

**SME Development Fund (SDF)/
Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)
(Organisation Support Programme) (OSP)**

Final Report on Approved Project

Project ref. no. : D17 004 009

Project title : The roadmap of design strategy for Hong Kong
manufacturing SMEs
香港製造業中小企設計策略之路

Period covered : From 15/6/2018 to 14/1/2020
(dd/mm/yy) (dd/mm/yy)

1. Project Details

(Please mark with "*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

Project Summary (in about 150 words)

Industry and market background

In the Chief Executive's 2017 Policy Address, the government has paid special emphasis to the positive economic values brought by collaboration, creativity, innovation and design thinking. With the same vision, the Federation of Hong Kong Industries (FHKI) established the Design Council of Hong Kong (DCHK) back in 1968 with the mandate to promote the interest of local design industry with design thinking, as well as its execution through design strategy such as cross-sector collaboration and business upgrading through the use of design. This project sets out to examine how the Hong Kong manufacturing SMEs can upgrade and create their comparative advantage(s) by using design(s) and adopting design at the strategic level (hereafter "design strategy") through an extensive study of successful corporates, which are early adopters of design strategy.

Chief Executive Carrie Lam in her late Policy Address unveiled the plan to collaborate with design professionals to transform creativity and design(s) into a "problem-solving" tool in public administration and business operation. This "problem-solving" quality renders the use of design and design strategy a higher placement on the Design Ladder (The Design Ladder, Danish Design Centre, 2001), a 4-step communication model for illustrating the variation in companies' use of design, which is also associated with a positive effect on gross earnings and a clear positive effect on exports.

Why "Use of Designs" and "Design Strategy"?

In a nutshell, design strategy is the ways in which different design service(s) are executed at the strategic level. It involves the use of design and a participatory approach of decision making from the management to R&D down to the operations and administration levels. Being only one out of the many management strategies and other designs including communication design, industrial design, graphic design, fashion design, user experience design, interactive design and spatial design etc., design strategy primarily distinguishes itself as one that has a user-centered position.

As concluded in "The Economic Effects of Design - 2004", companies that work systematically with design have higher earnings and bigger exports than companies that do not use design. There are also numerous cases that support the use of design to boost growth in businesses in the wider economy beyond the creative industries, such as in the UK and the US.

The Design Council of the UK defines the true value of design as the "design economy", which became the 9th biggest employer of the country with close to 580,000 practitioners, contributing to 7.2% of total gross value added (GVA).

Similarly, 80% of design-integrated small manufacturing businesses in the US reported growth in market share or having entered new market; their business innovation also rose sharply with the use of design, as 83.7% of them are substantive innovators (Innovation and Design Use by Small Manufacturers, National Endowment for the Arts [NEA], 2014).

In an ongoing research by McKinsey to chart the connection between business value and design, three themes stood out. The preliminary research showed successful design-led companies measure and manage design as meticulously as they do with cost, quality and time.

Indeed, some companies have developed design metrics that allow them to measure design during product development as rigorously as they measure quality, cost, and delivery. Design metrics such as customer-satisfaction scores and human-factors risk calculations provide leadership with hard data that makes up a sound decision-making foundation.

A quick glance at the small figures of Hong Kong's total exports in 2014 may not seem to indicate any comparative advantages the city possesses to produce manufactured goods domestically. However, drawing from the growth experiences of Japan, Singapore, South Korea, and China, Dr. Charles Kwong stated how comparative advantage could actually be "created". According to Porter (1985, 1990), comparative advantage, like a nation's competitiveness, depends on the capacity of its industry to innovate and upgrade. Instead of riding on inherent resources or established systems, companies gain advantage against the world's best competitors because of pressure and challenge by comparison.

Example

In the Economic Survey of Singapore 2015, the trends in manufacturing and manufacturing-related services of the Singapore economy suffice to narrate the importance of manufacturing sector in the economy, which accounted for 20% of the country's nominal GDP. An invisible line tends to connect this economic performance of the manufacturing sectors and their earlier design blueprints with the latest Design 2025 - Singapore by Design.

The Singaporean government has pushed for policies to enhance national design literacy by introducing prestigious design schools into the country, providing design training for civil servants, and making university professors incorporate design thinking into their teaching. With the drastic increase on the promotion and penetration of design thinking and design knowledge, a fundamental change has taken place at the national level to transform and upgrade different industries, including the manufacturing sectors.

Therefore, a long overdue comprehensive research is in the need to accurately measure the strengths and beneficial effects of design strategy on the manufacturing sectors in Hong Kong. To capture upcoming new trends and fight the many challenges facing manufacturing transformation, the project attempts to help Hong Kong manufacturing SMEs generate comparative advantage(s) through the use of design(s) and design strategy.

Manufacturing is no longer only about making physical products. Due to competitive pressures, large manufacturers may experience increasing pressure to focus on just one role. Facing the changing dynamics and shifts in consumer demand for personalisation (to the individual) and customisation (to the niche), the nature of products becoming smart and service under a "shared economy", the economics of production with cost-effective additive manufacturing, and the economics of the value chain where digital technologies and an ecosystem of platforms blur the line between consumers and manufacturers; a significant restructuring of existing product manufacturers becomes necessary for value creation and value capture.

In many ways, abundant sources of credible research and successful cases indicate how design strategy and the use of design benefit and add value to the manufacturing sectors apart from delivering business and economy values. For instance, expanded offerings and access to new markets, growth in market share or having entered new markets, export goods and services, and design-integrated triggering innovation, etc. It is undeniable that the use of design impacts the manufacturing sector, although no similar research study in Hong Kong has been done to offer a roadmap and guide as a reference point to the Hong Kong manufacturing SMEs.

All of the above fact support has proven how the use of design helps pave the way for comparative advantages and unleash the potential of the manufacturing sectors. Hence, the project aims to conduct a parallel framework of reference for the Hong Kong manufacturing SMEs to upgrade and grow with the economy through a systematic yet unprecedented research study with regard to design strategy.

In this regard, DCHK has been the pioneer agent to implement the recent government measure as its own objectives to bring design(s) into execution. With design strategy such as business product-service systems (PSS) - the business models that provide for cohesive delivery and collaborative consumption of both products and services to fulfill the users' needs, and also upgrading through the use of design and collaboration between professional institutions, DCHK has played an important part in enhancing the role and standards of design in Hong Kong's economic development that go beyond the industries.

Project Objective(s) (in about 80 words)

This project sets out to upgrade Hong Kong manufacturing SMEs through the use of design(s) and adopting design at the strategic level (hereafter “design strategy”). By understanding the successful cases and using the tools (the deliverables), the local manufacturing SMEs will grasp how to use design strategy to create comparative advantages currently these local manufacturing SMEs lack.

Grantee/Collaborating Organisation/Implementation Agent

Grantee	:	<u>Federation of Hong Kong Industries</u> Fashion Farm Foundation Limited (FFF) Hong Kong Designers Association Limited (HKDA) Hong Kong Fashion Designers Association Limited (HKFDA) Industrial Designers Society of Hong Kong Limited (IDSHK) Interior Design Association (H.K.) Limited (HKIDA) The Hong Kong Federation of Design Associations Limited (FHKDA) Institute of Print-media Professionals Limited (IPP) Hong Kong Fur Federation (HKFF) Hong Kong Toys Council (HKTC) Hong Kong Young Industrialists Council Limited (HKYIC)
Collaborating Organisation(s)	:	<u>Hong Kong Productivity Council (HKPC)</u>
Implementation Agent(s)	:	<u>Nil</u>

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. & Fax No.</u>
Project Co-ordinator	Mr. Andrew Chang	Federation of Hong Kong Industries	2732 3190
Deputy Project Co-ordinator	Ms. Katherine Hui	Federation of Hong Kong Industries	2732 3188

Project Period

	<u>Commencement Date</u> (day/month/year)	<u>Completion Date</u> (day/month/year)	<u>Project Duration</u> (No. of months)
As stated in project agreement	15/6/2018	14/9/2019	15 months
Revised (if applicable)	15/6/2018	14/1/2020	19 months

2. Summary of Project Results

Project Deliverables

(Please list out the project deliverables as stated in the project proposal appended to the project agreement and provide details related to the actual result achieved for each of them.)

	Project deliverable	Quantifiable target number (e.g. 100 participants)	Actual result achieved (e.g. 90 participants)	Reasons for not achieving the target, if applicable (e.g. The total number of registered participants was over 120. However, some of them did not show up eventually. Will strengthen promotion and try to make up for the shortfall in the following two seminars.)
a)	A research study	50 cases	50 cases	
b)	A one-day dissemination conference	400 participants	403 participants	There were less participants (about 150) in the morning section but more participants showed up in the afternoon section.
c)	A conference booklet	1,000 copies	1,000 copies	
d)	Posters	300 pieces	300 pieces	
e)	eDMs	15 versions, 1 version/month	15 versions, 1 version/month	
f)	Print and online advertisement	2 print advertisements; 2 online advertisements; 3 print advertisements on FHKI's magazine; 1 e-banner on FHKI's website (12 months)	2 print advertisements; 2 online advertisements; 3 print advertisements on FHKI's magazine; 1 e-banner on FHKI's website (12 months)	
g)	Set up of project webpages by enhancing existing DCHK website	project webpages	project webpages: https://designco.uncilhk.org/about-rds/	
h)	A research report (in English)	1 (e-version)	1 (e-version) uploaded to the project webpages: https://designco.uncilhk.org/flip-book/	
i)	A guidebook (bilingual: in English & Traditional Chinese)	1,000 copies and e-version	1,000 copies and e-version uploaded to the project webpages: https://designco.uncilhk.org/flip-book/	
j)	A guidebook launching ceremony	3 hours and 100 participants	106 participants	
k)	A brochure	1,000 pcs	1,000 pcs	
l)	A highlight video	3 minutes	A 3 minutes highlight video uploaded to the project	

			webpages: https://designcouncilhk.org/about-rds/	
--	--	--	--	--

Details of the deliverables (e.g. date, duration, venue, speaker, topic discussed, etc.)

(Please list out in table format if necessary.)

a) A one-day dissemination conference

Date:	7 December 2018 (Friday)
Time (duration):	10:00 – 17:00 (7 hours)
Venue:	“EXCHANGE”, Hall 3DE, Hong Kong Convention and Exhibition Centre
Guest:	<ul style="list-style-type: none"> Mr. Clement Leung Permanent Secretary for Commerce and Economic Development Bureau (Communications & Creative Industries) Ms Salina YAN, JP Director-General Trade and Industry Department Mr Stephen Liang, Assistant Executive Director Hong Kong Trade Development Council Mr Jimmy Kwok Chairman, Federation of Hong Kong Industries
Speaker:	<ul style="list-style-type: none"> Prof. Desmond Hui, Professor Department of Social Science, The Hang Seng University of Hong Kong Dr Patrick Mok, Assistant Professor Department of Social Science, The Hang Seng University of Hong Kong Ms. Jennifer Tusi, Founder The Darts Factory Ms. Jennifer Tam, Marketing Manager CHICKS (A brand of Chun Au Knitting Factory Ltd.) Mr. Jeff Wong, Head of Business Development ICICLE Group Mr. Leo Chan, Co-founder & Executive Director Amenpapa Limited Dr. Aaron Shum, President Aaron Shum Jewelry Limited Mr. Charles Ng – Product Supervisor GOXD Technology Limited
Topic discussed:	<p>Sharing Session 1 The Inheritance and Innovation of Traditional Brand</p> <p>Sharing Session 2 The Inheritance and Innovation of Traditional Brand</p> <p>Sharing Session 3 Creative Symbols</p> <p>Sharing Session 4 Advancement through Technological Breakthrough</p> <p>Panel Discussion 1 How a traditional brand can sustain its historical strength and speciality while adapting to the contemporary market with creativity.</p> <p>Panel Discussion 2 How to adopt abstract cultural symbols, such as religion and ethnic culture, into design and materialize into modern products – for both layman or high-end consumption. & How to bring a company forward by technological breakthrough.</p>

b) A guidebook launching ceremony

Date:	10 January 2020 (Friday)
Time (duration):	15:00 – 18:00 (3 hours)
Venue:	"Book Café" 2/F, Chung Sheung Building, 9-10 Queen Victoria St, Central
Guest:	<ul style="list-style-type: none"> Mr Ken Fung Chairman, Design Council of Hong Kong, Federation of Hong Kong Industries
Speaker:	<ul style="list-style-type: none"> Dr Patrick Mok, Assistant Professor Department of Social Science, The Hang Seng University of Hong Kong Mr. William Shum, Chief Executive Officer & Founder Memorigin Watch Company Limited Mr. Edward Lam, Co-founder 3Ds Technology Limited Mr. Roy Lim, Vice President Tung Hing Automation Investment Limited
Topic discussed:	<p>Sharing Session 1 Research Results “工業的設計思維”</p> <p>Sharing Session 2 Hong Kong Watch & Clock</p> <p>Sharing Session 3 Hong Kong Technology</p> <p>Sharing Session 4 Tool Kit</p>

c) Research study

<p>The research team has studied 50 selected cases and wrote 50 articles of Hong Kong corporates /manufacturers.</p> <p>Due to 8 of 50 cases study that companies' owners and their senior management they rejected or no replied of the article confirmation in the guidebook final-print stage. Also as advised by the publisher, 2 of 50 cases study images provided by companies didn't reached the printing criteria.</p> <p>As a result, the research team only showed 40 cases on guidebook (bilingual: in English & Traditional Chinese)</p>	
List of Company	<p>Watch & Clock 鐘錶</p> <ol style="list-style-type: none"> 1. Memomem Watch* 2. Sweda Limited 香港時運達集團 3. Renley Group Limited 運年（香港）集團有限公司 4. SwissTech Limited 瑞士億科有限公司 5. Memorigin Watch Company Limited 萬希泉鐘錶有限公司 6. Chung Nam Watch Company Limited 中南鐘錶有限公司*
	<p>Garment Manufacturing & Fashion 製衣及時裝</p> <ol style="list-style-type: none"> 7. Amenpapa 阿們爸爸有限公司 8. Yuen Shing Group 潤成紡織集團 9. Chun Au Knitting Factory Limited 震歐線衫廠有限公司 10. TML Apparel Limited 興迅實業有限公司 11. Aussco Hong Kong Limited 澳迪香港有限公司
	<p>Power Tools & Houseware 電動工具及家庭用品</p> <ol style="list-style-type: none"> 12. Gold Peak Industries (Holdings) Limited 金山工業（集團）有限公司 13. Star Industrial Company Limited 星光實業有限公司 14. Konstar Industries Limited 康加實業有限公司 15. Techtronic Industries Company Limited 創科實業有限公司 16. German Pool (Hong Kong) Limited 德國寶（香港）有限公司
	<p>Integrated Products & Service Industry 綜合產品</p> <ol style="list-style-type: none"> 17. The China Paint Mfg. Co. (1932) Limited 中華制漆（一九三二）有限公司 18. Asia Animation Limited 亞洲動畫多媒體有限公司 19. Chen Hsong Holdings Limited 香港震雄集團有限公司 20. Funderful Creations Limited 得意創作有限公司 21. The Darts Factory 誠興集團（飛鏢工房） 22. Li & Fung Limited 利豐有限公司* 23. Wei Yit Vacuum Flask Mfy Limited 駱駝牌（唯一冷熱水壺有限公司）*
	<p>Furniture 傢俱</p> <ol style="list-style-type: none"> 24. S&C Furniture Limited 方圓傢俱有限公司 25. Arredamenti Company Limited (Giormani) 歐達家具有限公司（茲曼尼） 26. POSH (Hong Kong) Limited 科譽（香港）有限公司 27. Profilia of West Germany (Far East) Limited 西德寶富麗（遠東）有限公司
	<p>Jewellery 珠寶首飾</p> <ol style="list-style-type: none"> 28. Prince Jewellery and Watch Company Limited 太子珠寶鐘錶公司 29. Aaron Shum Jewelry Group 古珀行珠寶集團 30. Qeelin Limited 麒麟珠寶 31. Chow Tai Fook 周大福珠寶金行有限公司*
	<p>Paper & Printing 紙品印刷</p> <ol style="list-style-type: none"> 32. Print-Rite Holdings Limited 天威控股有限公司 33. Icicle Group Holdings Limited 冰雪集團控股有限公司 34. Asia One Communications Group 宏亞傳訊集團 35. Starlite Holdings Limited 星光集團有限公司 36. Team Green 綠團有限公司

	Chinese Food 中式食品 37. Yan Chim Kee Hong Kong Company Limited 甄沾記香港有限公司 38. Hung Fook Tong Group Holdings Limited 鴻福堂集團控股有限公司 39. Café de Coral Holdings Limited 大家樂集團有限公司 40. Lee Kum Kee Company Limited 李錦記有限公司 41. Kee Wah Limited 奇華有限公司* 42. Vitasoy International Holdings Limited 維他奶國際集團有限公司*
	Technology 科技 43. 3Ds Technology Limited 3Ds 科技有限公司 44. Dunwell Group 正昌環保科技（集團）有限公司 45. Tung Hing Automation Investment Limited 東興自動化投資有限公司 46. ProVista Group 保力集團 47. Roborn Dynamics Limited 路邦動力有限公司 48. Film Player Limited* 49. Cherrypicks International Holdings Limited 創奇思國際控股有限公司* 50. Fountain Set (Holdings) Limited 福田實業（集團）有限公司*
* not showed on guidebook (bilingual: in English & Traditional Chinese)	

d) eDMs

Promo#	Theme	Date (Sent)	Time (Sent)
Promo01	D-notes: the road map project	2018/8/22	15:00
Promo02	About More Details	2018/9/10	15:00
Promo03	Happenings	2018/10/2	17:00
Promo04	Dissemination Conference Call for Participation	2018/10/29	09:00
Promo05	Dissemination Conference Call for Participation Detailed	2018/11/29	15:00
Promo06	Dissemination Conference Call for Participation Detailed	2018/12/6	15:00
Promo07	Dec issue: New Year's Greetings Recap of All Done Events	2019/1/3	15:00
Promo08	Feb issue Design Strategy Masters of the Future	2019/2/26	09:00
Promo09	Mar issue Design Strategy The Blooming Road of Flowers	2019/3/27	12:12
Promo10	D-notes Apr issue	2019/4/24	17:30
Promo11	D-notes May issue	2019/5/31	12:30
Promo12	D-notes Jun issue	2019/7/25	15:30
Promo13	D-notes Aug issue	2019/8/29	9:00
Promo14	Opening Ceremony: Call for Participation	2019/12/24	11:13
Promo15	Opening Ceremony: Call for Participation	2020/1/6	18:00

e) Advertisements

	Insertion Date	Format & Position
Printed Ads		
1: HK01 (Every Monday)	19 Nov 2018	Full Page / 4C
2: Ming Pao Weekly	10 Nov 2018	Full Page / 4C / Book A
Online Ads		
1: HK01 - Facebook	10 Nov 2018	News feed
2: HK01 - Online	10 Nov 2018	Online advertorial @ hk01

Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

Milestone (as set out in the approved project proposal appended to the project agreement)		Original target completion date	Revised target completion date (if applicable)	Status (C/P/N) #
(a)	<ul style="list-style-type: none"> Engage an external research consultant and finalise research proposal by the external research consultant Develop the project webpages 	31/08/2018		C
(b)	<ul style="list-style-type: none"> Produce and send eDMs (15 versions, 1 per month) 	31/08/2019		C
(c)	<ul style="list-style-type: none"> Generate idea(s) for the creation of the guidebook 	30/09/2018		C
(d)	<ul style="list-style-type: none"> Design and place the advertisement on FHKI website to promote project (12 months: one banner) 	30/06/2019		C
(e)	<ul style="list-style-type: none"> Test the maintenance and functions of the newly developed project webpages Draft rundown, invite speakers and plan the details of promotion for the dissemination conference 	30/09/2018		C
(f)	<ul style="list-style-type: none"> Conduct the research study 	28/02/2019	31/10/2019	C
(g)	<ul style="list-style-type: none"> Confirm rundown, finalise the guest list and promote the dissemination conference Launch the project webpages Design and place the 1 print and 1 online advertisements for promoting the dissemination conference Confirm copy, images and design concepts of the conference booklet Produce artwork and print the conference booklet Design and place the print advertisement on FHKI's magazine Design and produce posters for promoting the project 	31/12/2018		C
(h)	<ul style="list-style-type: none"> Finish the 1st draft of the research report Organise the dissemination conference Distribute the conference booklet in the dissemination conference Upload video of the dissemination conference to project webpages 	31/12/2018		C
(i)	<ul style="list-style-type: none"> Design and place the print advertisement on FHKI's magazine 	28/02/2019		C
(j)	<ul style="list-style-type: none"> Develop the concept(s), explore possible layout and develop tool kits for the guidebook Edit the contents and develop info graphics for the guidebook Produce artwork for the guidebook 	31/05/2019	31/12/2019	C
(k)	<ul style="list-style-type: none"> Collect questionnaire and make phone call interviews for the project Organise and analyse data collected Draft and finalise the findings and the feedback report 	31/08/2019	31/12/2019	C
(l)	<ul style="list-style-type: none"> Revise and fine-tune the research report 	31/01/2019	31/10/2019	C

(m)	<ul style="list-style-type: none"> Finalise findings, insights and recommendation of the research study Finalise the research report 	28/02/2019	31/10/2019	C
(n)	<ul style="list-style-type: none"> Edit the footage recorded in different project events with graphics and music 	30/04/2019	31/12/2019	C
(o)	<ul style="list-style-type: none"> Confirm copy, images and design concepts of the brochure Design the 1 print and 1 online advertisement for promoting the guidebook launching ceremony Finalise and release the highlight video Design and place the print advertisement on FHKI's magazine 	31/07/2019	31/12/2019	C
(p)	<ul style="list-style-type: none"> Print the guidebook and develop the distribution list of the guidebook Place the print advertisements for promoting the guidebook launching ceremony Produce artwork and print the brochure Organise the guidebook ceremony Distribute the brochure in the guidebook launching ceremony 	14/09/2019	14/01/2020	C

Future Plan for Promoting the Project Deliverables (Nil if not applicable)

Nil
