Designers Are the New Drivers Of American Entrepreneurialism

Written by: Bruce Nussbaum

Designers are merging their ways of thinking with startup culture. The result, writes Bruce Nussbaum, is greater innovation and astounding VC success rates.

I recently walked into a packed hall of 200 Parsons students for an event called "Start Something--Why Creatives Need to Become Entrepreneurs," organized by the NYCreative Interns group. Four women entrepreneurs, including Laurel Touby, the founder of Mediabistro, were up front, talking about their experiences of launching their respective businesses. The incredible energy in the room highlighted an emerging trend--the headlong crash of creativity into capitalism to forge a startup model for the future. In this new model, designers drive the force of American entrepreneurialism.

This business model is a cause for true optimism. It's not the big business capitalism that no longer generates jobs or income or tax revenues. Nor is it the old, slow attempts by design and design thinking to reform big corporations to make their culture more innovative, with limited success. Rather, it's the capitalism of Max Weber's The Protestant Ethic--the original, early form of entrepreneurial capitalism. It's the promise of design fusing with startup culture to increase innovation by raising the success rate of venture capital from 10% to as high as 80%. This growing desire among designers to bring their user focus, strategic vision, iterative methodologies, and propositional thinking to the still-geeky, tech/engineering-centric world of startups promises to be transformative and explosive.

The pattern can be broken down into a series of dots. There's the dot of students at Parsons, RISD, RCA, the Stockholm School of Entrepreneurship, and Aalto University, in Helsinki, beginning to embrace the world of startups. (Stanford has been there for a while, thanks to David Kelley.)

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There's a dot of small design/innovation consultancies, such as Ammunition, Fuse, and Smart Design, which are developing and selling more of their own products,

independently and through corporate partnerships. (Yves Béhar has been an entrepreneur for a decade; his latest product, a great new urban bike called , is now in production.) In addition, we have IDEO now supporting incubators such as General Assembly, Excelerate, and TechStars, and helping to launch products such as the Yoomi self-warming baby bottle.

Perhaps the most important dot of all is the one of innovative startups started by entrepreneurs with design degrees or backgrounds--YouTube, Flickr, Slideshare, Tumblr, Airbnb, Slideshare, Vimeo, and Feedburner, and YCombinator. These successful examples have inspired countless design students who want to start their own companies. They see that it can be done.

Another dot is Idiom, India's answer to IDEO. The cutting-edge design/innovation consultancy has successfully launched 80 companies, out of 100 attempts, over the past six years, with the average launch taking about nine months from concept to profitability. (Idiom calls its process Mind to Market.) By applying the approaches and tools of design to the traditional startup process, Idiom increased the success rate of VC from 10% to 80%.

Led by its cofounder Sonia Manchanda, whom I consider to be the intellectual heir to the great C.K. Prahalad, Idiom is pioneering an entirely new VC model called Dream:In. I was lucky enough to participate in it last year. It goes like this: Hundreds of students were trained to interview and tape thousands of people about their dreams--their aspirations, not their needs. The dreams were collected, categorized, and presented to business people, consultants, and folks like me to help draw up business plans to enable those dreams. Those plans are now in a portfolio, from which venture capitalists can choose by category, by individual concept, or by investing in the fund itself. Each year, students go out, dreams come in, business plans replenish the portfolio. When was the last time we even thought about a radical change in the VC model? This does.

What does this new direction of design toward entrepreneurship and away from big business mean? For me, two things. The less important is epistemological. The Parsons event by NYCreative Interns says it all--"Why Creatives Need to Become Entrepreneurs." Creativity is a more inclusive term than design. Creativity is more easily accepted by venture capitalists, engineers, business people (and maybe even design students) than design. In addition, as design goes social, it moves toward industries such as advertising, with a long tradition of having "creatives" as part of its culture. In the past, I've said we should forget nomenclature--

design, design thinking, innovation--it's all a banana. Now that banana for me is creativity. But if anyone is uncomfortable with the term, just use the D-word.

The more important change from big business to new business is conceptual. We need new conceptual categories to deal with the new turn toward entrepreneurship. Zuckerberg, Hurley, Fake, Chase, Stone, Jobs--why and how and where they innovate require entirely different categories of design thinking, if you will, than we've used before. We need to learn much more about leadership and the roles of charisma and calling, and the transformation of inspiration into execution. Entrepreneurs are a lot like religious prophets--they embody their following, they "know" their tacit dreams and longings, and they express them. It's no accident that The Economist put with a halo around his head while he held the newly launched iPad as a "tablet."

Another critical concept is framing. One key to entrepreneurs' success is that they frame things differently, they connect existing dots in unique ways. The two guys who started Method, for example, frame-changed the market for sustainable cleaning products from a "suffering-is-good-for-you" space to a space.

We also need to know a lot more about "meaning," not just the data gathered by ethnography but knowledge that takes us much deeper into understanding culture. We need to know more about shared spectacle and why we crave it, and how honing craft and skill to near perfection can enable you to make and do the unique--which is what entrepreneurs do.

The encouraging news is that we are seeing a dynamic expansion of the scale, range, and power of traditional design. It promises to revive a broken VC model, capture the imagination and energy of a new generation of young designer/creators, and perhaps even regenerate Western capitalism (yes, no small thing). But perhaps most important of all, the creative turn to the entrepreneurial is hopeful. Optimism has always been at the heart of design. This takes it to a new level.

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