

# Choosing and Appointing a Design Consultancy

For Managers Commissioning Design Projects

DBA Guide One  
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This is the first in a series of five guides prepared by the Design Business Association for managers involved in commissioning design projects. 'Choosing and Appointing a Design Consultancy' should be read as a preliminary to the other guides in the series, each of which describes the management of design projects in one of four key areas.

### **Other design management guides available in the series:**

- Guide Two – Managing Corporate Identity Programmes
- Guide Three – Managing Interior Design Projects
- Guide Four – Managing Packaging Design Projects
- Guide Five – Managing Product Design Projects

## Introduction

**'I used to think that design was a waste of money. Now the whole management team is aware of the contribution of design and packaging to sales.'**

This comment, made by the Chairman of a British motorcycle helmet manufacturer, is quoted in a report\* of an investigation into the commercial returns of investment in design.

The report surveyed 221 design projects (for products and packaging) undertaken by design consultancies for UK manufacturing businesses. The results demonstrated unequivocal evidence that investment in design produces fast returns in the majority of cases.

Key findings were:

- 90% of the projects implemented made a profit
- of these, the average investment payback period was 12 months
- 48% recovered all costs, including tooling, within a year of launching
- where comparisons were possible with previous products, the average sales increase was 41%
- where projects were not implemented, losses were small.

The DBA Design Effectiveness Awards clearly demonstrate that investment in all forms of design, including print, packaging, corporate identity, product, and interior design, yields significant, tangible, and measurable commercial returns.

These guides will help those responsible for commissioning design projects to achieve good results through effective project management.

\* The benefits and costs of investment in design, Open University/UMIST Design Innovation Unit, Milton Keynes, 1990.

## Managing the Use of External Design Services

In many organisations, design is commissioned by different managers on a project-by-project basis. This can lead to mixed approaches to design, a waste of resources and ultimately the messages that are being communicated end up diluted and fragmented.

Getting the best from design means co-ordinating design input and developing a formal framework within which decisions about design are taken. To begin with, it may help to make the role of design management a specific function within the company. This could involve appointing a specialist 'design manager' or allocating the responsibility to an existing manager (usually from the marketing or communications department) and offering them training and experience. The individual would then either take charge of all appointment and management of design consultants or would act as an in-house adviser when colleagues need to commission design projects.

It makes sense to spend time and effort choosing the appropriate design consultants and to build long term relationships with them. This gives the design consultancy (or consultancies, because different consultancies may be taken on to handle the company's different design needs) the opportunity to understand the way in which your business operates, enabling them to work more efficiently and effectively.

It is also important to evaluate the effectiveness of a project. To do this you must define the desired outcome of the project and then set up the necessary systems to measure whether or not this has been achieved.

The expected outcome should be expressed as a series of specific, quantifiable, performance related objectives, such as x% increase in sales, a y% improvement in productivity, a z% decrease in manufacturing costs, etc. The time and resources available for this will depend on the amount invested in the first place, but it is good practice to subject all design projects to some form of evaluation.

## **The design project**

Design projects tend to break down into a series of stages, which may be purchased separately, sequentially, or all at once. These stages are:

- 01 Research, strategy or feasibility
- 02 Design concepts
- 03 Design developments
- 04 Implementation.

The first two stages are often rolled together, although occasionally you may need to commission a separate pre-concept stage to establish the feasibility, cost, or direction of a design project.

The concept stage is when the consultancy presents the creative proposals (design concepts) that visualise the design idea. At this stage you will normally (but not always) select one concept approach for further development.

Design development is the preparation of detailed designs for the chosen design concept. Mock-ups or models may be prepared at this stage.

Implementation is the preparation of artwork or drawings and includes supervision by the design consultancy of the printing, manufacture, building or installation of the final design.

## Choosing the Right Consultancy

### **Preparing an outline brief**

When choosing a consultancy, the first step is to clearly define your business requirements in an outline brief. This needs to contain enough information to enable shortlist consultancies to assess the nature, and amount of work involved and prepare proposals.

The brief is key to finding the right consultancy for the project. Therefore, it should be clear and thorough and should cover the following:

### **Background information**

Include information about your organisation, the subject and context of the project, and the reasons why design consultants are being called in. Describe the scope and nature of the design project. It may be very straightforward ie 'design of annual report', or it may be more open, ie 'concept development for new product range'.

### **Market research**

Is existing market research available and do you plan to use research during the project? Will the design consultancy be responsible for commissioning research?

### **Market background**

Give as much information as possible on the marketing and business background to the project. Include full details of the product or service in question; its history, positioning, market share, distribution, competitive products etc.

### **Project objectives**

Be as specific as possible, don't simply say 'redesign product x'. Explain what the project is expected to achieve ie increased sales, market share gains, lower manufacturing costs, etc.

### **Target audience**

Describe the desired target market for the product or service in question.

Choosing the Right Consultancy

### **Timing**

When is the completed work required (actual date)? In what form will the work be expected ie printed copies of the brochure? Concepts? Or artwork delivered to your printer?

### **Approval procedures**

Who will approve the work at each stage? Is it the marketing manager, or will board approval be required at critical stages? How near to completion is the work expected to be for presentations? Will rough sketches suffice, or will the board need to see the concepts 'mocked up' for different uses? These factors may affect costs.

### **Budget**

Give quantities of end product required ie 50,000 brochures, six retail sites etc, and an idea of the budget available. Be clear on whether the figure is to include all fees, expenses and implementation costs. If you require the consultancy to estimate costs, be aware that this may not be possible until a particular design approach has been agreed (see 'Assessing proposals' on page 7).

### **Constraints**

Give details of manufacturing, technical or design constraints, including any corporate design guidelines on the use of logos, colour, typefaces etc.

### **Corporate design or environmental policies**

Refer to corporate design or environmental policies likely to affect the design solutions proposed.

### **Drawing up a shortlist**

Once an outline brief has been prepared and the nature and scope of the project has been considered, it is time to draw up a shortlist of suitable consultancies for the work.

The information sources listed at the end of this guide are a useful starting point and word-of-mouth recommendations from experienced design buyers are helpful. You may also invite a number of consultancies to present their credentials.

Keep the shortlist short. Remember that in order to get the best response from the shortlist consultancies you will need to devote significant time to briefing them and answering questions. A shortlist of three should give you ample choice. Briefing half a dozen or more consultancies for any one job is a waste of your time and theirs.

At this stage, do not rule out a consultancy simply because it does not have specific experience within your area of business. The nature of design is to adapt basic principles to suit different situations and to transfer ideas from one area into another. The best results may come from a totally fresh approach untrammelled by preconceptions.

Choosing the Right Consultancy

## **Credentials presentations**

Inviting a 'credentials presentation' is a good way of finding out more about a design consultancy and its work.

The design consultancy will usually show a selection of work and explain its approach to projects. As a potential client, you should be looking for evidence of expertise in particular markets, information about the skills available within the consultancy, its problem solving abilities and, perhaps most importantly, indications of whether you will work well together. Eg, will they fit in with your working methods and corporate culture and vice versa?

This presentation provides an opportunity to discuss the consultancy's approach to project management and client liaison, and its methods of charging.

## **Inviting proposals**

Once a shortlist has been decided you are in a position to invite proposals from the consultancies. Proposals in response to your outline brief will normally be delivered at a face-to-face presentation when you will meet the members of the consultancy team allocated to your project. For small projects or situations where the consultancy is already on board, a presentation may not be necessary. However it is essential, even for small projects, to obtain a copy of the proposals in writing in order to avoid misunderstandings at a later stage.

Give the consultancies enough time to work on the proposals before submission. For a small project, a simple letter outlining the work and terms may be all that is required. More complex projects may warrant a document running to several pages, and this will take time to prepare. If you are not sure how long the consultancies will need, discuss this with them.

Make yourself available to discuss and clarify points in the brief. This is in your interest since it will contribute to the quality of the final proposals. Likewise, respond positively to reasonable requests for further background information on your organisation or the project.

Proposals will not normally include design work. To assess a consultancy's design skills, and to decide whether or not it is suited to the proposed project, look at past work and see how specific problems for other clients have been approached and tackled.

If you have not already visited the premises of the shortlist consultancies, the proposal presentation is a good time to do so. This will give you a feel for the consultancy's personality, and the prospects of developing a fruitful working relationship.

**Assessing proposals**

Proposals should include:

- a full response to the brief, showing a clear understanding of issues to be tackled and how the project objectives will be met
- details of a specific programme of work to be carried out
- details of the team that will work on the project
- the consultancy's terms and conditions of business
- a breakdown of fees and costs.

Note that the consultancy will only be able to give detailed cost estimates for a fully defined programme of work. If your project involves an exploratory stage that will determine the scope of future work, the consultancy can only be expected to give broad estimates for fees and costs for later stages of the project.

After a written proposal has been submitted and there has been subsequent discussion with each consultancy, it is time to decide which consultancy to appoint. The deciding factors should include:

- the content, quality and relevance of the written proposal
- the consultancy's experience and track record
- the potential of the working relationship between the consultancy team and your own project team or manager
- the consultancy's ability to handle budgets and time scales laid down in the brief.

The appointment of the chosen consultancy should be confirmed in writing or by signing the acceptance form included in the proposal document. Unless otherwise agreed in writing, the signed proposal will form the basis of the contract for the project.

In certain situations, you may wish to see design work in response to the brief before committing to go ahead with the full project. This is very often the case with new product development work, where funds may need to be raised before the product can go into production. In these cases you may wish to appoint a consultancy to explore a range of possible design solutions, perhaps involving differing levels of implementation costs. Fees and terms for carrying out the work should be agreed with the consultancy in advance.

For larger projects, where you have no previous experience of the appointed consultancy, you may wish to seek references from past clients. These should be used to confirm the consultancy's project management skills and to provide evidence of the effectiveness of the consultancy's design work.

When choosing a consultancy, the key points to remember are:

- prepare an outline brief for the project
- research a shortlist of consultancies you believe are qualified to do the job
- present your outline brief to the shortlist consultancies and invite them to submit proposals
- assess the proposals and select the consultancy you wish to work with
- agree terms of business for the project and confirm the appointment.

## How Design Consultancies Charge

The costs involved in a design project consist of design fees, expenses and implementation costs. The consultancy's proposal document should break costs down into these elements.

Fees are normally calculated according to the time the design consultancy estimates it will need to spend on the project as outlined in the brief. Fees should always be quoted in advance at the time of the proposal. Where a project takes place in stages, fees for each stage may be estimated as the scope and brief for each stage is agreed.

Expenses are costs incurred by the design consultancy on travel, accommodation, subsistence etc, required in connection with your job.

Implementation costs (sometimes referred to as 'rechargeables' or 'bought-ins') are costs of essential materials and services purchased from outside suppliers for your project. Such costs are likely to be incurred during the preparation of mock-ups, models, or slide presentations, which can be expensive. They will certainly include costs from printers, photographers, shopfitters, and model-makers, commissioned by the design consultancy for your job. They may also include the costs of services bought in from other professionals such as market researchers, surveyors or engineers. Examples of bought-in services are listed below.

The question of whether expenses and/or 'bought-ins' are paid for by the design consultancy and then recharged to you or paid for by you direct varies from practice to practice. However, where costs are paid for by the consultancy and recharged you should be aware that a handling charge might be added to these costs. It is important to discuss and reach agreement on this and other cost issues at the start of the project.

Design industry practice in setting out cost proposals is not standardised. Some consultancies will include implementation costs and expenses in the 'fee proposal', while others may not. Therefore, it is important to ask the consultancies competing for your business to summarise their fees and costs in such a way that direct comparison is possible. Otherwise, you might reject a consultancy for being 'too expensive' in favour of a competitor that has simply omitted certain costs in its proposal.

Design consultancies can be remunerated by methods other than the 'fixed fee plus costs' method outlined above.

## How Design Consultancies Charge

In product design, consultancies are sometimes remunerated through a royalty arrangement, in which the design consultancy receives an agreed share of sales revenue in place of or in addition to a fee.

Interior design projects may be paid for on the basis of a percentage of contract value. This is more common on larger projects. The percentage charged is subject to negotiation. If, in the course of the project, the brief changes, or some extra work not anticipated in the proposal is requested, there will inevitably be a cost implication. An apparently simple request, say, for a colour presentation, can involve considerable extra work and will be charged for accordingly. For this reason, it is important to obtain a quote for any extra or unanticipated work. It is advisable to agree these estimates in writing before instructing the consultancy to go ahead with the work.

Typical 'bought-in' services (some consultancies will provide some of these services from in-house resources):

- photography
- illustration
- copywriting
- typesetting
- production of artwork
- pre-press production
- printing
- market research
- development of pack structures
- model-making
- signage systems
- shopfitting
- architectural services
- engineering services
- furniture & furnishings
- lighting
- heating ventilation and air conditioning (HVAC) services.

## Terms of Business

As mentioned under 'Assessing Proposals', design consultancies will normally work to a set of terms and conditions which are applied to all projects they undertake. These define the basic terms of the contract between client and consultancy and cover such areas as: when payments are due; what happens if payment is late; who owns the copyright and other intellectual property rights in the work; what happens if the work is deemed unsatisfactory.

As a client you are likely to have your own terms of purchase, so it is important that any points of conflict between the two sets of terms are resolved and a revised set of terms agreed before work begins.

The design consultancy will normally append its terms of business to new business proposals. However, in cases where the consultancy is working with you regularly, terms of business may already be established and proposals for new projects will be 'subject to standard terms and conditions'.

If terms of business are incorporated in the proposal, they form part of the contract. Therefore, it is important to read the 'standard' terms as well as particular terms set out in the proposal document.

### **Standard terms**

'Standard' terms will normally cover the following:

#### **Costings**

This will specify whether the costings in the proposal are binding or are estimates subject to final confirmation. If they are binding, the terms will specify that they hold good for a limited period only. If they are not accepted within the specified period, a revised time scale will be put in place.

#### **Timetable**

It will normally be specified that, as with costings, timetables outlined in the proposal document hold good for a limited period only, and if the project start date changes, the timetable may be subject to revision.

Terms of Business

### **Handling charges**

The terms will clarify the calculation of handling charges on bought in goods and services.

### **Late payment penalties**

There will often be a provision for interest to be charged for late payment.

### **Transfer of title in the work**

The timings of transfer of title in the work will be specified. The client may link this to the timing of the final payment.

### **Delivery**

While the main proposal will specify the project timetable and delivery dates, the standard terms will explain what happens if delivery is late.

### **Intellectual property rights**

Ownership of the copyright or other intellectual property rights in the work will normally be stated in the design proposal. If these rights are to be passed to you, the point at which ownership transfers will be specified. For example, it could be once all fees, costs and expenses have been paid. If you are acquiring a licence only, the terms of the licence will normally be set out in the proposal document, although the timing of the acquisition of the license may be specified in the terms.

The issue of ownership of copyright in the work, and whether a license is sufficient for your needs, requires careful attention, and possibly the advice of an expert. Where the design consultancy provides a number of schemes or ideas as part of the project they may state in the standard terms that they will retain copyright in any unused ideas unless otherwise agreed. See 'Copyright and other intellectual property rights' for a further explanation.

### **Infringement of intellectual property rights**

It is important to ensure that any design, logotype or name created by the consultancy does not infringe anyone else's intellectual property rights and the standard terms will state whose responsibility this is. If necessary, seek specialist legal advice on this.

Terms of Business

## **Confidentiality**

There will usually be a clause that states that the consultancy agrees to keep all information about your business confidential. The consultancy may also require agreement from your business to keep the consultancy's ideas confidential.

## **Approval of work**

While you have the right to reject unsatisfactory work, you will normally be offered a limited period of time to formally voice your rejection. Otherwise it will be assumed that you have accepted the work.

## **Termination**

Both you and the design consultancy must have the ability to terminate the contract if the other is in serious default or becomes insolvent. Serious default may include failure by the consultancy to deliver the work within a reasonable time scale, or non-payment of fees by you, or failure by you to give proper instructions. It will normally be specified that written notice of termination is required.

Either party can terminate the contract in writing even in the absence of default, for example for commercial reasons. In this case, a reasonable period of notice would usually be given and arrangements for payment for outstanding work agreed, including work carried out to the point of termination.

## **File copies**

It is likely that the design consultancy will wish to obtain copies of finished work for archive and promotional purposes, and will want access to photograph and publish photographs of the work, also for promotional purposes. This is at the client's discretion and parameters are usually agreed in the standard terms.

## Copyright and Other Intellectual Property Rights

Most creative work, including that created by design consultants, is subject to intellectual property rights that are defined and protected by law. These rights are potentially valuable assets for their creators, and can be bought, sold or licensed. This has important implications when commissioning design work.

Intellectual properties include:

- patents, which protect inventors and new manufacturing processes
- registered designs, which protect artistic rather than functional designs and cover such items as wallpaper, textiles, and visually attractive features
- trademarks and service marks, which identify goods or services belonging to a particular manufacturer or supplier
- copyright, which applies to original artistic, literary or musical work recorded on paper, including graphic design, photography, illustration, and copywriting
- unregistered design right, which is a recently introduced protection for three dimensional articles, whether they are functional or not.

Patents, registered trademarks, and registered designs must be applied for, and the services of a specialist trademark and patent agent are recommended. Copyright and unregistered design right are automatically set without any form of registration. Unregistered design right belongs to the creator or, if commissioned, to the person commissioning the work (if created in the course of employment it belongs to the employer). Copyright belongs to the creator and if created in the course of employment it belongs to the employer.

Copyright may be transferred to someone else by agreement, or it may be licensed. It often comes as a surprise to a client to learn that they did not automatically acquire the copyright in design work once the work has been commissioned and paid for.

## Copyright and Other Intellectual Property Rights

Unless you obtain copyright in the work you commission, you may find that you have simply acquired a licence to use the work for a certain period, for a certain purpose, in a certain geographical territory. Should you then infringe this licence by reproducing the work without the owner's agreement to do so, you can be sued for breach of copyright. If you want to be free to choose how and when you use the designs, you must obtain the copyright by negotiating with the creator, or other owner, and confirming the agreement in writing.

Be aware that in some cases the design consultancy may wish to retain copyright in unused designs, or to limit application of the designs. Therefore, securing full assignment of copyright may mean paying a higher price.

Further complications arise when other suppliers, commissioned by the design consultancy (i.e. illustrators, photographers, copywriters), own the copyright in their work. If you wish to reuse these elements freely, you will need to make sure the design consultancy acquires the rights on your behalf when they commission the suppliers. Again, there is likely to be a cost implication in acquiring full copyright rather than a limited licence.

## Sources of Help and Advice

Make design work for you by following this simple checklist:

- set clear objectives
- select the right consultancy
- address contractual issues
- develop a meaningful brief
- manage the internal team
- manage consultancy input effectively
- evaluate project results.

The organisations listed below are invaluable sources of information and advice in the design sector:

### **Design Business Association (DBA)**

The DBA is the trade association for the UK design consultancy sector with around 300 members, providing design services across all disciplines. The DBA exists to promote effective design; to encourage high standards of professional practice within the design consultancy sector; and to provide useful services to members.

'designSelect' is the new on-line design referral service from the DBA. The service is free to members and provides design buyers with an expertly honed shortlist of appropriate consultancies within minutes. Visit designSelect at [www.dba.org.uk](http://www.dba.org.uk).

The DBA International Design Effectiveness Awards is the only awards scheme to recognise and reward design projects that have achieved outstanding commercial results. For more information contact the DBA.

The Design Business Association  
35-39 Old Street  
London EC1V 9HX  
T/ 020 7251 9229  
E/ [enquiries@dba.org.uk](mailto:enquiries@dba.org.uk)  
[www.dba.org.uk](http://www.dba.org.uk)

## Sources of Help and Advice

### **Design Council**

The Design Council works to help British industry understand the nature of good design and the positive effect it has on market performance.

Design Council  
34 Bow Street  
London WC2E 7DL  
T/ 020 7420 5200

### **Chartered Society of Designers (CSD)**

The CSD is the UK's principal professional body for designers. In addition to its services for members it can provide information for design buyers.

The Chartered Society of Designers  
Unit 5  
Bermondsey Exchange  
Bermondsey Street  
London SE1 3UW  
T/ 020 7357 8088

### **DTI**

'The single market' – DTI provides an authoritative and comprehensive range of information on the single market. Contact Giles Holford Manager of Single Market Policy and Co-ordination on T/ 020 7215 4483.

'Innovation' – Future and Innovation Unit T/ 020 7215 6642 for information

### **Patent Office**

'Patents, copyright and trademarks' – The Patent Office (an executive agency of DTI) can advise you on intellectual property rights, which protect design work created for products, packaging, interiors and trade or service marks T/ 0845 950 0505 for information.