

The UK design industry services clients in every major industrial sector. Almost one in five designers are currently involved in design education. **Just over half (54%) of design businesses think their turnover will rise in the coming year, 7% think it will decrease.** There are 47,400 freelance and self-employed designers in the UK.

62% of designers are under 40

Only 3% of design consultancies receive royalties from intellectual property rights

93% of designers think that business skills are either essential or useful in the design curriculum

54% of design colleges think that business skills are either essential or useful in the design curriculum

41% of design consultancies and 48% of freelancers find their clients either locally or in their region

The design sector in the UK is made up of 12,450 design consultancies, 47,400 self-employed, freelance and

non-employed designers and 77,100 in-house designers in 5,900 businesses with 100 or more employees

59% of design consultancies employ fewer than five people

88% of design businesses think that all design students should complete extensive work experience, but only

54% of design businesses are willing to provide work experience for students

17% of design businesses say their main competition is from outside the UK

Three quarters of design consultancies see understanding client needs as very important in winning business

61% of designers are men

40% of design consultancies use informal mentoring to develop their staff

44% of design consultancies think creativity is very important in winning business

Designers are more likely to have seen an increase in demand for their services than to have suffered a decline

Competition has increased for two thirds of design consultancies in the past three years

185,500 people work in design

31% of design businesses are based in London—that's 20,436 businesses

31% of designers think free pitching is a fact of life

85% of designers think that design lecturers should spend time working in the industry

Almost four in ten designers think their colleagues do not communicate design well

Over half of design business owners do not know what will happen to their business after they leave

62% of designers that face overseas competition say it has increased in the last three years

39% of new appointments are made direct from college or university

Half of design consultancies and freelancers rely on personal recommendation for winning new business; 5% say they

do not target new clients at all

More than half of all UK design businesses work in communications and digital and multimedia design

41% of designers have a degree

One in five design businesses would like to develop their designers' business awareness

77% of design businesses have a turnover of less than £100,000 a year

43% of businesses report an increase in their turnover or budget compared to the previous year, while 19% report a decrease

25% of businesses with design vacancies find these positions hard to fill

6% of designers are from minority ethnic groups

8,733 designers left design businesses in the last year but twice as many were recruited

Almost half of all design consultancies say they either always or frequently pitch creatively for free

One third of freelance designers and more than a quarter of design consultancies have been in business for less than three years

68% of businesses pay for all of their designers' continued professional development

In 2003–04 there were 56,785 students on design courses in the UK

The business of design

Design industry research 2005

The Business of Design is a Design Council research publication. Further publications in 2005–06 will include research on business and the public sector. If you would like to receive these or find out more about Design Council research, please get in touch: ruthi@designcouncil.org.uk

To obtain research we've already published visit our website: www.designcouncil.org.uk

Design is the thread that connects ideas and discovery to people and markets

How many designers are there in the UK?
Who works in design?
How many design businesses are there in the UK?
Where are design businesses?
How big are design businesses?
Which disciplines do these design businesses cover?
How long have UK design businesses been established?
How much money does the design industry turn over every year?
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How do designers structure their fees?
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How optimistic are design businesses?
What are design businesses' long-term plans?
Who do design businesses compete against?
Are design businesses facing more competition?
Where are clients based?
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Who buys design?
How do design businesses target new clients?
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What helps design businesses win new business?
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How well does the design industry communicate the value of design?
How many design students are there?
How many design jobs have been filled in the past year?
What qualifications do designers have?
Is the design industry recruiting graduates?
Are employers satisfied with the quality of graduate recruits?
How can design education be improved?
How much are designers currently involved in design education?
Are design businesses willing to provide work experience placements?
Are business skills important in design education?
What skills would design businesses like their designers to develop?
Are designers undertaking job-related training?
How do designers develop their skills?
Does cost hinder the development of skills?
Does the design industry face recruitment problems or skills shortages?

All worthwhile plans and projects need to be based on sound evidence. So, to underpin our future initiatives to strengthen the UK's design industry we've undertaken this first comprehensive survey of the sector.

What's emerged is the clearest picture yet of its strengths, its potential and its key challenges.

Why have we done it? First, we wanted hard data on the industry's scale, scope and economic significance. Together with our project partners the Design Business Association, we wanted to replace the anecdotal evidence everyone has largely relied on until now.

But we also wanted to dig deeper and provide a reliable guide to the issues the design business faces. That's why we've investigated skills and recruitment and probed areas like long-term business planning and the promotion of design.

In short, we want this research to act as a spur for debate and action.

So what have we found? We've discovered that 185,500 designers are generating £11.6 billion in annual turnover. And we've encountered widespread optimism that revenues are set to grow.

We've confirmed that the industry mainly comprises small, young businesses employing a handful of designers. But we've uncovered that lack of long-term perspective is a real issue.

There's insight, too, into how the nation's designers do business. We all know free pitching is a thorny issue (just under a third of consultancies and freelances say it's a fact of life). But did you know that a fifth of consultancies and most freelances haven't pitched at all in the last year?

Education, training and skills are crucial to design's long-term viability, so we've looked hard at these areas. Employers are almost entirely satisfied with their graduate recruits, but nearly all urge stronger links between education and industry to raise standards.

So where do we go from here? For the Design Council, the research goes on. We'll be focusing on these issues in even more detail in the future.

Most importantly, we want to work with partners across the industry and in education to help the design profession evolve as a key contributor to the UK's prosperity and quality of life.

The data in The Business of Design is drawn from the Design Council's 2005 Design Industry Research, commissioned with the DBA, unless otherwise referenced. The survey is based on 2,433 telephone interviews with designers from design consultancies and in-house teams as well as freelances. This data has been weighted to reflect the distribution of design activity across the English regions and the nations of the UK. This means that the published data is statistically representative of the result that would have been achieved from a census of all design businesses in the UK (excluding in-house teams in companies with fewer than 100 employees). The research work was conducted by Stratagia Limited, Synchronicity Consultants Limited and QA Research.

The methodology is described in more detail on page 105.

The research uses these definitions:

Design business

Design consultancies and freelances, and in-house design teams in non-design businesses with 100 or more employees

Freelance

Freelances and all other design partnerships and businesses that do not employ staff other than the principals

Large business

Employing 250 people or more

Medium business

Employing 50 people or more but fewer than 250

Small business

Employing fewer than 50 people

SME

Small and medium-sized enterprise employing fewer than 250 people

Turnover

The most recent full financial year's turnover of consultancies and freelances and the budget for in-house teams. Financial years differ, but we have assumed that the data collected broadly applies to the year 2004–05

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1 **Size and shape of the industry** This section is about the numbers of designers and design businesses in the UK. It shows where design businesses are based, how long they have been trading, the disciplines they cover and who they employ.

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1.2 How many designers are there in the UK?

185,500 people work in design

Every year the government conducts a survey of 172,000 households in order to provide information on the UK labour market. The Labour Force Survey of 2003–04 records that there are 134,000 designers working in the UK. In addition there are a further 51,500 design directors and managers who are not included in these figures. This means that total design employment is 185,500.

1.3 Who works in design?

62% of designers are under 40

61% of designers are men

6% of designers are from minority ethnic groups

So who are these people? The Labour Force Survey 2003–04, which does not include design directors and managers, paints a picture of a relatively young, male-dominated workforce: 30% of designers are in their 20s and 32% are aged between 30 and 39. The majority of designers (61%) are men. This figure is even higher among freelancers, where 79% are men. Of all designers, only 6% are from minority ethnic groups.

There are, however, signs that these demographics are changing. Of the designers employed in new companies (operating for less than three years), 9% are from minority ethnic groups, while women make up more than a quarter (27%) of freelancers who have been in business for less than three years.

Nearly a third (30%) of designers have been working in the industry for less than 10 years, and 19% have been involved for more than 30 years.

1.3 How many design businesses are there in the UK?

There are 47,400 freelance and self-employed designers in the UK

The design sector in the UK is made up of:

12,450 design consultancies employing 60,900 designers and 348,300 non-designers

47,400 self-employed, freelance and non-employing designers

77,100 in-house designers in 5,900 businesses with 100 or more employees

Where are design businesses?

31% of design businesses are based in London — that's 20,436 businesses

Whether it's a web designer on the Isle of Mull or an interior design firm on the Isle of Wight, there are designers and design companies in all regions of the UK. However, almost half (47%) of them are based in London and South East England. Almost a quarter (24%) of design consultancies and just over a third (35%) of freelance designers are based in the capital, while about one in six design consultancies (18%) and freelance designers (16%) are located in the South East. [Chart 1](#)

In-house design teams are more evenly spread across the UK, but again the largest proportions of these are to be found in London and the South East. The North West, however, is holding its own: 12% of the UK's in-house design teams are located there.

Four out of ten (40%) larger design consultancies, that is those with more than 250 employees, are based in London, with a further 27% in the South East. Scotland is home to 11% of larger consultancies.

Nearly two thirds (65%) of the in-house designers—in businesses with more than 100 employees—are in the private sector. Almost all of the rest (30%) are in the public sector; only small numbers work in the charity, voluntary or community sector. This division of in-house teams is relatively constant across the regions, although London has a disproportionately large share of these design teams.

Chart 1
Number of design businesses in the UK

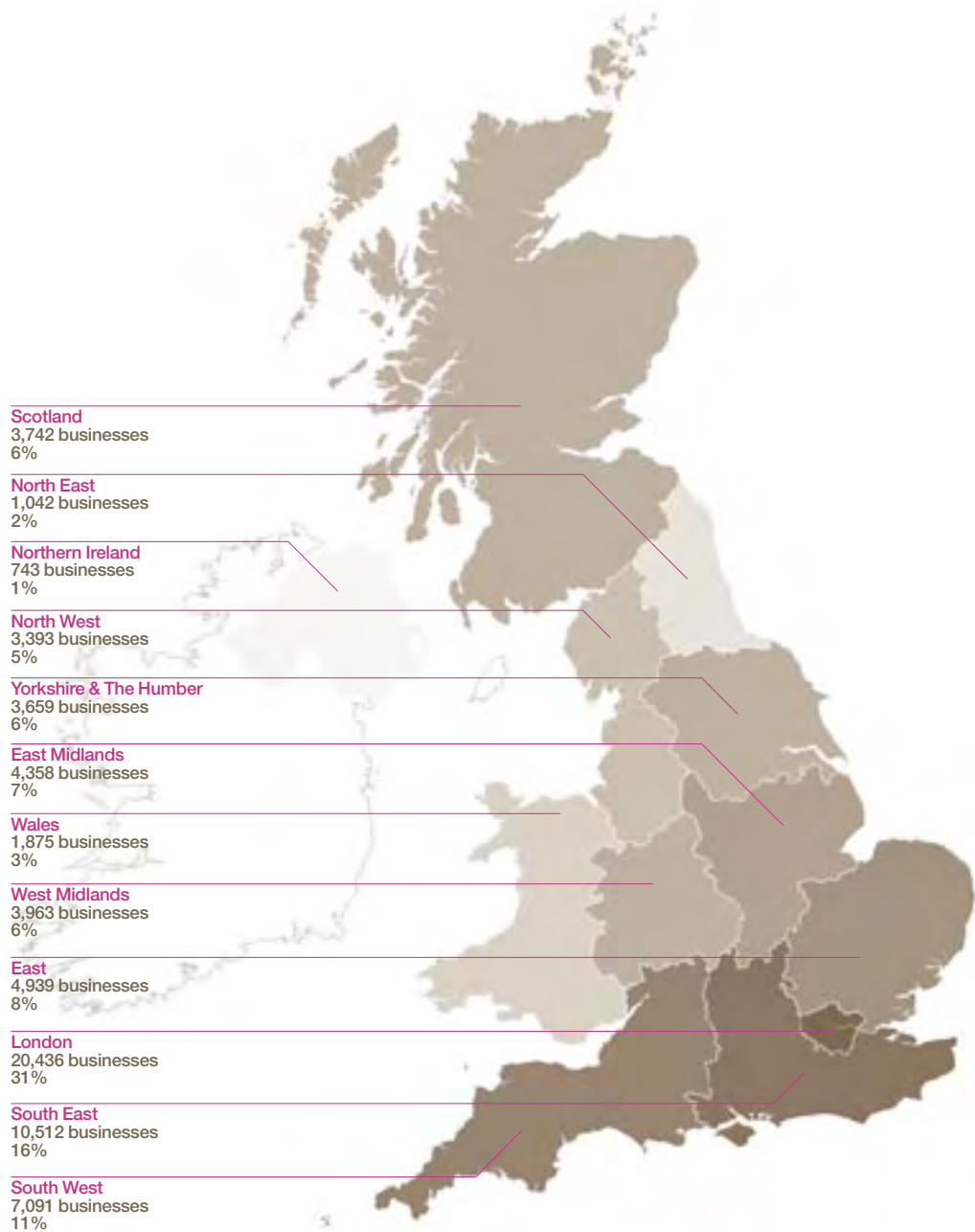
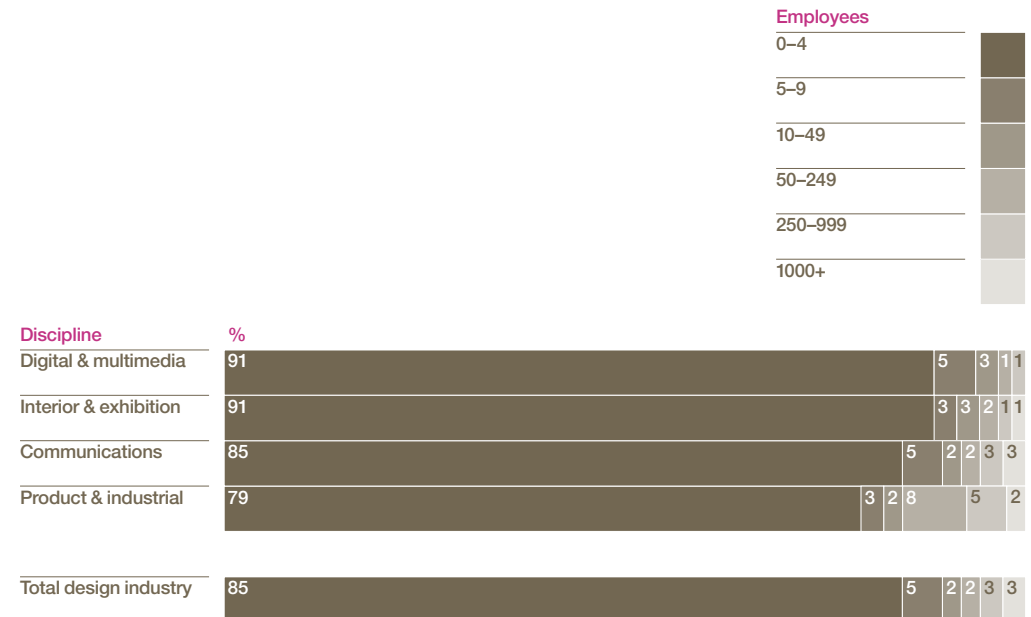


Chart 2
Company size by discipline



THE LARGE CONSULTANCY HAS HAD ITS DAY;
MULTINATIONAL COMPANIES TEND TO LOOK
FOR DESIGN STARS AS PARTNERS WHO CAN GIVE
ONE-ON-ONE SERVICE.

Clive Goodwin
Creative Manager, Samsung Design Europe

How big are design businesses?

59% of design consultancies employ fewer than five people

Large design consultancies are relatively rare and the design industry is overwhelmingly characterised by very small businesses: 59% of design consultancies employ fewer than five people and a further 23% employ five to ten people.

This is true of every design discipline, but it is particularly the case in interior and exhibition design and in digital and multimedia design. Nine out of ten (91%) of all design consultancies in these disciplines have fewer than five employees. On the other hand, businesses that offer product and industrial design services or communications services tend to be among those with more than 250 employees (7% and 6% respectively). [Chart 2](#)

In-house teams tend to be larger than consultancies: half of in-house teams comprise five or more designers, while only a quarter (24%) of consultancies do so.

Which disciplines do these design businesses cover?

More than half of all UK design businesses work in communications, digital and multimedia design

The UK design industry includes a wide range of disciplines. Designers are creating everything from consumer electronics to corporate identities, interiors to interactive interfaces and fabrics to Formula 1 cars. In this survey we have grouped these as:

Communications design

Product and industrial design

Interior and exhibition design

Fashion and textiles design

Digital and multimedia design

Service design

You can find a more detailed definition of these disciplines in the Appendix.

Many consultancies and freelancers work across more than one discipline. For example, 50% of all businesses working in communications also work in digital and multimedia design. In-house teams dominate product and industrial design. [Chart 3](#)

In other areas, design businesses generally work in just one discipline. For example, 57% of product and industrial designers only work in that discipline. [Chart 4](#)

Chart 3
Design businesses by discipline

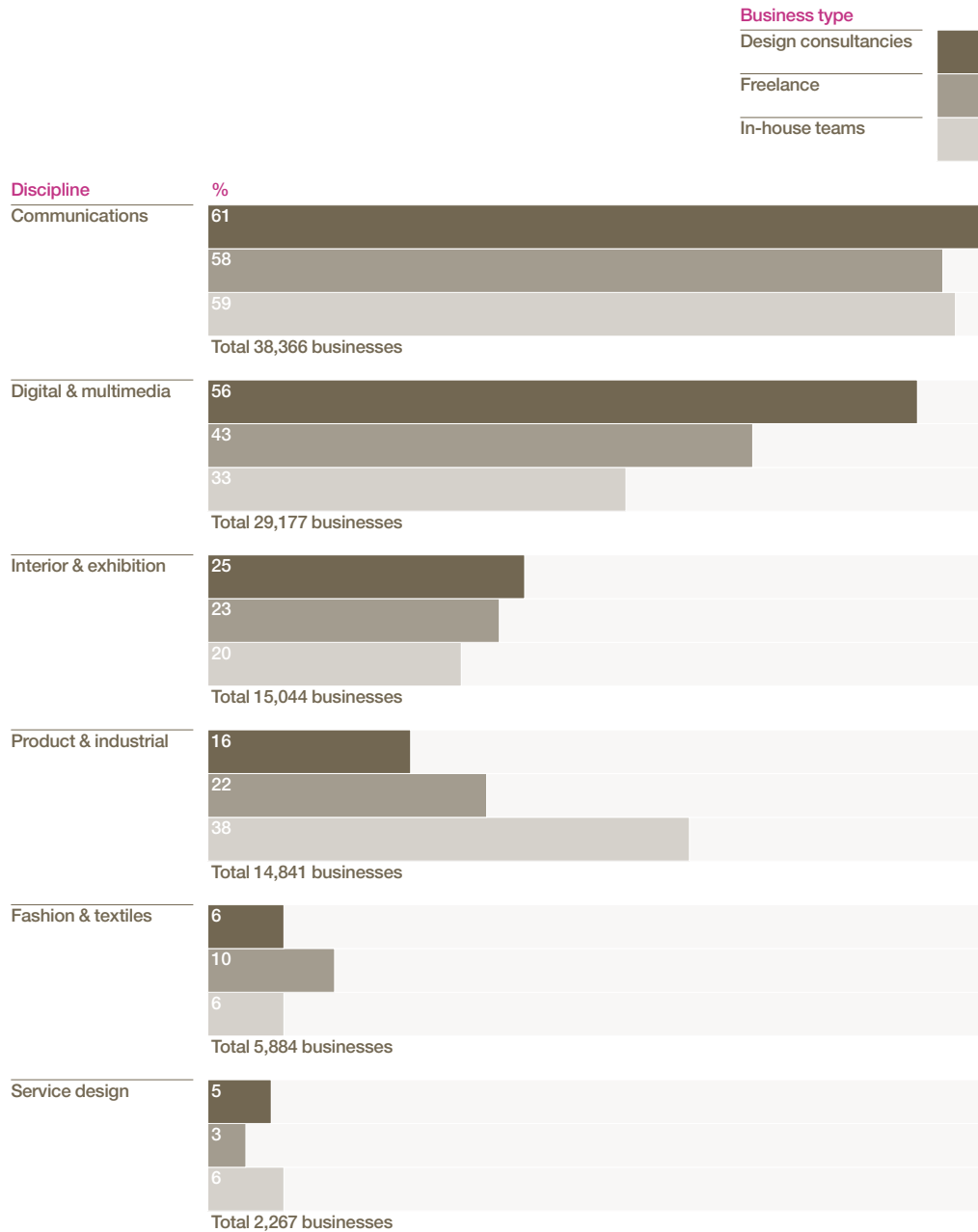
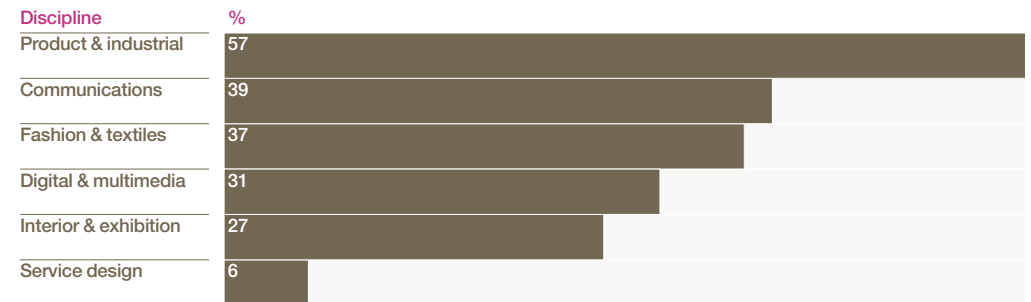


Chart 4
Proportion of businesses working solely in one discipline



Which disciplines do these design businesses cover?
Continued

The number of design businesses working in each discipline varies regionally. The concentration of design in London and the South East is reflected in their predominance in every discipline. Within this general picture the South West and West Midlands have a relatively high share of product and industrial design businesses (12% each) while interior and exhibition design is similarly strongly represented in the South West (14%) and the East Midlands (13%). [Chart 5](#)

17 How long have UK design businesses been established?

One third of freelance designers and more than a quarter of design consultancies have been in business for less than three years

As well as being characterised by very small businesses, the design sector in the UK is predominantly made up of very young businesses.

This is particularly true in digital and multimedia design, where 45% of businesses were set up in the last three years.

There are regional variations among young businesses too. The concentration of design activity in London and the South East means there are, by definition, many more new companies there than in other regions. But proportionately there are fewer start-ups in London and the South East than in any other region apart from the South West. Nearly half (45%) of design businesses in East England, 43% in the East Midlands and 42% in Scotland were established in the last three years. [Chart 6](#)

The number of smaller consultancies is a symptom of creative people wanting the creative freedom that they think running their own business will give them. It also reflects the fall-out from the big groups reducing staff numbers over the past three years. Those writers, designers and account handlers have to go somewhere!

Chart 5a
Spread of design businesses working in
communications design

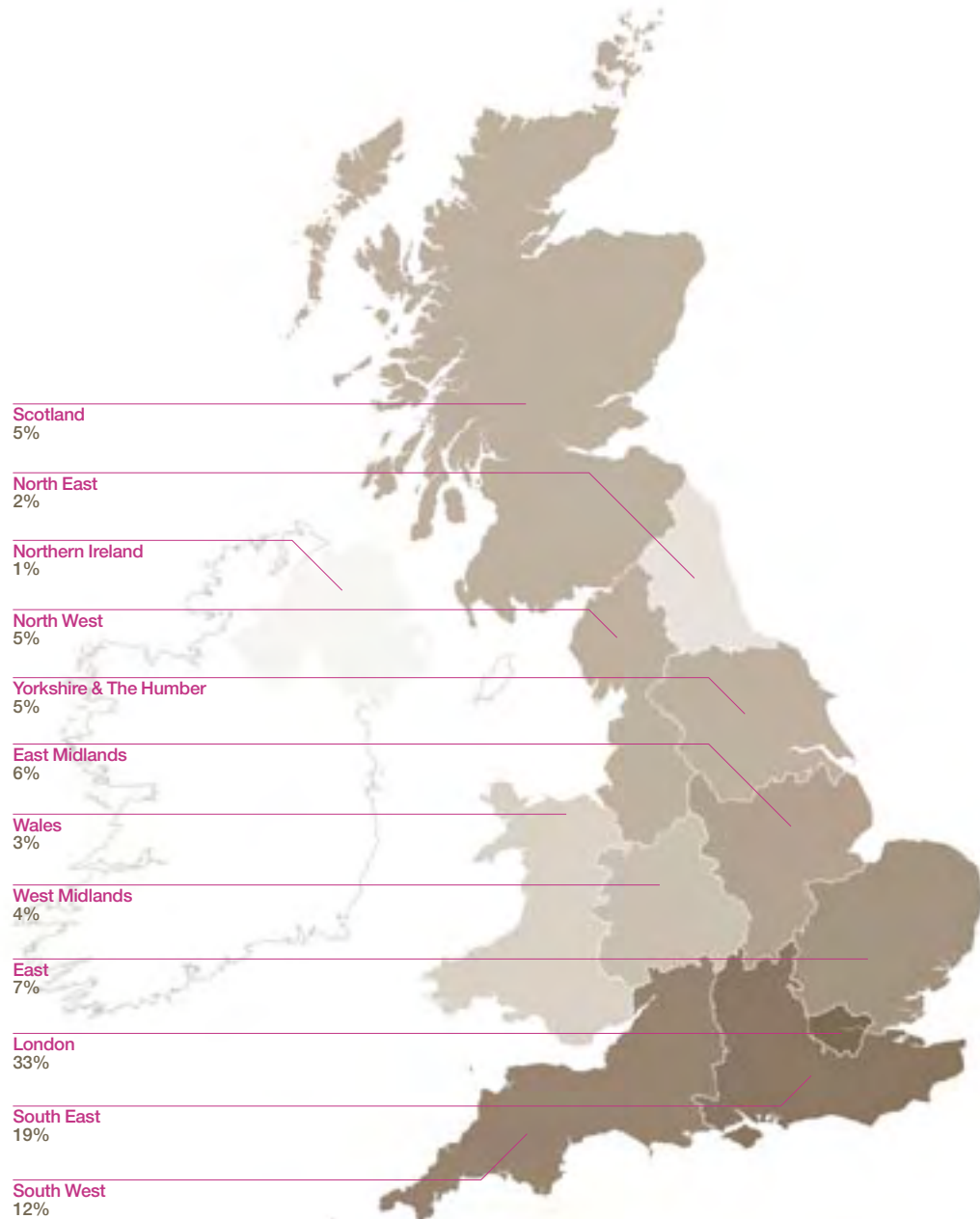


Chart 5b
Spread of design businesses working in
product & industrial design

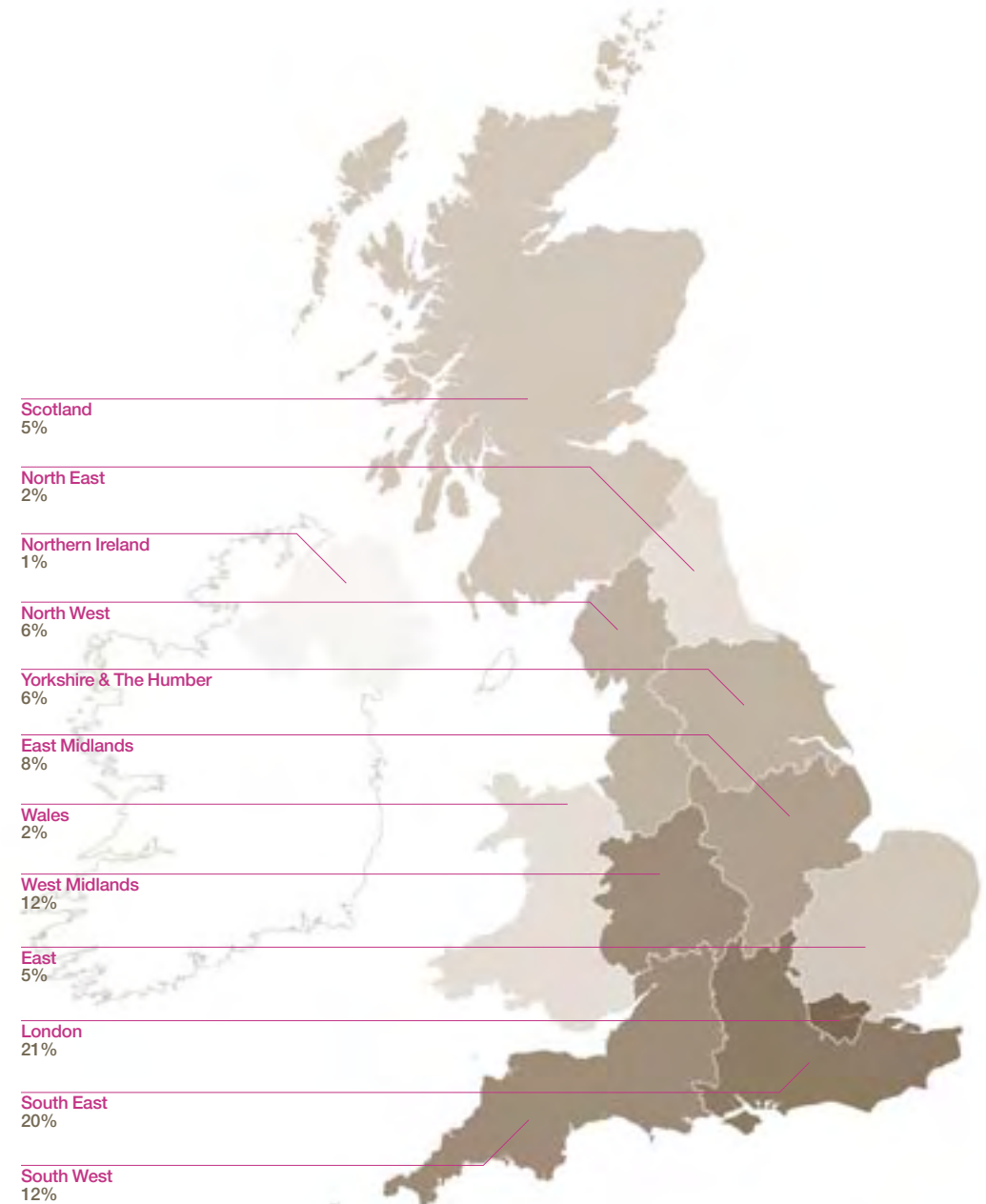


Chart 5c
 Spread of design businesses working in
 interior & exhibition design

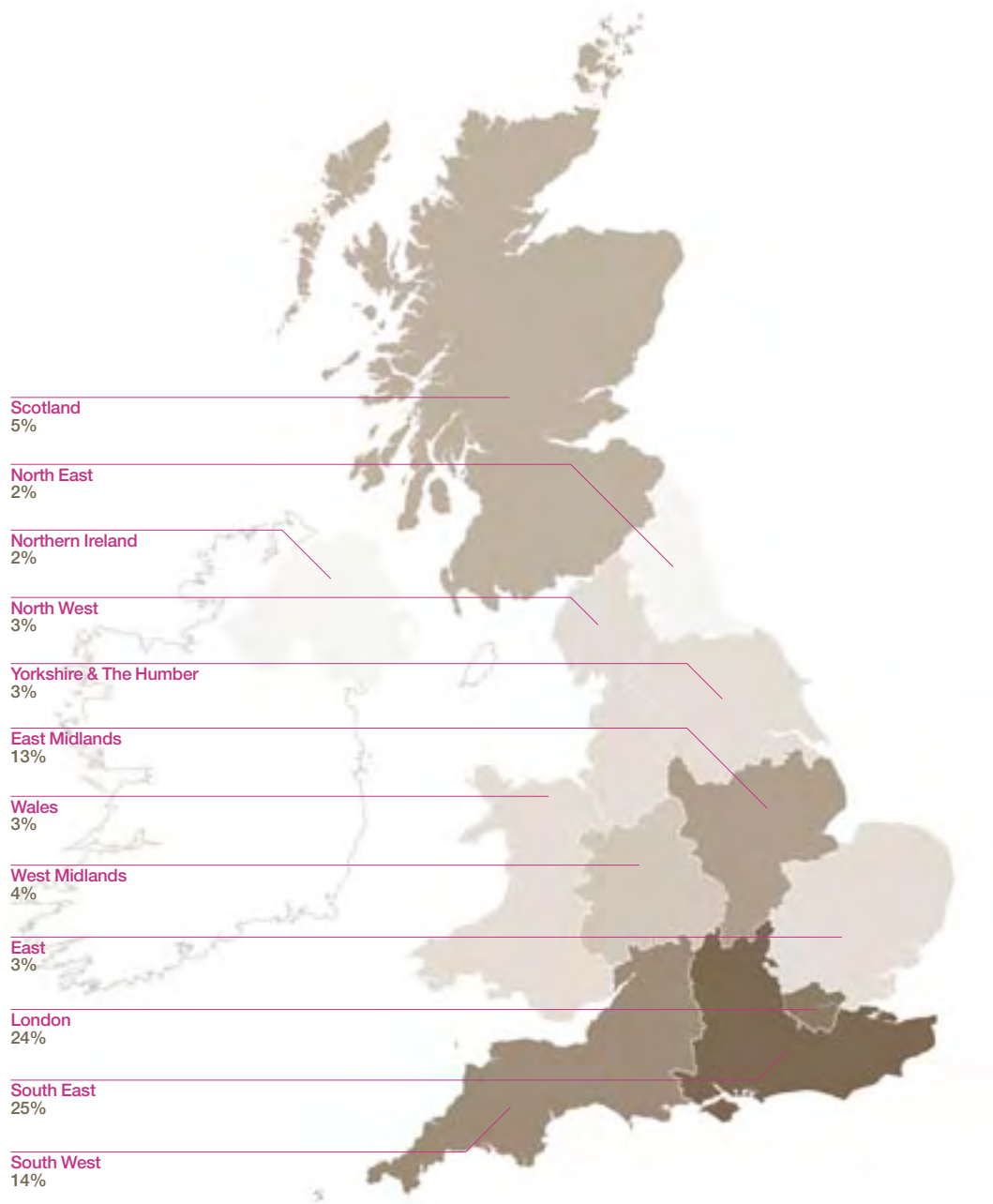
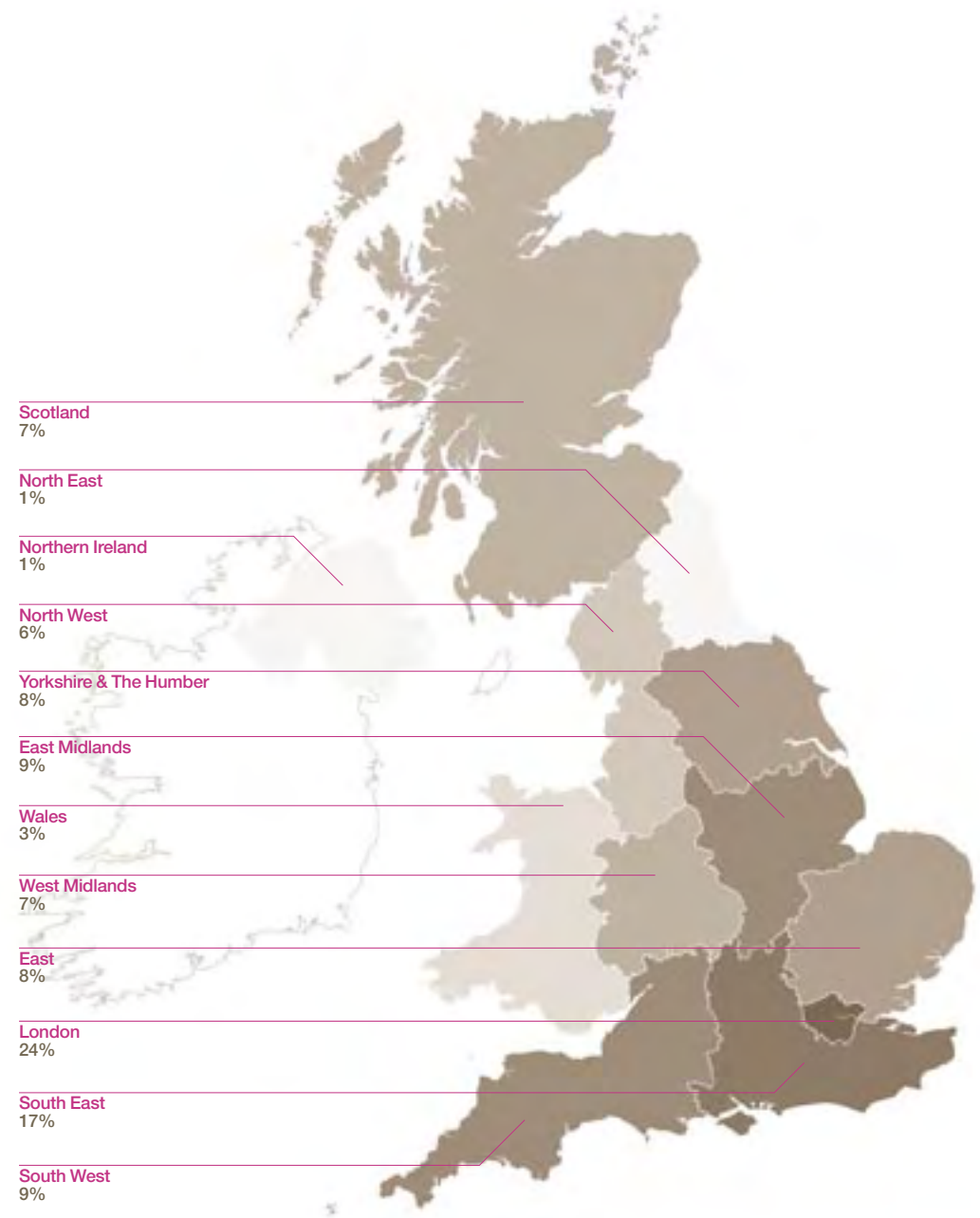


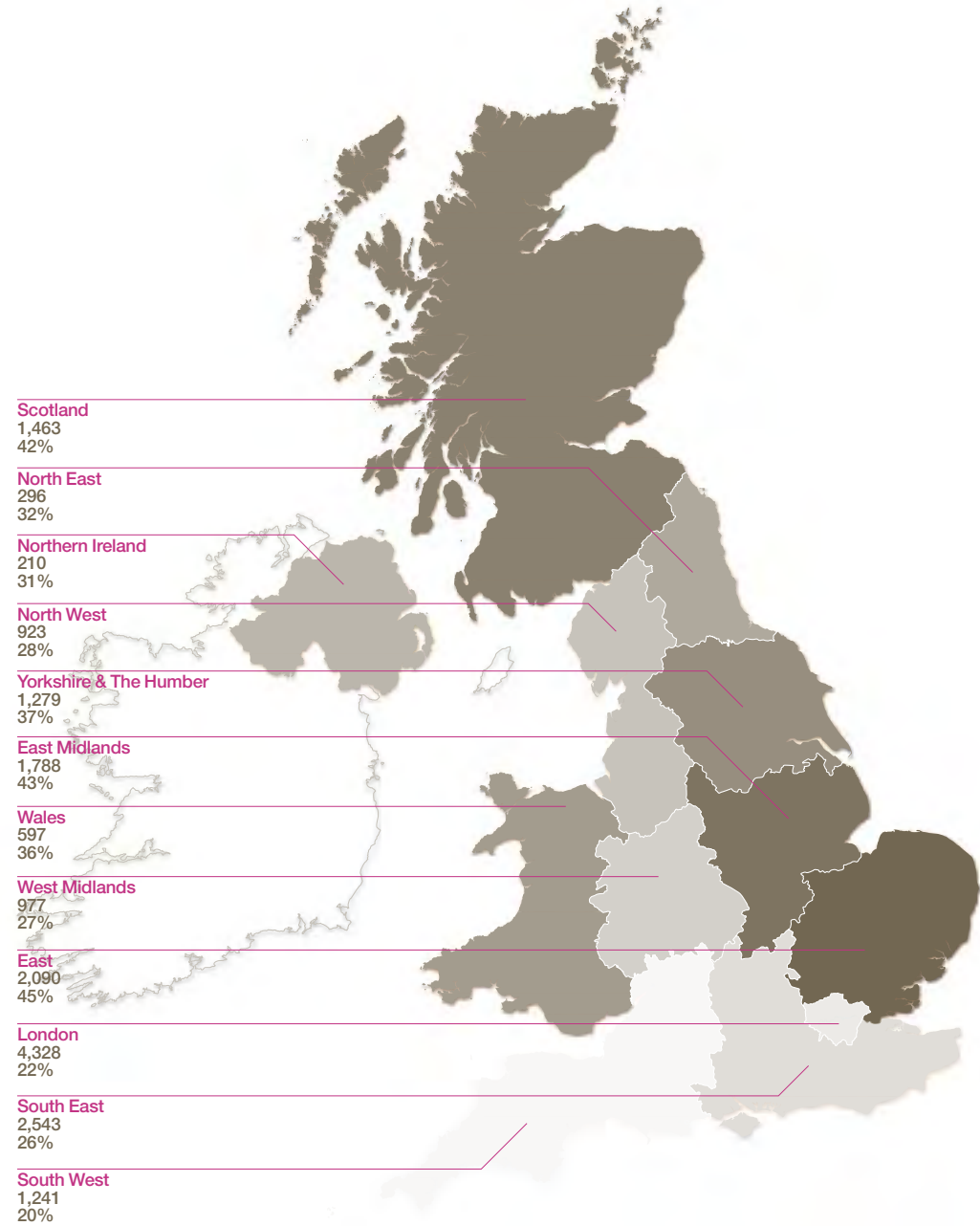
Chart 5d
 Spread of design businesses working in
 digital & multimedia design



Small, relatively inexperienced young businesses are the norm in our industry. They are cost effective (low overheads), efficient and have an optimistic (naive) view of their future.

Rasheed Din
Managing Director, Din Associates Ltd

Chart 6
Design businesses operating for three years or less



2 Supply and demand This section focuses on finances and strategy: industry turnover, fee structure, future expectations, demand and, last but not least, long-term business planning.

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How much are designers currently involved in design education?
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What skills would design businesses like their designers to develop?
Are designers undertaking job-related training?
How do designers develop their skills?
Does cost hinder the development of skills?
Does the design industry face recruitment problems or skills shortages?

22 How much money does the design industry turn over every year?

The turnover of UK design businesses totalled £11.6billion in 2004–05; 77% of design businesses have a turnover of less than £100,000 a year

Turnover for the three main types of design business:

Design consultancies: £5.1billion

Freelance designers: £2.0billion

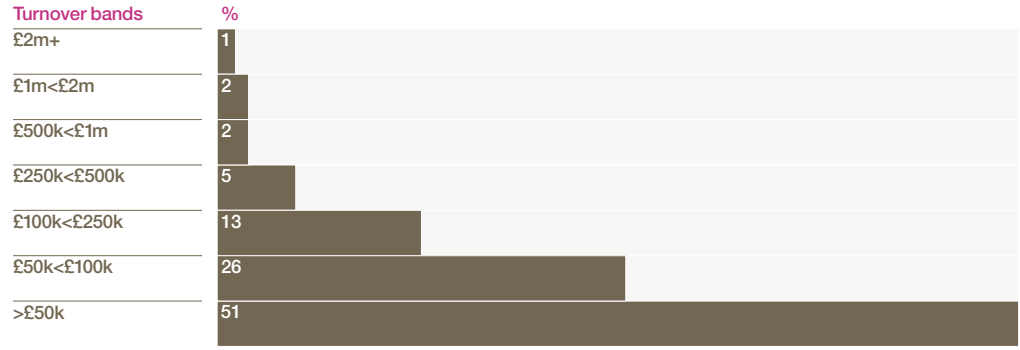
In-house design teams (budget): £5.5billion*

* Budgets for in-house teams may include non-design costs

So how much is the industry worth? Because design businesses often collaborate with one another, it's not possible to just add these figures together to get a total value for the design industry. But by taking into account the extent to which businesses sub-contract and reducing the turnover and budget figures accordingly, we get an overall total of £11.6billion.

Because there are so many small design consultancies and freelances working in the industry, just over half (51%) of design businesses have a turnover or budget of less than £50,000. However, for an estimated 1% of design businesses and in-house teams, turnover and budget stands at more than £2million per annum. [Chart 7](#)

Chart 7
Percentage of design businesses by turnover/budget



23 Was the past financial year better than the previous one?

43% of businesses report an increase in their turnover or budget compared to the previous year, while 19% report a decrease

We asked design businesses how their turnover compared to the previous year. Far more businesses (43%) report an increase in turnover or budget than report a decrease (19%). And among those who had seen turnover rise, nearly a third saw an increase between 20% and 29%.

Financial prospects are slightly less positive for freelances. Nearly a quarter (23%) report a fall in turnover. [Chart 8](#)

Just over half (52%) of digital and multimedia businesses report an increase in turnover, along with 46% of product and industrial designers. Interior and exhibition designers (40%) were the most likely to report a reduction in income. [Chart 9](#)

Chart 8
Changes in turnover/budget by business type

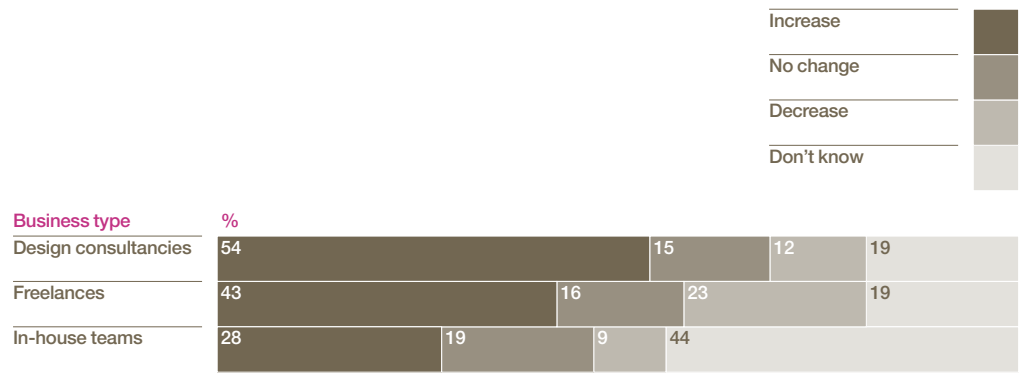
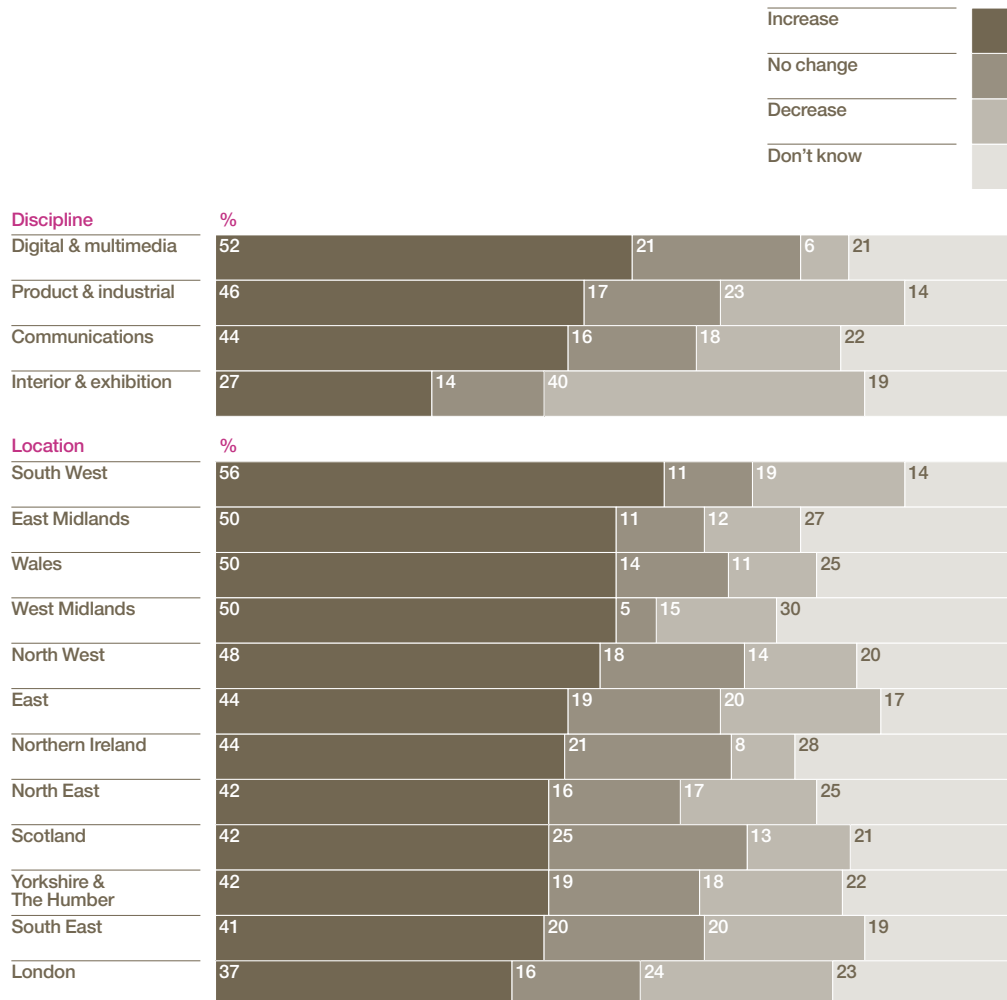


Chart 9
Changes in turnover/budget by location & discipline



How do designers structure their fees?
Only 3% of design consultancies receive royalties from intellectual property rights [Chart 10](#)

Is the demand for design services increasing?
Designers are more likely to have seen an increase in demand for their services than to have suffered a decline

We asked design businesses whether, over the last three years, they thought that demand for their services had decreased, stayed the same or increased.

Responses are broadly positive: in all disciplines more designers have seen an increase in demand than have seen a decrease. [Chart 11](#)

There is also evidence that when there is a decrease in demand it is freelancers who feel it most. The predominance of increased over decreased demand is weakest for freelancers in every discipline except digital and multimedia design.

Chart 10
Type of fee income received

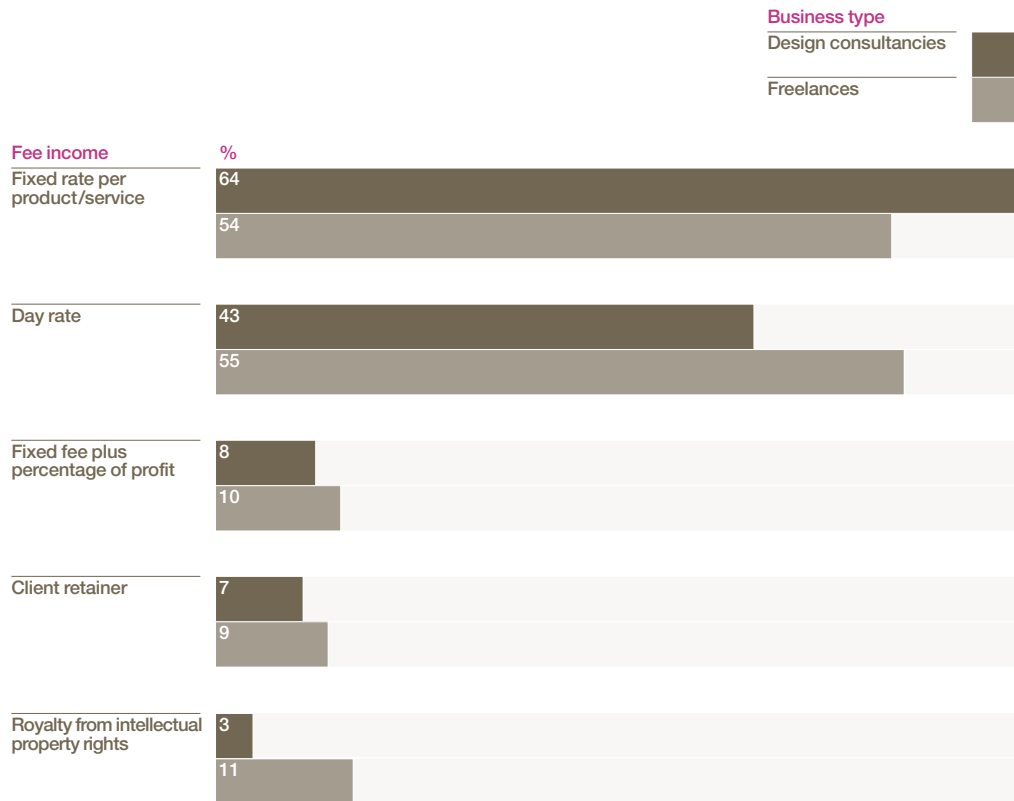
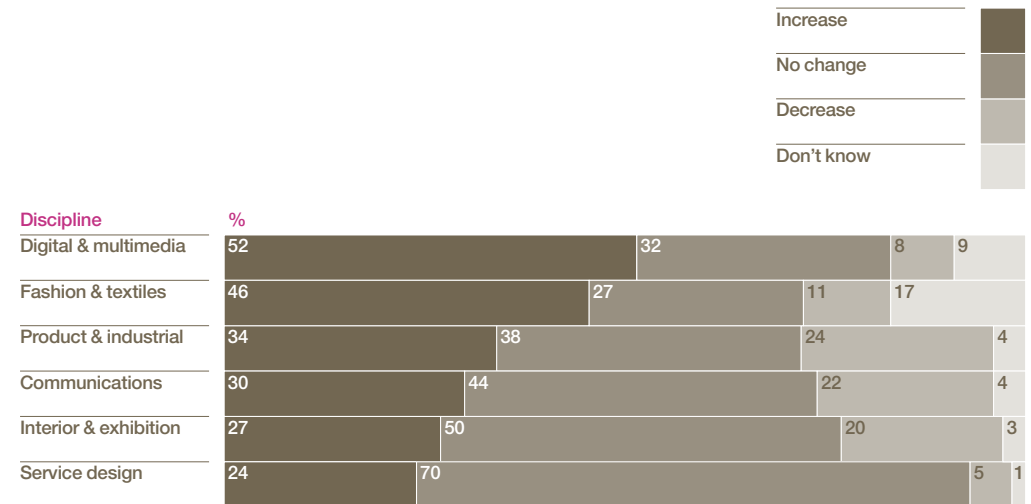


Chart 11
Changes in demand by discipline



2.5 How optimistic are design businesses?

Just over half (54%) of design businesses think their turnover will rise in the coming year; 7% think it will decrease

We asked design businesses to predict the financial outlook for the coming year. They were broadly positive: most businesses think turnover or budget will rise.

Consultancies are the most positive, with 64% predicting a moderate or substantial increase in turnover; freelance designers are close behind with 55% predicting increases. In-house designers are more cautious, with 29% expecting a moderate or substantial increase in budget.

More than a third (38%) of respondents from in-house teams do not know how their budget will change in the next financial year.

Design businesses in Scotland and Northern Ireland are the most positive about increases in budget in the next financial year.

2.6 What are design businesses' long-term plans?

Over half of design business owners do not know what will happen to their businesses after they leave

The longer-term plans of individual design businesses, particularly regarding succession, are slightly more worrying.

Over three quarters (77%) of the designers in consultancies that we spoke to were the owner of or a partner in their business, yet half of them do not have any plans for the continuation of the business when their involvement ends. Only 12% say that the business will carry on under the management of an existing colleague.

I am encouraged by the optimism for the year ahead and hope that we can at last reposition our industry as one of the most important contributors to business success. It is by banding together that we will achieve success. A fragmented design industry will never be invited to join the top table.

3 Competitors, clients and winning business

This section provides the lowdown on clients and competitors, including the nature and intensity of competition, who clients are and where they're based. Attitudes to free pitching are also examined.

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Who do design businesses compete against?
17% of design businesses say their main competition is from outside the UK

Approximately half of design consultancies and freelances say their main source of competition is local or regional and a third say it is within the UK. In-house teams more commonly mention competition from outside the UK (23%). [Chart 12-13](#)

Product and industrial designers are more likely than any other discipline to mention competition from outside the EU.

Design businesses in London account for just over two thirds (67%) of the businesses facing competition from outside the EU. Similarly, for design consultancies and freelances, London accounts for nearly three quarters (72%) of those with global clients.

Are design businesses facing more competition?
Competition has increased for two thirds of design consultancies in the past three years; 62% of designers that face overseas competition say it has increased in the last three years

We asked design businesses whether they thought competition in the design industry had decreased, stayed the same or increased during the past three years. More than two thirds (69%) say it has increased while 27% say it has stayed the same. Slightly more freelances and in-house designers (70%) than consultancies (66%) feel this increase.

We also asked designers about competition from overseas. Of those who face international competition nearly two thirds (62%) say it has increased. This sense is highest among freelances. Product and industrial designers are the most likely to report an increase in overseas competition. [Chart 14](#)

Almost a quarter of in-house design teams have to compete against external design consultancies or freelances for projects.

The most commonly cited reasons for organisations choosing to have an in-house team rather than outsourcing all work are cost effectiveness (47%) and ready availability of expertise within the organisation (39%).

Chart 12
 Location of competition by business type

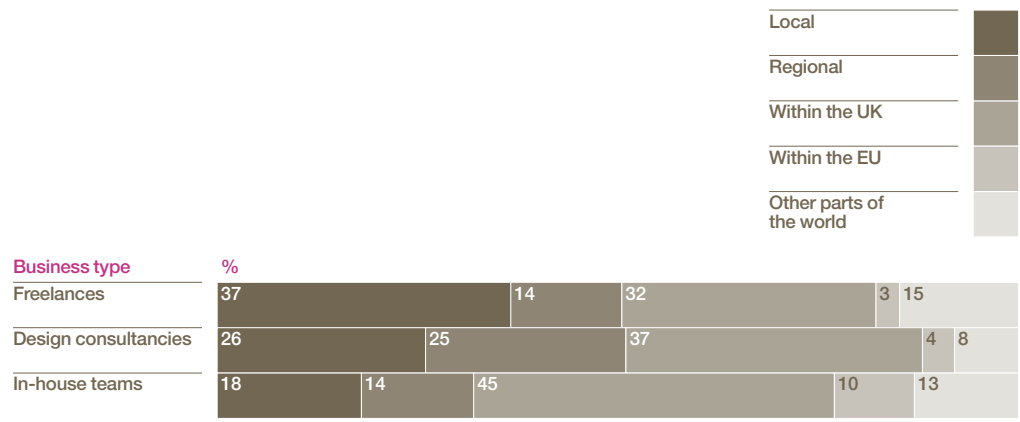


Chart 13
 Location of competition by discipline

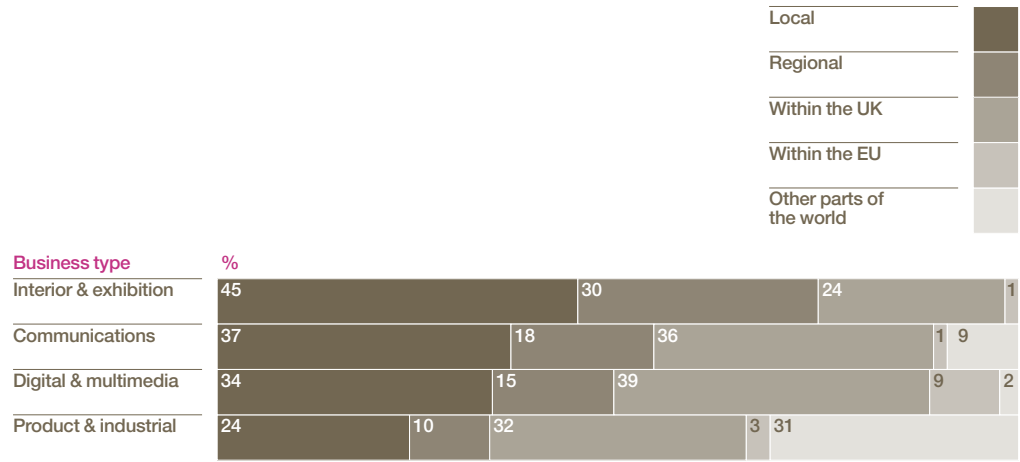
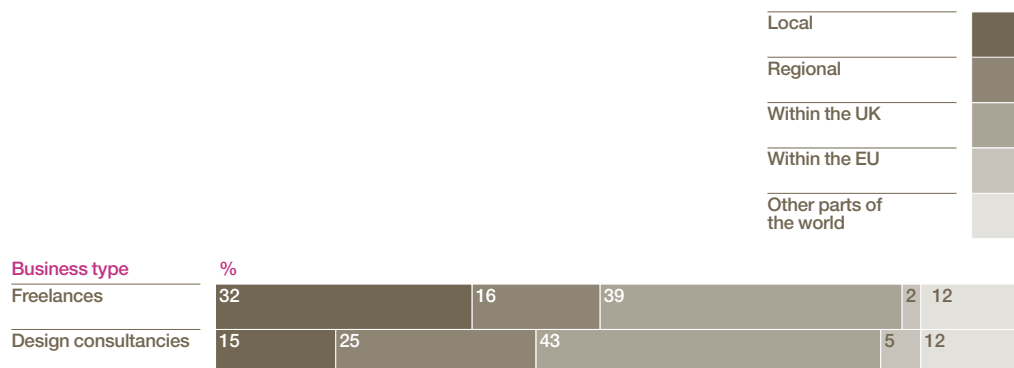


Chart 14
Change in overseas competition by discipline



Chart 15
Location of main clients by business type



Rising competition from abroad adds pressure to an industry already long overdue for an overhaul and perhaps not equipped to support its clients or the development of our economy.

Chart 16
Location of competitors & clients for SMEs & larger consultancies

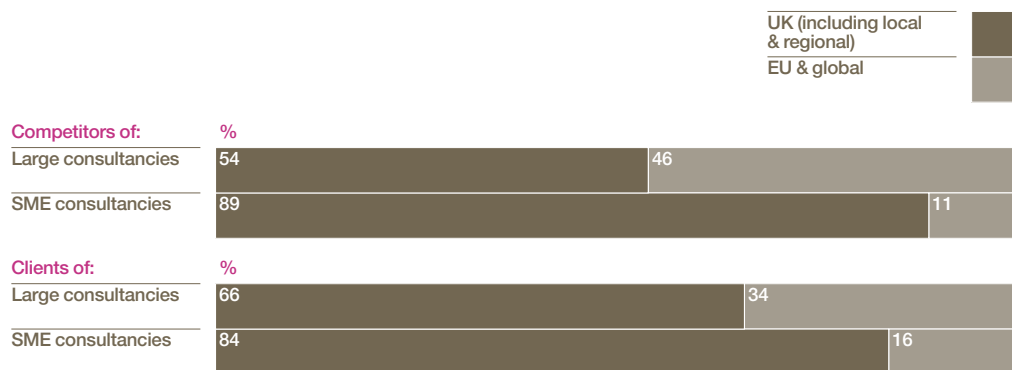
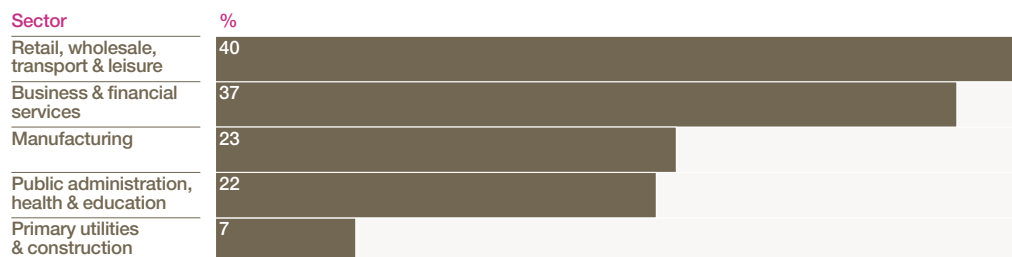


Chart 17
Design businesses' main clients by sector



Where are clients based?
41% of design consultancies and 48% of freelances find their clients either locally or in their region

The clients of design businesses are geographically distributed in a similar way to their competition. [Chart 15](#)

Where design businesses find their clients they also find their competition.

Are smaller businesses competing around the world?
16% of SME consultancies have overseas clients compared to 34% of large consultancies

As might be expected, large design consultancies employing 250 people or more have a larger proportion of international clients and competitors than the small and medium size consultancies with fewer than 250 employees. [Chart 16](#)

In total, 17% of consultancies and 14% of freelances have overseas clients.

Who buys design?
The UK design industry services clients in every major industrial sector [Chart 17](#)

How do design businesses target new clients?
Half of design consultancies and freelances rely on personal recommendation for winning new business; 5% say they do not target new clients at all

Chart 18
Number of pitches made in the last 12 months

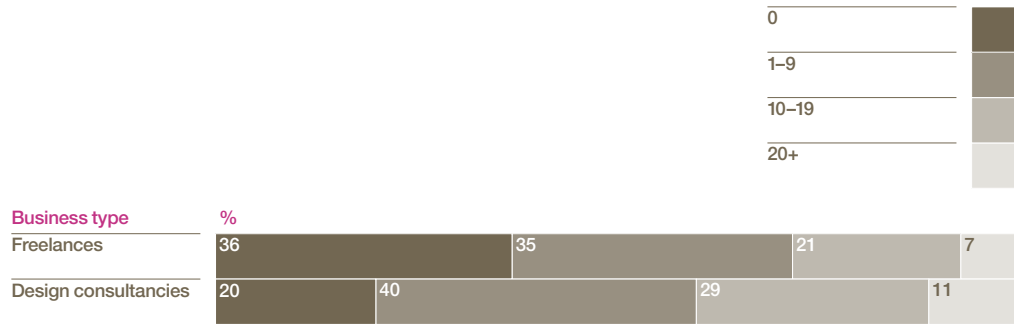


Chart 19
Percentage of pitches that were successful

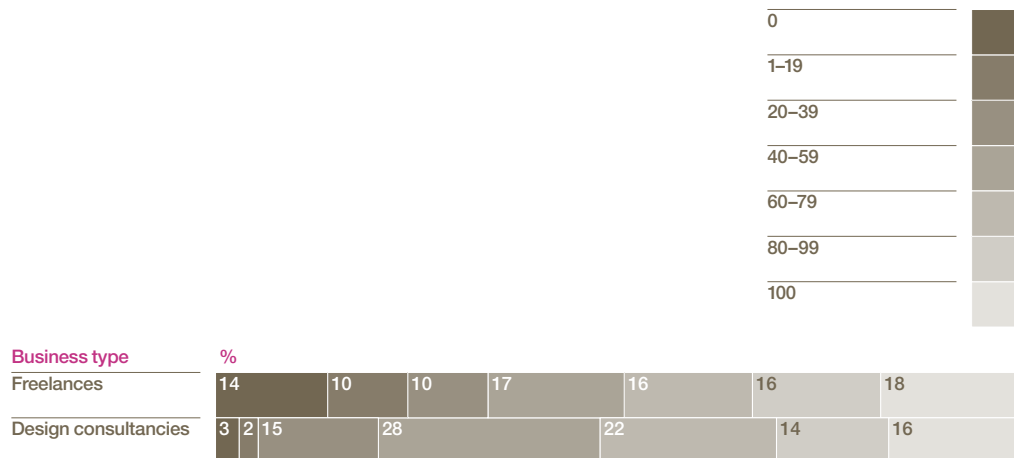


Chart 20
Pitching success rates by type of design business

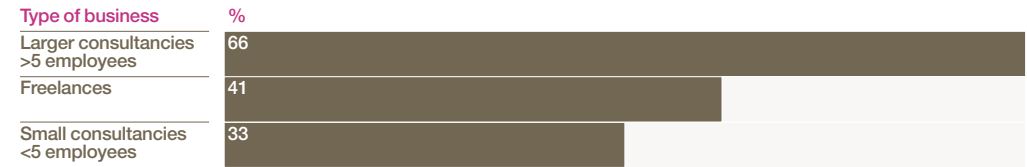
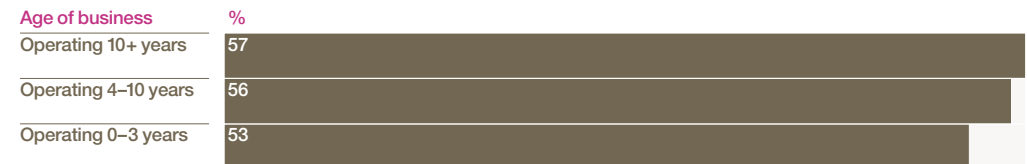


Chart 21
Pitching success rates by age of business



3.7 How many pitches do design businesses win in a year? Consultancies with more than five employees win 66% of their pitches, while those with fewer than five staff win only 33%

Whether design businesses target new clients or clients approach the designer, the accepted way of winning new business involves design businesses pitching for work. [Chart 18](#)

Success rates vary widely. Success does not appear to be related to experience but there does seem to be an association between size and winning pitches. This may be due to the fact that the more pitches you win the more you grow, or because larger organisations have more resources available to prepare pitches. [Charts 19-21](#)

Four out of ten product designers have not pitched for work at all in the past twelve months. Of those that have pitched, however, 45% boasted a 100% success rate.

3.8 What is the design industry's attitude to free pitching? 31% of designers think free pitching is a fact of life; 23% think designers should insist on being paid the full cost of preparatory work

Should designers be paid some or all of the cost of their preparatory work when they are pitching for new business? Fittingly for an issue that has been the subject of much industry debate, opinion on free pitching is divided. [Chart 22](#)

For many, free pitching is a fact of life. Almost half of all design consultancies (44%) and freelances (43%) say they either always or frequently have to pitch creatively for free. [Charts 23-24](#)

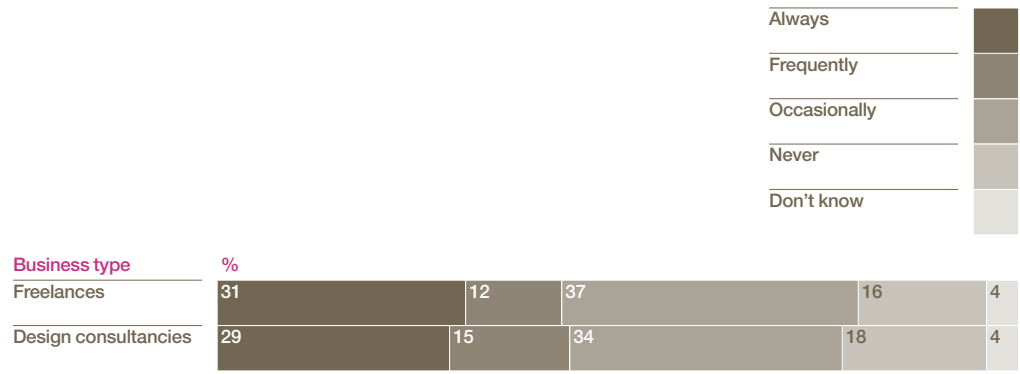
There are also variations between design disciplines. Just over three quarters (76%) of interior and exhibition designers think that designers should insist on being paid all or some of the cost of preparatory work.

It seems, however, that the industry struggles to stick to its guns. Of those who think designers should insist on being paid the full cost of preparatory work, 32% never pitch for free and 48% only do so occasionally. Likewise, of those who think that designers should accept free pitching as a fact of life, 62% either always pitch for free or do so frequently.

Chart 22 Attitudes to free pitching



Chart 23 Frequency of free pitching by business type



If you're prepared to give your ideas away for free - then how can you really value them + the effort it takes to create them?

Alison Tomlin
Creative Director, Carter Wong Tomlin Ltd

Chart 24

Frequency that in-house teams ask external designers to pitch for free



FREE PITCHING BY ALMOST HALF THE BUSINESS IS A BIG CONCERN. THIS IS NOT JUST BECAUSE IT'S HARD TO COMPETE WITH PEOPLE WHO WORK FOR FREE, BUT BECAUSE OF WHAT IT SAYS ABOUT OUR PROFESSION'S ABILITY TO TRANSCEND OUR ROOTS IN ARTS & CRAFTS TO SELL ADVICE ON CREATIVE VISION, JUDGED ON RESULTS RATHER THAN PRETTY PICTURES, JUDGED ON TASTE. IF THIS DATA DOESN'T INSPIRE US ALL TO WORK TOGETHER TO TOUGHEN UP ACCREDITATION STANDARDS, I DON'T KNOW WHAT WILL.

Gus Desbarats
Chairman, Alloy Total Product Design

What helps design businesses win new business?
44% of design consultancies think creativity is very important in winning business

Three quarters of freelances and almost the same number of design consultancies say 'understanding a client's needs' is very important, while 60% of consultancies and 58% of freelances say that the relationship or chemistry with the client is very important. [Chart 25](#)

Do clients value design?
52% of design businesses believe their clients value design highly

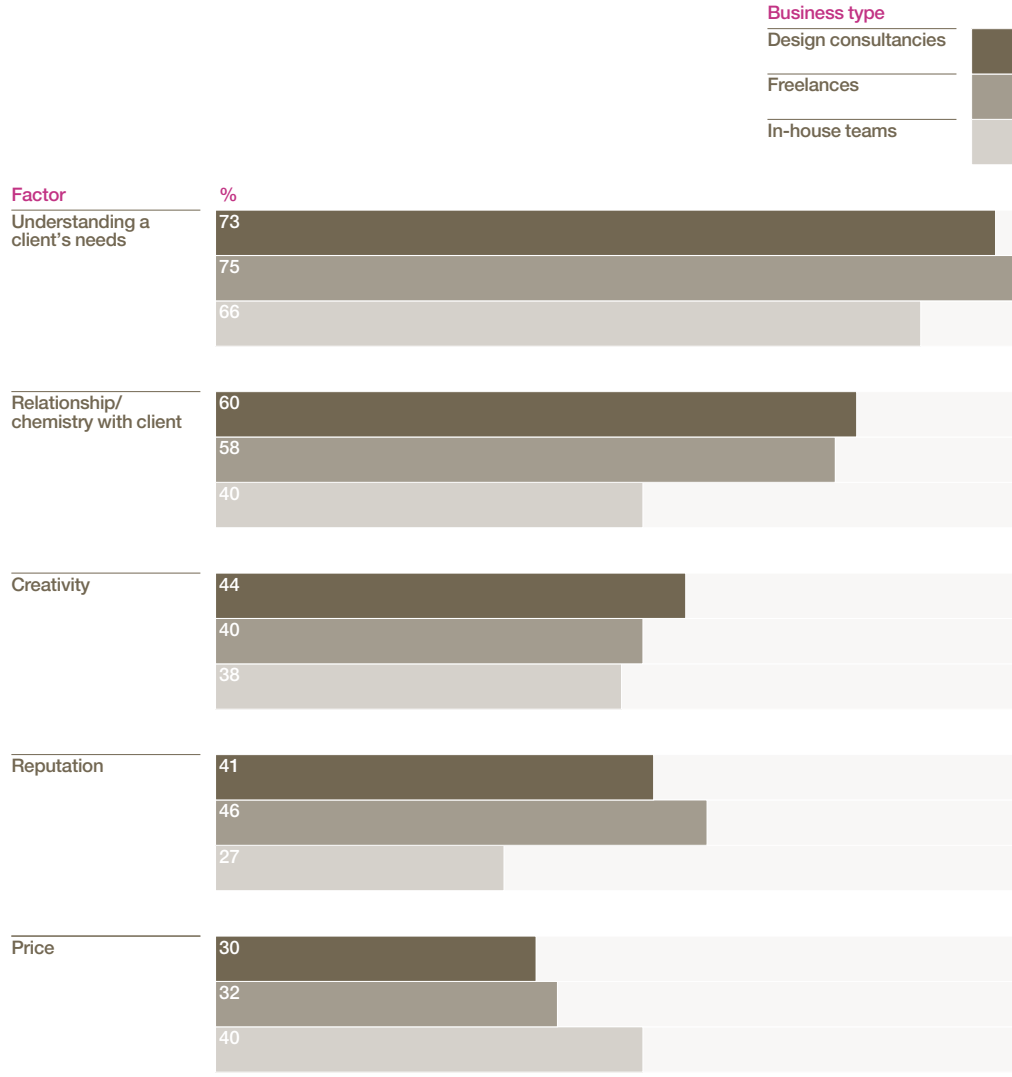
Just over half (52%) of all design businesses believe design is highly valued by their clients and almost a further third (31%) think it is moderately valued. Substantially less (14%) think it is undervalued to some degree.

Only 39% of businesses in Scotland feel design is highly valued; 28% think it is moderately or highly undervalued.

How well does the design industry communicate the value of design?
Almost four in ten designers think their colleagues do not communicate design well

Designers identified the ability to communicate the value of design to business as a key challenge for the industry. Nearly six out of ten (59%) say it is done well but 38% think it isn't. [Chart 26](#)

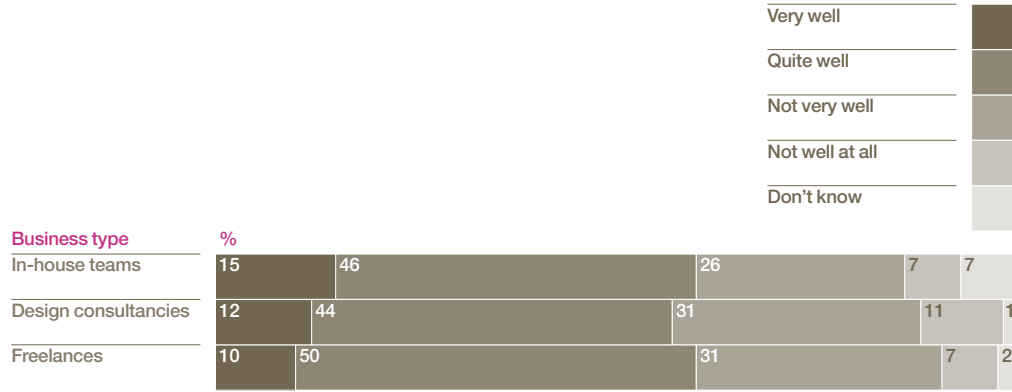
Chart 25
Proportion identifying factors as very important in winning business



Most of the smaller design consultancies are run by designers who happen to run businesses, not business people who happen to be designers. They do need to improve both their communication and commercial skills - just like any other business - to be taken seriously. They can rely on charm, charisma and the creative won factor only so long before the serious business of return on investment comes into play.

Chart 26

How well the design industry communicates the value of design to business



THE FACT THAT 38% OF DESIGNERS THINK THAT DESIGNERS DO NOT COMMUNICATE THE VALUE OF DESIGN IS TRULY SHOCKING. RUSSIA, INDIA, KOREA, TAIWAN, AND CHINA ALL HAVE BOOMING CREATIVE INDUSTRIES, WHICH ALREADY POSE A SUBSTANTIAL THREAT TO UK BUSINESSES. IF UK DESIGNERS CANNOT FIND COMPELLING METHODS OF ARTICULATING (AND THEN DELIVERING) THEIR VALUE TO CLIENTS THEN VERY SOON THEY WILL FIND THEMSELVES IN A STEEP DECLINE AS BUSINESS HEADS EAST.

4 Education, training and skills

This section includes figures on design education, from student numbers to the skills issues faced by practising designers and design businesses.

How many designers are there in the UK?
Who works in design?
How many design businesses are there in the UK?
Where are design businesses?
How big are design businesses?
Which disciplines do these design businesses cover?
How long have UK design businesses been established?
How much money does the design industry turn over every year?
Was the past financial year better than the previous one?
How do designers structure their fees?
Is the demand for design services increasing?
How optimistic are design businesses?
What are design businesses' long-term plans?
Who do design businesses compete against?
Are design businesses facing more competition?
Where are clients based?
Are smaller businesses competing around the world?
Who buys design?
How do design businesses target new clients?
How many pitches do design businesses win in a year?
What is the design industry's attitude to free pitching?
What helps design businesses win new business?
Do clients value design?
How well does the design industry communicate the value of design?
How many design students are there?
How many design jobs have been filled in the past year?
What qualifications do designers have?
Is the design industry recruiting graduates?
Are employers satisfied with the quality of graduate recruits?
How can design education be improved?
How much are designers currently involved in design education?
Are design businesses willing to provide work experience placements?
Are business skills important in design education?
What skills would design businesses like their designers to develop?
Are designers undertaking job-related training?
How do designers develop their skills?
Does cost hinder the development of skills?
Does the design industry face recruitment problems or skills shortages?

4.1 How many design students are there?

In 2003–04 there were 56,785 students on design courses in the UK (Source: Higher Education Statistics Agency, 2005)

Between 2002–03 and 2003–04 there was a 6% rise in the number of design students in the UK. Interestingly, in the same year there was a 32% rise in the number of postgraduate students from overseas studying design in the UK. [Chart 27](#)

4.2 How many design jobs have been filled in the past year?

8,733 designers left design businesses in the last year but twice as many were recruited

The design sector appears to be growing. In the past 12 months 17,297 designers were recruited by 8,072 design consultancies and in-house teams. That's about twice the number of designers who left businesses. In-house teams (49%) were more likely to have recruited than consultancies (41%). [Chart 28](#)

Recruitment was greatest in London, where 52% of businesses recruited at least one designer, and least in Wales and the South West, with only a third (34%) of companies recruiting. [Chart 29](#)

Design businesses in the East were most likely to have kept on their staff, with only 17% losing staff in the past year.

Staff turnover is lowest in digital and multimedia businesses where only 14% of businesses lost employees.

4.3 What qualifications do designers have?

41% of designers have a degree

According to the Labour Force Survey, just over 40% of designers have a degree or an equivalent qualification. Self-employed designers are slightly more likely to have a degree or equivalent (45%). [Chart 30](#)

Chart 27

Percentage increase in numbers of UK design students between 2002–03 & 2003–04

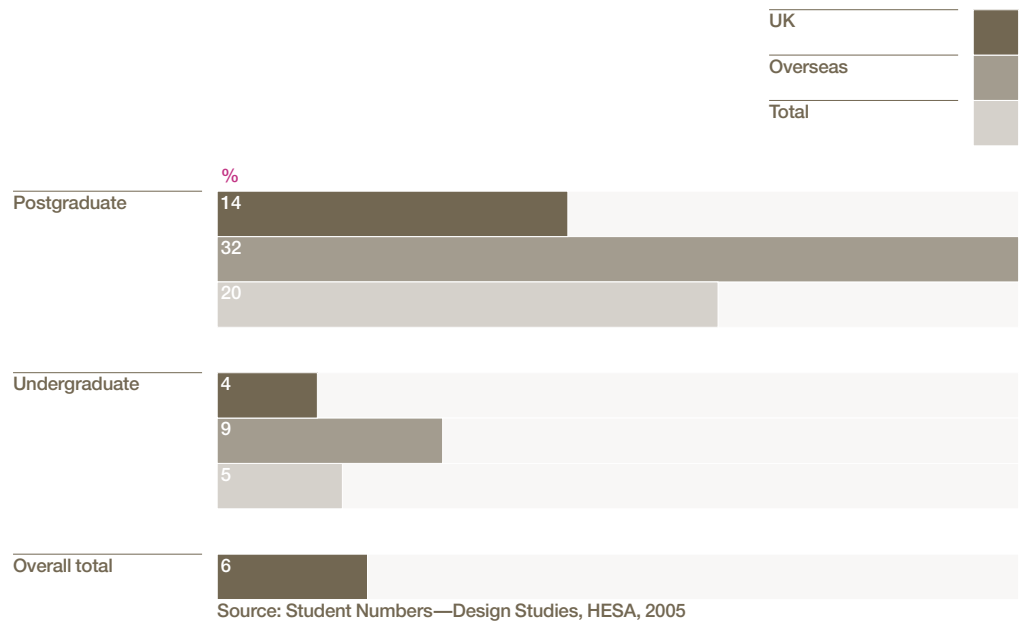


Chart 28

Number of designers recruited in the previous 12 months by business type

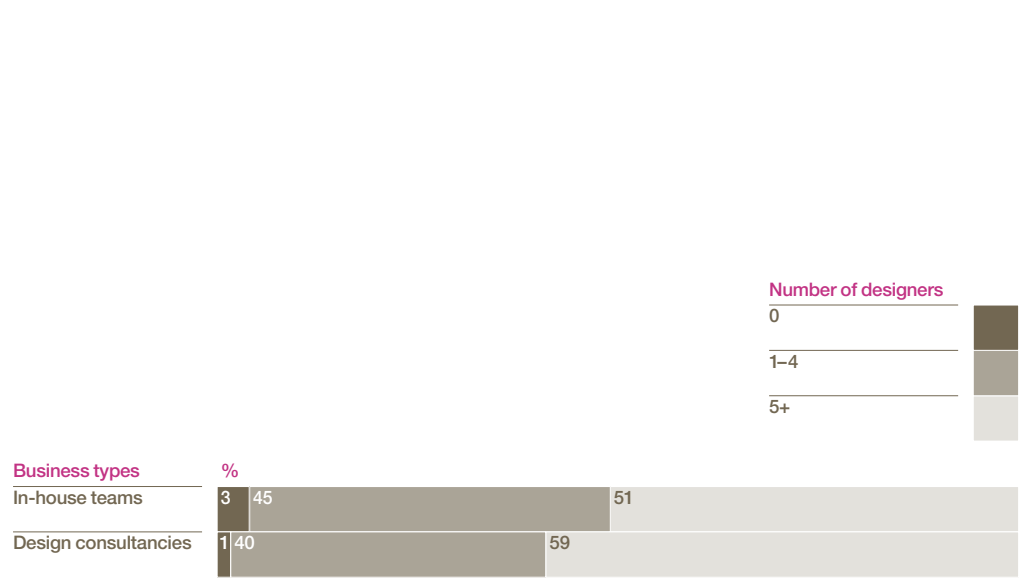


Chart 29
Number of designers recruited in the previous 12 months by location & discipline

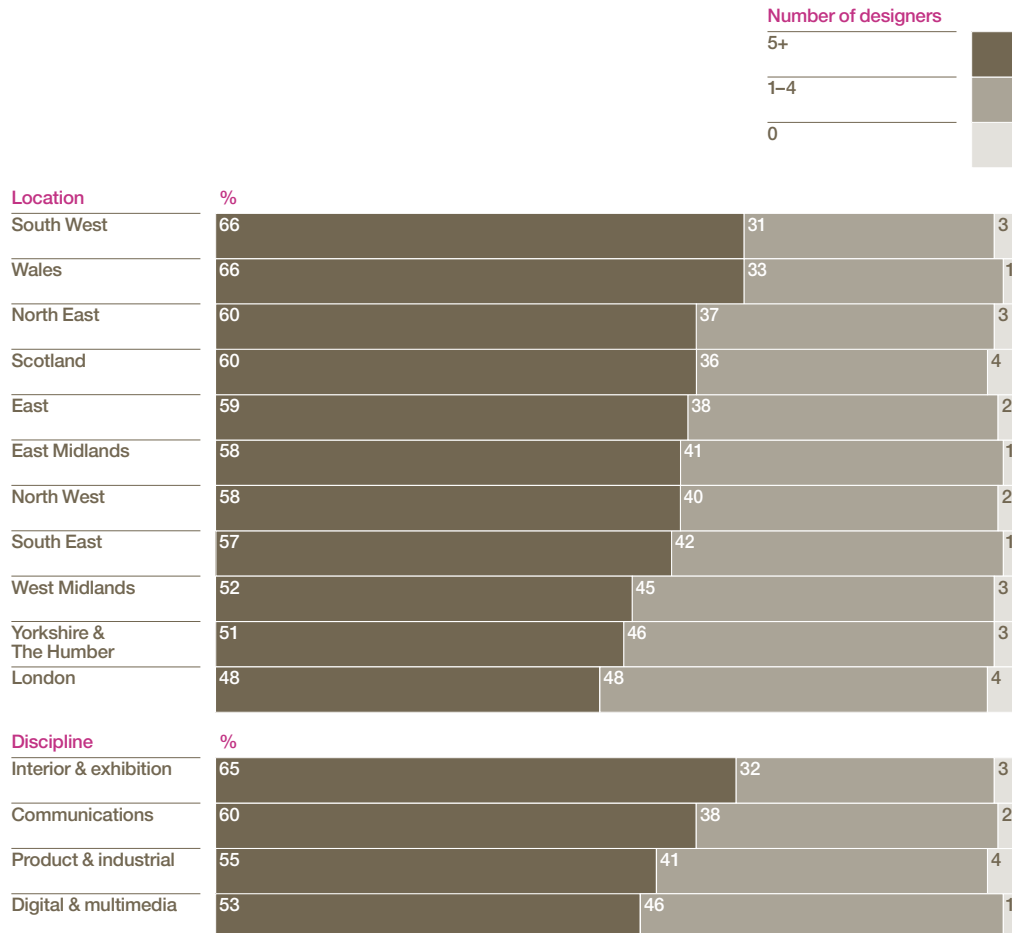


Chart 30
Highest qualification held by designers

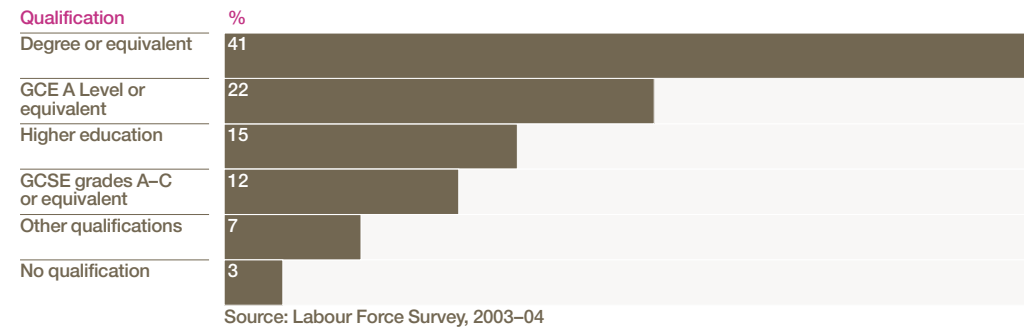
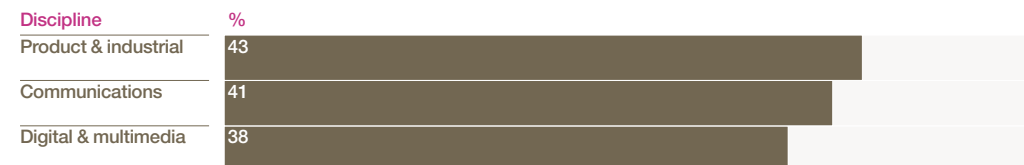


Chart 31
Percentage of new recruits coming straight from college/university by discipline



The quality and standard of graduates is falling year on year with few exceptions. The onus is falling on design groups to educate graduates, which is time-consuming, costly and unfair. Our efforts should be focused on helping build careers, not educating them in the basics.

Rasheed Din
Managing Director, Din Associates Ltd

Is the design industry recruiting graduates?
39% of new appointments are made direct from college or university

The most common source of new staff is college or university (39%). [Chart 31](#)

Are employers satisfied with the quality of graduate recruits?

90% of design businesses who recruited direct from college are either completely or quite satisfied with their new staff

The vast majority of design businesses recruiting direct from college and university were either completely (42%) or quite (48%) satisfied with those they took on.

How can design education be improved?

85% of designers think that design lecturers should spend time working in the industry [Chart 32](#)

How much are designers currently involved in design education?

Almost one in five designers are currently involved in design education

Among the designers we spoke to, 19% are currently involved in design education themselves. This is particularly true of designers with a post-graduate qualification, where 48% contribute to design education in some way.

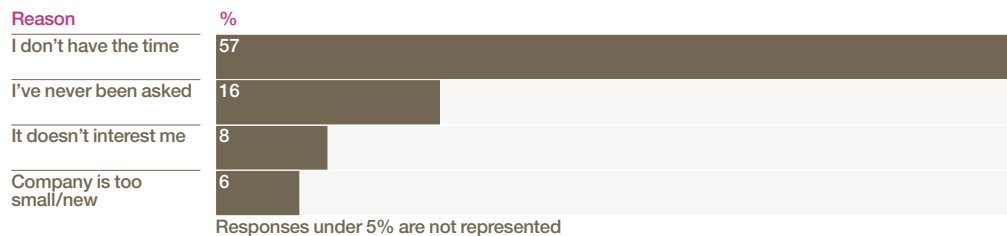
The most common way for designers to be involved in design education is as part-time lecturers (39%), visiting lecturers or mentors (13%), or by offering work experience (12%). There is particularly high engagement with education among designers aged 40 to 49; almost a third (30%) of this age group is involved in some way with design education. Only 9% of interior and exhibition designers are involved in education, the lowest proportion of all disciplines.

The main reason that designers give for not being involved in design education is lack of time (57%). However, 16% say that it is because they have never been asked. [Chart 33](#)

Chart 32
Level of agreement with measures to help improve the quality of design education



Chart 33
Reasons for not being involved in design education



There are too many students graduating each year with less than adequate skills - fewer but better design schools more focused on all aspects of the industry would be a start.

4.8. Are design businesses willing to provide work experience placements?

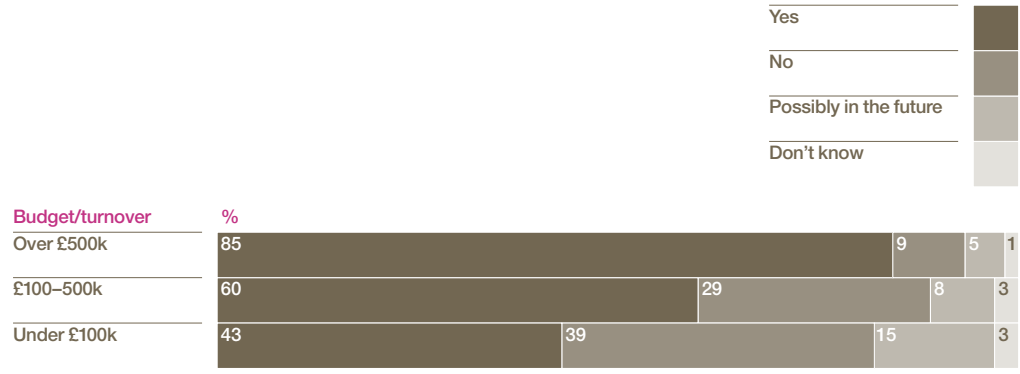
88% of design businesses think that all design students should complete extensive work experience, but only 54% of design businesses are willing to provide work experience for students

Just over half of design employers (54%) are willing to provide placements or internships for college and university students. A further 13% say, without prompting, that they will possibly do so in the future. More than four in ten (44%) of those working in businesses that have been operating for less than a year say they might give students the opportunity to gain work experience.

Those that do not provide placements give a range of reasons for this, the most common being that they do not have enough space or equipment (39%). Another reason for not offering placements is the lack of staff to oversee student work (29%).

More than 80% of design employers with an annual turnover or budget of over £500,000 say they are willing to provide placements for students. [Chart 34](#)

Chart 34
Willingness to provide work experience placements by budget/turnover



4.9. Are business skills important in design education?

93% of designers think that business skills are either essential or useful in the design curriculum; 54% of design colleges think that business skills are either essential or useful in the design curriculum

Nearly half (49%) of design businesses think business skills are an essential part of the design curriculum. This rises to more than two thirds among those who have been working in the design industry for more than 30 years.

According to the Design Council's Higher Education Skills Mapping (2005) heads of UK design education institutes do not share this view to the same extent. We asked whether they thought business skills should be taught as part of the design curriculum. Only 54% said they thought these skills were either essential or useful.

Designers supported a range of means of encouraging design schools to teach business skills. [Chart 35](#)

Chart 35
Level of agreement with measures to encourage design schools to teach business skills



4.10 What skills would design businesses like their designers to develop?

One in five design businesses would like to develop their designers' business awareness

The most commonly cited skills businesses would like to see their existing designers develop are in design IT and software (44%). This was particularly an issue for freelancers (47%). It was less important, though still significant, for consultancies (30%). The other noticeable feature is the still substantial proportion of businesses seeking to improve business awareness among staff (21%). [Chart 36](#)

The results are broadly similar by discipline, although there is evidence that skills are most satisfactory in product and industrial design and that lack of business awareness is a particularly common problem in digital and multimedia design. [Chart 37](#)

4.11 Are designers undertaking job-related training?

Architects are more than twice as likely as designers to be doing job-related training

When we asked designers about the issues that they thought the industry faced, the need to extend professional development for designers emerged as a key challenge.

The Labour Force Survey shows that the proportion of designers engaging in job-related training is low. The level is less than half that for groups such as architects and IT technicians. In fact, the proportion of people engaged in job related training is far lower among designers than for all other similar occupational groups other than artists. [Chart 38](#)

Chart 36

Skills design businesses would like to see their designers develop

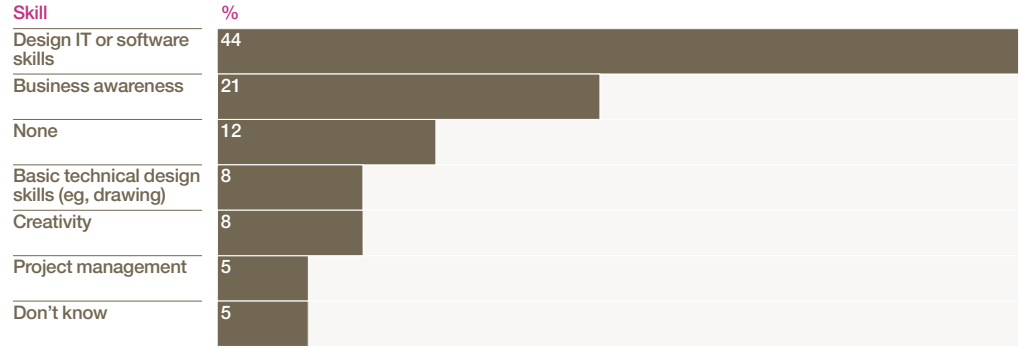


Chart 37
Skills design businesses would like their designers to develop by discipline

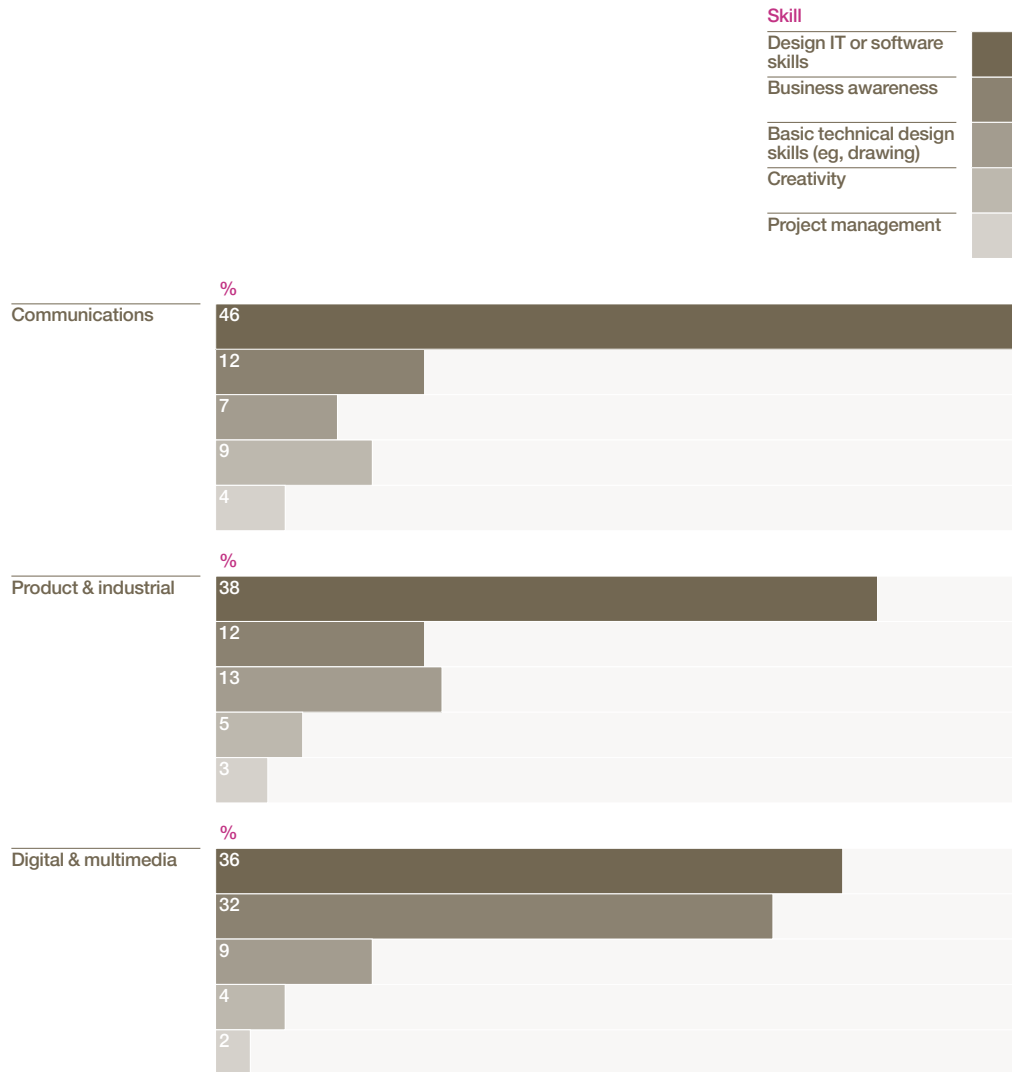
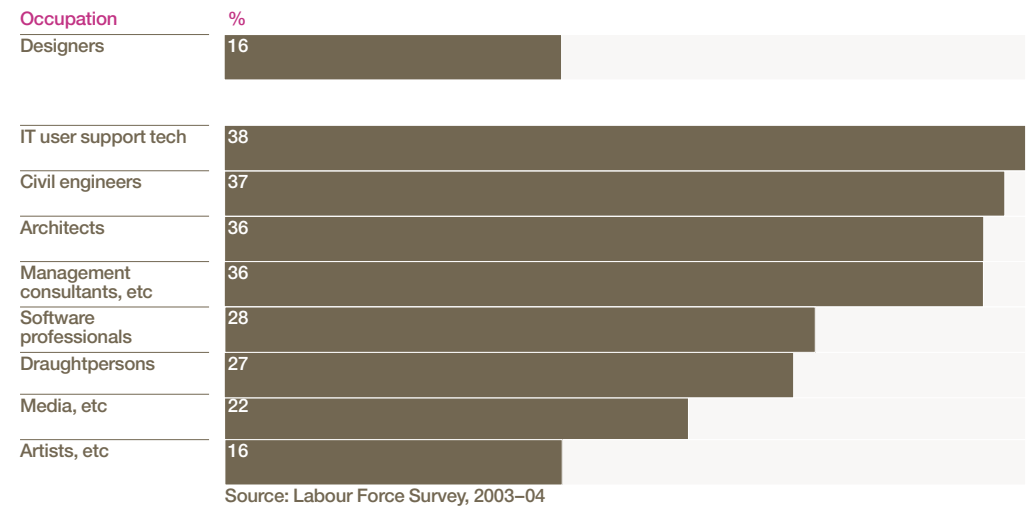


Chart 38
Proportion undertaking job-related training in the last 13 weeks



4.12 How do designers develop their skills?
40% of design consultancies use informal mentoring to develop their staff

The larger the annual turnover or design budget of a design business, the more that business uses a range of training methods for maintaining and developing staff abilities. **Chart 39**

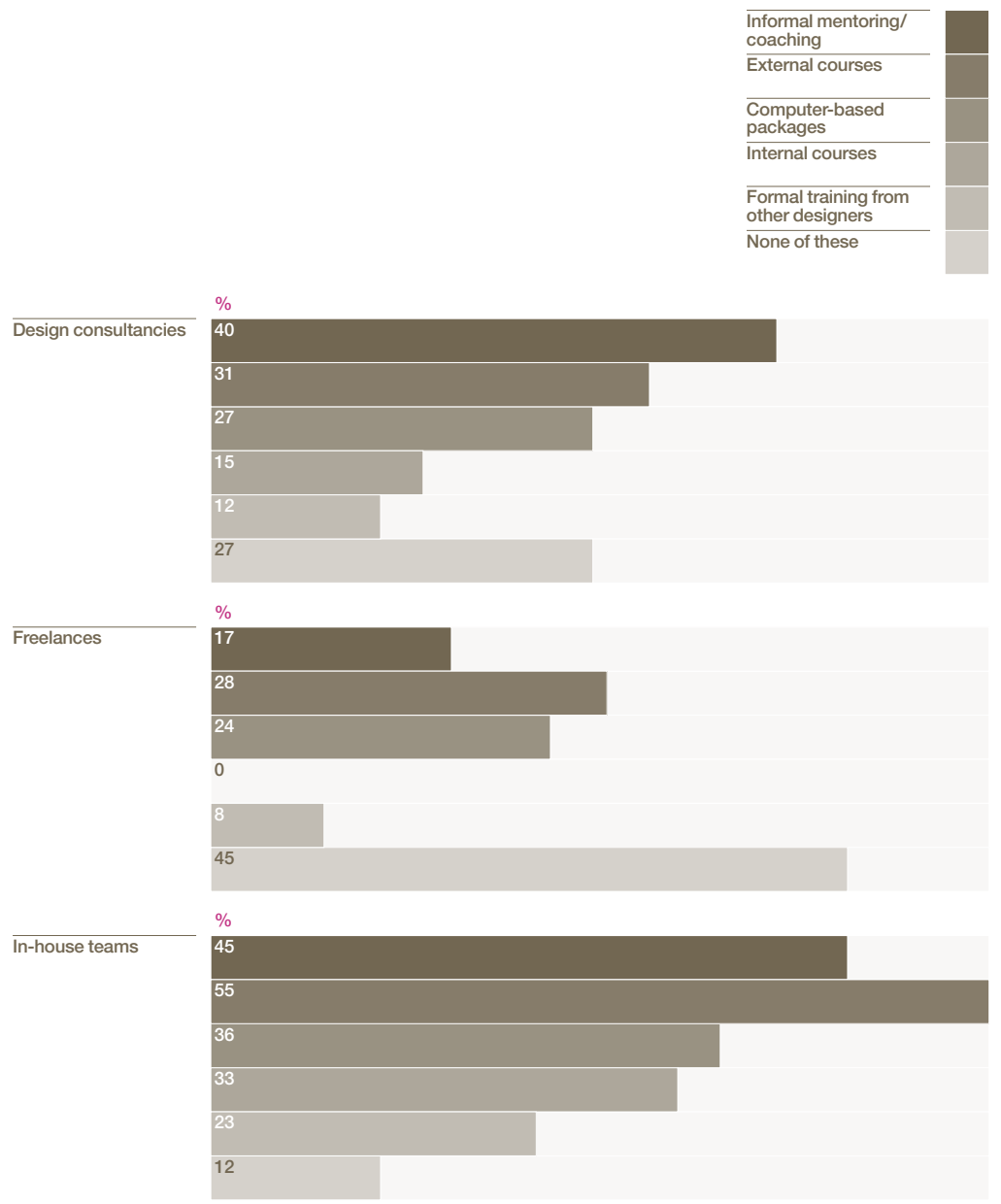
4.13 Does cost hinder the development of skills?
68% of businesses pay for all of their designers' continued professional development

In-house design teams are more likely to pay for at least part of their designers' continued professional development (CPD) (90%) than consultancies (75%), but still 68% of businesses overall pay for all of their designers' CPD, and 13% pay for part of it. In the East Midlands, 86% of businesses pay for at least part of their designers' CPD compared to 75% of those in London.

The most commonly cited barrier to training was lack of time (38%). This is a particularly a problem for product and industrial design businesses, with half of these companies naming time as a problem. Cost is the second most commonly reported barrier to training: 34% of businesses cite it as a reason for not undertaking training and development. More than one in ten freelances (12%) say they are restricted by availability of suitable courses, compared to just 5% of design consultancies and in-house teams.

A third of all design businesses think there are no barriers to training. However this varies between regions: 42% of design businesses in the South East say they face no barriers to training, compared to 20% in Scotland.

Chart 39
Ways of maintaining & developing abilities by business type



TODAY YOU HAVE TO BE A SALESMAN AS
MUCH AS A CREATIVE - TALKING MARKETING
AND DESIGN USING THE SAME BUSINESS
JUSTIFICATIONS. IF YOU DO NOT COMMUNICATE
BUSINESS LANGUAGE YOU DO NOT
COMMUNICATE AT ALL.

Clive Goodwin
Creative Manager, Samsung Design Europe

Does the design industry face recruitment problems or skills shortages?

25% of businesses with design vacancies find these positions hard to fill

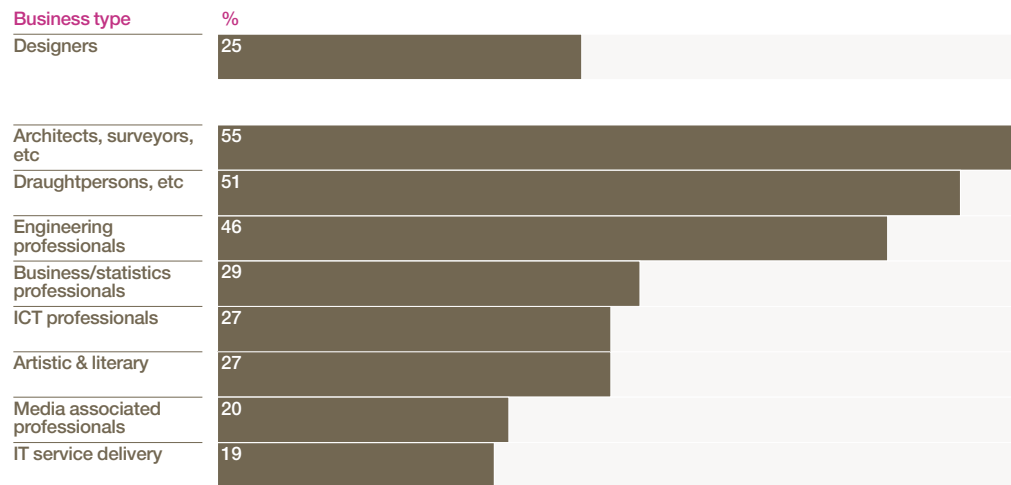
According to the National Employers Skills Survey in 2003, there is some evidence that difficulties in filling design vacancies are modest compared to similar occupational groups. [Chart 40](#)

The main reasons design employers found vacancies hard to fill were the low number of applicants with the required skills (61%) and applicants' lack of work experience (29%).

The main skills that were reported as difficult to obtain were technical and practical skills (45%) and communication skills (42%).

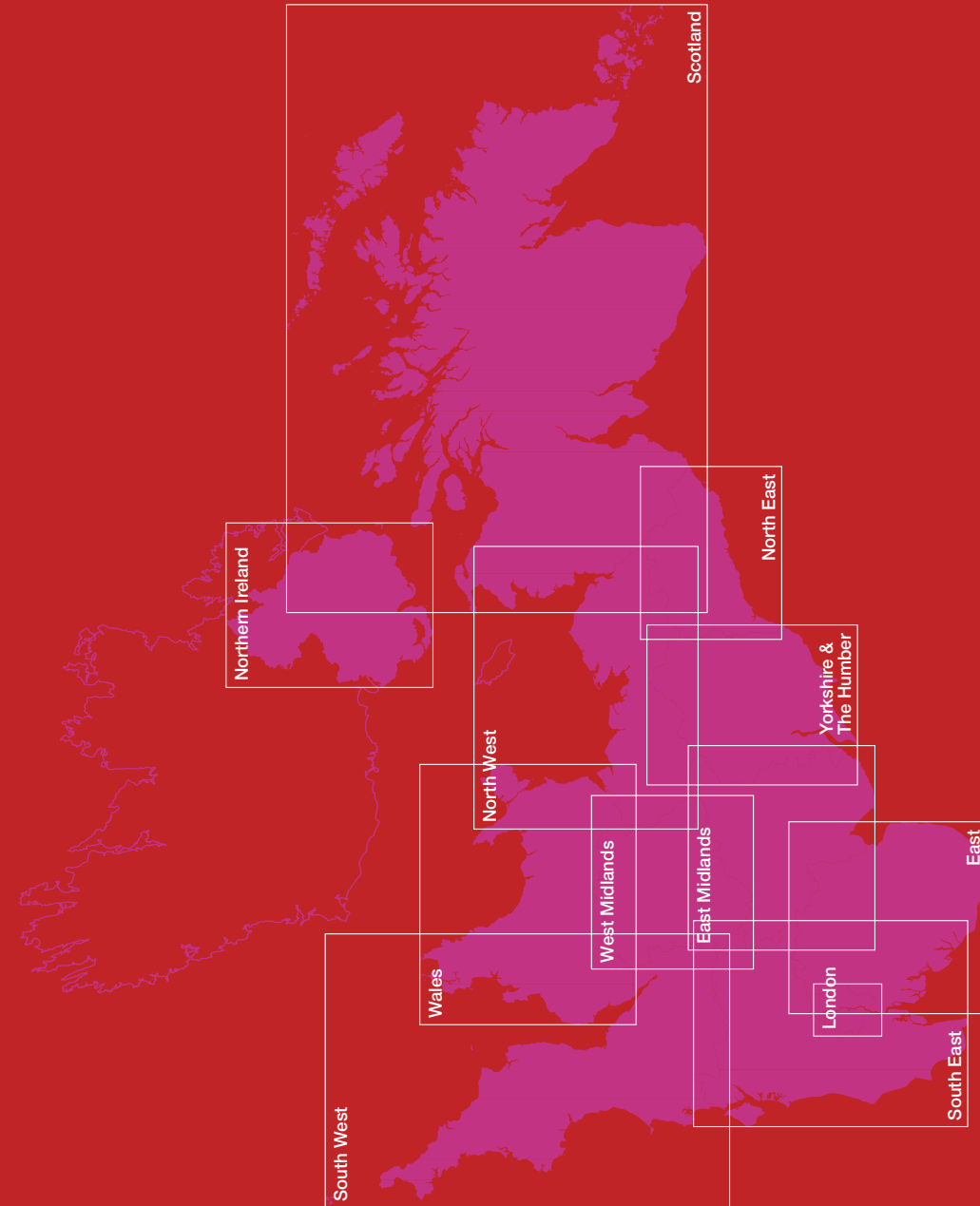
The main consequences of recruitment difficulties were an increase in the workload of other staff (93%) and problems meeting customer service objectives (60%). The primary responses to these difficulties were to expand recruitment channels (68%), increase advertising and recruitment spend (53%) and to redefine existing jobs (53%).

Chart 40
Proportion of businesses with hard-to-fill vacancies



Source: National Employees Skills Survey 2003 (England only)

Regional statistics In many cases there are differences between figures for individual regions and the national picture. This section highlights them.

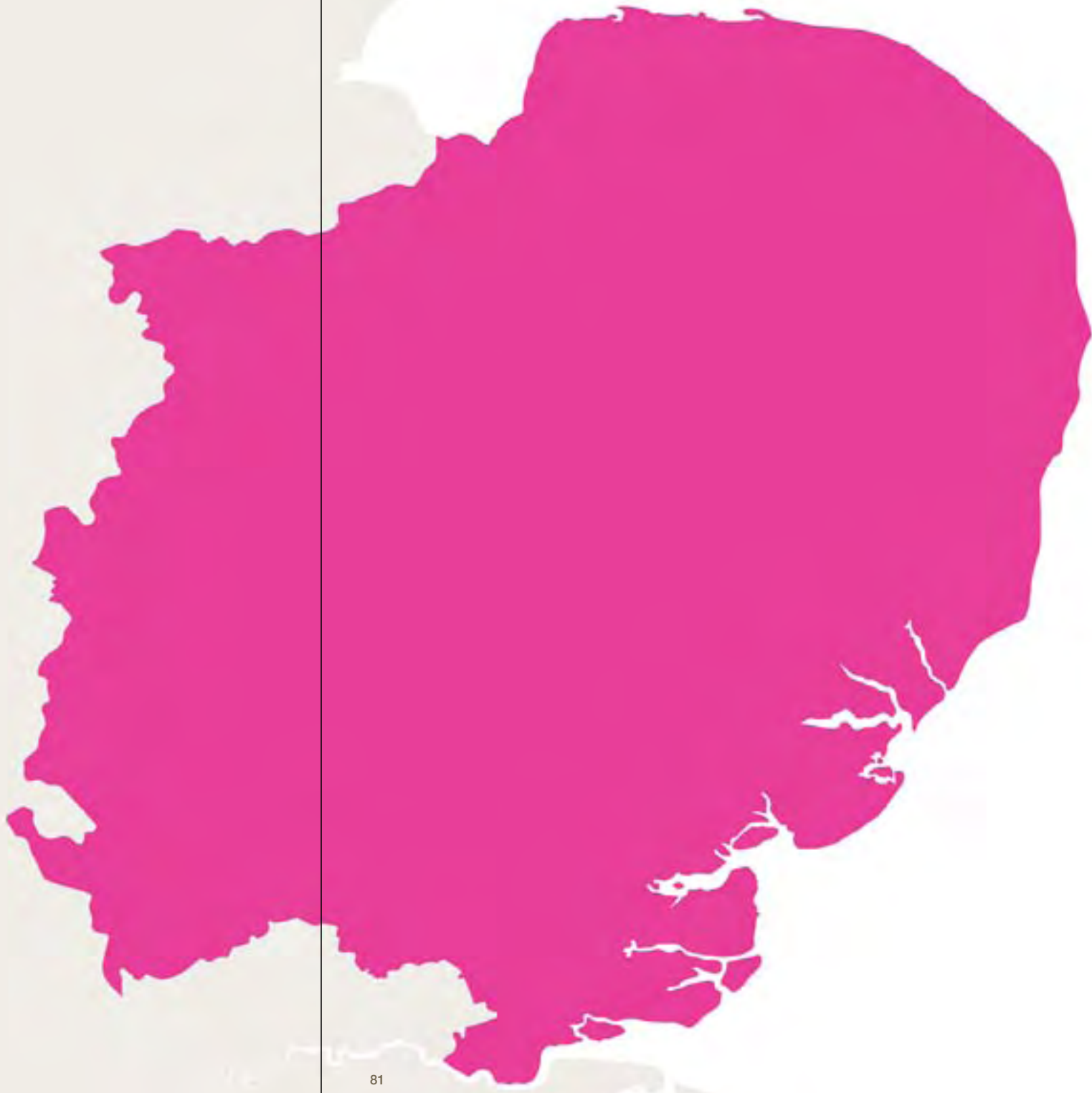


The selected regional statistics in this section differ from other regional figures. National averages are supplied as comparative data.

East

14% of design businesses have been in operation for less than one year
National average 6%

52% of design businesses offer digital and multimedia design services
National average 44%



East Midlands

Design businesses in the East Midlands are the most positive towards free pitching, with 56% saying it is a fact of life National average 31%



London

27% of design businesses' clients are from overseas
National average 14%

33% of design businesses in London are opposed to free pitching, which makes them the most negative towards this practice in the UK
National average 23%



North East

The North East has the highest proportion of in-house design teams—they make up 21% of the region's design businesses National average 9%

The region also has the second highest proportion of design consultancies (30%) National average 19%



Northern Ireland

Northern Ireland has the highest proportion of design consultancies (31%) National average 19%

24% of design businesses in Northern Ireland plan to change discipline within the next three years National average 17%



North West

At 20%, the North West has the second highest proportion of in-house design teams

National average 9%



Scotland

42% of design businesses have been in business for less than four years
National average 23%

74% of businesses predict a moderate or substantial increase in turnover in the next year
National average 54%

52% of design businesses offer digital and multimedia design services
National average 44%



South East

53% of design businesses have been operating for more than 10 years
National average 40%

Designers in the South East are least likely to be involved in design education. Only 10% say they are currently involved in any way
National average 19%

34% of design businesses are not willing to provide student placements or internships, which is the highest level in the country
National average 27%

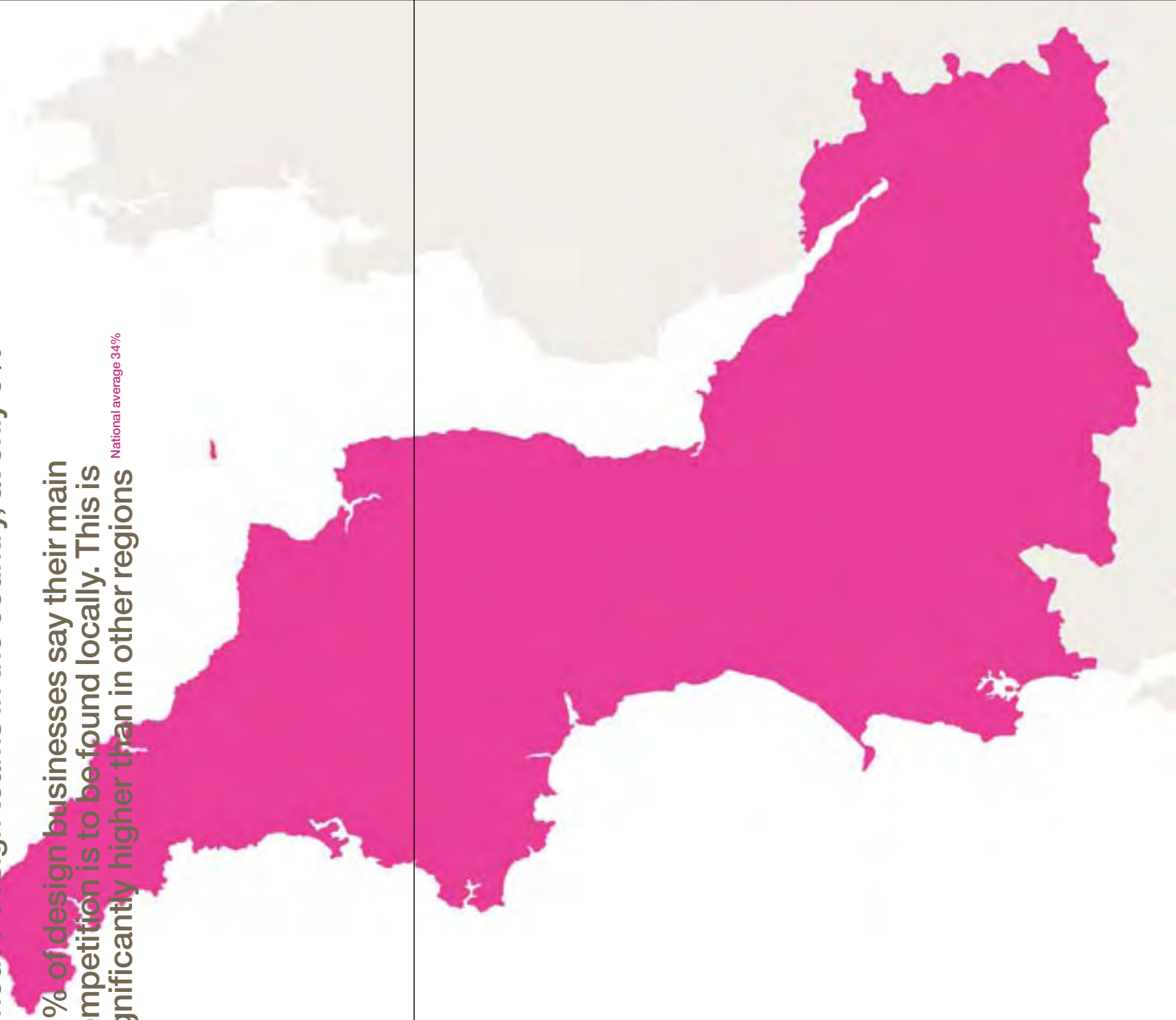
South West

20% of design businesses in the South West have their main clients in recreational, cultural or sporting activities National average 14%

56% of design businesses saw an increase in turnover last year National average 43%

The South West has the lowest representation of in-house design teams in the country, at only 6% National average 9%

58% of design businesses say their main competition is to be found locally. This is significantly higher than in other regions National average 34%



Wales

Only 13% of Welsh design businesses offer services in product and industrial design. This is the lowest proportion of all the regions National average 23%

33% of design businesses are not willing to offer work experience placements National average 27%



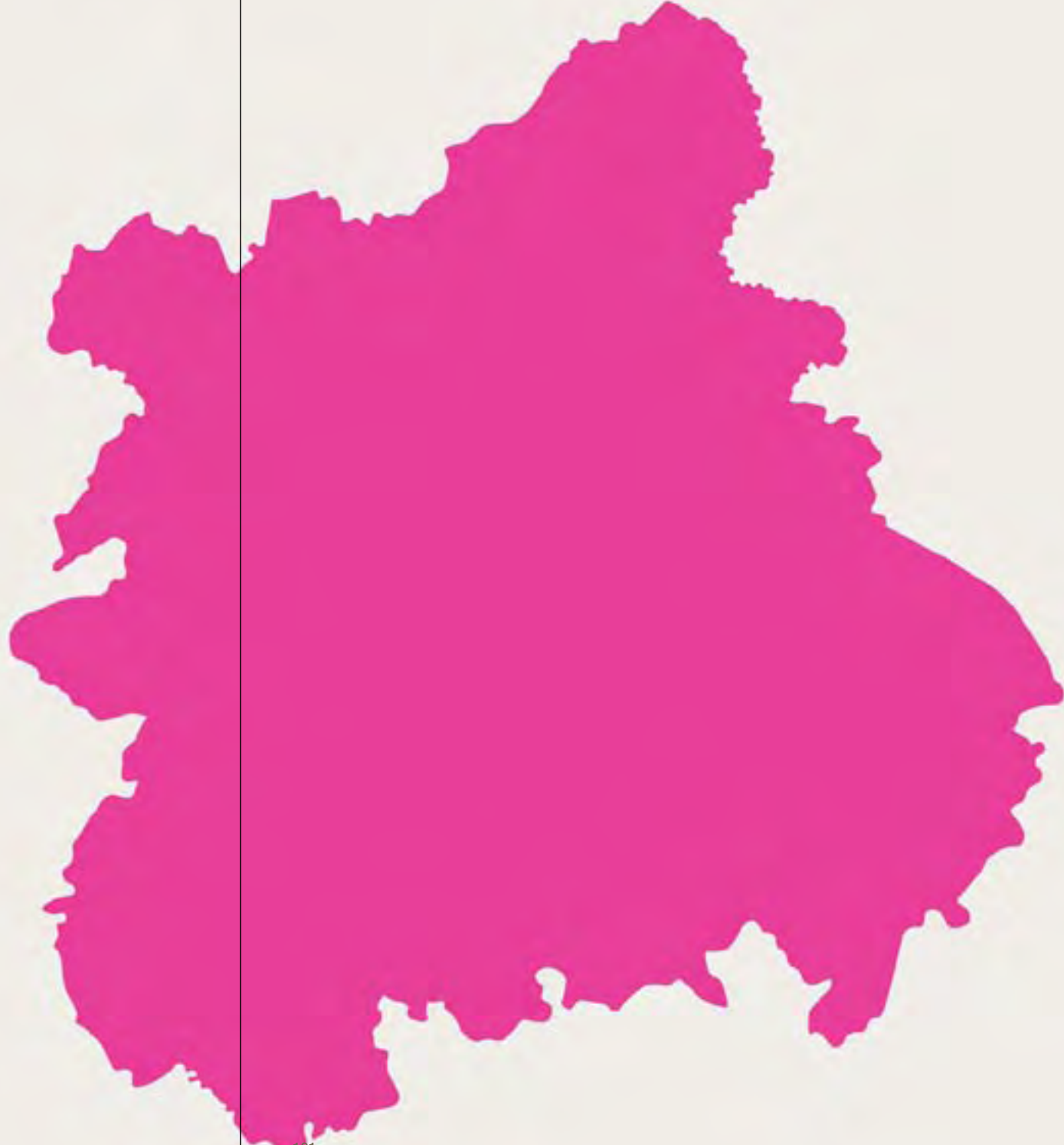
West Midlands

38% of design businesses in the West Midlands offer services in product and industrial design

National average 23%

44% of design businesses offer services in communications design. This is the lowest proportion of all the regions

National average 58%



Yorkshire and The Humber
53% of design businesses in Yorkshire and The Humber offer services in digital and multimedia design, which is the highest level in the country

National average 44%



Research methodology

The information in this report is drawn from the Design Industry Research unless otherwise referenced.

The Design Industry Research conducted by the Design Council in association with the DBA is a comprehensive study of the industry. It seeks to explore the size and shape of the industry, the nature of its clients and competitors, how the industry wins business and the state of design education, training and skills. The survey is based on 2,433 telephone interviews conducted with designers from design consultancies and in-house teams as well as freelancers.

In order that the results of the survey are representative of the UK, the data has been weighted to reflect the distribution of design activity across the English regions and countries of the UK. This means that the published data is statistically representative of the result that would have been achieved from a census of all design businesses in the UK (excluding in-house teams with fewer than 100 employees). Weighting the data is a particularly challenging task due to the very large numbers of designers that are self-employed and freelancers. Such people will tend to be under-represented in commercial and official business databases. To take account of this problem we have weighted the results for this group against data from the Labour Force Survey (LFS). Other data has been weighted to reflect the original sampling frame figures.

The total number of design consultancies is far higher than previous estimates. The Inter-Departmental Business Register (IDBR) maintained by the Office for National Statistics and compiled for VAT and PAYE information records 4,525 businesses in the Standard Industrial Classification sub-class 74.87/2, 'Speciality Design Services'. However, the IDBR omits 1.77 million partnership businesses and covers less than half of all self employment. The category of speciality design activity also has critically important exclusions. For example, it does not cover product and industrial, web and exhibition design. This also explains why we were not able to use the IDBR data to weight our results.

For in-house design teams we have used the results of the survey to estimate the proportion of businesses with 100 or more employees that have design teams. To give an estimate of the number of businesses with in-house design teams in the UK, the proportion of businesses which say they have an in-house design team was applied to the total number of UK businesses with 100 or more employees. This weighting gives an employment figure for in-house design businesses that is broadly in line with the numbers from the LFS. However, this number may be somewhat large because a number of survey respondents said their businesses had an in-house design team, but subsequently terminated the interview on the grounds that they were not themselves designers. We have nonetheless assumed that these businesses have in-house teams. Also, the effect of these terminated interviews in increasing the number of businesses with in-house teams is offset by the number of businesses with fewer than 100 employees that may have in-house design teams, but did not take part in the Design Industry Research.

While we believe the LFS data provides the most reliable estimate of the number of designers, it also has an important limitation. The data does not include designers with supervisory responsibilities, such as design managers in in-house design teams or creative directors in design consultancies; these appear in managerial and directorial occupations where design cannot be separately identified. In the Design Industry Research we asked each respondent how many designers were employed in the business at various levels of seniority. In order to estimate the number of design managers and directors in the UK, we took the total number of design directors and managers identified by respondents and weighted this by the total number of designers from the LFS data divided by the total number of designers from our survey.

All figures from the Design Industry Research have been rounded to the closest percentage point. Totals to 100% may vary by one percentage point due to rounding. However, to ensure graphic consistency all charts have used a scale to 100%.

This report only shows figures that are statistically reliable. As a result, some analysis by region or discipline has not been possible.

The research work was conducted by Stratagia Limited, Synchronicity Consultants Limited and QA Research. The survey was conducted between May and July 2005.

Definitions

For the purposes of the survey we grouped together the range of design disciplines as set out below:

Communications design

Graphics, brand, print, information design, corporate identity

Product and industrial design

Consumer/household products, furniture, industrial design (including automotive design, engineering design, medical products)

Interior and exhibition design

Retail design, office planning/workplace design, lighting, display systems, exhibition design

Fashion and textiles design

Fashion, textiles

Digital and multimedia design

Website, animation, film and television idents, digital design, interaction design

Other

Including advertising, aerospace design, building design, engineering design, landscape design, jewellery design, mechanical design etc.

Design clients have been bracketed into the following key industry groupings:

Primary, utilities and construction

Agriculture, forestry and fishing, mining and quarrying, electricity, gas and water supply, sewage, refuse disposal and sanitation, building, transport and communication

Manufacturing

Fuel processing and production, manufacture of chemicals and man-made fibres, metal goods, engineering and vehicles industries, other manufacturing industries

Professional business services

Banking, finance and insurance, real estate, renting and business activities

Retail, wholesale and leisure services

Wholesale and retail trade, personal and household goods, hotels and restaurants, other community, social and personal service activities

Research sources

Unless otherwise stated, all the statistical information presented in The Business of Design is drawn from the Design Council Design Industry Research, commissioned through Stratagia in 2005.

Aside from the Design Council's Design Industry Research, we have used these other sources:

**Labour Force Survey (LFS), 2003–04,
Office of National Statistics**

This major government survey now covers approximately 172,000 households annually. A major benefit of this project is that participants are selected using National Insurance numbers. This means there should be no initial selection bias that would risk understating the numbers of designers working on a self-employed basis or in non-design businesses. Further information on the LFS is available on the Office for National Statistics website at www.statistics.gov.uk

**National Employers Skills Survey, 2004,
Office of National Statistics**

The National Employers Skills Survey 2003 (NESS) was commissioned by the Learning and Skills Council (LSC), in partnership with the Sector Skills Development Agency (SSDA) and the Department for Education and Skills (DfES). It provides detailed information about the extent, causes, and implications of recruitment problems and skill gaps. It also measures employers' training activities. This survey only covers England. NESS was the largest survey of its kind ever commissioned, involving 72,100 interviews with a representative sample of employers in England. A subsequent smaller survey was carried out in 2004.

**Higher Education Skills Mapping, 2005,
Design Council**

The Higher Education Skills Survey was commissioned by the Design Council in May 2005. A total of 128 telephone interviews were conducted, 78 with Heads of Design Education Institutions and 50 with Heads of Business Education Institutions. The survey sought to review the teaching of business skills and design skills. Further information is available on the Design Council website: www.designcouncil.org.uk

**Student Record, 2002–03/2003–04,
Higher Education Statistics Agency**

HESA is the UK's central source for higher education statistics and collects five main data sets: students; destination of leavers from higher education; staff; finance and non-credit-bearing course records. Further information is available on HESA's website: www.hesa.ac.uk

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The Design Council improves prosperity and well-being in the UK by demonstrating and promoting the vital role of design.

For more information on our research, please email: research@designcouncil.org.uk

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dba

The Design Business Association exists to promote professional excellence through productive partnerships between commerce and the design industry to champion effective design which improves the quality of people's lives.

For more information on DBA, please contact: deborah.dawton@dba.org.uk

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Print
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Paper
Howard Smith Think White 300gsm/100gsm
Made from 50% recycled post-consumer fibre, 100% ECF (Elemental Chlorine Free)

McNaughton Cyclus 80gsm
Made from 100% recycled de-inked post-consumer fibre

25% of businesses with design vacancies find these positions hard to fill
41% of designers have a degree
Just over half (54%) of design businesses think their turnover will rise in the coming year.
7% think it will decrease
16% of SME consultancies have overseas clients compared to 34% of large consultancies
39% of new appointments are made direct from college or university
6% of designers are from minority ethnic groups
62% of designers that face overseas competition say it has increased in the last three years
Only 3% of design consultancies receive royalties from intellectual property rights
The design sector in the UK is made up of 12,450 design consultancies, 47,400 self-employed, freelance and non-employed designers and 77,100 in-house designers in 5,900 businesses with 100 or more employees
Almost one in five designers are currently involved in design education
The UK design industry services clients in every major industrial sector
93% of designers think that business skills are either essential or useful in the design curriculum
54% of design colleges think that business skills are either essential or useful in the design curriculum
62% of designers are under 40
23% think designers should insist on being paid the full cost of preparatory work for free pitches
Competition has increased for two thirds of design consultancies in the past three years
Almost four in ten designers think their colleagues do not communicate design well
44% of design consultancies think creativity is very important in winning business
61% of designers are men
41% of design consultancies and 48% of freelancers find their clients either locally or in their region
More than half of all UK design businesses work in communications and digital and multimedia design
85% of designers think that design lecturers should spend time working in the industry
17% of design businesses say their main competition is from outside the UK
38% of design businesses think that all design students should complete extensive work experience, but only
54% of design businesses are willing to provide work experience for students
One third of freelance designers and more than a quarter of design consultancies have been in business for less than three years
Almost half of all design consultancies say they either always or frequently pitch creatively for free
8,733 designers left design businesses in the last year but twice as many were recruited
Half of design consultancies and freelancers rely on personal recommendation for winning new business; 5% say they do not target new clients at all
59% of design consultancies employ fewer than five people
185,500 people work in design
54% of design colleges think that business skills are either essential or useful in the design curriculum
31% of design businesses are based in London—that's 20,436 businesses
25% of businesses with design vacancies find these positions hard to fill
Architects are more than twice as likely as designers to be doing job-related training
41% of designers have a degree
Designers are more likely to have seen an increase in demand for their services than to have suffered a decline
31% of designers think free pitching is a fact of life
77% of design businesses have a turnover of less than £100,000 a year
Three quarters of design consultancies see understanding client needs as very important in winning business
40% of design consultancies use informal mentoring to develop their staff
There are 47,400 freelance and self-employed designers in the UK
68% of businesses pay for all of their designers' continued professional development
Consultancies with more than five employees win 66% of their pitches, while those with fewer than five staff win only 33%
16% of SME consultancies have overseas clients compared to 34% of large consultancies
One in five design businesses would like to develop their designers' business awareness
90% of design businesses who recruited direct from college are either completely or quite satisfied with their new staff
62% of design businesses believe their clients value design highly
Over half of design business owners do not know what will happen to their business after they leave
43% of businesses report an increase in their turnover or budget compared to the previous year, while 19% report a decrease
The turnover for design consultancies totalled £5.1 billion in 2004-05