THE JOURNAL OF BUSINESS & DESIGN

@issue:

Kodak CEO George Fisher on Design

Why Federal Express Became FedEx

Starbucks: A Visual Cup o'Joe

CORPORATE DESIGN FOUNDATION VOLUME 1 NO. 1

@issue:

Volume 1, No.1
The journal of business and design.

Publisher
Corporate Design Foundation
Sponsored by Potlatch Corporation

Editor
Delphine Hirasuna

Design
Pentagram
Kit Hinrichs, Design Director
Piper Murakami, Designer

Contributing Writers
Dennis DeBiase
Delphine Hirasuna
Shelby Hypes
Peter Lawrence

Research Assistant
Patricia Reiter

Illustration and Photography
David Suter
Barry Robinson
Jeff Corwin

Editorial Advisory Board
Peter Lawrence
Corporate Design Foundation

Sara Beckman
Haas School of Business
University of California at Berkeley

Agnes Bourne
Agnes Bourne Inc.

Kit Hinrichs
Pentagram

Delphine Hirasuna
Hirasuna Editorial

Peter Laundy
Laundy Rogers Design

James Patell
Graduate School of Business
Stanford University

Chris Pullman
WGBH Educational Foundation

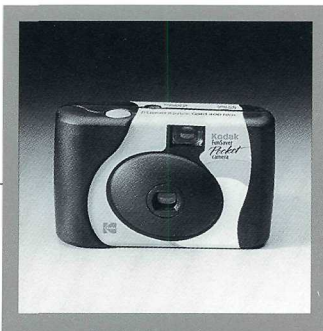
For more information
Peter Lawrence, Chairman
Corporate Design Foundation
20 Park Plaza
Boston, MA 02116
Telephone: 617-350-7097
Fax: 617-451-6355
E-mail: admin@cdf.org

Visit our World Wide Web site:
http://www.cdf.org

Welcome to the first *@Issue:*, a journal about the effective use of design in business. While design manifests itself in nearly every aspect of business — from architecture, signage, retail interiors, the physical appearance and ergonomic handling of a product to all forms of visual communications — its contribution to the success and profitability of a company is often undervalued. Through real-life case studies and tangible examples, *@Issue:* looks at design from a business point of view, and provides useful information on how companies can make design an integral part of their overall business strategy. — PETER LAWRENCE, CORPORATE DESIGN FOUNDATION

Kodak CEO George Fisher on Design

Throughout his successful tenure as CEO of Motorola and now Eastman Kodak Company, George M.C. Fisher has championed the importance of design in business. Here he talks to Peter Lawrence of the Corporate Design Foundation about how to make design an integral part of a company's business strategy.



George M.C. Fisher became chairman, president and chief executive officer of Eastman Kodak Company on December 1, 1993, after serving as chairman and CEO of Motorola Corporation. During his 17 years at Motorola, Fisher played a pivotal role in elevating the company's communications products to worldwide prominence. Previously, he spent 10 years in research and development at Bell Laboratories. Today, Fisher is active in U.S./international trade issues through an advisory group to the U.S. Trade Representative. From 1991 to 1993, he chaired the U.S. Council on Competitiveness. Educated as an engineer, Fisher was elected in 1994 to the National Academy of Engineers.

How do you define design and what is its role within business?

To me, design is defining what is ultimately useful and usable to customers in a form that is aesthetically pleasing. The trick is to differentiate yourself from your competitors to gain the market advantage. Design, like quality, must be an integral part of running a business, rather than a tangential service as is often the case. If people running businesses don't take ownership for design in its broadest aspects, they will end up shortchanging their ability to gain market share, no matter how good they are.

What gave you your initial appreciation for the value of design?

I think it was my involvement at Bell Labs in the early days, after I moved out of research and into development. I was terribly impressed by Henry Dreyfuss and Don Genaro at Dreyfuss Associates. They were very intelligent people who were artistically talented yet industrially oriented, a real part of our team.

How do you, as a CEO, make appreciation of good design part of the corporate culture?

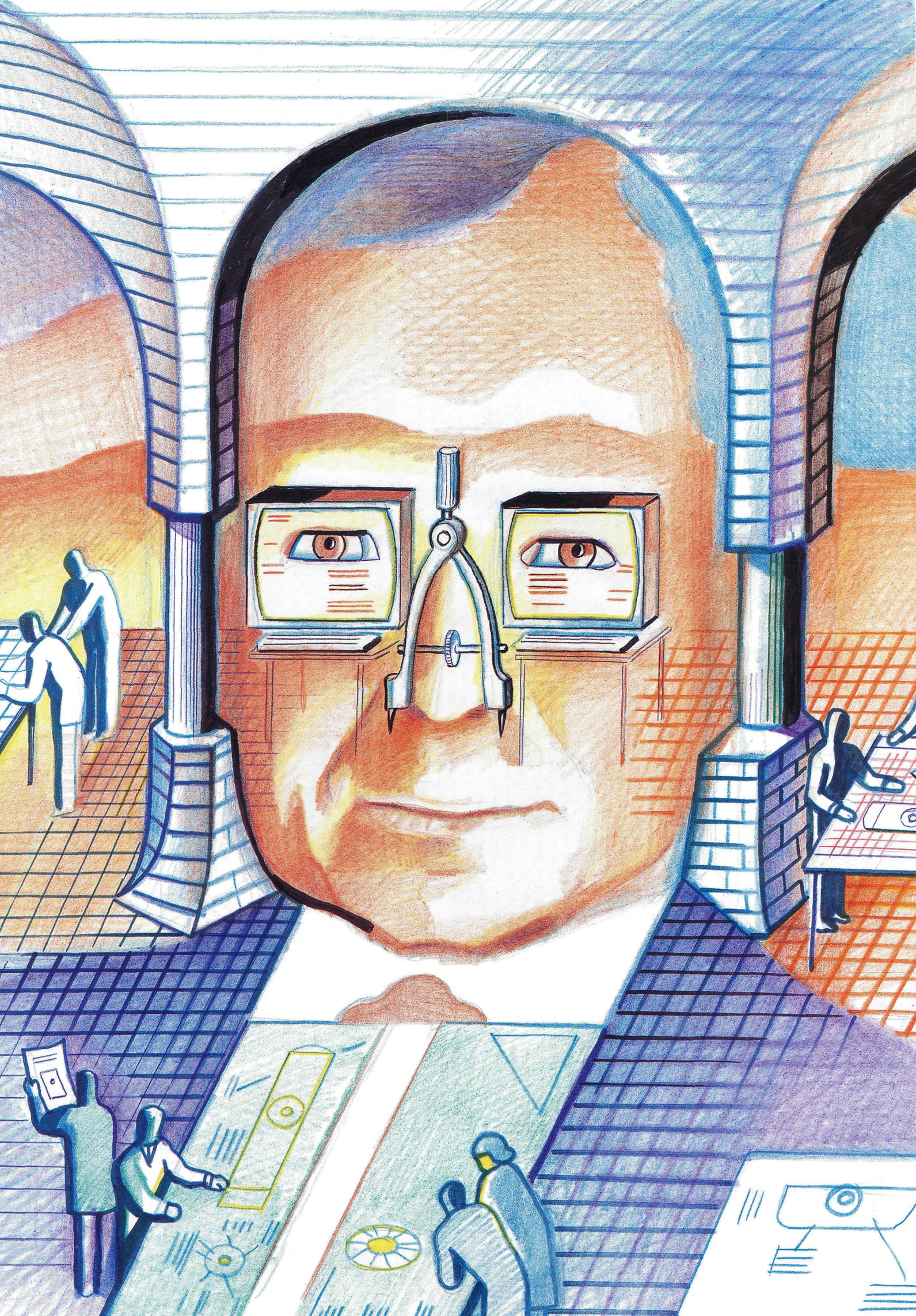
You have to prioritize it. Make sure that design is factored into the early life cycle of any new project. From time to time, make sure that design is the primary input — as long as it's appropriately linked to market needs. A CEO always speaks more by actions than words. For example, last week at our Kodak brand management council meeting, which I chair, a major topic on the agenda was a presentation by our design people. This was done to convey the importance I place on this discipline to the business leaders on the council. I think that message was clearly received, and the design folks did a very good job of talking about what design brings to the competitive picture.

What should current and future executives know about design?

First, they have to know who are good people to work with in their own organization or consulting firms. They need some way of differentiating the quality of their own design resources. Beyond that, I think they need to know that good design can make the difference between being a winner or a loser in the marketplace. You have to viscerally believe that and not just echo the words.

Unfortunately, this usually happens in the negative sense. People see others winning in the marketplace because of good design and that wakes them up. When

ILLUSTRATION: DAVID SUTER



"People need to appreciate at a much younger age that design must be integrated into business. Design is not a service function."

their products aren't doing as well, after all the rationalization is over, they often realize that it is because of poor design or because they haven't paid enough attention to its importance.

How can managers learn more about design?

I'm a great believer in learning by doing. Managers must make design part of their ongoing business process, so it is not something they have to think about; it becomes something they live with naturally. There are tremendous resources in the design communities of all these corporations, but too often, we don't take adequate advantage of what's there. The reason is "out of sight, out of mind."

We have a fast-growing area in Kodak called "single-use cameras." Our most recent design is a stunning hit. It looks like a real camera. It has smooth corners; it doesn't look like a box as the old one did. And its user features are really neat. The leader of that business recognized early on that perhaps the most competitive aspect of the camera was going to be its physical design/human factors interface and gave it a lot of attention. The industrial designers really helped steer the project because the single biggest difference from our previous camera was the look and feel in the consumer's hands, and that had to be driven by our physical design people.

What should MBA programs teach about design?

People need to appreciate at a much younger age that design must be integrated into the business. If it isn't, it will be subservient to the business, and you won't get your money's worth from it. Design is not a service function. It is integral. By the way, I don't think any of the companies I've been associated with have done as good a job as we need to in that respect.

Can you share a few of your design experiences at Motorola?

When we did MicroTac, Rudy Krolopp (director of industrial design) held up a very small phone as a model many, many years before the product came out. Rudy's ability to conceptualize what might be possible really drove some very good circuit designers and mechanical engineers to bring that vision to fruition. Rudy had enough credibility with all of us to gain our support.

In the old days of the paging business, we had an Optrix pager. The first version had many buttons and was so complex none of us could figure out how to use it. Bob Schwendeman (now Motorola's vice president and senior member of the technical staff) decided that we should pay more attention to the industrial and human factors design and get some outside professional help, one of the first times we did that in the non-consumer business at Motorola. Optrix turned into an extremely good product which sells as an alpha-numeric pager today. I'm wearing one right now. Its human factors are superb. Had it gone out in its earliest, more complex form, that product probably would have been a failure.

Can designers provide the prototype vision for the future?

Good design leaders can set an organization's expectation levels. In most organizations, not just Kodak, there is a strong cadre of people who can design the insides of products, the capabilities, whether it is mechanics or electronics. The design community working with the marketing folks need to establish their expectations for the future to challenge these very good people to design within that box. The more traditional approach is saying, "Here's how much room I gotta have, and here's what my circuits will do. Now go package it up." Just the reverse is needed. Electrical engineers and mechanical

"Good design can make a difference between being a winner or a loser in the marketplace."

engineers have to be challenged to produce something that the industrial designers and marketing folks think is needed in the marketplace.

What about graphic design, print collateral and advertising? Do they play a role in Kodak's strategic thinking?

They obviously do. At our last brand management council meeting, a large part of our presentation had to do with the various logos and color schemes we use, and the simplification of our product line from a presentation and graphic standpoint as well as design. Maintaining the integrity of our brands is an important part of the picture at Kodak. The chief marketing officer, a position I just formed, is responsible for that. He is a person who is quite committed to the role of design and keeping up our graphic standards.

How do you make sure you're working with good design people? What do you look for?

I let the leaders of our design community make those decisions. I'm more directly involved with knowing what I want from the design community; the leaders of that community pick their own people. They have to have marketing-savvy, as well as design-savvy. Increasingly, designers have to be very adept at using the tools that are now available, whether traditional computer-based design or more subtle expert systems.

How do you plan to use design at Kodak?

I intend to make Kodak more competitive in the equipment businesses. By that I mean, everything from traditional and digital cameras to scanners and printers and output thermal printers. We are going to be competing with some of the world's best consumer electronics companies. To do that, we're going to have to lean heavily on our ability to be on the leading edge of physical design, whether it's something as simple as texturing or much more subtle like the psychophysics of usage of these products. In the past, Kodak's primary emphasis has been on film, and you're not going to do too much in design with film. Now we're emphasizing things like single-use cameras. Going up the equipment scale, the ability of Kodak to have world-class industrial design is going to be essential to our success.

Will design remain important as the industry shifts to electronic imaging?

It will be extremely important, I suspect. As we shift to electronic imaging, we gain the ability to have a lot more functionality. The problem is bringing that functionality out of the box in a way that is useful to consumers. Both the physical design and human factors design of how consumers use all this power within the box become the most difficult problem, and perhaps the one that will differentiate the winners from the losers.

"In the end, what customers really see is what designers design."

How will the industrial designer's role change in the age of electronics?

I think the industrial designer has to know that a lot of the functionality will be brought out in soft form through soft displays with a minimal number of human buttons. The designer's role is to express this complexity in the simplest way to use possible.

Describe the ideal relationship between design and business?

I think that if we properly integrate the design community into the business, we will actually have the physical designers leading the way, being very closely linked with the marketing and the engineering organizations almost as a seamless team. There should be virtually no difference. It has to be looked upon as more than an after-the-fact service organization.

In the end, what customers really see is what designers design. That is the ultimate tool that a company has in order to be competitive in the marketplace. The usage and the form of these products sell the products more than the real electronic functionality.

After 17 successful years at Motorola, how are you finding life at Kodak?

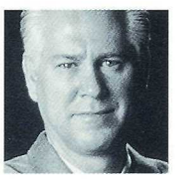
It's quite a different experience. Some people don't understand why I did such a thing on the surface, but it has been perhaps the most invigorating thing I've done in my life, and it's filled with real challenges. I came to the point where we had Motorola really going on a rocket to the stars. That rocket was going to keep going whether I was there or not, and I didn't want to retire that way. I didn't want to coast out. I wanted to go out with a blaze. This is a chance to do something really interesting again, and I think we're going to surprise the world.

FedEx
FedEx
Federal Express
FedEx Box
Federal Express
Designed for magnetic tapes and small documents
FedEx Box
FedEx Box
Federal Express
Designed for large documents or binders.
FedEx Box

Why Federal Express Became FedEx

Why would a company with a name so recognizable that it has become the generic equivalent of overnight delivery service choose to revamp its identity? For Federal Express, global success demanded a change. The challenge came in preserving its brand equity, while ensuring that its identity stood out from a growing field of global competitors.

Gayle Christensen, Federal Express
Managing Director of Corporate Marketing
Federal Express management gave Christensen virtually complete decision-making authority over the identity project to expedite the process.



Lindon Gray Leader, Landor Associates
Senior Design Director
Leader headed a team of Landor designers who created the new FedEx identity system and launched the basic program within four months.

Under a cloak of secrecy on June 22, 1994, a mysterious aircraft landed on a darkened runway in Memphis and was swiftly guided into an awaiting hangar. Only a handful of security guards standing watch against intruders witnessed the late night operation, which took less than 20 minutes to complete.

Two days later the whole world knew the secret. With news media, public officials and 4,000 FedEx employees present (and another 100,000 employees watching the event on the company's private FX-TV), the world's largest overnight delivery carrier unveiled its new corporate identity — the culmination of two years of research and design and weeks of clandestine implementation. Video relays around the globe carried an event that usually doesn't get much play beyond a company's in-house newsletter.

In typical style, FedEx had arrived in a bold way. The company that spawned an industry in overnight package delivery services, won the first Malcolm Baldrige National Quality Award in the service category, and ranked among the top ten of "The 100 Best Companies to Work for in America" in 1993, again showed the world how to do it right.

What's more it chose to undertake an identity review while at the forefront of its industry, acting from a position of strength. As early as 1988, FedEx management discussed overhauling its original identity system designed by Richard Runyan in 1973, believing it did not represent its expanding global interests.

Indeed, things had changed. When FedEx originated the industry in 1973 — based on a hub-and-spoke concept that FedEx founder and CEO Fred Smith had earlier outlined in a Harvard MBA paper (which got low marks) — it was the lone player in it. The fledgling company started with 14 Falcon jets. Employees used their own cars and a small fleet of rented vans to pick up and drop off packages. Nationwide door-to-door overnight delivery was considered

FEDERAL EXPRESS FACT SHEET

Parent Company: Federal Express Corporation

Business Line: World's largest air express company

Principal Officer: Frederick W. Smith
Chairman, President and CEO

Revenues: $8.5 billion U.S., fiscal 1994

Employees: More than 100,000 worldwide

Aircraft Fleet: 458

MAJOR PHOTOGRAPHY: BARRY ROBINSON; OTHERS COURTESY OF LANDOR ASSOCIATES

so radical, skeptics abounded. Xerox Corporation even tested the system by shipping empty boxes for two weeks before entrusting Federal Express with real documents.

But work it did. Today FedEx operates in more than 200 countries, using a fleet of 458 aircraft (making it the nation's third largest airline) and 45,000 vehicles to deliver an average of two million packages each day.

Given this growth, Federal Express asked itself whether the "big and bold but friendly and accessible" image it wanted to convey was getting across. That question also entered the mind of Landor Associates, a worldwide brand and identity design consultancy, as it considered changes occurring in the air freight industry. In 1990, Landor presented this case to Federal Express management. Although it created a favorable impression, the timing wasn't right for FedEx. With millions of logo applications on vehicles, aircraft, storefronts, uniforms, drop boxes, packaging, collateral material, stationery and business forms involved, "the need hadn't yet reached a critical mass," recalls Gayle Christensen, FedEx managing director of corporate marketing. "That happened only when it was clear that our image no

Original Logo

The logo's upward diagonal helped to express the dynamism of the company, but proved restricting on new vehicles. The large purple field also proved costly.

Option 1

A logo finalist, this version retained visual continuity with the original by using capital letters, the FedEx colors and, in this case, an angled box.

longer looked fresh and our logo no longer worked in all the different ways it had to be applied."

In late 1992, Federal Express invited Landor back. "We were asked to take a good hard look at the company and its markets, assess Federal Express's position, and make any needed adjustments," says Lindon Leader, senior design director at Landor.

Over the next year, Landor's research unit conducted some 40 focus groups with employees and customers and interviewed industry leaders in 12 markets around the world. It also compared Federal Express's existing identity with the identities of a range of technology-smart companies known for innovation and marketing savvy.

Its research showed the existing identity had two great strengths: the strong brand equity of Federal Express (and its popular verb form FedEx) both closely identified with speed, reliability, innovation and customer service, and the power of its signature colors purple and orange to communicate urgency and leadership.

Option 2

The angled type and arrow conveyed an aerodynamic quality. But when the logo was applied to the right side of a vehicle, it appeared to be facing the wrong direction.

Option 3

The current logotype emerges, with the box retained from the original trademark. But when reduced in scale for use on catalog order forms, the logo shrank to an unreadable size.

3 **Secret Arrow**

Meant to be a secondary read, a subtle arrow was created by raising the x-height between the E and x. Raising the x-height of lower case letterforms also made the wordmark more readable in small sizes.

4 **Official Name**

The new logo carries the dual identity of the company: FedEx, its brand name, and Federal Express, its official name. Federal Express will continue to be used on corporate materials.

Federal Express®

Research surveys also uncovered problems with the word *federal*. In 1973, the word had given the company immediate equity, an official alternative to the post office, but today it was more often associated with being bureaucratic and slow. In Latin American countries, it conjured images of the *federales*, and in some other parts of the world, people had trouble pronouncing *Federal Express*.

Based on its worldwide focus group research, Landor recommended that the company shorten its brand name to "FedEx" and adopt the tagline "The World On Time" to sum up its key message — global scope, accessibility, speed, reliability — in four succinct words. Federal Express was retained as the official corporate name.

With a green light from Federal Express senior management to develop a design, Landor "came up with 400 preliminary sketches," recalls Christensen.

"Together we worked it down to five alternative identity systems, which we presented to five of our senior executives, including our chief executive officer and chief operating officer."

"We were fortunate that our client had a good understanding of the objective enterprise that design really is," says Leader. "People tend to look at a new identity and dismiss it as a logo change. FedEx understood that it's really a byproduct of the overall repositioning of the company. Our logo design was the visual *fait accompli* of a year's worth of thorough research and analysis."

"We have a CEO [Fred Smith] who understands the power of design," says Christensen. "Because of his leadership, corporate image is not viewed as something frivolous."

Federal Express management also understood the delays caused by committee approvals and removed the usual bureaucratic barriers by designating one company decision-maker — Christensen — once it approved the design. Leader praises the choice of Christensen. "Gayle had a genuine appreciation of the process," he says. "She very skillfully rode the fence between interpreting [to her company] what we were trying to accomplish, and communicating to us the ultimate strategic objectives of FedEx management."

This true collaboration between designer and client led to a design that incorporates several ingenious graphic elements. By shortening the name, replacing the 1970s typeface, removing the restrictive purple field around the logotype, and adding the tagline, the company's strongest attributes are captured visually.

Company vehicles have become moving billboards. "Whereas 'Federal Express' only permitted 58-inch letters on the side of a trailer, the letters spelling FedEx can stand six feet tall," says Bruce McGovert, Landor's

"Changing 'Federal Express' to 'FedEx' allows the use of letterforms big enough to be read across an entire airfield."

implementation director. "Airplanes can be read across an entire airfield."

Costs was also a major concern. FedEx insisted that the changeover be economically smart as well as strategic. "The research, development and launch of our new corporate identity costs less than the production and placement of one average TV commercial," Christensen reveals. For example, reducing the use of the purple field on large FedEx trucks cut thousands of dollars.

"Eliminating the purple field can save as much as $1,000 in labor and materials on one 53-foot tractor trailer alone," McGovert says. "And the company owns 10,000 of that type vehicle." Aircraft paint jobs also will cost much less without purple covering nearly half of the jet, and even better, its absence will reduce surface temperatures of the aircraft by 40 degrees, thus lowering energy needed to cool the planes and allowing FedEx to cut back on fuel costs per flight.

With 30,000 FedEx drop boxes across the country, any savings can be significant. To avoid the expense of repainting boxes in every location, Landor designed a decal system with increased legibility to retrofit over the old logo portion of existing decals. New boxes will look completely different, taking advantage of the larger horizontal logo.

"Ultimately we aren't just looking for expedient solutions to a client's image problem," explains Leader. "We're looking at how our design affects its bottom line."

Watching out for the bottom line was what turned the launch schedule topsy-turvy, however. Original plans called for a phased-in changeover of all identity components. But after approving the overall identity system in February 1994, FedEx management asked that Landor design the applications of all components and have them ready to launch in just four months.

"What was driving FedEx management to get the identity up and running that fast was the need to capture opportunities and save costs," explains Leader. A large number of new trucks and aircraft were about to be delivered and planes newly purchased from Lufthansa had to be re-identified. "Having those aircraft circling the world with the old logo for the five years it would take before their scheduled repainting made no sense."

The intensity of the marketplace was another motivating factor. New marketing initiatives and technologies

5

Cost-Saving Color Scheme

Limiting the use of purple on the new logo offered many cost savings benefits. Because purple is sensitive to ultraviolet light, it required vinyl coating to minimize fading and scuffing, as well as more frequent repainting. Also, purple pigment weighs more than white and absorbs more heat, which increased fuel and operating costs.

FedEx
Federal Express

FedEx
Federal Express

FedEx
Federal Express

Align bottom of Airbill Pouch here.

Small Box

The World On Time

Letter

The World On Time℠

LANDOR ASSOCIATES
1001 FRONT STREET
SAN FRANCISCO CA 94111
(415)955-1400
JANET MAYFIELD
To: FEDEX EMPLOYEES Corporation
2003 CORPORATE AVENUE
MEMPHIS TN 38132
147 5212 261
147 5212 261
REF: MCREA 403
PRIORITY OVERNIGHT TUE
FEDEX LETTER
CAD: 6845A 31JUL95
TRK: 147 5212 261 MEM
38132-TN-US X4 OLV
SHIP DATE: 31JUL95
ACT: 12#25.4#
ACTUAL WGT: 1 LBS NAN-WT
(901)395-3553
BILL THIRD PARTY
PART # 145385 FORMAT # 077 RIT 05/95

6

Packaging System

Handling two million packages a day, FedEx understands the marketing value of making its identity visible and impactful on packaging.

30,000 Drop Boxes

Over the past 20 years, FedEx drop boxes had evolved into various sizes, shapes and configurations and the purple paint had become impossible to remove without sandblasting. A retrofit kit allowed new decals to be placed over the old ones. New boxes will look like the one above.

Moving Billboards

With 45,000 FedEx vehicles on the road daily, the advertising exposure provided by each truck is invaluable. But separate decal installation instructions had to be prepared to accommodate the wide variety of trucks in FedEx's fleet.

Signage System

Interior and exterior signage had to be developed for all of FedEx's worldwide locations. Here acrylic channel letters are backlit, with the corporate name receding into the background.

like FedEx Ship (a proprietary software used by customers to track or ship their own packages) were close to introduction, and management wanted them all to carry the new look.

With a June 24 deadline looming, the design team worked 70-hour weeks. The launch of the new FedEx name was a closely guarded secret, intended by management to catch the public — and the competition — unaware. "We wanted to make an event, to create a whole new identity as if it had happened overnight and get as much coverage as we could," says Christensen.

Two days before the event, a newly converted MD-11 was secretly flown from a paint hangar in Mobile, Ala. and hidden behind the immense doors of FedEx Hangar Ten in Memphis. Meanwhile, FedEx workers, armed with new paint and decals and sworn to secrecy, labored day and night in a sweltering abandoned warehouse on the outskirts of Memphis to dress 40 trucks and vans in time for a public unveiling. On June 24, simultaneous rollout events were held in Memphis, Miami, Paris, Toronto and Hong Kong, and decals were shipped with tight arrival dates to 30 cities in the U.S. and overseas to cover 4,000 vehicles. Ketchum Public Relations, assisted by Landor, handled this extravaganza.

7

Identity Guidelines

This extensive graphic standards manual, complete with color chip charts and reproduction materials, was prepared in diskette and print form for FedEx worldwide licensees.

Christensen recalls, "On the day of the launch, we made sure our own people got to see the new identity in all its applications first. Thousands of employees celebrated the Memphis launch, which was broadcast to 100,000 FedEx workers across the globe. When they opened those hangar doors, and the employees on hand or on satellite hook-up were able to see our planes and trucks lined up, all showing this beautiful new mark, it was just tremendous."

FedEx got great media coverage — all the major networks, the global press, the works. "We titled our press

"Just eliminating the purple field from FedEx's 10,000 tractor trailers enabled the company to save nearly $10 million in labor and materials."

kit, 'Something Big Happened Overnight' and sent it out the night before the event," Christensen says.

But the event was mere prologue. After it came the hard task of implementation, currently in progress. FedEx put together teams of people in aircraft, vehicle and packaging to make the identity conversion as swift and efficient as possible. "We're looking at a two to three year plan for full conversion, and we're about 50% complete at this time," says Christensen.

Another key area of redesign is uniforms, being handled by Stan Herman in New York, and courier tools, holsters and back braces contracted to Ziba Design in Portland, Ore. For the job, Ziba's designers and researchers became couriers to study first-hand how packages are processed and delivered. To gain feedback on new uniform designs, FedEx also conducted employee focus groups worldwide.

Preparing graphic standards for the entire company was another critical task. "For the launch, we developed an interim graphic standards guide in small book form," says McGovert. Additional ad hoc guidelines were developed to address the specific issues.

The first major sign scheduled to represent the new FedEx identity — giant channel letters for the opening of the company's new Asia-Pacific hub at the Philippines' Subic Bay —was one such issue. Asked to develop a cost-efficient universal design for all FedEx locations, Landor learned at Subic Bay, the acrylic, neon-lit letters had to withstand typhoon winds of 120 mph, twice the normal U.S. requirement. "Fred Smith was planning to fly into there only eight weeks after the Subic Bay deal was completed, and he expected to see skyline signs on the FedEx hangar bearing the new identity," McGovert recalls. "We had to get it done quickly, and we had to push the vendor to go way beyond what it was accustomed to. It was difficult to build a sign that would be so substantial and still meet the simplicity and crispness of the new logo style. As usual, Gayle was able to circumvent a lot of the usual committee processes to approve our work with the vendor. She told us to make it happen and make it wonderful."

However, the Subic Bay airfield was not yet in operation, and shipping such an oversized load was already a daunting assignment. But FedEx had invented fully integrated movement of cargo back in 1973 — what might have stymied others was all in a night's work.

The acrylic letters were fabricated in South Carolina, trucked to Chicago, flown to Australia and then to Manila, and finally caravaned over a 4-1/2 hour route on treacherous country roads. Every unit of the neon signs arrived unbroken. And Fred Smith could delight in the company's new purple and orange colors blazing across the airfield when he landed on the Subic tarmac, right on schedule.

"The reason this entire changeover was so successful," says Leader, "was because FedEx management was so committed to making it happen in a big way. From day one this company has understood the value of effective marketing. They have never lumped the management of corporate image into advertising or public relations, like other companies. They have a fundamental appreciation that corporate identity is their most strategic marketing tool."

The United Parcel Service logo, created by legendary designer Paul Rand, is one of America's most recognizable and enduring trademarks.

In 1961, UPS made the changeover to its current trademark to reflect its transition from retail delivery to common carrier service. At the time, it asked five designers to submit logo ideas. Four designers submitted dozens of ideas; Rand presented one — but it was a winner. "When the client told me that it delivers small packages, the solution was obvious," he explains. "I put a small package over the logo. I showed it to my 8-year-old daughter and she said, 'Oh, Daddy, that's a present.' I knew immediately that was the right thing to do. It was memorable."

Rand retained a simplified version of the shield, which had been part of UPS's logo since the 1920s. A heraldic symbol that dates back to medieval times, the shield, suggesting integrity and pride, had initially been worn by UPS carriers as a cap badge before working its way into the trademark.

As a final touch, Rand changed the typeface from capital letters to lower case. "They are easier to read, and at the time everyone was using capital letters. I wanted to represent UPS's uniqueness," he recalls.

UPS management loved Rand's logo, but had problems with the string bow, because it discouraged customers from tying packages. But Rand convinced them that without the string, it would just be a rectangle.

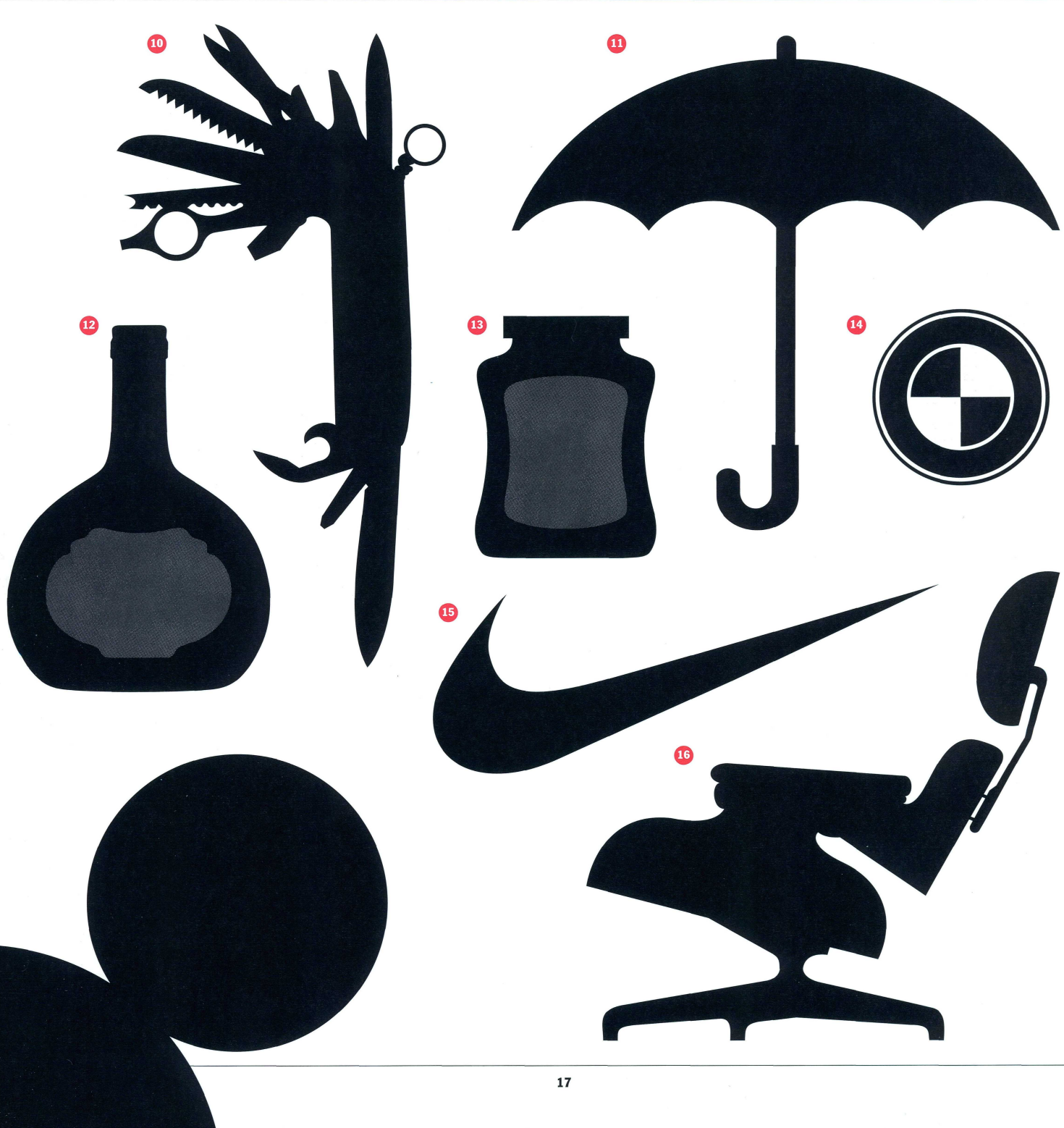
Rand, who also designed logos for IBM, ABC, Westinghouse and Cummins among others, says he did little research before developing his design. "Most art is essentially intuitive," he says. "Creating a logo is like writing music, you just do it and you know when it's right. That's what design is all about; taking the essence of something that is already there and enhancing its meaning by putting it into a form everyone can identify with."

Quick, Name that Shape!

Never underestimate the power of a shape. Shape can make a product stand out from competitive brands on the shelf. It can become the architectural signature for a retail chain. Or it can simply be a logo stamped on a family of products as the company's assurance of quality. Able to communicate across cultures in any language, a recognizable shape provides

1. COCA-COLA 2. CBS TELEVISION 3. TRANSAMERICA 4. FRISKAR SCISSORS
5. CHEVROLET 6. MCDONALD'S 7. CHANEL NO. 5 8. MICKEY MOUSE 9. APPLE COMPUTER 10. SWISS ARMY KNIFE 11. TRAVELERS INSURANCE 12. MATEUS
13. TASTER'S CHOICE 14. BMW 15. NIKE 16. EAMES LOUNGE CHAIR

a visual identity even in places where the brand name may be hard to pronounce. But for shape equity to develop, the silhouette must be distinctive and aptly designed for its intended use, and be presented consistently and frequently over time. Here are 16 familiar shapes that have become synonymous with their company or brand. See how many you can name.



How does a lone coffee store in Seattle's busy Pike Place market become North America's leading retail coffee purveyor? Starbucks created an ambiance and style that infused new chic into this age-old beverage, making it the hip drink of the '90s.

"Retail is detail," an adage cited by Starbucks' chairman and CEO Howard Schultz, is a dictum borne out in every aspect of the company's operations.

It has turned the consumption of a mundane beverage that's been around for centuries into a trendy and indispensable social ritual. Before Starbucks burst onto the national scene, drinking coffee had rarely been so stylish. Now, orders for "espresso," "lattes" and "no-whip mochas" are drowning out the simpler requests of yesteryear.

Starbucks moved this beverage out of the kitschy coffee shops, with their waitresses in frilly aprons, and banished all remnants of the dark, smoky beatnik era. The Starbucks sensation is driven not just by the quality of its products but by the entire atmosphere surrounding the purchase of coffee: the openness of its store space, the beauty of its packaging, friendly and knowledgeable service, interesting menu boards, the shape of its counter, the quality of lighting, the texture of the walls, the cleanliness of the floorboards. What Starbucks recognized long before its imitators was that the art of retailing coffee went way beyond product. The details of the total experience mattered.

Insight into the importance of the coffee-drinking environment came in 1983 when Schultz, then director of retail operations, was in Milan. Noting that Italy had some 200,000 espresso bars, he observed the customs of the coffee-drinking public and experienced an epiphany about offering a haven for American coffee lovers. "Coffee houses in Italy are a third place for people after home and work," he reported. "There's a relationship of trust and confidence in that environment."

Returning to Seattle, Schultz convinced the original Starbucks founders

A VISUAL

to test the coffee bar concept. Its overwhelming success led Schultz, backed by local investors, to acquire Starbucks in 1987.

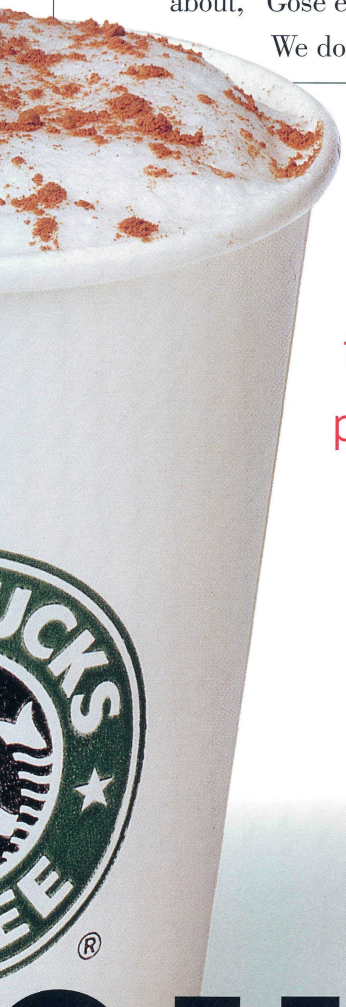
Since then, Starbucks has crafted a look, a feel, a mood to catapult itself into national prominence and profitability. Every particular — from napkins to coffee bags, store fronts to window seats, annual reports to mail order catalogs, table tops to thermal carafes — seems to reflect what Myra Gose, director of Creative Services and self-described "keeper of the look," calls "the authentic and organic" roots of Starbucks, its strong sensitivity about community, the environment and what it takes to make a great cup of coffee.

"All our design, whether it's a packaged food or a new mug, needs to make sense and tell what we're about," Gose explains. "We're a coffee company. We don't want people scratching their heads, wondering 'Hey, where did that come from?'"

But not just any kind of coffee company. With a product line that includes over 30 varieties of coffee beans, a heaping assortment of packaged goods, fresh pastries, teas, syrups, and preserves, and a cache of related specialty merchandise — not to mention a new bottled product being test-marketed by PepsiCo, and several proprietary brand names in each retail store in addition to the Starbucks label — defining and refining the corporate image is an ongoing strategic imperative.

That process is supported at the highest levels of the business. In the summer of 1992, company officers asked Starbucks' marketing staff whether the current packaging of so many diverse products accurately reflected the warm, upbeat, people-oriented style that had won the company its tenacious following.

Underscoring Starbucks' phenomenal success is its constant vigilance over retail design and packaging. The story of Starbucks may be less about coffee than about quality design, and how the latter can play a decisive role in a company's success.



CUP O'JOE

According to Gose, "From a design standpoint, we're always trying to speak with one voice, yet that one voice must also speak different languages."

To present those languages visually, several design firms were interviewed. Seattle-based Hornall Anderson Design Works (HADW) was chosen to begin with a redesign of the coffee bag. The guidelines were solidly outlined by Starbucks: 1) Do nothing revolutionary, since the company had too much equity built into the current coffee bag; 2) Retain the company logo and "blend" stamps; 3) Emphasize the company's leading-edge role in the industry and its employees' superior knowledge of good coffee preparation; and 4) Convey the company's deep commitment to the environment.

Working with several Starbucks principals, what the design team created did not dramatically alter the image of Starbucks; however, where the packaging did not reinforce the desired image, steps were taken to make it stronger. For example, the design combined terra-cotta earth tones, for the warmth and intimate feeling the company wanted to convey, with a steam pattern to represent the roasting process. An illustration style, photography specifications, limited calligraphy and the mermaid logo formed the vernacular for the Starbucks look. Focus groups helped to decide the selection of a single color for all the bags instead of different colors for different sizes. Packaging materials were selected for naturalness and recyclability.

Following the coffee bag assignment, HADW helped steer other design jobs to create an integrated, communicative packaging effect: syrup labels, shopping and serving bags, food products, gift sets, various printed collateral — even the wrapping tissues that are used to protect breakable items. These designs have earned HADW more than 40 awards, as well as inclusion of its packaging components in the Library of Congress permanent collection.

For Starbucks, the entire design strategy "fortifies an ever-present message about its leadership position and reinforces its commitment to quality products and service," says Terry Heckler, head of Heckler Associates, a long-time graphic design partner of Starbucks. Heckler is credited with not only designing the original logo but coming up with the company's name.

With so much attention going into the look of a coffee

Social Scene
Responding to a national trend of wanting to slow down and smell the espresso, Starbucks has begun incorporating lounge seating in select locations to provide a relaxing place for friends to gather.

1 Related Products
Starbucks' offerings include food products, gift sets, carafes, espresso makers and serving dishes — all related to the enjoyment of the coffee/beverage experience.

2
For Those on the Go
Starbucks "in the window" seating is designed for customers who want a convenient place to sit and have a quick cappucino and pastry before hurrying on their way.

Store Format
Each Starbucks site is designed to suit the mood, tempo and architecture of its neighborhood, yet incorporates the company's identifiable elements — its color palette, choice of fine building materials, logotype and warm, organic character.

PHOTOGRAPHY: STARBUCKS COFFEE COMPANY

4 Buying Experience

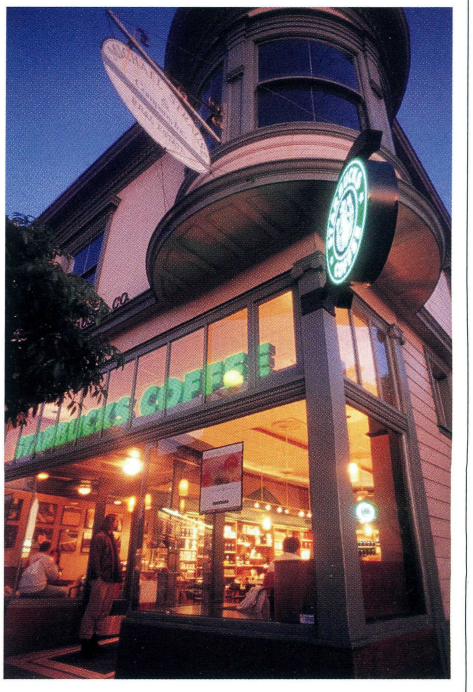
Fine woodwork, sparkling glass displays, tile floors, cheerful lighting and the organized efficiency of Starbucks stores– from built-to-fit shelving to well-labeled displays – create a clean, accessible and friendly atmosphere.

3 Menu Board

Starbucks' educational attitude is evident in its informative menu boards, designed to pique customers' interest and get them to try different blends. Brochures, labeled displays and knowledgeable sales-people also help promote understanding of coffee classifications.

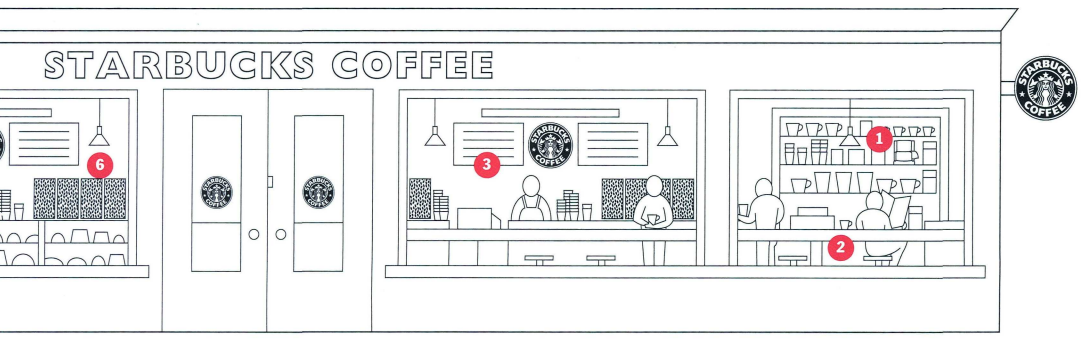
5 Visual Stimulation

A changing array of complementary, non-logo merchandise creates a sense of newness and visual excitement for repeat customers, yet fits under the umbrella of Starbucks' distinctive look and feel.



6 Quality of Light

Lighting that looks inviting day or night helps to draw in the morning rush-hour crowd as well as people out for the evening.



Kiosk Locations
Starbucks' kiosk stores are located in select retail stores, such as Barnes & Noble, Crate and Barrel and upscale regional grocers, as well as in busy office buildings and airport terminals. A design challenge has been to synthesize Starbucks' visual vernacular — i.e., colors, woodwork, menu board, signage, fixtures — into a very small space, so that passersby are immediately drawn to the familiarity of Starbucks.

cup or pastry napkin, little wonder that a constant watch is placed over the design of the coffee bars themselves. "It didn't take top management long to realize that good store design enhances the speed of retail execution," says Heckler. The store design staff includes about 80 people divided into regional teams. Each team is headed by a lead designer working with a staff of up to 10 other designers, including several CAD drafters, and the construction manager for the region.

Starbucks' design development team is directed by Brooke McCurdy, whose job is to provide leading-edge resources to the store design effort and "to think about what we're going to look like in the year 3000, or whenever it is we hit the moon!" laughs McCurdy. "We're already looking at ways we can improve our existing design by focusing on what customers and employees think about the look of their stores, and at the same time, we try to anticipate future consumer styles. Is it going to be something new and fast-paced, or will it be a more cyclical return to the old bohemian coffee house?"

At Starbucks, no one becomes a store designer until he or she has actually operated behind the counter. "You have to work in a store before you design one, so you begin to understand what some of the hindrances and helpful things are," explains McCurdy.

Though working with a set of base guidelines and stringent timelines, designers can vary the look by region and location with art, murals and lighting fixtures. "Our people get to know the neighborhood and the customers in the area, and they have the latitude to incorporate its quirkiness or uniqueness so that we don't ever produce a cookie-cutter design," McCurdy says.

At the same time, there is a subliminal unifying theme to all the stores that ties into the company's history and mission — "back to nature" without the laid-back attitude; community-minded without stapled manifestos on the walls. The design of a Starbucks store is intended to provide both unhurried sociability and efficiency on-the-run, an appreciation for the natural goodness of coffee and the artistry that grabs you even before the aroma. This approach is reflected in the designers' generous employment of natural woods and richly layered, earthy colors (which have evolved from darker laminates to lighter tones) along with judicious high-tech accessorizing, like halogen fixtures and Zolatone walls (subtly textured splatter-paint finishes). No matter how individual the store, overall store design seems to correspond closely to the company's first and evolving influences: the clean, unadulterated crispness of the Pacific Northwest combined with the urban suavity of an espresso bar in Milan. "Comfortable without seeming too serious," says McCurdy. "An urban oasis," said the *New York Times*.

The exact mix of influences may be arguable, but the results are not. More than 650 retail locations and 11,000 employees (and counting) spread over 18 states and a Canadian province, a vast direct response and wholesale supply business, and plans to quadruple sales to $1 billion in five years, Starbucks is creating one of the most powerful retail magnets in the U.S. beverage industry. It currently is opening 150 new stores a year in new markets across the U.S., and boasts that it serves over 2-1/2 million coffee drinkers each week.

With expansion that meteoric, design is the critical element keeping the image of Starbucks congruent across different markets. "Trying to capture what it means to be in a Starbucks store means having to keep three key principles in mind at all times," says McCurdy. "The tangible beverage itself — the design has to be as leading-edge and 'natural' as the coffee without relying on gimmickry or surprises. Then there's tremendous attention to merchandising, which can take on its own look, depending on the lighting, the shelving and wall finishes, the kinds of displays. These require constant design decisions as well. And finally, there's the importance of seating. We have to accommodate the

PHOTOGRAPHY: JEFF CORWIN

book lovers and conversationalists as well as the ones who want a quick shot of double espresso and soon are out the door. We're always having to strike the right balance between seating that looks 'high design' and seating that's comfortable. As we've been growing, we've been working with fixture and furniture manufacturers to design around our specifications, as opposed to choosing stock items."

Self-critical design at Starbucks isn't a recent phenomenon. Heckler recalls the first logo design, which was quickly withdrawn. Created in 1971, its premise was to connect Starbucks with the romance of the high seas and the seductiveness of the siren with the powerful lure of great coffee. "That's where the idea of the mermaid first came into focus," remembers Heckler. "We drew upon a 15th-century woodcut of a twin-tailed siren. It was a very straightforward image with bare breasts. We blew that up to put on the side of a truck, and then we said, 'My gosh, we can't do that.' It was far more suggestive than we realized. We got the message real quick. That was our first redesign."

According to Gose, the corporate logo has always been a "very powerful, very recognizable identity from long distances. It was a looser image in '71, but it spoke to

Core Identity
The core of Starbucks' identity — the siren logo, steam pattern, logotype, graphic character and organic, earthy colors — is consistently expressed in all of its packaging, merchandise and serving materials.

Coffee Packaging

Blend Stamps
Like steamer-truck stickers from a bygone era, Starbucks' colorful "blend" stamps (above) create the allure of exotic places and contrast nicely with the company logo.

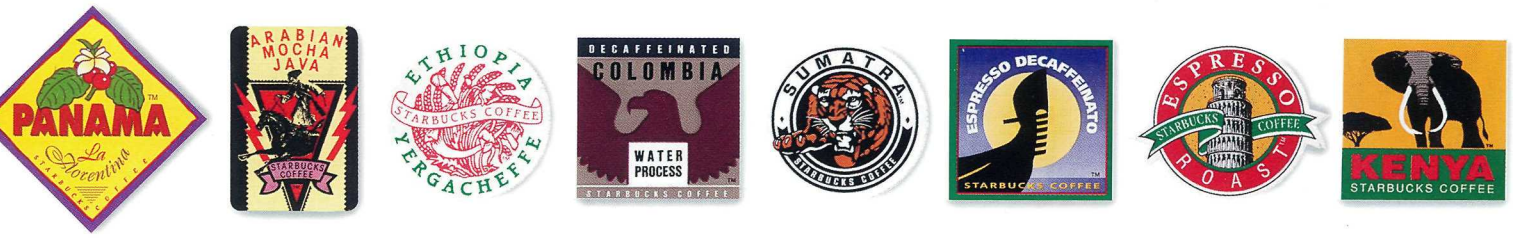
Thermal Tumbler

Ceramic Canister

PHOTOGRAPHY: BARRY ROBINSON

how things were back then. It has evolved to be simpler, with graphically stronger, cleaner lines. But we've held onto the seafaring nature of our identity. Even as we've expanded beyond the port of Seattle, we believe the idea of coffee coming from far away places by ship to places across America is still quite powerful. The mythical creature from the sea is a link to the exotic, to the personal and intuitive in people — the choices people make about coffee and the experience that surrounds its enjoyment are just as intuitive and personal."

Obviously, Starbucks believes it caters to these aspects of consumer desire better than most, and their record seems to confirm it. The modern Italian look that inspired the expansion and redesign of Starbucks coffee stores in the mid-80s, just as influential to corporate strategy as the mermaid logo, is now undergoing analysis and revision. "I think we're moving past [the sleek espresso bar], getting back to what we feel," says Gose. "We're not rejecting its influence outright, but we need to adapt as our audience changes. Our look needs to remain relevant to today. I think people are looking for something to believe in and places to go that evoke home and comfort in this crazy world. That's a lot of what we're about."

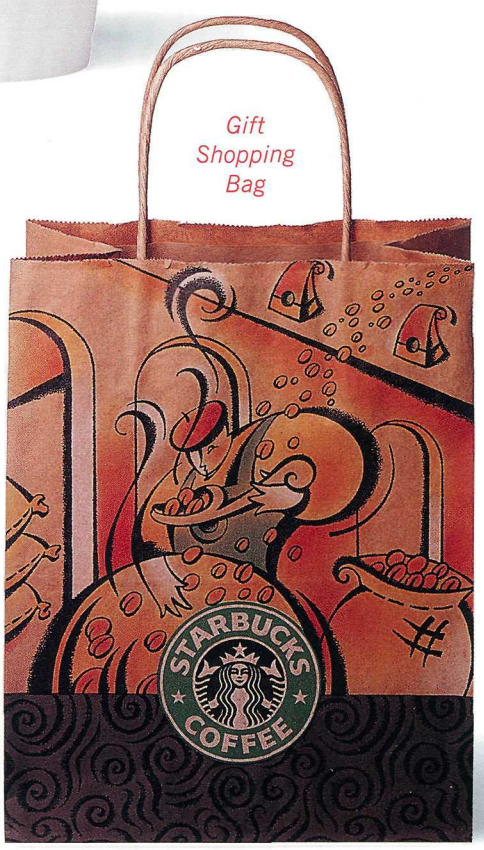


"Triple grande non fat, no foam, decaf latte"

Signature Cup
After studying other cup designs, Starbucks decided its distinctive white cup had brand identity value and shouldn't be changed.

Rubber Logo Coaster

Gift Shopping Bag



Planning Corporate America's Most Important Communication: The Annual Report

Producing a corporate annual report is a bit like being part of a ballet company. It demands knowing your role, following the right steps, and precision timing on everyone's part.

With designers, copywriters, illustrators, photographers, typesetters, proofreaders, corporate management committees, outside auditors, attorneys, printers and mailing houses involved, allotting a reasonable amount of time for each is critical to getting the job done well and on schedule.

In developing an annual report production schedule, most experienced professionals work backwards from the company's SEC filing deadline to determine when each phase must be completed. Typically the process begins about six months in advance.

Here to help you plan your next annual report, we provide a Planning Guide outlining chronological, step-by-step activities and deadlines that fall within a general time frame for clients and designers. Of course, every company has special circumstances. Management approval times vary. Photography scheduling may be contingent on weather or subject availability. By taking all these situations into account (and building in a time cushion for unexpected delays), you can develop a production schedule that will help avoid mistakes and rush charges and allow everyone to perform at their best.

PRODUCTION PHASES

PHASE 1

PHASE 2

PHASE 3

PHASE 4

PHASE 5

PHASE 6

CORPORATION	DESIGNER
Review, evaluate and research content direction. Establish the report's objectives and parameters. Select designer.	
Meet with designer to establish key theme messages for year. Gather background materials for copywriter and designers. Coordinate schedules with finance department and others involved with the report. Approve concept, budget, schedule and layouts submitted by designer.	Develop pagination and prepare sample editorial spreads for client review. Select paper stocks. Make paper dummies for client approval. Prepare overall budget estimates and production schedule. Meet with client to review editorial spreads, budget, schedule, suppliers and photographer/illustrators and get approval to proceed.
Determine photo subjects and locations. Work with designer to coordinate photo shooting schedule and establish contact person at each location. Initiate draft of editorial text. Verify copy quantity for printing bid and paper order. Review printing bids with designer and select printer.	Prepare printing specifications and solicit printing bids. Meet with photographers and illustrators to establish visual objectives for each image. Coordinate schedule and authorize work to begin. Review and revise budget estimate. Develop design concept for maps, graphs and charts. Confirm paper selection and order paper, specifying required delivery date.
Finalize editorial text and get sign-offs from all necessary parties, including corporate attorneys. Submit text for typesetting. Submit data for charts and graphs development. Proofread and send corrections to designer for revisions.	Prepare comprehensive layouts with photos/illustrations and editorial text in place for client review. Generate charts and graphs and other supporting artwork. Release color photography/illustrations to printer for separation. Prepare mechanical art.
Provide designer with financial section for typesetting. Proofread entire report and secure all final approvals, including from independent auditors. Proofread and approve "blueline" proof of report from printer. Provide mailing and shipping instructions to printer. Proofread and give final okay to revised blueline.	Get client approval on all final mechanical art and release to printer. Review and correct color separations. Review and correct blueline and stripped color proof. Check revised blueline. Review any special-mix ink colors, if used.
Review sheets on press for final corrections, if necessary. Inspect advance print copies. Check on mailing and bulk deliveries.	Give color approvals on press. Approve bindery and finishing process.

YANKELOVICH STUDY

Annual Reports: Who Reads Them and Why?

Although corporate America spends as much as $5 billion per year on annual reports, it continually questions whether it is getting its money's worth. Especially in the no-nonsense '90s, some wonder whether a plain 10-K document would suffice? Or maybe it's time to go electronic and send out financials on CD-ROM? Then again, with shareholders demanding prudent, if not frugal, financial management, would they be happier receiving a thrifty-looking report with no pictures, graphs or apparent design?

"The better the pictures, the more you're able to understand."
— Investor

As a manufacturer of premium coated papers frequently used in annual reports, Potlatch Corporation wanted to know too. So it commissioned the respected Yankelovich Partners to conduct a survey of securities analysts, institutional portfolio managers and active investors.

In addition to learning that people don't want just 10-Ks and most haven't seen an electronic annual (but are curious to receive one), the Yankelovich research confirmed that annual reports have the greatest investment influence on those surveyed, outweighing news releases, advertising and even annual shareholders meetings. What's more, these key audiences claim to read all or most of the report, and the professionals even file it away for future reference.

But each group says it turns to a different part of the book first. Investors check out the financial summary, especially the earnings line, and look for product development news. Securities analysts head straight for the footnotes in search of juicy tidbits like lawsuits, and portfolio managers want to know what the CEO's letter has to say.

"The design is critical to helping make the report 'work' for the company."
— Securities analyst

Perhaps most interesting is that most of those surveyed say they don't mind having a company spend more for a better looking annual report as long as its financials are strong. In fact, a majority of portfolio managers and individual investors, and nearly half of the securities analysts, say that an annual report would be boring without photos. Even analysts who claim to "only want the numbers" admit they prefer easy-to-read trend information and charts and graphs. What's more, roughly 40% of the individual investors surveyed believe that an annual report made from cheap materials signals that a company may be in trouble.

These are just some of the highlights of the Yankelovich report. The complete research finding, including the point-scale rating of responses, is available from Potlatch Corporation. For a free copy of the report, send a written request on your letterhead to: Potlatch Corporation, Marketing Department, P.O. Box 510, Cloquet, Minn. 55720.

"Charts are wonderful. They show long-term direction of margins and the composition of costs."
— Portfolio manager

Corporate Design Foundation

Corporate Design Foundation, a non-profit educational institution, was founded on the belief that design can make a major contribution both to an individual's quality of life and to a corporation's success and that both individual and organizational interests can be served through the effective use of design disciplines: product design, communication design and architecture. Accordingly, our mission is to improve the quality of life and the effectiveness of organizations through design.

At the heart of this mission is a focus on education to expand the awareness of design's potential among corporate managers. Through the Design Leadership Programs, the Foundation promotes research and documentation of the role of design in business and the development of new teaching curricula and materials for use in graduate business schools.

The Foundation frequently serves as a catalyst working with educational and other organizations to achieve the following: Create future innovators by including design in the curricula of leading business schools; develop collaborations between design, business and other schools or disciplines to further the understanding of design and use of interdisciplinary teams; achieve an understanding of design and ecologically sustainable development by current business and government leaders.

Potlatch Corporation

The sponsor of **@Issue:**, Potlatch Corporation has long been a proponent of the use of quality design to create corporate identity, promote products and establish credibility and distinction among key consumer and business audiences.

Through its Northwest Paper Division in northern Minnesota, Potlatch manufactures the broadest line of premium coated printing papers available today, including a selection of gloss, dull, velvet, silk and matte finishes and a choice of fine recycled papers. In addition to setting the standard for coated printing paper quality, Potlatch's printing paper operations have earned International Standards Organization (ISO) 9002 certification, a rating verifying its manufacturing product quality system is recognized worldwide.

Printed in the U.S.A. on Potlatch Vintage® Remarque® Gloss Cover, 100 lb. and Vintage® Remarque® Velvet Book, 100 lb. Both are recycled papers containing a minimum 10% post-consumer waste.

© 1995 POTLATCH CORPORATION

@issue:

PLACE
POSTAGE
HERE

Corporate Design Foundation
20 Park Plaza, Suite 321
Boston, MA 02116

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 21081 MLPS, MN

POSTAGE WILL BE PAID BY ADDRESSEE

NO POSTAGE
NECESSARY IF
MAILED IN THE
UNITED STATES

@Issue:
c/o Impact Mailing
4600 Lyndale Ave. N.
Minneapolis, MN 55412-9918

Premier Issue, Fall 1995

2
Kodak CEO George Fisher on Design
George Fisher discusses how strong design can contribute to business success.

6
Why Federal Express Became FedEx.
When the world's leading air express company changes its name, it makes the network news.

15
@Issue Design and Business Classic: UPS.
A brief history on the UPS trademark created in 1961 by renowned designer Paul Rand.

16
Quick, Name That Shape!
Putting shape equity to the test.

18
Starbucks: A Visual Cup o' Joe
For Starbucks, retail is detail, and quality is not only in every sip, but in how the product is sold.

26
Annual Report. Production Schedule
Who does what when? A week-by-week guide to producing an annual report on time and on budget.

28
Yankelovich Study: A Report
A summary of the Yankelovich survey on what readers really think about annual reports.

To continue receiving complimentary copies of *@Issue:*, please fill out the questionnaire and return this pre-paid postcard.

The articles I found most interesting were:

- ○ George Fisher Interview
- ○ FedEx
- ○ Name That Shape
- ○ Starbucks
- ○ Design Classics
- ○ Annual Report Production Schedule
- ○ Yankelovich Study

I found this journal useful because:

- ○ It provides information about important business design issues.
- ○ It provides information about the role of design in business.
- ○ I passed the issue on to (title) _____
- ○ Other _____

Articles I would like to see in future issues.

- ○ More CEO interviews
- ○ More case studies
- ○ More sample production schedules
- ○ Other _____

Send me:

- ○ Information about the Corporate Design Foundation and its programs
- ○ Information about Potlatch paper products
- ○ Future complimentary copies of ***@Issue:***

NAME _____

TITLE _____

COMPANY _____

STREET _____

CITY/STATE/ZIP _____

PHONE _____

FAX _____

Comments: _____

Send complimentary copies of this *@Issue:* to the following:

NAME _____

TITLE _____

COMPANY _____

STREET _____

CITY/STATE/ZIP _____

PHONE/FAX _____

NAME _____

TITLE _____

COMPANY _____

STREET _____

CITY/STATE/ZIP _____

PHONE/FAX _____

Requested by:

NAME _____

TITLE _____

COMPANY _____

STREET _____

CITY/STATE/ZIP _____

PHONE/FAX _____