

**Business of Design Week, Hongkong**  
**Repositioning Your Business with Good Design**  
Lecture by Gerhard Feltl

When I last visited this very impressive city, I read in one of your local newspapers that Hong Kong can be described “as an area of contradictions - with a Chinese soul, a British heart, and an international face”. That was in June 1997, when I came to Hong Kong on the occasion of attending a seminar dealing with international affairs and business opportunities. Hence, time has passed, and I’m very interested in seeing the many changes and the progress that has been made during the past five years.

In fact, my country - Austria - can also be described as a country of contradictions: a small country located in the heart of Europe having a population of about 8 million, with a complex history and a rich cultural heritage.

During the next thirty minutes I shall present to you a brief glimpse of Austria, illustrating some of the similarities and providing some perspectives on our common ground. In my lecture I will mainly address four topics:

- Austria’s design history
- Our traveling exhibit “Design Now. Austria”, which was opened yesterday evening by His Excellency Mr. Franz Morak, Secretary of State of the Federal Chancellery of Austria
- Austria’s efforts to utilize good design as an “ambassador” for our country’s innovation and creativity.
- And in the fourth and final part, I will present a CD on the Wiener Stadthalle, which is a world-class multipurpose venue designed by the Austrian architect Roland Rainer. This venue, which has received more than 50 million visitors since its opening, has become a major player in the European leisure and entertainment industry.

Ladies and Gentlemen!

At the beginning of the 20<sup>th</sup> century, industrial manufacture in Europe made cheap mass production possible. But these products were - in their design - still based on traditional handicrafts. From the very beginning, Austria’s architecture and design was confronted with the task of redesigning and improving living conditions, facing the various challenges of a big city in-the-making.

The major challenge of those days was urban development, the incorporation of suburbs and the provision of communication systems. And there was another reason for thinking about design in that time: exports of Austrian industry were decreasing. Therefore, it was necessary to find new ways of promoting sales and improving quality.

That meant adopting industrial methods and applying them to a new and future-oriented design. This was the founding idea of the “Austrian Werkbund” in 1913. It was open to: “all Austrian craftsmen, whose design met artistic criteria and whose techniques and use of materials were impeccable”. The group used exhibitions

featuring different subjects to communicate its design concept. They organized presentations and displayed the products of their members and the quality of their work. Today, this type of effort would be the equivalent of receiving a design award or participating in a traveling exhibit.

The main objective was to educate manufacturers and customers alike. In all his rejection of ornament, the great Austrian architect Adolf Loos never failed to appeal to the senses. He knew that culture and history have a great impact on our environment. In one of his famous statements, Loos defined it as follows: "In my way of thinking, the form of an object evolves from its use".

It was in this phase that Adolf Loos captured the essence of his design approach: not that the form dictated the building, but the actual way of living within the building gave form to the building. This was a dynamic process of design, emanating from the inside outward.

After World War I, the reconstruction of Austria's political system was a priority. The Austrian-Hungarian Monarchy was gone and the remainder of Austria was cut off from almost all its industrial base and from raw materials.

It was the City of Vienna that developed dynamic concepts to deal with housing needs and unemployment. Within just a decade, 65.000 flats were built. The architecture embraced a vocabulary of great variety. It was both a creative and a holistic approach that addressed people's physical and mental health as well as their cultural and political education.

Because of the political situation in Austria at the beginning of the 30's, there was a significant "brain drain" from the country. The expulsion of such prominent Austrian architects and designers as Friedrich Kiesler, Felix Augenfled, Richard Neutra, Rudolf Schindler, Ernst Plischke and Josef Frank had left a significant gap in the country's architecture and design talent pool.

On the basis of a political reconstruction after World War II, economic recovery came quickly. Again, the most pressing task was to deal with housing needs. Skepticism towards political or ideological patterns dominated. But rapid technical and social developments, an increasingly complex society and a correspondingly complex design process as well as a gradual return to a normal market situation forced rethinking and new points of reference.

The 60's showed a straight and "cool" architecture, represented by renowned Austrian architects like Erich Boltenstern, Karl Schwanzer and Roland Rainer. Building projects no longer concentrated on housing alone. They also responded to requirements of the business world and to the leisure demands of a big city. This was the point in time when Professor Rainer designed the "Wiener Stadthalle" as one of Europe's first urban entertainment centers.

And then, again, a new generation of young architects attempted a reorientation and redefinition of building design. They took up questions such as the consumer society, new mobility and the social challenges of big cities. They attracted attention by projects and publications. Some of them gained international notoriety for their work including Hans Hollein, Walter Pichler, Coop Himmelblau.

Thanks to these events and forces, intellectual debate in Austria came to life again. Unfortunately, however, this was mainly restricted to the Austrian architects and artists and it did not include product designers.

In the 80's, Austria like other European countries, experienced a sense of change and a new design euphoria. Most companies relied on big names from abroad, in particular from Italy - a country that can boast decades of creative history.

To be honest: design is not high on Austria's agenda today, but we do have a lot of very good young architects and designers. Slowly but steadily companies are again establishing firm linkages between their business and design. This focus has an impact on the industry, as well as on the society as a whole. And this is just the beginning.

Austria's membership and even chairmanship of the European Union in 1998 also provoked a reawakening of Austrian identity. Reflecting our cultural heritage can also be of great importance for the future of design, because design is not only a means to enhance our marketing, but helps to sell products to the consumer. It is also an expression of our identity - telling the world who we are and where we want to position ourselves in the global society, based on the conviction that design creates image and that image creates identity. Ultimately, that identity is the key to success.

## II.

This leads to the second part of my lecture and to some remarks on the traveling exhibit "Design Now. Austria", and I cordially invite all of you to visit this exhibit as a means of gaining a first hand appreciation of Austrian achievements, including

- classics of industrial and graphic design
- the approach to infrastructure and design
- the invisible organizational structures of national economy and science
- future trends in structural and visual forms

Aimed at a general audience, this exhibition is composed of various elements such as "Icons", "Codes", "Technologies", "Raw material" and "System of Signs".

Financed by the Federal Chancellery of Austria, this exhibition provides a candid picture of Austria's industry by referring to the past while showing you perspectives for the future. It highlights contemporary design trends in a comprehensive context, ranging from a re-definition of design to traditional shaping.

This exhibition is the first international presentation organized by Austria which provides such a broad overview of the country's applied arts. For the first time staged at Expo '98 in Lisbon, this exhibit travelled to major European capitals as well as to Tokyo, and is also scheduled to be presented in the United States.

The curators Gregor Eichinger, Christian Knechtel, and myself, acting as the overall coordinator of this exhibition, have tried to reflect and stimulate thinking about what design actually means: how it influences our daily lives, fashion, and public events and how it integrates new resources and technologies.

Our position is that Design is the smart differentiator which makes one product stand out from a number of other objects - which increasingly look the same. Good design provides that critical competitive edge.

That is why “Design Now. Austria” not only presents a collection of successful Austrian products, but ties them to the country’s economy, technology, public subsidies, and the codes of communicative design. Reflecting on the topic of this seminar: Good design is good business.

III.

I’m coming now to the third part of my presentation. Greater demands challenge product quality, functionality and innovation. Globalization and fierce competition challenge productivity and profitability. Like the engineer, the technician, the communications function, or the entrepreneur - the designer, too, is a player in fostering economic progress, and social and cultural wellbeing.

But what can a country, a city, or a business do to improve its competitiveness?

In the context of this seminar, I want to focus on the role of design. And the answer to the question, of whether or not there is any way to avoid design, is simply: no.

Actually, design inspires every aspect of our lives. But there are differences in common and not so common objects and their design. What they tell us. How they help us. And how they exert an enduring influence on our perception of reality and ourselves.

To quote the famous French philosopher Paul Virilio: “The meta-design of customs and social habits in the post industrial era will substitute the design of forms of the object in the industrial era”.

But there is also a an important point which has been made by Mr. Philip Kotler, Professor at the Kellogg Graduate School of Management, respected author and one of the leading marketing experts of our time. He firmly believes that more money and time should be spent on designing an exceptional product, and less on trying to manipulate perceptions through expensive advertising and promotion campaigns.

To ensure that Austria reaps the full economic and social benefits of its design initiative, there are issues to be addressed beyond the simple presentation of a road show or the export of design skills. These issues encompass the conditions under which good design can be a successful force and public policy. And I’m grateful that Secretary of State Mr. Franz Morak has aggressively tackled this subject, providing with his new initiative the basis for a flourishing design sector as well as for clusters of associated industries and activities supporting the position that good design and the cultural industries are a valuable investment, not a cost, and that the best way to improve margins is through higher value added.

Global economic integration opens up a world of choice for the consumer, making it much easier for all of us, wherever we live, to indulge a passion for foreign products.

No national products or technologies, no national corporations, no national industries - that's the kind of transformation that influential economists predict.

Where once a design council's work may have been largely about persuading local businesses (through exhibitions, award schemes, and so on) or to hire a designer in order to make their products look and work smarter, the focus now is shifting toward building new knowledge about the way innovation works within companies, enhancing creative skills by training and education, and releasing individual and collective potentials.

All this is needed in order to face world-market challenges and to achieve competitiveness. And you will hear a lot more about this important issue from my respected colleagues during this seminar.

Deregulated financial markets mean that investment capital respects no national borders, while access to technology and the international transfer of know-how and expertise have never been easier. All this puts a premium on finding new ways to add value.

But how? The answer again is: Through innovation, defined as the commercial exploitation of new ideas; and by design as the process by which ideas are actually transformed into those goods and services people want, and will pay for.

Describing what it takes to succeed in the customer-driven world-economy, Professor Rosabeth Moss Kanter from the Harvard Business School talks of companies being strong and rich in three golden assets - namely in concepts, in competence, and in connections.

In her book "World Class: Thriving locally in the Global Economy" (published by Simon & Schuster, 1995) she argues: "Those assets are hard to measure, but they are more critical for building the future than tangible assets of capital, plant, and equipment".

- New concepts are the lifeblood of innovation. They should be running through the veins of every company. They range from providing knowledge tools via research for business people to managing creativity within their own companies to supporting the training and education of employees, so that future generations possess essential creative and problem-solving skills.
- Building competence is another generic factor contributing to world-class performance. Knowledge of existing techniques and new ways to integrate design into the business process is an important aspect of the agenda.
- The third asset is connections between those who design things and those who invest in them. Connections among those who develop new technologies and those who want to exploit them for the market. Connections also apply to ways of thinking that will be needed in the future. Design has tended to stand apart from mainstream business functions such as finance, production and technology, marketing or sales.

Unless we realize that non-designers (managers of many kinds) heavily influence the design process, we tend to accept that design-thinking is the exclusive domain of professional designers.

But design is too important to be left to designers alone.

Therefore, I would like to refer to the design-minded company, to be defined as “to be mindful of the fit of all conditions and activities that affect the performance and experience of products, environments and services”.

The design-minded company has focused on the subject and has made the intellectual shift. One example: Nike has combined engineering and marketing to turn sports into lifestyle. And via a policy of actively nurturing and pursuing good ideas, a lot of other companies satisfy needs we never knew we had - just think of the Austrian company Swarovski or Dietrich Mateschitz' Red Bull.

Dr. Angela Dumas, Research Director of the British Design Council and Fellow at the London Business School, stated once in an inspiring article in the Design Management Journal: “The key lesson is that merely preaching good design is not enough. For sure, you have to convince people that good design is good business. Then you have to show them how to do it”.

This seminar will substantially deal with that subject. And I'm looking forward to the case studies and recommendations of today and tomorrow. I also want to take this opportunity to thank especially Mr. Andrew Summers for the outstanding support, which we received from the UK Design Council during my term as former President of the Austrian Design Institute.

IV.

As all of you know, the proof of the pudding is in the eating. In the final part of my presentation, I briefly would like to describe how we at the "Wiener Stadthalle" endeavor to enhance our business opportunities by implementing a new design concept which reflects our new corporate identity as an outward manifestation of our company. State of the art-equipment and the experience that derives from decades of hosting mega-events of all kinds ensure a good starting point for our new initiatives: More than 80 World Championships and European Competitions have been hosted in the Stadthalle. Our venue is capable of accommodating a wide variety of activities, from a concert hall to an ice rink, from a cinema to a TV-studio or even a church.

But after five decades of intensive use, there is need for a face lifting and repositioning, for a wash and brush-up, keeping the very positive parts of our identity which we have built up and to improve the others. The reason for wanting to reflect our image was a desire to recognize our competition and develop a better product, with an enhanced level of service and improved quality; the reinforcement of an internal cultural change; the decision to refocus our corporate image, to refocus and motivate our staff and help to encourage changes in cultural attitudes. The identity change is based on making improvements to such things as the overall appearance, the interior design, our customer service, the catering and the way our staff is trained.

As all of you know: A corporate identity is not something that should be thought about every three or five years and then forgotten. It must be part of the company's personality. It ought to evolve. It needs to be clear what it is trying to achieve. What its aims are for the long term. How the organization projects itself into the future, so that you can shape the corporate identity in such a way that it can move forward and can be adapted. All of this means, that it needs to be managed.

If the identity is managed properly, then it will enhance the reputation and the culture of the organization. The very specific challenge is that a company's identity is enshrined in the various facets of an organization: its strategy, its marketing, its overall communication, its behavior and its corporate social responsibility.

The very specific challenge we face is to build a bridge between our center's rich tradition and its future. Our objective is to transform the Wiener-Stadthalle-Group with its main venue and its many outlets once again into one of Europe's leading event center and to improve our market position.

Therefore, in addition to the initiatives I've mentioned, we are also currently running a European wide architectural competition to add some 15.000 square metres to the existing complex, building a new theatre and a new "edutainment"-center, a new information center, a food court and an enhanced service area.

I think it's definitely time to add some colour to my speech. And I'm pleased to present our venue with its new design concept, which we have developed together with the London-based design consultancy Pentagram - as a real-world example of how to successfully improve a business with good design.

May I kindly ask the operator to start the short CD-presentation on "Wiener Stadthalle".

Thank you for your attention.