

**INVESTIGATING THE KEY CHALLENGES IN RUNNING
A DESIGN COMPANY**



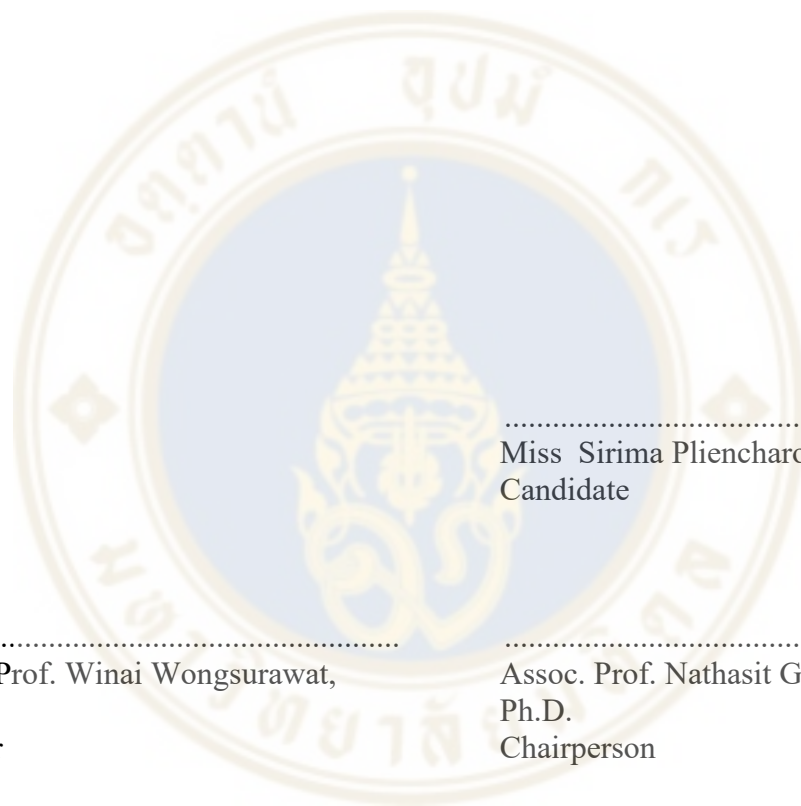
SIRIMA PLIENCHAROEN

**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2021**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**INVESTIGATING THE KEY CHALLENGES IN RUNNING
A DESIGN COMPANY**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
September 12, 2021



.....
Miss Sirima Pliencharoen
Candidate

.....
Assoc. Prof. Winai Wongsurawat,
Ph.D.
Advisor

.....
Assoc. Prof. Nathasit Gedsri,
Ph.D.
Chairperson

.....
Assoc. Prof. Vichita Ractham,
Ph.D.
Dean
College of Management
Mahidol University

.....
Nisit Manotungvorapun,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

Without the support, this thematic paper will not succeed. I would like to thank you for all support that help me understand and finding the result successfully. Especially thank you to Assoc. Prof. Winai Wongsurawat, the adviser for this study topic which is always given direct feedback and supports me through the period of time for the study.

Thank you to the interviewees that always supports and gives excellence answer for all the question that helps me use those answer to analyze the results. Even everyone was always busy but all interviewees were willing to have the interview with me as they know that their answers will help this thematic paper topic. Lastly thank you to my family and friends who are always with me.

Sirima Pliencharoen



INVESTIGATING THE KEY CHALLENGES IN RUNNING A DESIGN COMPANY

SIRIMA PLIENCHAROEN 6249162

M.M. (ENTREPRENEURSHIP MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASSOC. PROF. WINAI WONGSURAWAT, Ph.D., ASSOC. PROF. NATHASIT GERDSRI, Ph.D., NISIT MANOTUNGVORAPUN, Ph.D.

ABSTRACT

This research will find out investigating the key challenges in running a design company. This paper focuses on the owner of a design company, who also has a design background, managing the company. As the nature of the designer who wants to explore their craft, passionate and creative. To understand what the most difficult factor is for those designers to run the business and to understand how they are facing that issue and how to manage that.

The writer selects a qualitative method that would be a good fit for this topic of the research. Since the topic of this research involved the organization inside of the design business company. By using the qualitative method can help the writer ask interview questions in a deep reflection. It would help the writer to understand not what the owner of the design company thinks, thinks, but also opens the opportunity for the writer to use an open-ended question to understand “why”.

KEY WORDS: Design Business / Motivation / Entrepreneur / Startup

25 pages

CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vi
CHAPTER I INTRODUCTION	1
CHAPTER II LITERATURE REVIEW	4
2.1 Passion	4
2.2 Conception of Craft	4
2.3 Creativity	5
2.4 Motivation	6
2.5 Brand and Brand Identities	7
2.6 Product or Service Positioning	8
CHAPTER III RESEARCH METHODOLOGY	9
3.1 Interview Question	10
CHAPTER IV FINDINGS ANALYSIS	14
4.1 Design Aspect	14
4.2 Managing People	15
4.3 Marketing Aspect	16
4.4 Project Management	17
4.5 Financial Aspect	17
CHAPTER V CONCLUSIONS & RECOMMENDATIONS	19
5.1 Conclusion	19
5.1.1 Managing people	20
5.1.2 Marketing	20
5.1.3 Financial Aspect	21
5.2 Recommendation	22

CONTENTS (cont.)

	Page
REFERENCES	23
BIOGRAPHY	25



LIST OF TABLES

Table	Page
3.1 Interview Questions	11



CHAPTER I

INTRODUCTION

The design has become an important part and increase the value of the business. The company that has the iconic design in part of its core value can stand out from the crowd. The company's best design performers increase their revenue and shareholder return than the other company that has low design performance in their product or service (Mackinsey, 2021). The design became to what matters to the customer to decide to purchase the product or use their service.

Analogous to the architecture and interior design industry that now a day people tend to be aware of good design does not mean only make the space be beautiful, luxurious, or homey. But with good design space and function also increase work efficiency, increase productivity, improving connection relationships, which we can say that the interior design is improving quality of life. Designers love what they do and will do anything to practice their craft. They are passionate about what they do. The young designers graduate from college, they start work at the firm to practice in the business world. When they work in a design company, they'll realize that the design work is not just about sitting and designing the space. But it also needs to be managed in other parts as well such as contact the supplier to get the material, managing client expectations, contact the marketing team for their requirement of the function and space, manage the project to be on the schedule, managing budget or finalized the bill of quantities. All of those didn't learn much in college, but they will gain experience from their practice in the design firm. The designer keeps doing their practice some of them might start their own business firm. However, the designer is not worrying about the bottom line as the first thing then what is the difficulty factor for the designer to run their own business.

First, managing people in the organization. Meanwhile, most of the employees in the company will most have a design background which is the benefit to start the community and culture of creativity in the organization. At the same time, those people tend to focus most part of the design, explore their idea but tendency to have a

difficult time managing the project schedule, budget, and clients. Therefore, for the owner of the business who also has the design background to manage the employee seems to be the most difficult part to manage their staff to see the big picture of the project. Plenty of designers has high confidence and believe in what they are doing with the project. To convince or show them how to handle the project is also the difficult part.

Second, to marketing design work, to the published and find the right client for their works. The design company sells their service to the client who is his, her, their, etc. see. the value of your works. The company needs to present themselves with a strong perception of how they work, what they are good at and publish the work to the world. Most of the time, the company will get the work from the previous work that they have done. This strategy is better for the company rather than always seeking a new client. Build a relationship with your clients, your community and your peers will bring you work (Granet, 2012). The company needs to be positioning itself clearly in the market. Because it has various of design style service, which means that each design company trend to have their strengths of the specific type of design. Therefore, this fact will make it easier for the right client to find your company.

Third, financial perspective. As the designer is not focusing on the bottom line at the first that they start the business. In the beginning with a few people in the company was not the issue. And the design company didn't have expenses as the other industries. They didn't have the expenses for raw material, packing. Mainly, their expense is the payroll, facilities, license program fee, transportation cost, printing cost for drawing. At the same time, their income didn't come same as other industries either, for example, one restaurant design will have 5 stages of design payment fee. One project might take 3 – 6 months, it depends on the area and the type of project. At the beginning of starting the design company, they can manage the financial part smoothly but as the business growing to manage financial perspective becomes the difficult part of the company.

This paper focuses on the owner of a design company, who also has a design background, managing the company. As the nature of the designer who wants to explore their craft, passionate and creative. To understand what the most difficult factor is for

those designers to run the business and to understand how they're facing that issue and how to manage that.



CHAPTER II

LITERATURE REVIEW

2.1 Passion

As the designer passionate what they do. The Passion defined as the state that people so involve and deeply in what they passionate about, it seems to not have anything else that seems to be matter It requires a high cost and time. Passion is an intend emotional and feeling that cab be externally observed or it can feel from the internally. It is the process of biologically that may be conscious or subconscious.

2.2 Conception of Craft

Craft known as the different distinct knowledge, which is using the intuitive and expressed through the process of making and doing. Craft maker has an ability to express and work through they're feeling in an enthusiastic and develop the step towards finding solution. Craft can help people learning and realized over the design process, or the way of to understating raw material its selves with the limitation, or prepare processing, assembling, and modeling them (PÖLLÄNEN, 2012).

“Beyond making, exhibition and sale of a craft product” and the economic contribution by what maker had made from the strong by craft knowledge, experience, skill, and working process familiar with the craft. Craft practice as the characteristics following:

- Material Knowledge: The unique ability knowledge that maker has are the knowledge of the material, material qualities and the capabilities of material to process to how they work (Pye, 1986) (McCulloight, 1996) (Yair, Schwar, 2011).

- Understanding of people, object, and space: maker able to be understating people of what they're needs, how people related with the material and how people interact with the space. Those present ability for make to understand of emotion and functional sense.

- Reflective conversation with the material world: maker work by experimental to understand the material ability, tried to understand the process and then reflecting what they found out. This is applying to Schön's theory of reflection-in-action (Schon, 1983) to material world (Fry,1995). This process focusing on using open problem solving and engaging in the term of limitation or process constraints to see how maker enable to work in the different context and settings (Yair, Schwar, 2011).

- Passion with the material and the material world: maker's fulfillment with deeply engagement, enjoyment and experimental of the material. The explosion of the material drives their work. Maker comfortable to collaboration interaction with the client and other creative professional.

2.3 Creativity

As the design company is the knowledge base company which innovation and creativity have become the critical factor of the process. Creativity has many deference views in the different disciplines. In education, we will know creativity as an 'innovation'. As the business, we will find out that creativity can be called 'entrepreneurship', and within music, it can be called 'performance' or composition' (Reid and Petocz 2004) (Kowaltowski, Bianchi, dePaiva, 2009). Creativity is the way to turning new and develop the imagination idea into real work which involves two processes: thinking, then producing. Creativity allows people to find the new way to explore the idea. Most of the time is the alternatives way to solving the problem that the people did not realize this way before. With the increasing of the design world, originality, innovation, therefore, should not rely on talent or chance only. That is why creativity is seen as the way of developing and bringing forward the new idea, as can see from many design processes in the different industries from the traditional architect to mechanical design (Kowaltowski, Bianchi, dePaiva, 2009). Necessary is the find a new way of solving problems in terms of social, functional, urban, technical, and aesthetic in the creative way and responsibility of the environment.

The creative thought process has a different factor in depending on how that person sees the world or attitudes for the searching of the new way and appropriate solution, the questioning attitude that that person has, might depend on how what

experience that that person has. Those factors will affect how that person analysis the idea with open-mindedness to finding the solution. The ability to solve the problem it depends on two factors of the heuristic of problem solving and cognition: a repertoire which are facts, principles, and concept (systemization of insights) (Kowaltowski, Bianchi, dePaiva, 2009).

The limitation is the important factor to simulating creativity (Boden 1999) (Kowaltowski, Bianchi, dePaiva, 2009). In the design process of the building, the limitation is present though, requirement, site condition, timeline, cost, trend, client, people, and environment. Often seen that is negative as a limitation, however, this is the positive challenge for the new idea that the architect will need to explore the new design in the different context and requirements. Which will allow using creative thought to solve the problem and finding the appropriate solutions (Kowaltowski, Bianchi, dePaiva, 2009).

The creative solution is essential in the economic recovery environment to keep and improve international commercial competitiveness. The key success of commercial success is innovation. It brings value to an invention. Innovation has more meaningful than invention, it relates to the deep detail of each process. Which is useful for materialized and widely disseminated (Lumsdaine and Binks 2007) (Bruton, 2021).

2.4 Motivation

Motivation is the process that leads the behaviors, it is the guideline that people will follow to achieve their goal or what cause you to act, whether it to stay late to finish the work so you can more relax over the weekend or drive to work so far from home but because it means something to you to work in the office thus it motivates for the drive so far.

Motivation involves many things such as social, emotional, biological, and cognitive forces that simulate the behavior. It is the term to describe why the person does something or doesn't do something. It is the driving force behind human actions.

There are at least two quite different sorts of phenomena that are referred to as motivation. Both are important. But for this research will focus on the concept of motivation refers to a desire to perform a particular behavior on a particular opportunity.

It is the way that people take their action by the feeling of wanting to achieve a specific goal —indeed, usually wanting to do something specific to make it happen.

Type of Motivation. There is the different type of motivation but most of the time will describe as being either extrinsic or intrinsic.

Extrinsic factors. People tend to motivate themselves by seeing or effect by an external factor which is related to money or expectation to get promote by stay late at night, work over the weekend.

Intrinsic factors. The people that motivated from inside factor, from the desire to satisfy human needs. Such as people stay late at night It is not how they work, but they motivate to do that because they want to desire their colleague and their personality is to keep harmony in the team.

Extrinsic factors and intrinsic factors are both motivate most people in different factors, it's a combination. Hence, as the owner and manager of the company, understanding the motivation of their staff is an important factor in running the business. Because some people might not consider the external benefit as much as that they want to gain more knowledge and experience (Sands, 2021).

2.5 Brand and Brand Identities

Brand identity is the series of elements of the company that represents to its consumer. It is different from “brand images” and “branding” even sometimes it may use these terms treated as interchangeable.

Strong brand identity will make the customer recognized the brand as even have the name on the work. The term branding refers to actively shaping the distinctive brand with marketing practice (debara, 2020). Every organization or individual are has the significant elements that generate their brand identity, their personal brand. Those are the characteristics that are identified by the receiver.

Brand Identity impresses eight components:

1. Company Name
2. Logo
3. Tagline
4. Color Palette

5. Typography
6. Graphical Elements
7. Imagery
8. Voice

Those components of brand identity will support the company brand strategy, it provides important visual factors that convey positive qualities and reducing the concern of the customer that may have about the brand. The difference between Brand identity and Brand is that if the Brand identity is the visual part of the brand, the brand is the way that people sense and experience the company. Brand Identity will be the input of the company and Brand will be the output to the customer.

2.6 Product or Service Positioning

Product positioning is a way to marketing themselves that will present to a particular target group of customers and clients. Its definition is where the product or service of the company fits in. the marketplace. Product positioning is an important element for the market plan. It's the way that the company can differentiate the product or service from its competitor.

CHAPTER III

RESEARCH METHODOLOGY

Since the topic of this research involved the organization inside of the design business company, the writer used primary research, the qualitative method which would be a good fit for this topic of the research. The writer has a background in interior design which helps the writer easily connect with the design firms, which have a different scale and different sizes of the company. Also, the writer has experience working in a small firm design company for almost 10 years as a Studio Manager, in which the writer gets involved in the design process, administrative tasks and work closely with the owner of the company. This brings benefit to the writer to understand the designer mindset and understand the business perspective of running the design company. By using the qualitative method can help the writer ask interview questions in a deep reflection. It would help the writer to understand not what the owner of the design company thinks, but also opens the opportunity for the writer to use an open-ended question to understand “why.”

The objective of the interview process is to understand the interviewee what are investigating the key challenges in running a design company. Which is almost all the staff in the organization passionate about designing and have high creativity. Although the passionate and creative might help with the design process however it is still the business that invoice billing process, schedule, project management, managing people in the organization, and managing client expectations.

In total, 3 owners of design companies were selected for the one-on-one interviews, two companies have staff from 5-15 people and then running the business from 6-10 years, the company has staff only 2-3 people and only running the full service of design company about 3 years. Those two companies are the interior design service and another one is an interior design and architecture service. All three interviews were face-to-face interviews at their design studio during the first week and second week of May 2021. The duration of an interview is around 1 – 1.5 hours. Those three are selected

by the writer has seen them since starting of the company and be able to see how those three interviewees grow up in the market.

The first interviewee is the owner of interior design and architecture service, the company established almost 11 years. Let's call him Mr. J. The company has a separate team of interior design services and architecture services. He is taking care of both teams. The company has a staff of 15 people right now. Mr.J responsibility is to get the requirement from the Client such as the budget, timeline, function requirements. After that, he will talk with his senior designer to form up the team for each project. Normally, one team will have 2-3 people working on the same project, and one staff will handle the project about 2-4 projects at the same time. Mr.J and the team will have the meeting to discuss the design, project schedule, material specification about 1-2 times per week. Each design Mr.J and team will go to present to the Client to get the feedback and approval before starting the construction drawing for the contractor.

The second interviewee is the owner of Interior design services, the company established almost 7 years. Let's call him Mr.P. The company has a total staff of 8 people. The owner's responsibility is to get the requirement from the client and set up the conceptual design and assign the task to the team.

The third interviewee is the owner of Interior design services, a company established about 3 years. Let call her Ms.A. The last company only has staff 1 person. This means that all the project tasks will mostly go to Ms.A. Her responsibility starting from meeting the Client, get the need, design, sourcing the material, set up the project schedule, financial task (billing, receipt), and managing her staff to meet the schedule. Normally, the company will have the interior project running at the same time around 3 -4 projects which she tries to be balancing the design process to be a different process.

3.1 Interview Questions

Since the topic of this paper is “what are investigating the key challenges in running a design company,” by open-ended question will allow the interviewee including more information, feeling, attitude and emotion of each topic. It maximizes the ability to get more information for the writer to analyze the issue. The propose of interview section is to understand, which is the most difficult factor for the interview to

manage their company and to understand how they are solving the problem. The interview questions listed below are the guideline for interviewing the owner of the company as mentioned before.

Table 3.1 Interview Questions

Topic	Question
Design Aspect	<ol style="list-style-type: none"> 1. Does have any moment that you have difficult time to delivery project to the Client? What it about? And how you handle that? 2. Could you descript you design work and workflow of your company? 3. How you present your design work with your client? How often you meet to Client?
Managing people aspect	<ol style="list-style-type: none"> 1. How difference of having the less staff in company and more staff? (Less = 2 -6 people, more than 6 people) 2. Have you ever had the big argument with the staff, what it about, and how you dealing with that station? 3. What is to most issue that you have discuss with the team? And why? 4. Who is the senior person in the company, how long they stay at the company? What their role? 5. Have you ever been in the situation that the team member has the issue with each other? How you handle that situation? And What the issue topic? 6. Is there any situation that your team didn't agree with you? Why didn't they agree? How you convince them? 7. Most of the design company didn't pay the OT, Dose you company do the same? How normally compensate that time to the team? (Party, Bonus, Trips) 8. What do you think is the most commons thing of your staff?

Table 3.1 Interview Questions (cont.)

Topic	Question
Marketing Aspect	<ol style="list-style-type: none"> 1. Which channel of your work normally come? (By word of mouth, online, magazine, friend?) 2. Is there any different since you just start the company and now in term of getting the job? How difference? 3. What is the most type of project of your company? (Residential, commercial, retail, café, or restaurant or else) 4. What do you think that is the main reason of the Client come to you? What do you think that is the strengths of you company?
Project Management	<ol style="list-style-type: none"> 1. How long do you spend on each project? Does that depend on each project? What is the longest and the shortest time? And what type of that project? 2. Is there any delay on the project? What is the common issue? Is that because of other factor that you can't control such as client decision, construction part or it about operation inside the company? 3. How you handle with the delay on the project if cause from the company operation? 4. How many staff will work on 1 project? And how many projects of each staff handle? 5. Is there any staff handle more project than other? What their main role? And why? 6. How the company measure the performance of the project and team?
Financial Aspect	<ol style="list-style-type: none"> 1. Do you have accounting in company? If not, who are responsibility for that? 2. How your company billing for the project? Can you describe the how process of billing is relating to the design process? 3. What is the highest expensed in company? 4. Do you have difficult time to get payment from the Client? What happened? And how you handle that? 5. Cashflow is the key of running business, whom responsibility on this part? 6. Have you ever had financial problem before? What happened? how you handle the situation?

As the qualitative method by using open-ended questions with the interviewee, gives the opportunity for the interviewer to collect all the information related to the topic that the writer's going to analyze. However, it was not only the information that the writer obtains from the interview but also the attitude, feeling, and emotions that can recognize from the interview session. This is also an important factor for analyzing the personality type of the leader in managing people topics.

Beginning of the interview, the interviewer starts with the causal question to talk about the general topic about life, weather, or traffic during the COVID-19 first. The reason behind that is to make the interviewee relax and open mind to sharing their experiences with the following question. The interviewer uses the question that had the common thing in life with both interviewers and interviewee in the current situation such as the COVID-19 situation. Toward the situation that all we are facing right now, affect all the industry, so, to start with an empathy question can increase trust and make interviewer freely to share what they experience.

CHAPTER IV

FINDINGS ANALYSIS

This chapter provides an in-depth analysis of the interviews as the topic mentioned in the previous chapter. After the interview and observation sessions, there are many interesting points that must be discussed and analyze all topic questions that are used for the interview to see which are the three most difficult factors for the owner of the company for running the business and including the reason and theory behind the factor. The analyzing topic will be including the writer's personal observations and insights from working in a design firm in needful context or information. Below is the analysis of each topic aspect under consideration:

4.1 Design Aspect

Most of an owner, which has a design background, starts changing the time with the designing as companies growing. They find themselves spend less time on the design part but more time on running the business. For example, they used to use their time to design 80% of their time but since the company expand and get more projects, the designing period decreased to 30% of the time.

Normally, the client will come to the company because they like the work or the style that the company presents to the market which at the beginning of the business, the design will come from the owner of the company. Since the company expanding and the owner gets less involvement in designing the project, he or she will give the design direction to the senior, and the team to develop and production the works. The owner of the company changes themselves to be the conductor to make sure that the whole company runs smoothly.

As the interview finds out that some of the owners had the opportunity to running the business but some of them have a difficult time separating themselves out of the project. The owner had the passion to produce the work by themselves because

they love designing and love to explore the idea into the project. At the same time as the owner gets deeply into the particular project and takes a long time to step out of the project, it may also hurt the company. Because as the owner of the companies, they need to see the big picture and observation the company to understand the other aspect of the business such as financial aspects, staff, client, and marketing. By deeply put themselves only the design part, it can easily damage the company.

4.2 Managing people

The designer always looks for the space of creativity and tries their best to explore the new idea and experimental in terms of technical, material, and layout. They always have the intrinsic motivation to produce a high value to the project by seeing that even the company didn't provide the overtime fee. Designers use their creativity and passion to put it into the project. Hence, the company needs to provide an environment of working that will support creativity, also give freedom.

However, the intent was good but as running the business, the owner of the company will be to balance freedom and control. Because each project will have a specific time of design and production, for example for the Design development process, the company has 4 weeks before delivery the package to present to the Client. Therefore, the owner can give the designer freedom at the same time control them to stay within the timeframe that they have, which is difficult for the owner who has the design background. It's the art to manage the team without pushing them too hard and make the team create a new idea. Because the company still needs to the fresh idea out of the team.

Most of the time, the owner using supporting style leadership to the team. It's a good fit with the creative design team. The owner will give high support to the team as needed but low directive behavior. However, sometimes, the owner will find out that the team has a high interest to do the work, but it shows that the team will need more coaching from the owner. Which sometimes, the owner could not put the time that much to coaching them because his or her role is busy with running the business. The owner has a senior designer, who has stayed in the company for a few years and is familiar with the design process in the company. Even the senior designer who thinks

that the owner can use supporting style to them, the owner realizes that he needs to find the time to coach them as well. However, by the owner setting the goal and expectation of the project to the senior and the team, it seems to be helping them deliver the work as high performance with the timeframe that given.

4.3 Marketing aspect

As for the interview session, it shows that each design company has a strong design approach that is not the same. Those three companies have different types of customer targets that can see clearly. For example, Mr.J company has a strong design with minimal design, it shows from their work that the client will get the feeling like the Japanese house. Ms.A also presents the minimal design of her work but in the way that presents from raw material that she is using for the space such as concrete texture with teak wood combination in a minimal way. The last company is Ms.P that his company represents the trendy commercial market by using colorful material with different shapes of form to define the space, it reminds of Korean café. This company has very strong represent their design to the market and the client.

In the beginning, the interviewee all said that it's also difficult for them to find their customer segment. They want to be growing by using the organic way, the design company is selling the product to the customer which means that they cannot use the promotion or using the advertising to gain a customer like the other industries. But they're gaining the customer by doing more work, collecting the project to their portfolio, and show their work to the market through online channels such as the website, fan page, or pushing the work in the magazine. Another way is to open the booth at the architect fair or Baan and Garden fair. Then, positioning themselves in the right market is the critical part. They need to make sure that the project that will come to the company will fit with their style and design. Because each design company will have a different specialist in a particular design approach. As interview share goes through that they use to get the project that does not match with their style, and they try to push that project along. They finish the project, but it won't satisfactions them and the client as they normally get. Also, realize that they put more effort, resources, and

more time into that project. Therefore, before they meet with the new client, they try to make sure that what the client expectation will match with their design's DNA.

4.4 Project Management

As the owner of the design company, they have the responsibility to take over all the project management in the company. They have the senior designer to taking care of that as the project manager, but the owner still needs to get involved in each process. Project Management of the design company will be starting from getting the requirement from the client, design process, finding material, contact supplier, prepare the design package, working on the drawing, meeting with the stakeholder, construction site meeting, and site visit for defect work. Those are all part of project management. Most of the designer enjoys doing the design process that they can experimental material and explore the new ideas but when it became to the managing of the project, they seem to have a difficult time.

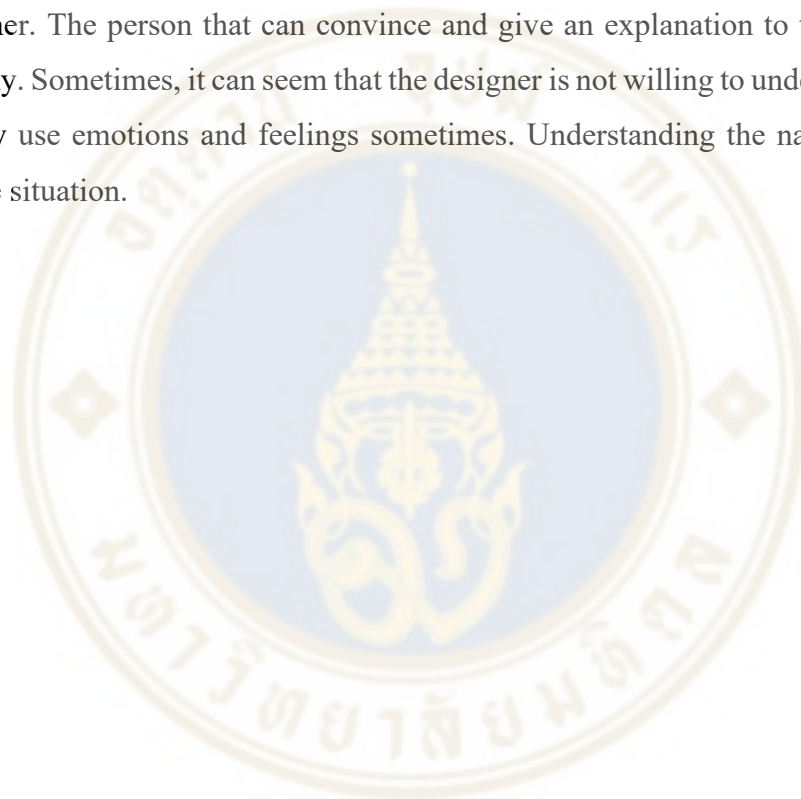
The owner always has a discussion with the senior/project manager that they need to step back from the design part and look at the overall project. Sometimes, it's too late and the project got delayed because they are so deeply in the design process. Also, the owner has a difficult time convincing the team to understand the business point of view.

4.5 Financial Aspect

By setting up the company, it's the way for the designer to use their creativity to generate income however the bottom line was not the first thing that the designer interest in. They want to practice design and explore the new ideas that they are all passion. As they get bigger and have more staff, the financial aspect becomes the critical part that they need to take a close look at. Mainly of their expense is the salary, utility, license, and rent. It was not the same as selling the product that will have raw material cost, transportation, machine, and packing. And because of that most design companies didn't have accounting in-house, but they outsource that to the account company. Normally, they hired an office manager or administrative to take care of the

invoice, receipt, and general tasks in the office. But because the sequence of each design payment will take a certain time to make sure that the company has a good cash flow was the difficult thing for the owner of the design company. As the nature of a designer is not the same as a businessperson who has to predictable each element of the design business, but for a designer who wants to explore their creativity and their imagination thus they don't like to be dealing with a few.

Two of three design company that got interview has the closest person that is always taking care of the financial aspect, the person that has a long relationship with the owner. The person that can convince and give an explanation to the owner of the company. Sometimes, it can seem that the designer is not willing to understand the logic, but they use emotions and feelings sometimes. Understanding the nature of that will help the situation.



CHAPTER V

CONCLUSION & RECOMMENDATION

The research of this paper is to understand the designer running their own business. The research question “what are investigating the key challenges in running a design company.” To understand there are the different factors and reasons behind that factor of designer running the business that make it different from the businessperson or not. This research would be a benefit to the designer who is starting their own business to be aware of factors that they might not see before and the way how they exist design company facing with those factors and how they are dealing with that. As the writer also has a design background and had been working in the design firm for almost 10 years, the writer will conclude from their own experience, and her observation as needed.

5.1 Conclusion

The writer had conducted the qualitative method by using open questions with all three interviewees who have a design background and start their own business. The writer selected two company that has similar people of staff and had been in the business for almost 10 years, and the company that has only a few people and just start running the business for a few years. The criteria of this are to understand there are many different factors in their terms of age of the company and the number of staff.

The result of this research is quite interesting that all three companies have the same 3 most investigating the key challenges in running a design company, which are 1) Managing people 2) Marketing and 3) Financial Aspect but in the different point of view as an explanation below.

5.1.1 Managing people

Those two companies who are running the business for almost 10 years have a difficult time managing much staff in the organization. As the company growth will be more staff in the company and will have more senior. Most of the time, the owner has a difficult time convincing the senior level to see the big picture of the project, not only the design part. The owner realizes that sometimes they need to use leadership style coaching for the senior level. As seniors can handle more responsibility that will help the company run more smoothly than by spending more time training seniors to be good at management, the project is the important part of the owner's role. As the owner has a design background, it is easier for them to understand their staff that why they have a difficult time managing the whole project. Rarely, the owner will have the staff that they think what they doing is right, which brings more difficulty for the owner to train them.

Another company that has less staff also has a difficult time managing the people. One issue the owner tries to deliver work to the customer by doing the production by themselves and needs to training staff at the same time. Also, the owner does not use to manage the people before they find out that training the fresh designer that just graduates from the college to understand the real world of work is difficult for them. And because the company didn't have senior-level who been to the company for a while which means that the owner needs to work close to the staff who require more tainting.

As the design company is the knowledge base, the company gets improving by do more practice and experimental. Therefore, the company can grow as the people in the organization grow but most of the time the owner of the company has a difficult time keeping those staff to stay in the organization. And the knowledge just goes with them, therefore this is also similar to the other industries to avoid that situation the owner of the company tries their best to keep their staff by understanding what the motivation for the staff is to work at the company. Also, prepare the manual and system to make sure that the knowledge can pass through the next generation of staff.

5.1.2 Marketing

The company has a difficult time finding their customer, in this term mean the customer that will match with their work. Most of the time, they'll have a difficult

time working with a project that does not match what they are representing and they don't want to put that into their portfolio. Sometimes, they just do not realize that they agree to the project but most of the time they need to get the project because of the financial issue. Thus, positioning themselves as the market that they interesting in was difficult.

As most design companies, they didn't do the business plan or 4P marketing analysis or market positioning. They start their own business because they see the opportunity from their creativity that can generate income. Designers are passionate about what they do and happy when the client also appreciates their work. Therefore, they have a difficult time finding their customer and find market positioning. However, the company learning from the experience, the trend to understand the type of work that they don't think they will see in the long-term growth. They are more selective of the project from the new client and collecting portfolios for what they want to be only. As they keep collecting the work that represents their company strength and increases their brand identity. It helps the company present its style to the right customer.

5.1.3 Financial Aspect

As mention early on that the designer didn't think of the bottom line at the first thing as starting their own business. Therefore, the owner of the company didn't prepare for what it will need for running the business, such as billing, salary rent, utilities, or tax. As the designer mindset, they have a difficult time dealing with the financial part. However, the business requires this part in order to run business smoothly, growth, and be able to say no to the project that they are not interesting to work on.

Regrading from the interview, all three companies didn't expect to have integrators at the beginning of the business, who has the Unique Ability to manage daily issues as they come up and the ability to integrate all three functions of the business – Sales and Marketing, Operations, and Finance – into one harmonious group (Paton, 2017) As the interview, the writer finds out that all three companies have the integrator. The designer as the owner of the company act as the visionaries of the company. Therefore, both parts of visionaries and integrators of design companies are essential

for running the design business. As the writer can see herself as the integrator of the design firm that she now works as the Studio Manager.

5.2 Recommendation

Regarding the interview and conclusion, First, for the entrepreneur who has the design background and is ready to start their own business. The most important part of the understanding is how to be positioning themselves in the market, what is the design that the company wants to do for the business. As find the company's strengths keep continue to do that type of work and present it to the market. Try to avoid the work that you are not interested in or not good at. This response will help the company in long-term growth to the work that matches with company brand identity.

Secondly, the business will grow by the people growth, therefore, the company needs to understand the motivation of their staff and keep them as long as you can. The owner needs to be able to put the right person to the right job, each staff will have different strengths and weaknesses, to be able to understand that it will help company growth. All staff cannot stay with the company forever, they all have their own path to follow, the owner needs to be prepared for keeping the knowledge into the company and can transfer that to the next staff easily.

Finally, you are passionate about designing to work but the financial part is very important. For the owner to select the work that matches their brand identity to have stable finances is the critical part. Also, as the owner who is the visionaries of the company, the owner needs to make sure that has the integrators in the company. This will benefit the owner that can be able to explore the new ideas and experiment as needed.

REFERENCES

- Boden, M. A. (1999). *Dimensões da Criatividade*. Porto Alegre, Brazil: Artmed Editora.
- Bruton, D. (2010, May 21). Learning creativity and design for innovation. *International Journal of Technology and Design Education*. <https://link.springer.com/article/10.1007/s10798-010-9122-8>.
- deBara, D. (2020, March 4). *What is brand identity? And how to design and develop a great one.* 99designs. <https://99designs.com/blog/tips/brand-identity/#brandidentity>.
- Fry, T. (1995). Sacred design 1. In R. Buchanan & V. Margolin (Eds.), *Discovering design ability: Explorations in design studies*. Chicago, IL: University of Chicago Press.
- Granet, K. (2012). *The Business of Design: Balancing Creativity and Profitability*. Princeton Architectural Press.
- Kowaltowski, D. C., Bianchi, G., & de Paiva, V. T. (2009). Methods that may stimulate creativity and their use in architectural design education. *International Journal of Technology and Design Education*, 20(4), 453–476. <https://doi.org/10.1007/s10798-009-9102-z>
- Lumsdaine, E., & Binks, M. (2007). *Entrepreneurship: From creativity to innovation*. Oxford, UK: Trafford.
- McCullough, M. (1996). *Abstracting craft: The practiced digital hand*. Cambridge, MA: MIT Press.
- Paton, M. (2020, January 29). *Visionaries and Integrators - Part 1: Why Both Are Essential.* EOS Worldwide. <https://www.eosworldwide.com/blog/visionaries-and-integrators-are-essential-part-one>.
- Product Positioning Definition - What is Product Positioning.* Shopify. (n.d.). <https://www.shopify.com/encyclopedia/product-positioning>.

- Pöllänen, S. (2012). The meaning of craft: Craft makers' descriptions of craft as an occupation. *Scandinavian Journal of Occupational Therapy*, 20(3), 217–227. <https://doi.org/10.3109/11038128.2012.725182>
- Pye, D. (1968). *The nature and art of workmanship*. Cambridge: Cambridge University Press.
- Reid, A., & Petocz, P. (2004). Learning domains and the process of creativity. *The Australian Educational Researcher*, 31(2), 45–62.
- Sands, L. (2021, February 4). *What are motivation theories?* HR Software Online. <https://www.breathehr.com/en-gb/blog/topic/employee-engagement/what-are-motivation-theories>.
- Schoën, D.A. (1983). *The reflective practitioner: How professionals think in action*. Aldershot: Basic Books.
- Sheppard, B., Sarrazin, H., Kouyoumjian, G., & Dore, F. (2021, April 28). *The business value of design*. McKinsey & Company. <https://www.mckinsey.com/business-functions/mckinsey-design/our-insights/the-business-value-of-design#>.
- Yair, K., & Schwarz, M. (2011). Making value: craft in changing times. *Cultural Trends*, 20(3-4), 309–316. <https://doi.org/10.1080/09548963.2011.589711>