied in order to answer the research question. The two companies Designit and IDEO are both design consultancies, which have innovation as their core activity, and this is the reason for why they were chosen for this study. Although the factors that make these companies innovative, may not work for all companies, it can probably be useful information for many companies. These two companies are consultancies, and offer their services to companies in a range of industries. Therefore, their approach to innovation should be applicable in many different organizations, yet probably with modifications.

A textual analysis was performed for each of the two companies' websites, in order to find factors they emphasized in their presentations as fundamental in their work. The two companies had most of these factors in common, although they are not exactly alike. The general fundamental factors for being more innovative found in this research is:

- Working in multidisciplinary teams: individuals with different expertise work together in teams. In other words, different talents and also different viewpoints are mixed, in order to get a broader perspective and think in new ways.
- Develop methods within the company that enhances creativity: both companies stress the importance of “play” to open up the mind and think in new ways.
- Understanding the reality: this is important in order to produce innovations that will work in the real world.
- A close collaboration with the clients: understanding the clients and their needs is essential, in order to know which innovation will be best for them. The clients are often involved in the innovation process, both to contribute to the actual innovation, but this can also be a learning process.
- Involve the end users: the innovation should be user-friendly – it should fulfil the consumer's needs and wants, and thus be desirable. It is therefore essential to comprehend what the consumers desire. In order to achieve “human-centered” innovation, it is essential to understand the consumer. This ambition can be reached in different manners, for example, observe them and their behaviour, or talk to them and include them in the actual process.
- Develop a mindset that focus on, and thus support, innovation: the importance of innovation should be appreciated and expressed throughout the whole organization.

Since both companies stress very similar factors when being innovative, these can be assumed to be important when enhancing creativity in an organization. However, there might be other

reasons for why the same factors explaining innovation can be found in their presentations. For example, they are in the same type of business, and there are therefore certain expectations of what they should do and which working processes they should use; naturally, this affects their presentations of themselves. In other words, there is a legitimacy aspect.

However, the identified factors should still be taken seriously, since many of the detected ideas also can be found in classical theories on innovation and innovative organizations. Innovation is a great phenomenon today and many companies strive to be innovative, in order to meet the increased global competition. The results of this paper can be a first step in a process of enhancing innovation in an organization. The identified factors can of course not be applied directly, but will probably need to be modified in order to best suit different organizations. All factors may not work for all kinds of organizations. However, the findings in this study can hopefully help the reader reflect on its own organization and think in new ways. This research have showed that these two design consultancies do not have a lot of secrets that make them innovative; they rather use established ideas and theories that enhances innovation. However, they have succeeded in transforming these ideas into action. We believe that other companies should be able to reach the same success.

Finally, the research could have come to different conclusions if another methodology was chosen. The chosen method studies the companies from an external perspective. This approach gives a broader understanding of the general values and attitudes on the company. Other methods that could have been used are, for example, interviews with employees in the companies, or observations. This would probably result in a deeper understanding of the companies approach to innovation and how they actually work. These other perspectives could be examined in further research. For instance, Alvesson's model (figure 2.3) can be applied here, in which there are three other perspectives that could be approached. We believe that the internal perspective would be the natural continuation of this research, in order to better understand how they approach innovation in their daily work.

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- Figure 4.1.1: <http://designit.com/>
- Figure 4.1.2.2: <http://designit.com/approach/process>
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