

STRATEGY

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Cultivating innovation: An interview with the CEO of a leading Italian design firm

Alberto Alessi, head of his family's iconic design factory, talks about how to sustain innovation over decades—and why companies should take more risk.

Marla M. Capozzi and Josselyn Simpson



Alberto Alessi is the third generation to lead his family's iconic design firm. Founded and still based in Crusinallo, about an hour north of Milan, Italy, the firm remains privately owned. In Alessi's view, both the ownership structure and the location of his company have imbued it with a strong tradition of artisanship—and given its designers the freedom to create as they see fit.

Together, those traits have allowed Alessi to produce some of the most popular houseware designs of the past few decades, as well as some of the most exclusive and sought-after ones. The firm is perhaps best known for its invention of the first home espresso maker, as well as for a certain sense of humor with which it approaches the design of common kitchen utensils.

Nearly 30 years ago, Alessi began shifting away from in-house design and became one of the pioneers of open innovation. Today the firm has relationships with some 200 external designers, many of whom are much better known for expertise in fields such as architecture than in houseware design. A tea kettle by Frank Gehry and a vase by Zaha Hadid are just two products of those relationships.

Alessi met with McKinsey's Marla Capozzi and Josselyn Simpson in his office, in Crusinallo, to discuss the sources of good design, how he assesses an innovation's potential, and why more companies should take design risks.

The Quarterly: *You seek out designers from many fields. How do you figure out what to ask them to design? Or do they say, "I'd like to do spoons," or, "I'm interested in coffee pots"?*

Alessi: Basically, it's like two sides of a coin. One side is the classical way of working with designers: to have them come to the company for a new product briefing. When we have an idea, I start thinking about whom I could ask. Usually I come up with two or three people. I discuss it with them. If the designers are interested, they start. After a few months, I receive their reactions and then I decide whether to continue or not.

But there is another way. All of the 200 designers who work with us know they can call me and say, "Alberto, I have a fantastic idea for you." Then we start talking about it, designing it by telephone. If something interesting comes out of this, we start developing it over fax or through the mail. Then we meet.

Over the past 20 years, half of the interesting items from Alessi came from the second way, half from the first.

The Quarterly: *As a firm that primarily designs products for people to use in their homes, how do you think about the designs consumers will like?*

Alessi: I should start by explaining that Alessi is an example of an Italian design factory, meaning a small or medium-size company that specializes in one area, such as furniture, lighting, or, for Alessi, accessories. In my opinion, there is a kind of historical DNA in Italy, dating at least from the Italian Renaissance, when workshops that had these very specialized, niche production factories originated. Our approach, like that of other Italian design

Designing for Alessi: An interview with Hani Rashid

Hani Rashid is a cofounder of Asymptote Architecture, a firm that has received international recognition for designing buildings such as 166 Perry Street, a nearly completed luxury residential building in Manhattan's Far West Village, and several new projects now in the works in Asia and the United Arab Emirates. He was also a cofounder of the Advanced Digital Design program at Columbia University's Graduate School of Architecture and has designed desk products for Alessi, as well as Alessi's award-winning New York flagship store. Rashid spoke with the Quarterly about what it's like working with Alberto Alessi and why design is valuable for business.

The Quarterly: *How did you start working with Alessi?*

Hani Rashid: I have always been attracted to what the Alessi company has done historically, to Alberto's passion for and interest in architecture and design, and to the innovative thinkers he has gravitated toward. We met at a gallery opening here in New York for new Alessi tea services. A friend of mine was in the collection, and Alberto and I happened to sit next to each other at dinner.

At the time, in 2003, I was a little concerned about what the brand was becoming. Other companies were taking to the mass market Alessi's mission of bringing new kinds of designers to housewares, and I thought that the Alessi brand was being diluted and losing some of its edge. I pointed out to Alberto, carefully, that a return to the roots of the company might be interesting.

Alberto called me up a bit later and said, "Would you be interested in doing some products?" And I said, "Well, it really depends, since what I would really like to do is create a 'city' of abstract and enigmatic objects, as opposed to little, colorful flexible things or kitchen items." And Alberto wholeheartedly agreed, and we then set out to develop ideas centered on what we called, at the time, a home-office line: a series of objects with which you could essentially populate the otherwise banal landscape of the desk—at home or at work. The idea being that one is actually placing little building-like pieces that also operate functionally as paper trays, pen holders, or whatever one might want them to be.

Then, more importantly, and a little later, Alberto asked me to come up with a proposal for a new flagship store in Manhattan—only it wasn't just a store. He said, "Can we think about prototyping a new direction for the brand by virtue of your ideas about it?" And we put together a proposal for the New York flagship store, as well as new ideas for branding that would take Alessi in a very novel direction into the future with a nod to its heritage and remarkable past.

The idea I had was for customers at the Alessi store to experience the authenticity and depth of the brand, as well as the importance of its pedigree. You can buy a clock or a spoon or a cup anywhere. But to buy something that has this remarkable aura of design sophistication is unique. Also, I was keenly aware that a newer generation of consumers doesn't even know the Alessi history. That was important to comprehend and deal with—I think it is crucial that the store and brand as a whole exude this sense of sophistication and dignity implicit in Alessi's history and legacy.

The Quarterly: *What made your working relationship successful?*

Hani Rashid: It was my real interest in Alberto Alessi as a creative entrepreneur and the conversations he and I were able to have through the design process. He just has a real passion for what he does, and his thoughts and ideas are essential to working with him as a creative person in collaboration with the brand. You can always tell the difference between that aspect of leadership and drive versus someone who's just doing a CEO's job. I have similar relationships with other people who are passionate about whatever it is they're doing. And when that focus and ambition lines up with mine, that's what really charges up the situation and creates a kind of electric spark in the dialogue and outcome. That sort of relationship between architect and client allows us to really perform at our best.

The Quarterly: *What makes a valuable design?*

Hani Rashid: What we are in search of is how to solve creative and design problems with elegance, producing something that inspires. For example, when one can't really say why something around them—be it an object, space, or form—simply works and is a pleasure to have, yet that coveted thing is imbued with thought, culture, or, to put it simply, a sense of beauty, then I think it's valuable as design. The notion that one likes to live in a specific place, loves going into a specific building—or simply looking at it or having it present—is key to value in design and aesthetics. This is, I believe, what the Alessi company has historically been able to do with remarkable accuracy and precision, and that's why we are here talking about Alessi and design.

factories, is very different from that of a mass production company. I sometimes compare the process of making a new car with the process of making a Pablo Picasso painting.

When a car company sets out to make a new car, what do they do? First of all, the top person asks for market research to understand what the customer is thinking. So market research people go around asking the consumers, “What would you like?” And what do the customers do? They look around at the existing cars and say, “OK, I like this part of that car,” or, “I like this part of another car.” And so on. The research people put all this together in a shaker. They shake. Then they pour out the recipe for the new car design and give it to the car designers.

Our way is closer to the way of Pablo Picasso. Imagine Picasso waking up in the 1920s on a nice, sunny morning in a village on the Côte d’Azur and feeling strongly the wish—the need—to start painting. So he starts painting. But he’s not asking himself, “To what target customer will I address my new painting?” Picasso shows us a completely different approach: starting from yourself, as a creator, and using your sensibility and your intuition in order to touch other people’s hearts or sensibility or intuition. And by the way, he also built an interesting business.

I’m not saying that we are like Picasso. Not at all. We are simple, humble mediators. But what I want to say is that all the designers working with us are like little Picassos: their creation process starts from intuition, not from market research.

The Quarterly: *What do you mean by “mediator”?*

Alessi: We consider our core activity to be mediating between, on one side, the best possible expressions of product design from all over the world and, on the other side, the final customer’s dreams. I prefer discussing “customer dreams” instead of “the market,” because *market* is so rough.

Deep down, I feel that my activity as an artistic mediator in product design is not very different from the role of a museum director or even a filmmaker—putting together and organizing talents in different fields to get to a result, which is not a mass-produced product in the traditional sense, but a product that’s trying to speak to the masses in a new sense, like a well-made film.

To do this, we make use of some qualities that are more and more rare in industrial culture today, such as sensibility, intuition, and the desire to accept a bit more risk.

The Quarterly: *How do you assess the potential of product innovations?*

Alessi: We have a very helpful tool that we call, ironically, “the formula.” It’s a mathematical model that we use once we have a well-done prototype. Not the first or the second prototype, but from the third one on. The purpose of the formula is to understand what the reaction of our final customers could be toward this new product and what the product’s life could be should we decide to start production.

The Quarterly: *How did you develop “the formula”?*

Alessi: It all started in the beginning of the '90s, when my brothers were curious why I was doing certain projects and not other projects. And of course, I didn't know. Because everything was happening in my stomach. But it was a good question. So I started thinking how to answer. And what I did was put together all the 300 projects I had developed during my career until then.

These 300 projects had very different lives. Some were big successes. Some a bit more than that. Some were big fiascos. And the rest were in the range of a little bit better, a little bit worse. I was, of course, convinced there was a reason for these outcomes.

When I tried to explore the reasons for each product's life, I came out with four parameters. All four were equally important for the final customer, but only two were central parameters for Alessi; the other two were peripheral for us.

The first central parameter is the degree to which people say, “Oh, what a beautiful object,” which represents the creation of a relationship between the object and the individual. We call this SMI, which stands for sensation, memory, imagination. The second is the use that people can make of an object in order to communicate with other people. By this I mean that objects have become the main channel through which we convey our values, status, and personality to others—fashion is a typical case in point. Because people freely choose certain objects from the ones they come across, they tend to charge them with social meaning, as signs for communicating—in a visible, intelligible way—their distinguishing values. Objects can have status value or style value. By way of example, a gold Rolex watch is a status symbol, which suggests economic wealth, whereas a style symbol may be exemplified by an Aldo Rossi teapot, which reveals cultural sensitivity and familiarity with the architectural domain. Jean Baudrillard, a French sociologist, brilliantly expounded concepts like these.

The peripheral parameters are function and price. Each of these parameters has five degrees.

The formula doesn't work for everything. But when we have a long history with a product, it works perfectly. If I have to evaluate a pot or a coffee maker or a kettle, for example, the score indicates exactly the number of pieces that we can sell.

When we are exploring a new area—for example, when we were designing a pen, which was completely new terrain for Alessi—then it becomes more difficult. The formula needs to be tuned in a different way. But the principle is the same.

The Quarterly: *How does the formula differ from traditional consumer testing or market research?*

Alessi: Testing isn't really appropriate as a description. Unlike typical market research, which is often conducted by outside experts, this is organized by us, drawing on our experience. Our reactions to the test are very different too: a lot of companies would develop a prototype and test it with consumers, and, if the initial consumer reaction was negative, they would pull the plug on that product.

On the other hand, we and our designers are extremely interested in understanding, in advance, what the reaction of final customers would be—but not necessarily to help us decide what to produce or not produce. If I believe it is a good project and that it has to be done, I will support it. But negative feedback can be useful in helping the designers to modify something. Not all the time, but sometimes.

Fundamentally, we use the formula so we can afford more risk. I don't want to reduce the risk. Given my business, it makes no sense for me to reduce risk. I just need to determine where I am in order to have the opportunity to take a bit more risk.

The Quarterly: *What portion of your sales comes from new products?*

Alessi: Every year, we present two new collections, which represent 10 to 15 percent of Alessi's total turnover. Of all the new items we introduce every year, half are lost in the following ten years. Half continue.

The Quarterly: *What's the average shelf life of a product?*

Alessi: Very long. In metal, 30 to 50 years; in plastic, we have only 20 years of experience, but we have 20-year-old plastic products that are still well alive. Sometimes we are trendy. But the life of the object often continues for a long time after it's made.

The Quarterly: *There's a school of thought that says, "The tighter the constraint, the more creativity will emerge to escape from that constraint." Do you agree?*

Alessi: In general with innovation, people tend to want as much freedom as possible: designers and, I have to confess, also me. But if I look back to my experience, there were several occasions when clear, reasonable, and intelligent constraints were helpful.

One example is the case of our first water kettle, designed by Richard Sapper. Sapper wanted this kettle to produce a melody when the water boiled, instead of the very noisy sound of normal kettles. This idea of music was essentially new for Alessi, and he wanted some electronic system. But finding something that would work within the mechanical system that Alessi was using was not at all easy.

We stopped for a while because we were not able to find a way to produce the melody. But later on, obliged by the contract constraint, the designer discovered a way to produce a melody mechanically, through one of his sisters who was living in Germany. And so we made the kettle.

To produce it, we found an artist who made a pipe. There is a gold-plated part inside that is used to tune musical instruments. It produces the perfect note, and when the water boils, the steam produces a melody.

The Quarterly: *How do your failures influence you? Why are they important?*

Alessi: To understand why fiascos matter, I need to explain my theory of the borderline—which divides the areas of “possible” and “not possible.” The area of the possible is represented by those new projects that final customers will be ready to understand, to wish for, to love, maybe to buy. The area of the not possible is represented by new projects people are not able to understand. I admire some marketers and designers whom consumers find extremely difficult to understand. Sometimes they create things that could be used 10 or 20 years later.

Well-organized, mass production companies try to work as far as possible from the borderline. They cannot afford to take too many risks. But by all producing the same car, the same television set, and the same fridge year after year, those companies are making products more and more boring and anonymous.

The destiny of a company like Alessi is to live as close as possible to the borderline, where you are able to really explore a completely unknown area of products. The problem is that the borderline is not clearly drawn. You cannot see with your eyes where it is. You can only sense these qualities.

The Quarterly: *How does the current economic climate, and your experience with previous downturns, affect what you do?*

Alessi: Slowing consumer spending is, of course, something that we take into consideration. There will probably be less money to throw away buying stupid things. But that’s not bad. And it doesn’t change anything for myself, personally. My future is to continue to be a gardener. A gardener has to properly prepare the ground, then plant the seeds, then wait. Then, as the flower appears, a gardener has to take care of it—in a way that will permit it to express its nature, its best possibilities. If I could decide my fate, it would be to have a smaller company than the one I have today. I could take better care of it. **Q**

This interview was conducted by **Marla Capozzi**, an associate principal in McKinsey’s Boston office, and **Josselyn Simpson**, an editor of *The McKinsey Quarterly*. Copyright © 2009 McKinsey and Company. All rights reserved.