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D04653



Distr.
LIMITED
ID/WG.105/44
17 January 1973
Original: English

United Nations Industrial Development Organization

Seminar on Furniture and Other
Secondary Wood Processing Industries
Finland, 16 August - 11 September 1971

PRODUCT DEVELOPMENT ^{1/}

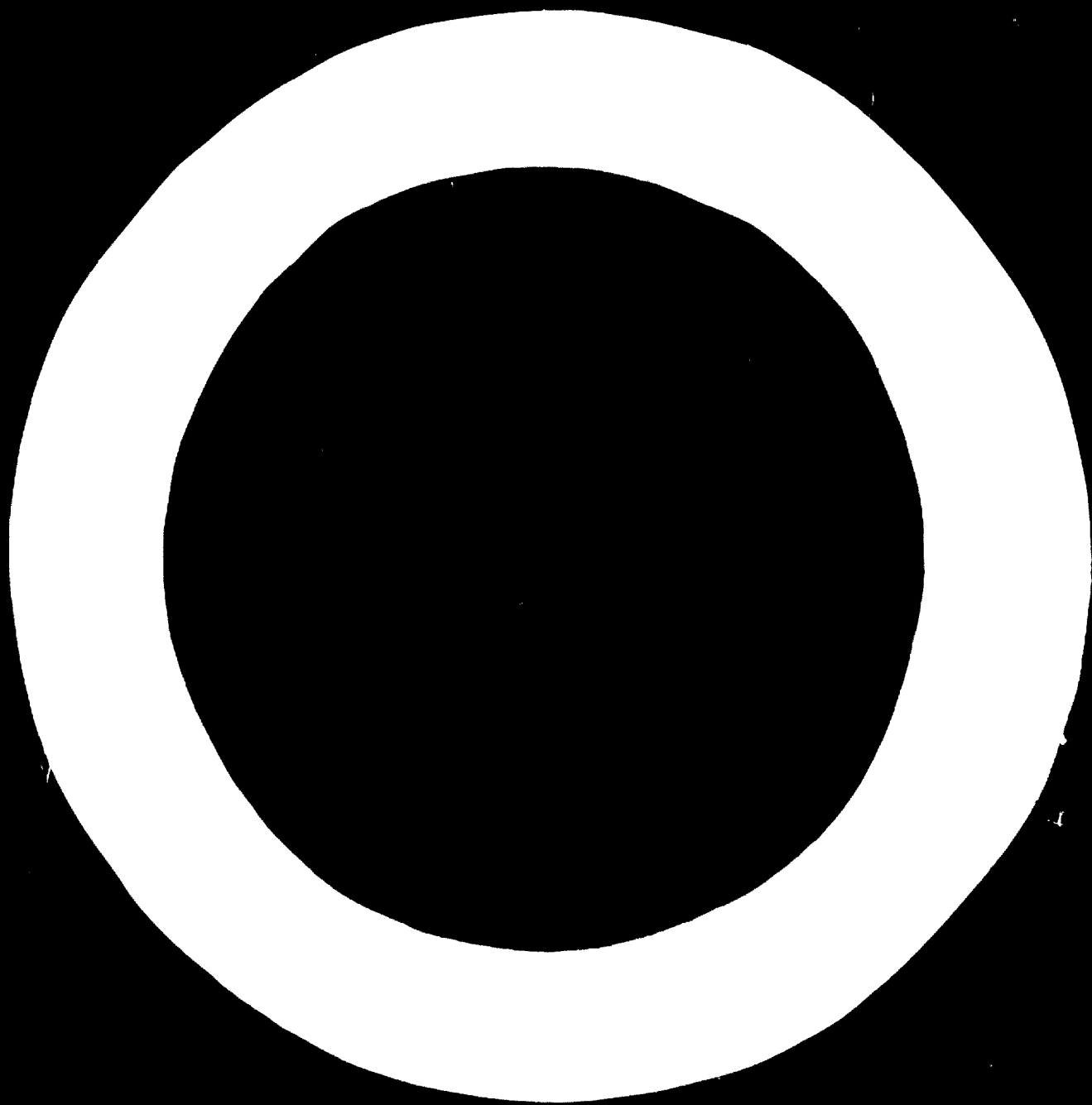
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In this paper I have tried to give a picture of the factors that are involved in deciding on the product development policy and procedure at Asko.

It is very easy and modern to claim that product development is marketing-oriented, but in Asko it is all determined by the technical possibilities in the factory halls. We never come to the factory and say: "The consumer wants a golden egg, produce a golden egg", no, we ask them: "Do we have the facilities to lay golden eggs". If they say no, then we tell the consumer that it is no good to buy a golden egg. We must get him to buy an egg that we can produce. I would say that the product development is design-oriented. Of course there are many meanings to the word design. The basic meaning is of course technical one that you design something. But in Finland and Scandinavian countries the word design involves something more. It has almost a mystic value. It is something connected with the arts and the sculpture. If you say design to a Finn he means that, besides engineering, you take the esthetics into consideration whether it is a piece of glass, furniture, ceramics.

Design has also become an advertising word. I would say that design as mentioned here must be taken in its marketing and advertising context more than in its technical sense.

Our product development is also materials oriented in the sense that our main raw material is Finnish birch. Everything done at Asko comes from the fact that we have birch in Finland. Even if you see metal, fibre glass and plastics, these are but experiments outside the everyday bread-and-butter activity which is working birch, working birch and working birch. Even painting and uphol-

storing is always related to birds. But on the other hand I would say that our product development is materials-oriented in the sense that we accept that there are new materials coming. We are almost eager to experiment with the new materials but we are not so eager to involve them in the final production facilities here until we know for sure that these materials are to stay in furniture production, and so we have remained wood-oriented even with the advent of plastics and other materials.

I would stress that product development at Asko comprises all four factors mentioned here working hand-in-hand: marketing, design, materials and production. Representatives of all these phases of the company's workings are included in the body that we call the "product development committee", and that is the heart of the matter. The product development committee is a half-voluntary committee that meets regularly once a week and comprises also representatives of production and of marketing including retailing and exporting personnel. The manager of our woodworking factory is also chairman at these meetings. He is responsible for the continued existence of this product development committee. He is also the man who answers for the results.

The work has been divided into two groups. One is involved with home furniture, and one is involved with contract furniture. There are, of course, people whose work comprises both, and then they attend both meetings. But there are certain people who are not, in their daily routine, interested in home furniture or vice versa, and so they attend only their specific meetings. The manager and secretary of the home furniture part of the design development committee has no other job to do. He is like an everyday manager of the home furniture development routine, whereas the chairman oversees the workings of the committee.

Financially, the marketing director is responsible. He provides the money for this operation even if he is only one of the members thereof. He is not the chairman nor does he run it.

This organization is not like anything to be found in text books for organizing product development. It is something that has grown with Asko in accordance with the growth of the company, in accordance with the needs at hand, and in accordance with the capabilities

of people employed at Asko. So it is nothing that we have forced into Asko believing that it is the way that product development must be done. This is something that we have worked at through years of experiments; and we will always say that this is not something that has to be for ever. It can change next year, when and if a situation arises where a different organization is considered better. We feel that the important feature is that product development has reached the result that you see in our showroom or in the store building. The main reason has been that the operation has been flexible and that we have had, like the Americans say, "feelers out all the time" with different kinds of people involved in the meeting including, for example, somebody who knows about the American market, somebody who knows about the Finnish market etc., and finally that these people have, in co-operation, developed new products. It is not one man who accomplished this, it is always the team. In fact, it is about 120 % team work.

But then again there is one side to it which I have stressed, and that is design, and in particular, the almost artistic meaning of this word to the Finn. This committee does not by themselves design, they only look at drawings and prototypes that other people have made. We use free-lance designers extensively. There are almost no staff designers at Asko to whom the committee would go and say: "Sir, because you are getting your daily bread and butter from Asko, do this for us." No, it is kept on a very liberal, a very democratic basis where the designer can say, "Go to hell!" if he does not feel like listening to the people from Asko. It is very important because in this way we get designs that the marketing or production people could never dream of. The marketing and production people are specialists in their work but they are not necessarily specialists in design. Not, anyway, in future trends. There the designer is the man (or woman) to do the design, and therefore we use as much as possible the assistance of free lance designers.

Sometimes of course we say to them: "Our marketing (or our sales) people would like to have a chair this big and of this formation costing only so much," and the designer tries to solve the problem. But the designer also feels free to dream up anything he feels that people would buy, and he can come to the committee and say: "Gentle-

men, would you like to look at these drawings?" and the committee does.

I would say that most of the designs that we have in our collection and that have become internationally well-known, well-advertised, well-photographed and well-publicized are designs that we never asked the designer to do - but he came to us and said he felt that this would fit well into our collection.

There is a very important thing which I think has kept Asko going. Even though I say here that product analysis is on the basis of computerized past performance less future expectations, there is very much, over and above all this artistic freedom, also something that comes from the computerized data that we get from our day-to-day operation. On one hand we tell the designers: "Dream up something for us" on the other, we know what he may not dream up from the data we have from the everyday operation. Here is the difficult job of a design committee, because one hand is free and one is tied down, and balance and results must be obtained.

It is so easy, with all the computerized data we have, to say: "Gentlemen, we have the figures, there you can see how it is going to go, so do this." And that must never be done. The marketing people and the technical people say, amongst themselves, look at the figures and say that $2 + 2 = 4$, but if the designer says that $2 + 2 = 5$, you agree. This attitude is very difficult to explain and is not found in text books. It is not seemingly very business-like, but it is a very Finnish attitude and that is what keeps Finnish export industries growing.

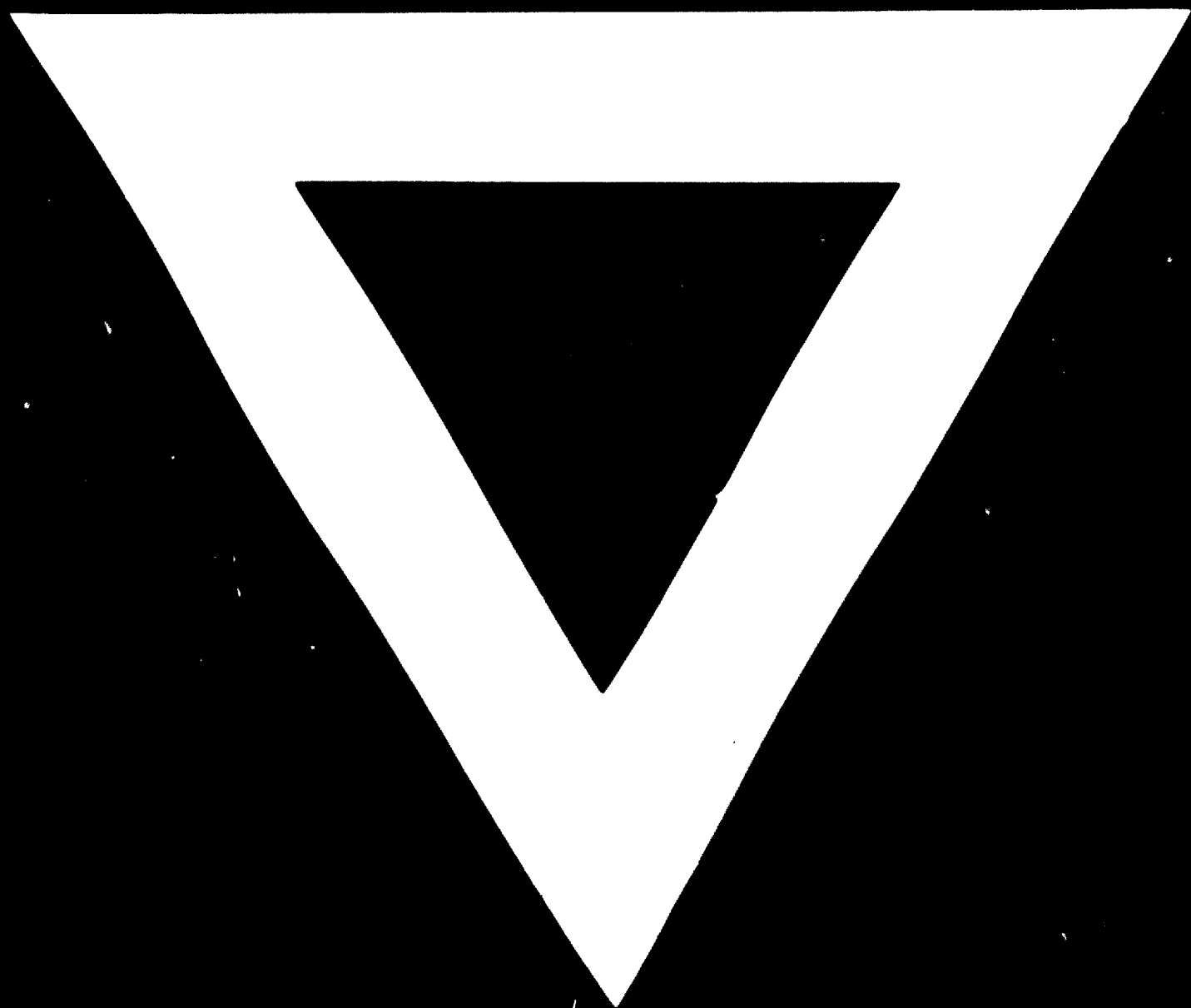
Market research is mainly concerned with the attitudes of the consumers towards furnishings, not their tentative means. We do market research, and it is important for the workings of the design committee that we have this data. But, we still try to ask the people if they are going to have a bedroom next year, and what they are going to buy for it, and if they like to have a bed that is two metres by two metres or two metres by two and a half. And we get a mixed up answer because people do not understand questions like that. But we have found out that general attitudes towards furnishings are something that can be analyzed, such as how the people feel, and if they would rather buy a car than new furniture, or

rather take their vacations in the Canary Islands than buy furniture. This helps us to find out what makes the furniture attractive to the consumer.

Then we come to the word design again, because design is not the power-house design that function is beautiful. At Asko design is some extra attitude to the furniture that attracts people to it. Technical design must often solve problems created by aesthetic design despite the many difficulties that this may present. As a general rule the aesthetics are the prime consideration, or perhaps not the aesthetics but the form given by the designer and accepted by the development committee. They are the ruler in a case when the technical planning people say: "Well, we cannot do this." It is this distinction that allows us to say that we are more marketing and design oriented than production oriented. Of course you have to be all these things to be successful.

The designers are paid by a royalty a certain percentage of the factory turnover for the things they have designed. And that is the sole method of payment. There is no down payment or any extra allowances or anything. The designer shares the risk. There are designers who come to us and say: "If you give me 5000 FMK I will have the freedom to do something great for you." But we do not want to take that risk. And so far we have been successful. We know that in Europe, especially in Italy and France, it is the custom that the designer must be paid something before he even starts talking to you. A royalty is even paid after that. We have not got into that system and we feel that it is good that there is nothing pressing the designer. We feel that if we give the designer 5000 FMK or 10 000 FMK then he feels that he has got to produce something, and all these people when they feel that they have to do something they do less well than if they feel free to do it. That is again the design philosophy, not in Asko, but I think in Finland in general.





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