

Designing for public sector innovation in the UK: design strategies for paradigm shifts

Daniela Sangiorgi

Lancaster University,
Lancaster, UK.

Received 20 August 2013
Revised 18 March 2014
2 July 2014
Accepted 17 December 2014

Research for this article was partly funded by the Faculty of Social Sciences (FASS), Lancaster University.

1. Introduction

“In a world beset by change, design does not remain untouched” (Heskett, 2001, p. 25). With the advent of the so-called “knowledge economy” and increased global competitive pressure, the UK Design Industry[1] has gone through a gradual transformation, following changes in demand patterns. While Design is increasingly recognized as a driver of competitiveness and value creation (Verganti, 2009; Esslinger, 2009; Martin, 2009), challenges have been recognised in the limited understanding, integration and strategic

use of Design, as well as its fragmentation, commoditisation and narrow association with manufacturing (Cox, 2005; DTI, 2005). However, limited evidence-based studies have explored propositions for its future development (Cooper *et al.*, 2009). Exception is an Arts and Humanities Research Council-funded project “Design2020” explored future scenarios with the UK design practitioners, design buyers/clients and design policy-makers, suggesting the need for diversified design consultancy business models and professional roles and the ability to work beyond artefacts (Williams *et al.*, 2009). The public sector and public procurement in particular have been indicated as strategic areas for the application of Design (DTI, 2005), while it seems that “designers have a narrow view of what constitutes a client and tend to overlook the public sector” (Williams *et al.*, 2009, p. 45). This paper aims to contribute to discussions about the future development of the UK Design Industry, in particular of the Design Consultancy sector, by focusing on the strategic role of Design for the public sector.

In the UK public sector, there has been a call for radical change in the way that the Government relates to citizens. This is part of a wider debate on the evolution of the welfare system, considering the recent pressures represented by globalisation, labour market shifts, an ageing population, changes in family structure and gender roles and the consequent emergence of new social risks (Taylor-Gooby *et al.*, 2004). This paper considers the paradigm shift from the so-called New Public Management towards the New Public Governance (Osborne, 2010), which implies the emergence of more cooperative forms of relationship between government and citizens.

The application of design capabilities for the public sector has emerged as a new profession in the past decade, developing as a specific kind of Knowledge-Intensive Business Service (KIBS) in the Design consultancy field. Service Design, as a human-centred and creative approach to service innovation (Meroni and Sangiorgi, 2011), has been applied and investigated with regards to its role in public services reform with a particular emphasis on the application of co-design and public engagement (Parker and Heapy, 2006; Bate and Robert, 2007; Bowen *et al.*, 2011). That said, there are limited studies about how the UK design consultancy agencies are operating and contributing in practice to public sector transformation given the current economic regime and need for radical transformation.

This article is an exploratory study into the individual work of seven representative UK design consultancy agencies operating for and within the public sector. The aim of this work is to address the following questions: How are design professionals currently contributing and working towards the UK public sector transformation? and What are these emerging work practices saying about their possible futures?

The article contains four sections. The first section describes the key differences between New Public Management and New Public Governance, providing a framework against which to discuss design agencies' work in the context of these two models. The second section gives an overview of the research and current descriptions of Service Design and Service Design for the public sector. The third part reports findings from the fieldwork describing the different approaches, competencies, projects and strategies that characterise the seven agencies. A final section discusses findings in light of the current policy recommendations for the development of KIBS in general and Service Design for public sector specifically, and reflects on the implications for Service Design practice future development.

2. Public services: towards a paradigm shift

There is a general agreement that the current government and public sector structure and modes of operation belong to a different age, where society was characterised by a homogeneous and relatively static population, with uniform demand for services and products (Mulgan and Albury, 2003; Mulgan, 2007; HM Government, 2012). The “one size

fits all” approach is now in contrast with a dynamic, demanding and extremely diverse population. Not only this, but the changes in demographics, health conditions, level of people’s expectations and, lately, the hit of economic downturn in most of the developed economies are challenging the contemporary welfare state models.

In this scenario, there has been a move away from the New Public Management (NPM) model of government (1980s and 1990s), in favour of the “New Public Governance” (NPG) paradigm (Osborne, 2010) also called “Network Governance” (Kelly *et al.*, 2002) or “Digital Governance Model” (Rainford and Tinkler, 2011)[2]. These models are an evolution of a process of neoliberalisation intended “as a politically guided intensification of market rule and commodification” (Brenner *et al.*, 2010, p. 3) with its “imaginaries” and “rhetoric” (Ahlqvist and Moisiso, 2013) that is affecting public policies; within this, calls for an opening up of public sector to the dynamics of private markets have questioned the nature itself of the relationship between the state and the citizen. This gradual transformation in the conception of the relationship between the government and citizens is summarised in Table I.

The NPM substituted the traditional approach of Public Administration largely based on top-down bureaucratic monopolies with an approach inspired by the private sector where citizens were described as customers in demand for personalised and efficient services. While the NPG paradigm is introducing a “more co-operative form of governing” that substitutes the focus on responsiveness to customers’ needs with an emphasis on *power sharing and collaboration*. It implies a “rise of networks and partnerships, innovations in democratic practice, the development of choice and co-production as service models” (Langergaard, 2011, p. 110).

This ongoing transformation towards NPG is accompanied by an evolved understanding of *public value* creation. While private sector organisations are mostly driven by profitability, the public sector is driven by a more complex concept of value, which is difficult to measure (Mulgan and Albury, 2003):

In a private market, value is created when a business uses resources (labour and intellectual, physical and financial capital) to meet individual customer preferences that are signalled through the price mechanism (Kelly *et al.*, 2002, p. 8).

Public value is created by the government through the provision of services and definition of laws and regulation. On the other side, public value is considered on the basis of fairness, trust, legitimacy and confidence in the government. Also, public value is not delivered by only the government, but it is co-produced with citizens as well as with other stakeholders.

At the core of this paradigmatic shift there is also the transformation of the concept of *citizens*. The NPM has introduced the concept of citizens as customers or consumers (Aderbach and Christensen, 2005; Hartley, 2005). This term is related to the belief that a customer-centred public service delivery will improve public services, making them more personalised and efficient. In this sense, citizens have a more commercial than political relationship with the government, while the public administration is seen more as a service provider than as a governmental institution. The NPG model is instead based on a more

Table I Comparison between NPM and NPG paradigms

<i>Paradigm</i>	<i>Key quality</i>	<i>Value and values</i>	<i>Citizen</i>	<i>Service models</i>	<i>Innovation</i>
NPM	Efficiency, customer orientation, decentralisation	Individual and market value	Citizen as customer	Intra-organisational model that turns input into output	Innovation within organisations
NPG	Power sharing and collaboration	Focus on public value co-creation	Citizen as co-producer	Co-production; hybrid organisational forms	Innovation in partnerships and networks

interactive understanding of the relationship between citizens and the government; citizens are considered as partners in the co-production of services, and responsiveness is substituted with collaboration. These two different strands – a consumerist and a democratic/collectivist approach (Beresford, 2002) – still coexist in today's public service management.

The concept of citizens as co-producers is at the basis of the exploration of new service models based on *co-production*. The co-production model is described as an alternative to the current unsustainable model of service provision, which still relies on centralised and professional decisions, still provides limited choice and abilities to engage and burdens the system's ability to cope with a more demanding population (Boyle and Harris, 2009). In this model, people are considered as hidden resources and not as drains, and participation is considered as having a transformative potential for both the public and for the professionals involved.

To implement this deep transformation in the mode of Service Design and delivery, public sector needs radical change and *innovation* at both policy and service levels. Studies on public sector innovation has emerged during the NPM, arguing that even if innovation has always been there in the public sector (Mulgan, 2007; Langergaard, 2011), there is the need for a more systematic approach that institutionalises an innovation culture as a deep value in public sector organizations (Albury, 2005, p. 51).

In the NPM, the emphasis is on the need for the public sector to become efficient, effective and responsive, and innovation is described as a normative concept; in particular, in this view, innovation happens at the organizational level, supporting efficiency, customer orientation, decentralization and contracting out. The NPG model instead argues that given the higher complexity of contemporary society, the market or hierarchy models are inadequate:

One of the most general explanations for the rise of network forms of governance is related to the possible evolutionary advantages that it offers for learning and innovation in a changing environment (Jessop, 2003) (Langergaard, 2011, p. 213).

Partnerships and networks between public, private and voluntary sectors are the *locus* of innovation. These cooperative models of service provision, so-called Service Public Private Innovation Networks (Gallouj *et al.*, 2013), are increasingly recognised as novel modes for innovation in which the specialist knowledge and contributions of the different public, private and third sector organisations are equally valued.

When implementing this paradigm shift, barriers are both external and internal. Public sector managers operate within a complex network of organisations with complementary and interlocked tasks and each of their acts is under the pressure of political scrutiny and multiple performance indicators (Halvorsen *et al.*, 2005). On the other side, public sector organisations are characterised by hierarchical, risk-adverse, bureaucratic and highly divided practices that often lack an innovation culture and training in creativity (Bason, 2010; Osborne and Brown, 2005).

In this scenario, there is a call on one side for the establishment of innovation frameworks (Albury, 2005) or ecosystems (Bason, 2010) that create the conditions for the understanding, generation and replication of innovation practices within and among organisations. On the other side, there is an interest for alternative approaches that can support this cultural and managerial shift within public sector organisations. The next section will introduce Service Design as one of these recognised possible alternative approaches to public sector innovation (Bason, 2010).

3. Design for public service innovation

The end of the twentieth century has seen the emergence of a society and economy based on knowledge, experience and services (Rifkin, 2000; Lévy, 1994). Consequences of this

transformation are the dematerialisation and increased fluidity of the object of design (Manzini, 2006). Design is increasingly seen as an “attitude” (Boland and Collopy, 2004) rather than as a pure profession; it is investigated as a way of thinking and doing (Kimbell, 2011a) that can be applied to different kinds of “products” (i.e. objects, signs, interactions, services and systems) and be adopted by various disciplines (Buchanan, 1992).

The recent development of Service Design, both as an approach and as a design profession, mirrors this evolution. Service Design emerged in the 1990s as a contribution to a changing context and to what a certain group of informed scholars (Hollins and Hollins, 1991; Manzini, 1993; Erlhoff *et al.*, 1997) started to describe as a new design agenda.

The original focus of Service Design has been the design of better service interactions and experiences, applying tools and concepts coming from Interaction and Experience Design in particular in the commercial sector. In this initial context, Service Design has been defined as the design of the overall experience as well as the process and strategy to deliver it (Mager, 2004).

Since its initial development, Service Design research and practice have then widened their attention to the public sector. Cook (2011) suggests how the emergence in the UK of design agencies working on social change and public services in the beginning of 2000 was stimulated by New Labour policies about public engagement and user-centred public service reform (Great Britain, 2005). She suggests how newly formed design agencies were supported by a growing understanding of the role of design in innovation (Cox, 2005) and by dedicated programmes aiming to promote creativity and design in the social arena. Examples are the Creative Pioneers Programme funded by NESTA starting in 2003 to support creative graduates with an innovative business idea also with a social impact, or the Design of The Time (DOTT) set up by the Design Council (2010).

Service Design was proposed as a way to change the innovation culture and practices within public organisations balancing the tendency to managerialism still dominating the language about public service reform by bringing their focus on people, interfaces and relationships (Parker and Heapy, 2006). It was said to be able to help to shift the focus from processes to the user experiences and needs, as well as to re-think the relationships between public sector provider and the citizens based on a more equal interaction.

Similarly, Bason (2012) suggests how:

[...] due to their highly user-centred and practical orientation, design-led innovation approaches appear positioned to help public managers uncover new configurations of government action, which can be labelled broadly as co-production” (13-14).

Bason (2012) describes how designers supported public organisations in a transformational journey via the following shifts:

- the shift in the conception of system/citizen relationship towards co-production and reciprocity;
- shift from a focus on process to a focus on outcome, looking out at the impact of their work in the field;
- shift in the consideration of public value including user experience, productivity, outcomes and democratic engagement; and
- shift in the elaboration of new service models based on co-production.

Interest in Design to support transformational change in the public sector comes from change management disciplines that have been questioning Organisational Development ability to create evidence of impact on planned change. The Interest in Design is motivated by its ability to keep the descriptive and prescriptive knowledge together, through what has been described as “actionable knowledge” (Romme, 2003). Design research is considered valuable because it is collaborative, oriented towards solutions and action, based on pragmatic experimentation and contextual and systemic (Trullen and Bartunek, 2007).

Systematic studies though on how Service Design agencies and their approaches do operate in practice and how they are supporting public sector transformation are very limited. Examples of research work into Service Design practices are mostly focused on the commercial sector (Kimbell, 2011, 2011b; Zomerdijs and Voss, 2010; Stigliani and Fayard, 2010). These studies have described Service Design as adopting a constructivist approach to service innovation (Kimbell, 2011a, 2011b), and as centred around the practice of understanding, mapping and communicating customer experiences (Stigliani and Fayard, 2010).

With a wider perspective, Meroni and Sangiorgi (2011) have analysed the contributions and approaches of Service Design based on a collection of 17 case studies. They described the common quality of Service Design as being human-centred, intended as “the capacity and methods to investigate and understand people’s experiences, interactions and practices as a main source of inspiration for redesigning or imagining new services” and “the capacity and methods to engage people in the design and transformation processes” (203).

Limited systematic work has looked at the practice of Service Design in the UK public sector, apart from documented studies on the implementation and impact of experience-based co-design methodology in health care (Bate and Robert, 2007 and 2006; Tsianakas *et al.*, 2012). Isolated research has reported the processes and challenges of embedding design capabilities within the public sector organizations (Bailey, 2012). Freire and Sangiorgi (2009) have discussed the successes and limitations of four Service Design projects in the application of the co-production principles in health care in the UK.

Lately, the Design Commission (2013), research arm of the Associate Parliamentary Design & Innovation Group, conducted a study on the application of design in the public sector. This study looked at the challenges designers face when working within the public sector and provided recommendations on the need to grow public Service Design competence and capacity in government as well as in the Design sector itself.

Overall, these studies have provided initial evidence on the way Service Design operates, discussing the qualities, methods and processes it introduces in the public sector. Limited attention has been given to the Design agencies as individual actors with their set of competencies, strategies, projects and the way they are developing to address more complex and transformational projects. The author suggests that by choosing the agencies, and less “designing”, as the object of study, it is possible to articulate a less uniform understanding of how designers contribute to public sector reform and be more precise when informing any design or innovation policy program for their future development.

4. Research methodology

As an exploratory study, this research has used a qualitative field-based study of Service Design agencies in the UK (Lee, 1999). The author has collected data both from primary and secondary sources. In particular, data collection included interviews and archival data. The main source of data are seven in-depth semi-structured interviews conducted between August 2012 and July 2013 with a selection of Design agencies all founded in the past 10 years, working in the UK and chosen because of their specialisation in public sector innovation.

Interviews ranged between 1 and 2 hours and followed a similar protocol, with some adaptations depending on the specificity of the agency’s work. The protocol included questions on the agencies’ view on public sector reform in UK, the strategies applied and challenges faced when working for public sector innovation and on their methods and skills to be illustrated by an exemplar project. The data collected from interviews have then been triangulated (Glaser and Strauss, 1967) with information coming from the agencies’ own websites, designer’s blogs and personal webpages, available press articles, presentations

and thought pieces. The author has then clustered these data to compare information on their innovation approaches, competences, projects typologies and strategies as will be presented in the next chapter (Table II).

5. Design strategies for paradigm shift

5.1 Innovation approaches and exemplar projects

The investigated agencies have different driving principles and visions for their contribution to public sector innovation that have informed their methodology and set of competencies and tools. These have been compared to review their overall strategy to drive public sector innovation and then compared with the NPG principles.

5.1.1 NHS Institute for Innovation and Improvement (NHSi). A special health authority that has been closed in 2013, developed, as part of their quest for novel innovation approaches for NHS transformation, the Experience-Based Design (EBD) methodology in collaboration with thinkpublic (a London-based Service Design studio) and Organisational Development researchers. This approach relies on the transformative power of storytelling and experiences when used in a collaborative design process. Aiming to transform NHS from within, they have been training health-care organisations in the application of EBD for service improvement.

This approach was developed during an original project for the Head and Neck Cancer Service of Luton and Dunstable NHS Foundation Trust. In this project, designers gathered patients' stories via interviews, while researchers conducted contextual inquiries, interviews and observations with staff. Patients were trained to film and interview other patients to share their emotional journeys. The video produced by patients and staff was then showed in a co-design workshop to identify areas for service improvement that were then assigned to co-design teams.

5.1.2 Snook. A Service Design consultancy agency, described their belief in the "transformative power" of applying and embedding Design across the whole public service system, from generating new service models, informing policy-making, co-creating collaborative platforms with citizens, to supporting entrepreneurship and creating new ventures. Its approach has a strong emphasis on "making" (i.e. prototyping and implementing) as a way of designing, while it is starting to integrate hacking, open and digital design strategies as a way to open up their processes and innovate.

As an example, Snook was commissioned by the Scottish Government as the Post-16 Learner Journey project to develop a better understanding of learners' journeys and experiences to inform wider work by the government on education. Snook interviewed both learners and practitioners using a visual mapping tool to gain an overall understanding of

Table II List of design agencies and interviewees

<i>Design agency</i>	<i>Interviewee</i>	<i>Foundation year</i>	<i>Size</i>	<i>Focus</i>	<i>Date of interview</i>
NHS Institute for Innovation and Improvement	Helen Baxter (Associate)	2005	8	Health care (NHS)	20/11/12
Uscreates	Mary Rose Cook (Co-founder & Managing Director)	2005	6	Public health	08/11/12
Collaborative Change	Steven Johnson (Executive Creative Director)	2004 (initially named The Hub)	3	Public health	28/09/12
Snook	Lauren Currie (Co-founder) Valerie Carr (Senior service designer)	2009	6	Public sector	31/08/12
Innovation Unit	Joseph Harrington (Co-Head of Service Design)	2006	23	Public sector	23/04/13
Futuregov	Dominic Campbell (Founder and Director)	2003	23	Public sector	01/11/12
Participle	Jennie Winhall (Design and Innovation Director)	2007	16	Public sector	18/07/13

the learner's journey. These insights informed the identification of themes that were discussed during two expert days and a co-creation event with users. Proposals ranged from macro depictions to micro solutions that could address policy-making areas as well as the design of new platforms and services.

5.1.3 Uscreates. A social change consultancy agency, considers their strengths the combination of social marketing and social research with Service Design. Its approach is a mix of marketing, social research and engagement techniques with co-design and Service Design methods. As an example, it has supported the development of the "Painting Stroud Pink" Breast awareness campaign with NHS Gloucestershire and the Bristol Social Marketing Centre (University of the West of England) aiming to increase the willingness and ability of local volunteers to act to raise cancer awareness in their area. Examples of activities were: Ladies Lounge pop-up beauty saloons to gather insight and to engage the target audience, which led to select 32 volunteers that participated in volunteers led workshops to co-produce the "Painting Stroud Pink" campaign.

5.1.4 Collaborative Change. Similarly, a social change consultancy agency, adopts a community-based and -centred approach that brings together co-design, social research and behavioural science to public health and behavioural change projects. Its approach integrates ethnographic studies with collaborative, creative and hands-on problem-solving activities. As an example, it worked on a Troubled Families project with Staffordshire County Council to create more effective actions to break the intergenerational cycle of dysfunctional families. As the troubled families were in geographical clusters, they decided to focus on the communities, instead of the individual families, to understand the determinants that were driving troubled families' situations. It created a working model where they engaged with the local community, the authority and the third sector to deliver a collaborative change project, building capabilities along the way and making a difference also in the local authority context.

5.1.5 Innovation Unit. A social enterprise supporting innovation in the public sector, focuses on how to support the capability for innovation instead of doing innovation. Joseph Harrington describes how they have been "moving from design as a noun to designing as a verb" as their approach is about building capabilities and supporting change. Being part of a wider team has enabled them to keep the "purity" of the design approach, while collaborating with non-design colleagues to be stronger in terms of measurement, evaluation and in supporting leadership for innovation. As an example, Innovation Unit has been working recently with NHS Lambeth Clinical Commissioning Group to support them in the development of The Collaborative "a collaborative commissioning model developed collaboratively" based on and driven by the principle of co-production. It supported them in the creation of a narrative and evidence to promote co-production, visualise and help developing the new collaborative commissioning framework and to engage stakeholders in co-design activities to implement and test this new way of working.

5.1.6 Futuregov. A public service innovation consultancy agency, applies open innovation and open design. As Dominic Campbell declares "they don't believe in big multimillion IT projects", but in working alongside staff on smaller initiatives, taken forward through quick prototypes and accessible and usable technology. Technology is used as a driver for change, acting not only as a platform for innovative social projects but also as a medium for more collaborative and open design processes. Competencies in change management then support them to take projects towards implementation within complex public systems.

As an example, Futuregov has been working on a project to overcome separations between multiagency work to better deal with child protection issues. The project gathered attention and developed ideas via an initial open design call on a blog and participation to an event, which led to a NESTA-funded small research into the work of social workers. Staffordshire Council then funded a further three-month project, which led to the design of Patchwork, a social networking site similar to LinkedIn to help carers working on same cases to share contacts and raise alert.

5.1.7 Participle. Is a social enterprise using design approaches to develop an alternative welfare system based on distributed and social networks and focused on individual capabilities and participation. Its aim is to design and develop innovative service models as start-ups to be scaled up nationally. The design approach is an iterative and collaborative process that maps existing assets and prototype solutions that connect available resources in novel ways. This approach continues during and after the start-up phase to constantly revise and improve the offer, tools and interfaces, as well as testing and developing different business models and their impact. Participle's first project is Circle, which is a membership organisation that helps older people to create and maintain stronger social networks and receive support in their daily tasks. It is the result of collaboration between Southwark Council, Sky and the Department of Work and Pension. The idea was based on interviews with and led by older people and family members with an age between 57 and 92 years. The insights were used in co-design sessions that led to the selection and quick prototyping of the Circle concept. Circle was launched as a social enterprise with start-up capital from the borough council and it has been replicated in other areas.

5.2 Competencies

Even if Design plays a central role in their approach, not all agencies define themselves as service designers or mention at all the world design. Some agencies centre their identity and communication on Service Design, like Snook, the Innovation Unit and NHSi. Others do not necessarily directly associate their approach with Design, as they focus more on the description of their approach and impact, as this is what their clients can value and recognise better. Most of the agencies rely on the interdisciplinary competencies brought in by their associates or have set up a multidisciplinary team to increase their transformational impact.

Collaborative Change and Uscreates, working mainly in the area of Public Health, have naturally combined Service Design with Social Marketing and Social Research, bringing a novel approach to social change projects, which is considered their added value. Dominic Campbell of Futuregov has set up a team with an equal mix of designers, technologists and change managers with an aim to transform public services. Participle brings together expertise beyond Design on social enterprise design, business modelling, enterprise development, business operations and measurement (Table III).

5.3 Design strategies

This article has illustrated how design agencies are not all the same. What is common across their work is though that, when comparing their work with the described characteristics of the NPG model, all mentioned projects apply co-production and collaborative principles as a driving force for transformation (Table IV). At the same time, their work goes beyond the idea of individual "citizens as co-producers", to consider the wider network of stakeholders as co-creators of public value. The design actions aim to create the capabilities and conditions for equal participation and social interactions during and after the design process.

Moreover, the application of these principles happens at different levels of the system and from two different perspectives:

1. *Complementary levels:* The agencies operate at different levels in the system, moving from the co-design of communication and events, service experience, service models, frameworks and platforms to service systems and policy. These levels are not separated as most agencies work across them depending on what are they aiming to transform and how (Figure 1).
2. *Complementary perspectives:* The design agencies seem to apply two main kinds of strategies when approaching public sector transformation:

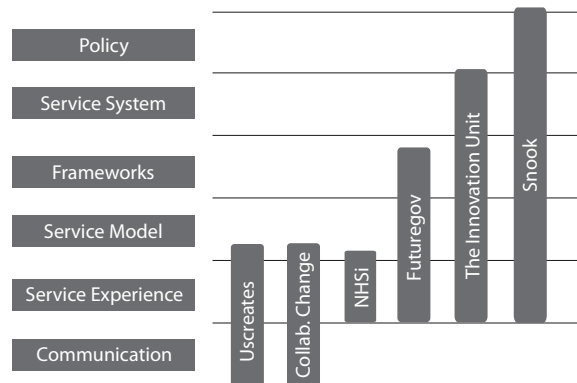
Table III Summary of competences, approaches and project exemplars

<i>Agency</i>	<i>Core competencies</i>	<i>Exemplar projects</i>	<i>Project issue</i>	<i>Exemplar methods</i>
NHS Institute for Innovation & Improvement Uscreates	Service Design, Health-care Innovation, Professional Development Social Marketing, Service Design	Experience Based Design	Improve cancer care service experience	Interviews, film making, emotional journey mapping, co-design workshops
Collaborative Change Snook Innovation Unit	Social Marketing, Service Design, Behavioural Science Communication, Product and Service Design Service Design	Painting Stroud Pink Troubled Families The Post-16 Learner Journey The Collaborative	Raising breast cancer awareness Break intergenerational families of dysfunctional families Improving life chances for young people via education Enhance collaboration and co-production in healthcare commissioning	Pop-up event, training, volunteer-led workshops Ethnographic study, co-creation events Interviews, journey mapping, co-design events Ethnography, Visualisations, co-design events
Futuregov	Change Management Design IT	Patchwork	Improve Child protection	Blog open call for participation, co-design event shadowing, prototyping
Participle	Service Design, Social enterprise design, Business modelling, Enterprise development, Business operations, Measurement	The Circle	Cross-agency collaboration Support older people's Independent living	Interviews, Users led interviews, Co-design workshops, Prototyping, Business case development

Table IV Comparison of NPG with examples of Service Design projects

<i>Design project</i>	<i>Key quality</i>	<i>Value and values</i>	<i>Citizen</i>	<i>Service models</i>	<i>Innovation</i>
Painting Stroud Pink (Communication & Events) EBD (Service experience)	Co-design and empowerment Equal design role between staff and patients	Enhanced awareness and participation Improved inter-personal dynamics of care	Active role in their community Patients and staff as co-designers	Co-created and volunteer-led campaign Service experience improvement	Community centred project Experience based innovation
Circle (Service model)	Relevance of social networks	Independent living and increased social connections	Building individual capability and participation	Hybrid service solution (conciierge service, cooperative and social club)	New Public-private-third sector partnerships
The Collaborative (Frameworks & Platforms)	Establish a collaborative culture	Effective, meaningful and efficient support	Citizens as assets, needs and aspirations	Collaborative platform and model for commissioning	Collaborative commissioning
Post-16 Learner Journey (Policy & Service system)	Co-design	Increased life chances for young people	Informed and pro-active learner	Collaborative and multi-sector partnerships around the Post 16 Learner Journey	Multi-layered approach to problem solving, from micro to macro

Figure 1 Levels of service design agencies' work for the public sector



- *Inside Out by opening up innovation processes:* The collaboration with the public sector is moving from designing “for” to designing “with” and “within”, with the aim to create and grow the design and change capabilities within individual organisations, communities or multiple stakeholders. This is translated in forms of formal training initiatives, engagement in collaborative pilot projects, embedding designers to work within public sector organisations or the development of design-driven innovation laboratories. Generally, the strategy adopted is a mix of some of these actions as the end aim is a deep change in the culture and practices that requires longer-term collaboration and partnerships. Formalising design processes and methodologies to be transferable is part of this strategy (see EBD training package). In some cases, the Service Design approach is adapted and developed to fit existing practices like in the case of The Collaborative commissioning framework.
- *Outside In by opening up and changing markets:* On another side, the design agencies have been working to create alternative service models, which can shape and change markets. Some design agencies work outside existing organisations to create new service models that could then, in return, influence the system itself.

As Jennie Winhall (Participle) describes:

We are seeing a change of a market basically where Local Councils are now putting out tenders for older people services that are designed around the Circle model, while at the beginning there was no market for it, we did not know how to communicate it, to position it, and now we are at a point where Local Councils are actively looking out for that.

Working outside the system often translates in the creation of ventures like Circle. In other cases, it manifests in the creation of light infrastructures that enable better collaborations or new service configurations to emerge, like in the case of Patchwork by Futuregov. Here, the use of open design approaches and social technologies can support the emergence of novel innovation dynamics.

5.4 Challenges

Issues mentioned by agencies when working from inside out the public system are the separation across organisations working as silos, and a professional culture, which resists power sharing and collaboration. Valerie Carr (Snook) describes how they aim to “change the DNA of an organisation to a more collaborative entity, change their perspective, moving away from a “me and you” perspective and breaking down the existing barriers”. They need to develop effective methods to motivate and inspire citizens to engage in new ways of doing and to participate to social networks. Engagement of staff and population in

collaborative and change processes is a difficult task, which requires creativity, longer-term involvement, transparency and actual power sharing processes.

Adoption and sustainability of change are also difficult to achieve and measure. Mary Rose Cook (Uscreates) considers some of the investments in capability building in public sector organisations as potentially a “false economy” if staff is not adequately motivated and engaged, or supported by their organisation to use their new skills. Helen Baxter also mentioned how the EBD training was often perceived as just another continuous development training, which was not necessarily going to impact their way of working.

When working from outside in, supporting the growth and sustainability of new ventures becomes the main challenge. Jennie Winhall describes how their current difficulty consists in:

[. . .] how we support the team to move from a start up mode to a more mature business point. We need good marketing and business skills, people who know how to scale up businesses, but at the same time people who can keep the ability to iterate and innovate, keep a start up approach while understanding risks.

6. Discussion and conclusions

This exploratory study has provided an overview of Service Design work for the UK public sector. The author has illustrated how these agencies are adapting to ongoing transformations in public sector demand, working at different levels and with different strategies to support the paradigm shift in the way the government relates with citizens that is called New Public Governance, aiming for structural change. This initial study is not sufficient to develop scenarios for their future development, but is reflecting on how the changing context is affecting Service Design professionals' work and what this can say for their future development.

In their study about the future of the UK Design Industry, Cooper *et al.* (2009) propose most probable developing business models for commercial design agencies, described as Small Independents, Specialised Innovation Services, Mega Design Corps and Design Strategists. Apart from Mega Design Corps, describing large multinationals and not UK-specific design consultancies, this short investigation has illustrated similarity with Specialist Design Groups and Design Strategists; Specialised Innovation Services aim at market niches and access specialised disciplines, while Design Strategists work for strategic innovation and change management, engaging with other business disciplines with loose affiliation models. The studied agencies move between these two models, e.g. accessing specialised knowledge around behavioural change or working towards transformational change and more strategic interventions within public sector organisations and commissioning, integrating business-related knowledge. Their size is small and their affiliation model is also quite loose and flexible. Their evolution mirrors needs of change at different levels of the public sector, developing a “two-tier design structure” encompassing leadership and strategic thinking, as well as specialisation and detail thinking (Cooper *et al.*, 2009, p. 23). However, these traditional design agency models are also pressurised by some contradictions that have not been given adequate attention so far: embedding a collaborative and human-centred innovation culture within the public sector for lasting change is creating so far a creative tension between opposing strategies of embedding or outsourcing design skills and approaches; second, the potentials of more open and collaborative forms of Service Design and delivery using in particular new social media are also questioning role and business models of designers more focused on generating platforms and infrastructure for creative encounters and collaborative change than on designing final solutions; finally, some design agencies are initiating and developing social enterprises, working in this way both in the Service Design and service delivery spheres.

Future studies of the wider sector of KIBS (Miles, 2005) offer some useful reflections on key drivers for change for possible future KIBS scenarios. Among these major drivers,

Miles (2005) cites the growth of outsourcing – which is contrasted though by the actual “absorption capacity” of organisations – technological developments, regulatory and social change. Identified trends are KIBS growth and “expansion” that could be blocked though by small novel not competent newcomers and legitimisation issues; “concentration” which is discussed as not appearing as KIBS generally remain small in size; “internationalisation”; and the “changing of client relations” becoming more long-terms collaborations. Based on these trends and drivers, Miles (2005) describes three main possible scenarios:

1. KIBS Leadership, where the growth of outsourcing is secured and maximised.
2. KIBS Plateau where the growth is halted by a shift to in-house service provision by users.
3. Two-Tier KIBS when business services work as integrators for other KIBS firms and their clients.

The study of Service Design agencies reflects some of these considerations. Design agencies are, for example, supporting the development of in-house co-design skills or design laboratories within some of their clients, and this can partly be seen in line with the KIBS Plateau scenario, but, in some cases, it is also suggesting an evolution of the relationship with their clients as long term and transformational ones, which might result in an expansion. Designers do describe resistances from within organisations to change their DNA towards more collaborative innovation culture and processes and some of the design adoption strategies as “false economies”. This might be considered as a threat to abandon Design as “not effective” or as an opportunity to develop more effective long-term collaborations with their clients. Also Service Design agencies seem to work as catalysts or “coordinators” (more than integrators) to inform novel forms of collaboration and service provision across public, private and third sectors. This role seems to be gaining momentum, given the growing complexity and personalisation of service provision, the increasing formation of Service Public Private Innovation Networks (Gallouj *et al.*, 2013) and the development of social media.

The Restarting Britain 2 (Design Commission, 2013) recommendations, suggests how the public sector needs to become more “design-competent” to understand better where they would benefit most from the work of professional designers. The Design Commission report also states how Designers need to “uplift and upscale if they are to deliver design-led innovation effectively to public sector clients” (Design Commission, 2013, p. 19). Based on this exploratory study, we suggest the need for more public sector-focused future studies to closely look at the multiplicity of strategies and potential business models this specific kind of KIBS are developing, also in light of the challenges generated by public sector crisis and austerity measures, as well as competition from other business consultancies. Next questions are, given the mix of emerging strategies, which are the most probable, promising and sustainable ones in terms of actual public service quality improvement and transformation?

7. Limitations and future research work

This exploratory study has discussed the role and strategies design agencies are playing for public sector transformation based on an initial sample of seven design studios and selected projects. It has highlighted ongoing transformations in the agencies’ work practice following changes in market demand. The author has chosen to focus her reflections mainly on the key paradigmatic shift from NPM to NPG models, as background for case study development and analysis given its call for alternative innovation approaches and impact on service delivery; possible continuation of this initial study would require integrating these insights with existing foresight studies into policy and public sector development to identify relevant drivers or barriers for change together with in-depth studies on representative projects to document and compare the illustrated design strategies, as well as to evaluate their actual impact on public service quality improvement and transformation.

Notes

1. This paper intends Design as “what links creativity and innovation. It shapes ideas to become practical and attractive propositions for users or customers” Cox (2005, p. 2).
2. This article uses the term New Public Governance (NPG) to represent all of these governance models as they are characterised by similar principles as described in this section.

References

- Aderbach, J.D. and Christensen, T. (2005), “Citizens and consumers: a NPM dilemma”, *Public Management Review*, Vol. 7 No. 2, pp. 225-246.
- Ahlqvist, T. and Moisis, S. (2014), “Neoliberalisation in a Nordic state: from cartel polity towards a corporate polity in Finland”, *New Political Economy*, Vol. 19 No. 1, pp. 21-55.
- Albury, D. (2005), “Fostering innovation in public services”, *Public Money & Management*, Vol. 25 No. 1, pp. 51-56.
- Bailey, S. (2012), “Embedding service design: the long and the short of it. Developing an organisation’s design capacity and capability to sustainably deliver services”, paper presented at Third Nordic Conference on Service Design and Service Innovation, Helsinki, 8-10 February.
- Bason, C. (2010), *Leading Public Sector Innovation. Co-creating for A Better Society*, The Policy Press, Bristol.
- Bason, C. (2012), “Designing co-production: discovering new business models for public services”, in Bohemia, E., Liedtka, J. and Rieple, A. (Eds), *International Design Management Research Conference “Leading Innovation through Design*, Design Management Institute, Boston, pp. 311-324.
- Bate, S.P. and Robert, G. (2006), “Experience-based design: from redesigning the system around the patient to co-designing services with the patient”, *Quality and Safety in Health Care*, Vol. 15 No. 1, pp. 307-310.
- Bate, S.P. and Robert, G. (2007), “Toward more user-centric OD: lessons from the field of experience-based design and a case study”, *The Journal of Applied Behavioral Science*, Vol. 43 No. 1, pp. 41-66.
- Beresford, P. (2002), “User involvement in research and evaluation: liberation or regulation?”, *Social Policy and Society*, Vol. 1 No. 2, pp. 95-105.
- Boland, R. and Collopy, F. (Eds) (2004), *Managing as Designing*, Stanford Business Books, Stanford, CA.
- Bowen, S., Dearden, A., Wolstenholme, D., Cobb, M. and Wright, P. (2011), *Different Views: Including Others in Participatory Health Service Innovation in Proceedings of PINC 2011*, Sønderborg, DK.
- Boyle, D. and Harris, M. (2009), *The Challenge of Co-Production*, NESTA, London.
- Brenner, N., Peck, J. and Theodore, N. (2010), “Variegated neoliberalization: geographies, modalities, pathways”, *Global Networks*, Vol. 10 No. 2, pp. 182-222.
- Buchanan, R. (1992), “Wicked problems in design thinking”, *Design Issues*, Vol. 8 No. 2, pp. 5-21.
- Cook, M.R. (2011), “The emergence and practice of co-design as a method for social sustainability under new labour”, Ph. D., University of East, London.
- Cooper, R., Evans, M. and Williams, A. (Eds) (2009), “Design2020”, Research Report, available at: http://imagination.lancs.ac.uk/outcomes/2020_Vision_UK_Design_Industry_10_Years_Implications_Design_Businesses_Future (accessed 2 July 2014).
- Cox, G. (2005), *Cox Review of Creativity in Business: Building on the UK’s Strengths*, TSO, Norwich.
- Design Commission (2013), *Restarting Britain 2: Design and Public Services*, Design Commission, London.
- Design Council (2010), *Design Industry Research 2010*, Design Council, London, available at: www.designcouncil.org.uk/our-work/Insight/Research/Design-Industry-Research-2010/ (accessed 12 August 2013).
- DTI (2005), *Economics Paper No. 15: Creativity, Design and Business Performance*, DTI, London.

- Erlhoff, M., Mager, B. and Manzini, E. (1997), *Dienstleistung Braucht Design, Professioneller Produkt- und Markenauftritt für Serviceanbieter*, Hermann Luchterhand Verlag GmbH, Herausgeber.
- Esslinger, H. (2009), *A Fine Line: How Design Strategies are Shaping the Future of Business*, Jossey-Bass, San Francisco.
- Freire, K. and Sangiorgi, D. (2009), "Service design and Healthcare innovation: from consumption, to co-production to co-creation", in Holmlid, S., Nisula, J. and Clatworthy, S. (Eds), *Conference Proceedings, ServDes.2010, Exchanging Knowledge, Linköping*, 1-3 December, pp. 39-49.
- Gallouj, F., Rubalcaba, L. and Windrum, P. (2013), *Public-Private Innovation Networks in Services*, Edward Elgar Publishing, MA.
- Glaser, B.G. and Strauss, A.L. (1967), *The Discovery of Grounded Theory*, Aldine, New York, NY.
- Great Britain (2005), "Public administration select committee", *Choice, Voices and Public Services*, TSO, London.
- Halvorsen, B.T., Hauknes, J., Miles, I. and Rannveig, R. (2005), *Publin Report No. D9: On the Differences Between Public and Private Sector Innovation*, NIFU Step, Oslo.
- Hartley, J. (2005), "Innovation in governance and public services: past and present", *Public Money and Management*, Vol. 25 No. 1, pp. 27-34.
- Heskett, J. (2001), "Past, present, and future in design for industry", *Design Issues*, Vol. 17 No. 1, pp. 18-26.
- HM Government (2012), "Open public services white paper", London, available at: http://files.openpublicservices.cabinetoffice.gov.uk/HMG_OpenPublicServices_web.pdf (accessed 12 August 2013).
- Hollins, G. and Hollins, B. (1991), *Total Design: Managing the Design Process in the Service Sector*, Pitman, London.
- Jessop, B. (2003), "Governance and metagovernance: on reflexivity, requisite variety, and requisite irony", in Bang, H.P. (Ed.), *Governance, as Social and Political Communication*, Manchester University Press, Manchester, pp. 142-172.
- Kelly, G., Mulgan, G. and Muers, S. (2002), "Creating public value: an analytical framework for public service reform", Cabinet Office Strategy Unit, United Kingdom Cabinet Office, London.
- Kimbell, L. (2011a), "Rethinking design thinking: part 1", *Design and Culture*, Vol. 3 No. 3, pp. 285-306.
- Kimbell, L. (2011b), "Designing for service as one way of designing services", *International Journal of Design*, Vol. 5 No. 2, pp. 41-52.
- Langergaard, L.L. (2011), "Understandings of 'users' and 'innovation' in a public sector context", in Sundbo, J. and Toivonen, M. (Eds), *User-based Innovation in Services*, Edward Elgar, Cheltenham, pp. 203-226.
- Lee, T.W. (1999), *Using Qualitative Methods in Organization Research*, Sage, London.
- Lévy, P. (1994), *Collective Intelligence: Mankind's Emerging World in Cyberspace*, Perseus Books, New York, NY.
- Mager, B. (2004), *Service Design: A Review*, Koln International School of Design, Koln.
- Manzini, E. (1993), "Il design dei servizi: La progettazione del prodotto-servizio", *Design Management*, Vol. 4 No. 1, pp. 7-12.
- Manzini, E. (2006), "Il Design in un mondo fluido", in Bertola, P. and Manzini, E. (Eds), *Design Multiverso. Appunti di Fenomenologia del Design*, Edizioni Polidesign, Milano, pp. 17-24.
- Martin, R. (2009), *The Design of Business: Why Design Thinking is the Next Competitive Advantage*, Harvard Business Press, Boston.
- Meroni, A. and Sangiorgi, D. (2011), *Design for Services*, Gower, Aldershot.
- Miles, I. (2005), "Knowledge intensive business services: prospects and policies", *Foresight: the Journal of Futures Studies, Strategic Thinking and Policy*, Vol. 7 No. 6, pp. 39-63.
- Mulgan, B.G. (2007), *Ready or Not? Taking Innovation in the Public Sector Seriously*, NESTA, London.

Mulgan, G. and Albury, D. (2003), *Innovation in the Public Sector*, Cabinet Office Strategy Unit, United Kingdom Cabinet Office, London.

Osborne, S. (2010), *The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance*, Routledge, New York, NY.

Osborne, S. and Brown, K. (2005), *Managing Change and Innovation in Public Sector Organisations*, Routledge, London.

Parker, S. and J. Heapy (2006), *The Journey to the Interface: How Public Service Design can Connect Users to Reform*, Demos, London.

Rainford, P. and Tinkler, J. (2011), "Designing digital public services", *Innovating through Design in Public Services Seminar Series 2010-2011: Seminar 5: Designing Digital Public Services*, available at: <http://eprints.lse.ac.uk/37812/> (accessed 30 March 2011).

Rifkin, J. (2000), *The Age of Access: The New Culture of Hypercapitalism, Where All of Life is a Paid-For Experience*, Putnam Publishing Group, New York, NY.

Romme, A.G. (2003), "Making a difference: organisation as design", *Organization Science*, Vol. 14 No. 5, pp. 558-573.

Stigliani, I. and Fayard, A.L. (2010), "Designing new customer experiences: a study of socio-material practices in service design", [Discussion paper], Imperial College Business School, London.

Taylor-Gooby, P., Larsen, T. and Kananen, J. (2004), "Market means and welfare ends: the UK welfare state experiment", *Journal of Social Policy*, Vol. 22 No. 1, pp. 573-592.

Trullén, F.J. and Bartunek, J. (2007), "What a design approach offers to organization development", *Journal of Applied Behavioral Sciences*, Vol. 43 No. 1, pp. 23-40.

Tsianakas, V., Maben, J., Robert, G., Richardson, A., Dale, C. and Wiseman, T. (2012), "Implementing patient centred cancer care: using experience-based co-design to improve patient experience in breast and lung cancer services", *Journal of Support Care Cancer*, Vol. 20 No. 1, pp. 2639-2647.

Verganti, R. (2009), *Design-driven Innovation: Changing the Rules of Competition by Radically Innovating What Things Mean*, Harvard Business Press, Boston.

Williams, A., Cooper, R., Evans, M. and Sun, Q. (2009), "2020 vision - the UK design industry 10 years on: implications for design businesses of the future", in Inns, T. (Ed.), *Designing for the 21st Century Volume 2: Research Methods & Findings*, Gower, Farnham, pp. 39-54.

Zomerdiik, L. and Voss, C. (2010), "Service design for experience-centric services", *Journal of Service Research*, Vol. 13 No. 1, pp. 67-82.

Further reading

Bate, P. (2007), "Bringing the design sciences to organization introduction to the special issue", *The Journal of Applied Behavioral Science*, Vol. 43 No. 8, pp. 8-11.

Bunt, L. and Leadbeater, C. (2012), *The Art of Exit: In Search of Creative Decommissioning*, Nesta, London, available at: www.nesta.org.uk/publications/assets/features/the_art_of_exit (accessed 9 October 2012).

Junginger, S. (2013), "Design and innovation in the public sector: matters of design in policy-making and policy implementation", paper presented at EAD Crafting the Future Conference, 17-19 April, Gothenburg.