Design Thinking isn't enough

How Business Design can shape your impact on people, profits, and the planet

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By Matt Candy,
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Key takeaways

1.

Business Design helps organizations translate intentional design into measurable business results while also benefiting customers, employees, and society. Businesses that have fully adopted Business Design prize design as a revenue generator more so than other organizations—82% more.

2.

Organizations that have fully embraced Business Design are significantly better positioned to respond to shifting marketplace demands and thrive even during uncertainty and disruption: their estimated increase in revenue growth in the first half of 2021 was 58% higher than others.

3.

Despite organizations' urgency to digitally transform their business, 40% still cling to the notion of design as "craft" versus a mindset and practice that applies to any business challenge.

Pivotal questions for a pivotal time

Claiming to be customer-centric is easy, but the pandemic quickly laid bare the customer experience (CX) weaknesses of many companies. Some stumbled as they rushed to pivot to virtual engagement and digital commerce. Transformations that had been on companies' to-do lists forever were urgently elevated to imperatives.

No wonder, then, that in our 2021 CEO study, 60% of CEOs who lead the most financially successful organizations cite "delivering better customer experiences" among their highest priorities in the next 2 to 3 years.[1]

And it will need to continue to be a priority. As organizations emerge from the pandemic, stabilization is still a long way off—COVID-19's impact continues to be felt across communities, the workplace, and the marketplace. Meanwhile, as climate change manifests itself in floods, fires, and heat waves, customer demand for sustainability continues to increase, along with a rising consciousness of racial, social, and economic injustices.

To adapt to such seismic shifts, companies need to absorb lessons learned from the last 18 months and ask some tough questions:

—How customer-centric are we, really?

—Are our products, services, and experiences all that differentiating?

—Are our models and operations meeting the needs of our business, as well as the needs of our customers?

—How are our products and services affecting the environment?

Business Design, a discipline that applies a design mindset and principles to solve business problems, may be a critical part of the answer. Our research shows it can not only add structure to this soul searching, but also add significant value to organizations that embrace it. By combining creativity with strategic and technological expertise—and the practices of Design Thinking—Business Design enables organizations to enhance customer and employee experiences and reinvent business models that can create new revenue streams.

To better understand how organizations are using Business Design to architect transformations, the IBM Institute for Business Value (IBV) conducted a global survey of 2,000 executives and design practitioners across multiple industries (see "Research methodology" on page 19).

Our data shows that despite the urgency to transform their businesses to meet a changing marketplace, few organizations are boldly taking advantage of Business Design, or reaping the potential value it offers.

On the surface, it sounds good: more than two-thirds of organizations surveyed say a commitment to CX is among their most important corporate values. But when we probe deeper to see how they are prioritizing CX improvements and the particular role design plays, we find discrepancies between aspiration and action. Some startling examples:

— Just 38% say customer obsession is core to their corporate DNA

— Only 33% of organizations are committed to "great design" as a core corporate value

— Up to 40% still characterize design primarily as "craft," not as a mindset and practice that can apply to any business challenge

— As many as 61% say design is, essentially, a "nice-to-have"

And in an era when much is made of corporate introspection, social awareness, and mission statements, we see disconnects. Close to half say the design of their CX only moderately mirrors their businesses' most important principles. And when asked if products and services are designed to reflect their corporate values, more than 40% of respondents are uncertain.

Concerns over sustainability are increasing. 80% of a product's environmental impact is locked in at the design phase, so aligning design methodologies and outcomes to sustainability targets is critical.[2] Designing digital services that support physical product lifecycles can also play an important role in mitigating impact.

Is there evidence companies are stepping up to this challenge? Yes, but our findings also suggest these organizations are in the minority.
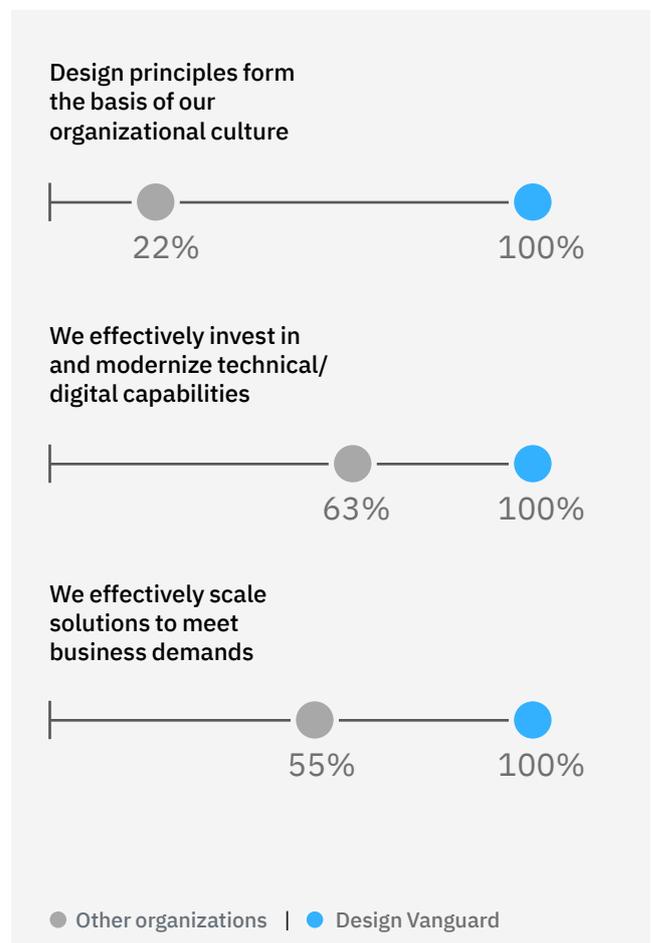
The Design Vanguard's advantage

We looked for organizations in our sample that prize the broad, value-based cultural, technical, and operational implications of Business Design. Our data reveals a small subgroup—20% of those surveyed—whom we call "the Design Vanguard." They are defined by their full embrace of key Business Design principles. Few of the other surveyed organizations espouse these practices with the same vigor (see Figure 1).

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Figure 1

What characterizes the Design Vanguard?

Design Vanguard organizations champion 3 core beliefs and practices of Business Design

Design principles form the basis of our organizational culture

22%   100%

We effectively invest in and modernize technical/ digital capabilities

63%   100%

We effectively scale solutions to meet business demands

55%   100%

● Other organizations | ● Design Vanguard

The Design Vanguard's commitment and approach to design, technology and business results sets them apart from other organizations.

All industries and countries surveyed are represented in the Vanguard, as well as a mix of B2C and B2B companies. It's the Vanguard's commitment and approach to design, technology, and business results that sets them apart from the other organizations. Critically, this strategy is highly correlated with improved performance. Indeed, many more Vanguard businesses than other organizations—82% more—count design as a revenue-generating capability.

When asked how their CX has fared compared to their competition over the last 3 years, 19% more Design Vanguard companies report outperforming their peers. And when so many businesses are stressed today, Vanguard companies express confidence in their ability to thrive despite market uncertainties. The Design Vanguard's estimated increase in revenue growth in the first half of 2021 (compared to 2020) is 58% higher than other organizations' estimates.

Based on these revenue growth estimates, our research uncovered additional commonalities shared by the Design Vanguard. We found that even when other organizations follow some of the same practices, the Design Vanguard enjoys significant performance advantages over those other companies. Why?

Our research suggests it's not just a select set of activities that dial up growth. Rather, it's the *full adoption* of a Business Design approach that correlates with improved performance. For example:

— *Design dominates.*
The Design Vanguard is better at converting strategy into business outcomes. Among the organizations that say design is essential to their business strategies, Vanguard organizations see a staggering revenue growth rate premium of 175% compared to others.

— *Restlessness alone isn't enough.*
Those among the Design Vanguard whose corporate culture tilts heavily toward a restless embrace of change see a revenue growth rate premium of 121% compared with others that appear just as restless.

— *Design culture gets more out of tech.*
The Design Vanguard is better at converting the use of technology into business performance. For example, Vanguard organizations that invest in cloud to improve customer and employee experiences see a 71% revenue growth rate premium compared to others making these same investments.

— *Making employee experiences count.*
Those Vanguard businesses that continuously iterate and improve employee experience see a 64% revenue growth rate premium compared to other organizations that do the same.

In this report, we examine the components of Business Design, noting where some organizations may struggle, and what the Design Vanguard does differently. And we offer actions for adopting a comprehensive Business Design approach—one that can enhance both customer satisfaction and potential value to the organization.

Perspective: How good ideas fail[3]

A large North American retailer wanted to introduce new product categories to attract a broader customer base. But the company didn't have space for the products in their physical stores. Their solution: sell these categories online only.

The company developed a well-designed digital experience, but that alone wasn't sufficient. Customers were soon frustrated when they couldn't find online items in stores, or conveniently return online purchases there. Instead of enhancing their CX, the retailer had created new customer pain points.

Fixing this wasn't easy. Because the online solution had been designed as an isolated initiative, organizational silos between the stores and the e-commerce venture became deeply entrenched. The stores and e-commerce experience operated almost as separate entities, with their own data, financials, KPIs, and incentives.

The online effort sputtered and underperformed, until the business assessed and redesigned the strategic, operational, and technical barriers that were impeding success.

Business Design and Design Thinking: The critical differences

People often think Business Design and Design Thinking are interchangeable, but the two are distinct entities. Business Design is indeed rooted in a Design Thinking approach, with Design Thinking remaining a foundational practice for business designers.

Design Thinking originated as an antidote to traditional software development practices that too often resulted in applications that weren't intuitive for end users. Design Thinking reframes problems from the end user perspective, using an experimental, iterative approach to excavate fresh, creative points of view. This approach helps teams dodge biases that stunt their imagination, moving beyond "the way we've always done things."[4]

Business leaders soon realized that Design Thinking's human-centric exercises could apply to virtually any challenge. But, as an isolated effort, Design Thinking had a key shortcoming. When designing solutions, addressing quantifiable value to the business was often a lower priority—or even overlooked altogether.

Business Design: Balancing customer satisfaction with business value

Even though the output of a Design Thinking session is often truly innovative, business practicalities such as budgets, competing strategies, revenue targets, resource allocations, and business model impact can quickly derail a great idea. At best, there are compromises. In extreme cases, business requirements can subvert the solution—sometimes beyond recognition (see Perspective, "How good ideas fail").

Business Design far outpaces Design Thinking as a standalone practice to benefit business functions, physical products, services, and experiences across the enterprise.
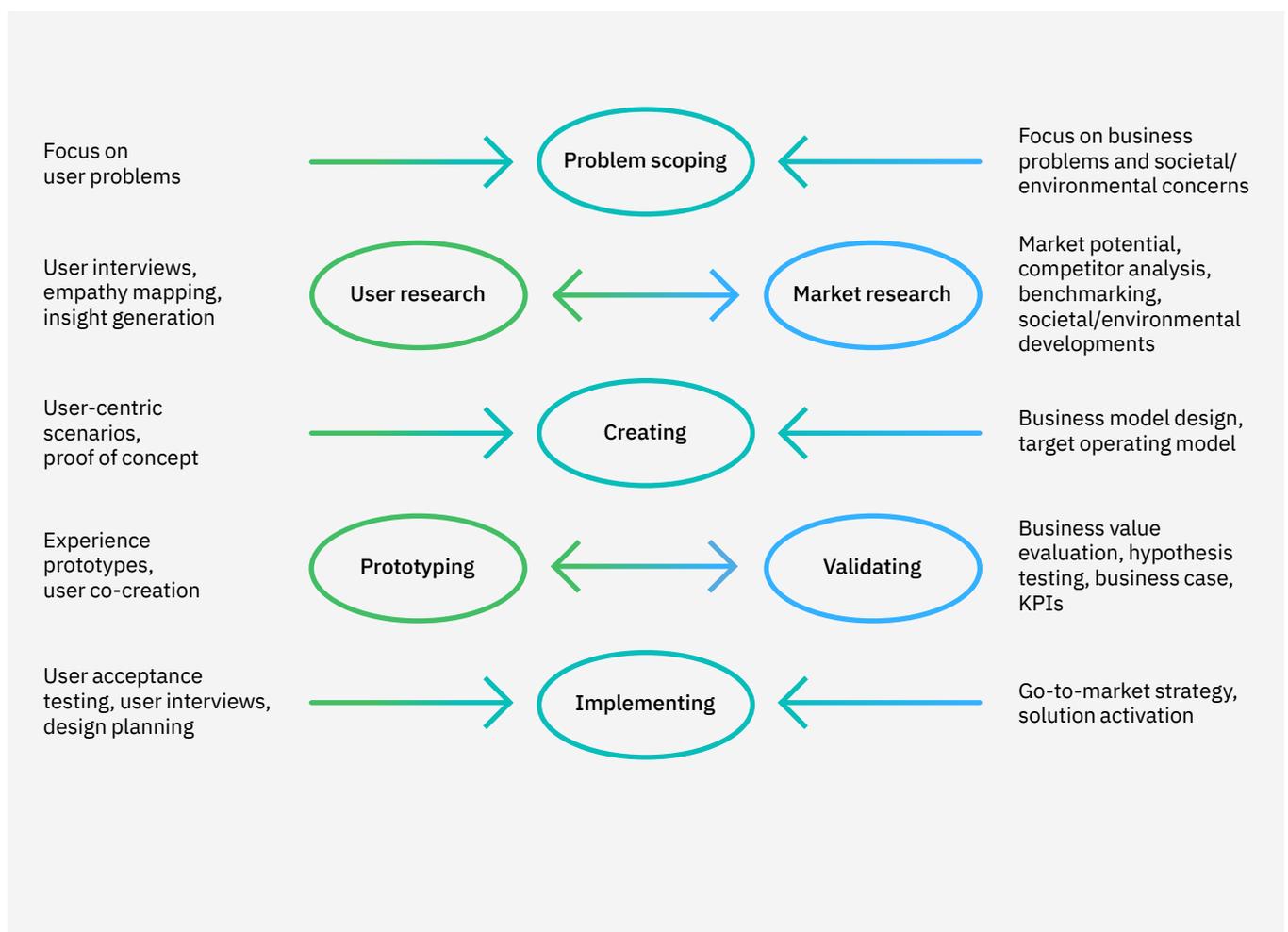
This is where Business Design far outpaces Design Thinking as a standalone practice. By combining Design Thinking creativity with the strategic, operational, and technological expertise of Business Design, organizations can re-imagine business models, reinvigorate value streams, and enhance return on investment (ROI) potential.

Our research indicates the application of Business Design extends beyond digital projects to benefit business functions, as well as physical products, services, and experiences across the enterprise. Furthermore, the latest evolution of these practices incorporates a societal lens that can help cross-functional teams better understand—and manage—the broader impact of their solutions (see Figure 2).[5]

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Figure 2

Broadening empathy by design

Business Design employs empathy for user, business, and societal needs, combining these different perspectives to create value for all.

Focus on user problems →	Problem scoping ← Focus on business problems and societal/environmental concerns
User interviews, empathy mapping, insight generation	User research ← → Market research — Market potential, competitor analysis, benchmarking, societal/environmental developments
User-centric scenarios, proof of concept →	Creating ← Business model design, target operating model
Experience prototypes, user co-creation	Prototyping ← → Validating — Business value evaluation, hypothesis testing, business case, KPIs
User acceptance testing, user interviews, design planning →	Implementing ← Go-to-market strategy, solution activation

Perspective:
The driving questions
behind Business Design

Successful business approaches tend to have underlying principles—not rigid rules— that, if adhered to, help ensure the approaches work in practice. Business Design relies on a set of questions to guide thinking, innovating, and acting in a way that never loses sight of the need for customer-centric solutions to also create value for the business.
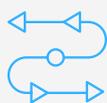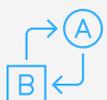
How does this solution:

Support our top and bottom lines?

Support our growth strategies?

Impact current and future business models?

Differentiate us from our competition?

Align to our brand promise and reflect our corporate values, such as a commitment to sustainability or employee wellbeing?

Business Design integrates the Design Thinking mindset and principles to solve business problems. But what's unique about Business Design is its *empathy for end users, business needs, and broader cultural concerns*. And as our Design Vanguard findings illustrate, Business Design combines these perspectives in a way that can help create significant value to the business, while benefiting customers, employees, and society (see Perspective, "The driving questions behind Business Design").

Business Design basics:
insights, ideas, impacts

To enable business leaders to act boldly with greater confidence, flexibility, and speed, Business Design requires deep observation, ideation, and evaluation.

To put this into practice, Business Design comprises 3 central elements. While many organizations address some of these, our research suggests that, to realize the potential value enjoyed by the Design Vanguard, organizations need to focus on all 3. They include:

—**Insights**
gleaned from multiple sources that reflect needs, goals, and trends

—**Ideas**
that integrate insights with underpinning enablers such as workflows and technologies

—**Impacts**
on people, profits, and the planet—evaluated with meticulous measurements and metrics

The vast majority of the Design Vanguard (86%) routinely conduct/review end user research—over a third of other organizations do this minimally or not at all.

Insights: analyzing data for informed design decisions

Business Design relies on data assembled from a variety of sources. Business designers analyze and synthesize this input, transforming it into intelligence that fuels purposefully designed solutions. Typically, this analysis covers users (both internal and external), business goals and metrics, and societal and cultural trends (see Figure 3). In a very real sense, insights are the bedrock of Business Design.

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Figure 3

Foundational insights

A broad, thorough understanding leads to better solutions
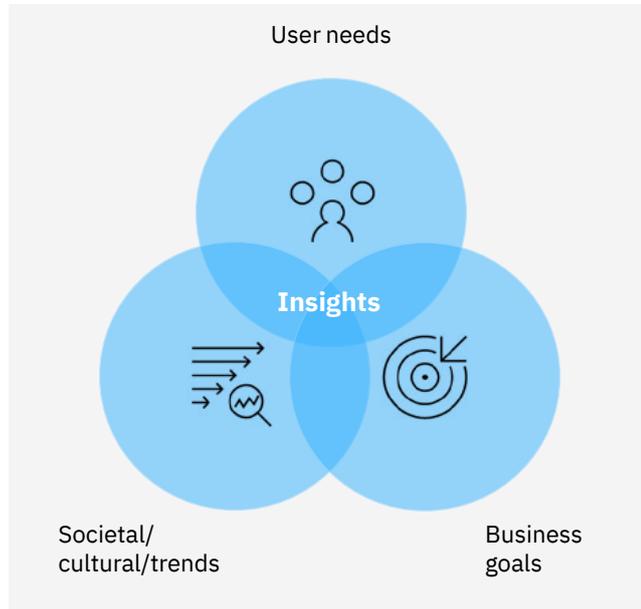
User needs

For a solution to be successful, business designers need to fully understand the desires, needs, and concerns of end users—including customers, employees, and ecosystem partners. But trying to predict human response is not an exact science. That's why business designers research far more than surface-level user needs. They also delve into complex end user emotions. Classic ethnographic techniques are valuable here, as well as qualitative research practices such as conducting interviews, focus groups, and virtual jams.

Business designers also tap quantifiable sources such as marketing, sales, customer support, and customer relationship management (CRM) system data. As well, they can use customer surveys, input from Voice of the Customer (VoC) programs, journey-mapping results, and data output from AI-driven workflows.

It's difficult to be customer-centric if you don't understand your customers' motivations and behaviors. Yet our data reveals a distinct gap between companies that claim to be customer-driven and those actually doing the legwork to design customer-friendly solutions.

When we asked respondents if their designers routinely conduct or review end user research to inform design decisions, the vast majority of the Design Vanguard (86%) report this is part of their process—34% more than other organizations. Indeed, over a third of other organizations do this minimally or not at all.

Importantly, organizations also need to avoid injecting unconscious biases into the analysis that drives solutions. To steer clear of this trap, organizations need diverse perspectives, voices, and talent that better reflect the wide range of users and cohorts they serve.[6]

An Australian energy company: Calculating speed to value[7]

A leading Australian energy company needed to improve efficiencies and revenue and reduce costs. The company embedded the IBM Garage practice, using Business Design at its core, to accelerate and scale its transformation and revamp critical business operations.[8]

Executives participated in a 3-day virtual workshop to explore where improvements could be made, creating a pipeline of initiatives. For each initiative, team members now analyze the problem from numerous angles and determine which people, technology, and resources are available.

To calculate an initiative's speed to value and rate of transformation, the team uses the IBM Garage VOTE (Velocity, Outcomes, Technical debt, Employee experience) framework. This is continually updated across initiatives and aggregated to assess the investment potential of each.

The company's investment board uses this information to decide which initiatives to fund and in what sequence. Currently, it has multiple in-flight squads comprising researchers, designers, and developers who are transforming, automating, and simplifying intelligent workflows across the company's value and supply chains.

Business goals
Capturing insights about business goals early is a distinctive hallmark of Business Design. For financial results, business designers can review projected revenue growth, profits, costs, and expectations for ROI. However, numerous other types of KPIs and performance metrics, such as those related to workflows, can be informative. Determining which ones offer true signals of performance, and which ones are less important (the noise), is a key feature of this analysis (see case study, "Calculating speed to value").

Brand implications, privacy and security considerations, and legal concerns may be less quantifiable but are just as important. They're examples of input that goes beyond the numbers to create a comprehensive view of the investment. Secondary research can provide important data points, perspectives, and opportunities to benchmark expectations against competitors' performance.

Marketplace analysis—which the lion's share of the Design Vanguard conducts (80%)—is a necessary input to establishing business goals. Unfortunately, far fewer other organizations do this analysis (62%), and as many as 38% concede they don't put much effort into it.

Insights about societal and cultural needs are essential components of a Business Design strategy.

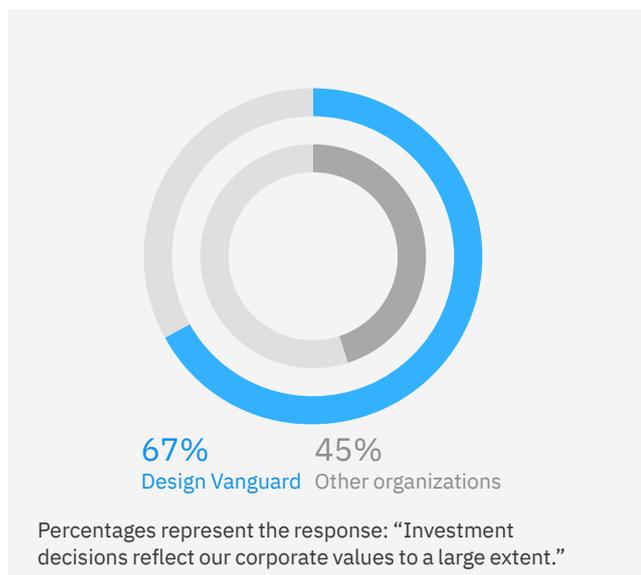**Cultural and societal trends**

Heightened societal awareness about sustainability, diversity and inclusion, social justice, and health and well-being markedly influences customers' opinions of brands.[9] For example, 93% of consumers globally say COVID-19 affected their views, not just of environmental sustainability, but also social responsibility.[10] Organizations are paying attention. Not only are they aligning their brand purpose and corporate values to these societal trends, but they are using their reinvigorated values to drive important investment decisions. The Design Vanguard is especially taking this to heart (see Figure 4).

Given the high stakes for customers, employees, and corporate strategies, insights about societal and cultural needs are essential components of a Business Design strategy. Research methods used here emulate those addressing business and user needs. Marketplace and competitive analysis, social listening, surveys, and secondary research can reveal useful intelligence, as well as findings sourced from organizations' internal initiatives, such as those focused on sustainability or diversity.

Ideas: designing value-driven innovations that integrate insights and enablers

Every action begins with the germination of an idea. Business designers use insights to formulate ideas by focusing on 3 main areas: business platforms and experiences (the *what*), workflows (the *process*), and technology (the *enabler*) (see Figure 5).

Business platforms and experiences (the *what*)

Increasingly, organizations are expanding their ecosystems and value chains to create new platforms for their businesses and to develop new markets. In fact, executives expect partner collaborations to grow more than 300% within 2 years.[11]

Figure 4

Putting their money where their mouth is

The Design Vanguard's investments mirror their corporate values

67%
Design Vanguard

45%
Other organizations

Percentages represent the response: "Investment decisions reflect our corporate values to a large extent."

Figure 5

Fertile soil for ideas

Exploring platforms, workflows, and technology to cultivate better ideas
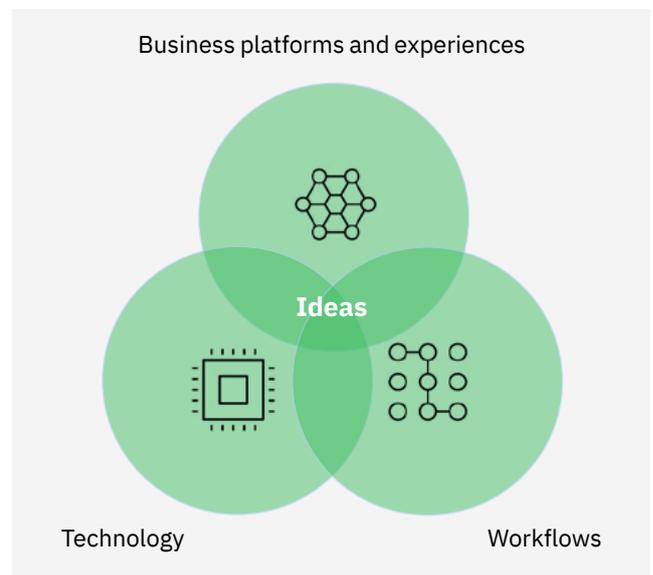
Business platforms and experiences

Ideas

Technology

Workflows

Alarmingly, more than a third of businesses outside the Vanguard confess design isn't much of a consideration for product development.

This strategy can accelerate access to new sources of product and service innovation. Organizations are analyzing the large data volumes now available to them and mining that information to spark creativity.[12] As they navigate this ocean of data, incorporating a holistic Business Design approach helps keep quantifiable business value as a central component of ideation.

Of course, user experience (UX) design has been a core discipline of digital development for decades. Not surprisingly, more than three-fourths of respondents say design plays an important role in the creation of user interfaces.

But our data reveals gaps in other areas where design practices could be inserted to a greater extent. For example, while most respondents cite design as *important* to the development of customer-facing services, more Design Vanguard organizations say it is *essential*. And alarmingly, more than a third of businesses outside the Vanguard confess design isn't much of a consideration for product development (see Figure 6).

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Figure 6

Design—the missing ingredient

More Design Vanguard organizations value integrating design practices into services and product development

Notably, more Design Vanguard organizations use design practices in other areas as well. An overwhelming majority of the Design Vanguard (87%) value the role design plays in business strategy development. Fewer other organizations profess the same (65%). And more Vanguard companies are deploying Design Thinking as a human-centric, problem-solving technique in operations (54% more), sales (55% more) and finance (15% more).
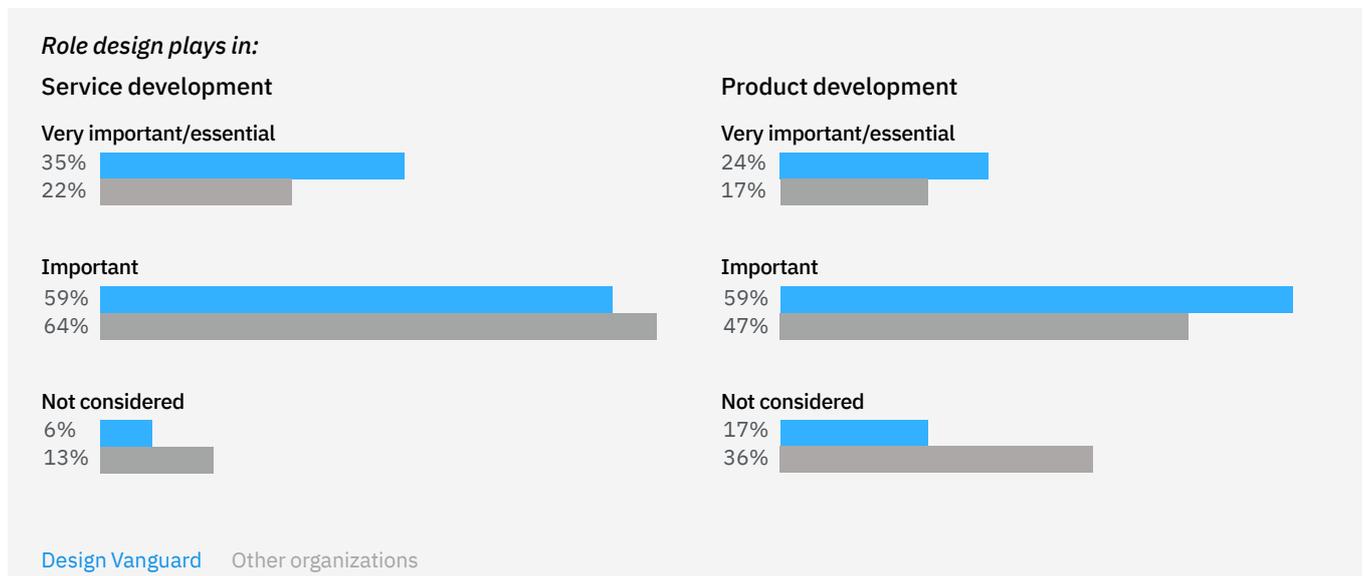
Workflows (the *process*)
Addressing the processes and operational aspects of a potential solution is an essential feature of Business Design. Workflows serve as a backbone, creating a consistency of experience and quality for end users throughout the value chain: "Friction out. Intelligence in."

The more extensive the scope of a workflow and the greater its end-to-end connectivity between customers and contributing participants, the greater the business outcomes can be. Broadening this scope across an organization's ecosystem to include its customers, employees, suppliers, and other stakeholders can exponentially amplify the value potential of the enterprise. In short, the extended workflow becomes the delivery mechanism for new business platforms and experiences.[13]

Role design plays in:

Service development

Very important/essential
35%
22%

Important
59%
64%

Not considered
6%
13%

Product development

Very important/essential
24%
17%

Important
59%
47%

Not considered
17%
36%

Design Vanguard   Other organizations

Business designers can scrutinize internal workflows through human-centered design research and process mining, and execution-management tools.[14] This exploration can generate ideas for improvements and innovations that use intelligent workflows, AI automation, enterprise mobility, platform optimization, and talent strategy.

The majority of the Design Vanguard (68%) says design plays an important role in workflow and process development, 19% more than other organizations. Unfortunately, too many organizations outside the Vanguard (43%) risk creating flawed workflows by ignoring or minimizing the need for design as part of their development efforts.

Technology (the *enabler*)
Enabling technologies are central to a Business Design approach. AI, IoT, application modernization, and digital experience platform (DXP) optimization are examples of technologies that can unlock efficiencies and help create truly differentiated experiences. Hybrid cloud is a technology that's inherently flexible and nimble, enabling an organization to access the full potential of leading open technologies to drive innovation.[15]

Business designers, by definition, are knowledgeable about technology underpinnings. But they may also collaborate with IT SMEs to design how to better use robust networks and a security-rich technology foundation to implement the right workloads within the right overarching architecture.[16] This can create the adaptability and resilience needed for exceptional products, services, and experiences.

Regrettably, many organizations' innovations may be limited due to a lack of investment. While more than half of the Design Vanguard reports prioritizing CX-related technology investments to a large extent, just a third of other organizations have made the same commitment (see Perspective, "Future technology investments to transform experiences").

Design also has a role to play in determining the composition of the enabling technologies a company depends on to generate innovation. But for many organizations outside the Design Vanguard, this is not part of the ideation effort. For example, 67% of the Vanguard says design plays an important role in the creation of AI solutions. But only 58% of other companies claim the same, and another 20% confess design isn't a factor.

Perspective: Future technology investments to transform experiences

Among those respondents who report their organizations are dedicated to transforming experiences for customers or employees, 77% are currently investing in cloud computing, far outpacing other technology investments.

When asked about planned investments within the next 2 years, their focus shifts to a mix of CX-related technologies. This suggests that architecting essential cloud solutions is well underway. While cloud enhancements continue to be needed, with this foundation organizations can exploit other technologies to further improve and differentiate their CX.

Top technologies that organizations plan to invest in within 2 years:

1	Robotic process automation (RPA)
2	AI
3	Rules-based chatbots
4	Advanced analytics
5	Virtual agent, natural language processing (NLP)
6	Customer relationship management (CRM)
7	ERP software and systems
8	Digital Experience Platforms (DXPs)
9	Internet of Things (IoT)
10	Blockchain

Business Design anticipates, evaluates, and designs outcomes that can be measured.

Impacts: Assessing how solutions can affect people, profits, and the planet

Impact is Business Design's primary purpose. It enables organizations to transcend design that merely pays homage to creativity and innovation. Instead, they can embrace a process that genuinely anticipates, evaluates, and designs outcomes affecting people, profits, and the planet—outcomes *that can be measured* (see Figure 7).

People

To determine the potential impact of its actions on people, companies need to cast a broad net. Important stakeholders can include far more than customers—from employees, families of employees, shareholders, suppliers, and ecosystem partners, to affected communities.[17]

Measuring design's effect on people can take many forms. Business designers engage in rapid prototyping and user testing aligned with Design Thinking practices. They follow an agile approach to iteration, monitoring and measuring each release to determine needed enhancements in a continuous feedback loop.

The methods used to capture people's opinions about impacts are similar to those used to capture insights. More than half of survey respondents use Net Promotor Scores (NPS) and nearly as many measure customer satisfaction. But the Design Vanguard also mines other data sources, such as customer journey analytics (52% compared to just 27% of other organizations). Businesses can also tap into performance data from a variety of systems such as AI-driven workflows, CRM, and DXP applications. And customer support or service desks can offer a wealth of information, from hard data to personal insights from frontline representatives.

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Figure 7

Making a difference

A process that yields measurable outcomes for people, business, and the planet

Profits

Overall, launching solutions that deliver measurable value back to the business distinguishes Business Design from Design Thinking. Bringing innovations to market is deeply important—yet those innovations must also advance enterprise goals. Not surprisingly, measuring the value of design is another practice adopted by more of the Design Vanguard (see Figure 8).

To validate a solution's financial impact, organizations can consider many metrics—revenue growth, retention rates, cost to serve, share of wallet, up-sell, and cross-sell, just to name a few. Which ones to prioritize depends on the industry, defined business goals, and project KPIs. Business designers focus on determining the proper balance to create a clear picture of value to the organization.

Yet, when considering impact to the business, *profit* can extend beyond an organizations' financial ledger. Business Design also incorporates analysis of value generated across an organization's ecosystem, as well as positive (or negative) impact on local, national, or international economies. How does the organization create employment, pay taxes, generate innovation, and create wealth? What other economic impact does an organization create—or disrupt?[18]

The planet

Today's business designers are opening the aperture to assess the impact of solutions on sustainability goals. Consider this: more than 2 in 3 consumers now say environmental issues are significantly important to them personally. Retail and consumer products industries are responding in kind, with 9 out of 10 companies in those industries expecting to work on various enterprisewide sustainability initiatives by the end of 2021.[19]

An organization needs to evaluate its carbon footprint, how it uses natural resources, and its handling of toxic materials. It also needs to assess how it handles waste removal, reforestation when needed, and other restorative measures.[20]

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Figure 8

Determining design's value

The Design Vanguard, more so than other organizations, measures the value of design

Extent that organizations measure design performance to determine its value

Significantly
50%
32%

Moderately
41%
35%

Minimally, if at all
9%
33%

Design Vanguard   Other organizations

A Garage methodology for sustainability

How do companies address the many elements that go into Business Design and reach outcomes quickly? A "Garage" approach integrates Business Design practices that are grounded in experience—from implementation at global scale through culture change—into a single, seamless, end-to-end methodology.

Built on agile principles, it uses DevOps tools and techniques for continued operations and delivery while promoting culture change and digital talent. An example of its output: workflows that describe a set of activities needed to realize outcomes. For example, a workflow that illustrates how to define a minimum viable product (MVP) also describes activities and related practices to create an actual implementable MVP.[21]

Garage for Sustainability[22] takes the process an important step further, helping clients weave sustainability into the very fabric of their businesses. At times, organizations can find it challenging to analyze the largest sustainability-related opportunities and problems across the enterprise. Garage for Sustainability can help an organization swiftly identify the right set of prioritized actions to take and measure impact against sustainability, social considerations, and business goals. The process involves extensive collaboration to evaluate, refine, and focus ideas to help to bring about quantifiable results more quickly.[23]

It's encouraging that 76% of executives report that sustainable development goals help them align with their brand purpose. And 73% expect their sustainability goals to help them drive business results that last.[24] Evolving into an environmentally responsible corporate citizen can ultimately benefit people and profits—as well as the planet (see Perspective, "A Garage methodology for sustainability").

Business Design: From "nice-to-have" to C-suite strategy

While few organizations would claim that the design of experiences, products, or services doesn't matter, we've discovered that design is indeed getting short shrift. Even well-designed solutions can be undermined by time, budget, and resources constraints. Add to that the sustainability imperative, and the need for a more balanced strategic approach becomes even more urgent.

Business designers are in effect multilingual. They can speak the language of design stakeholders, as well as the lingua franca of sustainability, technology, and business value. And, as our research indicates, the C-suite is listening.

Action guide

How do you best introduce or scale Business Design? Think of it as a maturity curve, where organizations evolve from awareness to activation, then adoption, then advancement. Each level builds on the one before it, enabling an organization to broaden and deepen its Business Design culture and application across its enterprise. Below, we outline how to start, based on where your organization currently fits on this continuum.

Business Design awareness

This is a place of *intention*. It can be the entry point for organizations where design is underutilized, siloed, or mostly applied at the end of a development cycle to enhance appeal or usability. This is where organizations acknowledge that broadening the definition of design and embedding quality design talent in marketing, product, and CX transformation could drive improved brand differentiation and business results. To succeed at this level, businesses need to assess, define, and clearly articulate goals and competitive advantages.

1. **Look forward *and* look back.** Engage in scenario-mapping and back-casting exercises, critical for identifying how to better use Business Design in day-to-day operations.

2. **Envision your North Star.** Every business needs a vision that attracts future generations of customers and employees, discovers business models for growth, and incorporates sustainability and social goals. Evaluate how Business Design can help your organization create its North Star.[25]

3. **Imagine future-proofing your business.** As you plan for the next 3 to 5 years, do so with an invigorated appreciation for the unknown. Consider how Business Design can, conceptually, help you anticipate change and be better positioned to respond.

Business Design activation

This is the level for *progress*. Organizations at this stage have codified goals and are incorporating business designers, Design Thinking, and agile ways of working into more areas of the business. It's an exciting step, signaling a commitment to change the culture and drive innovation. If your organization is undertaking a digital transformation, and Business Design is not yet central to your approach, this may be a good starting point.

1. **Chart a course for change.** Apply a human-centric, Business Design-focused lens to how your organization can accelerate successful change initiatives.

2. **Practice what you preach.** Intentionally develop weekly routines, traditions, and processes that nurture a culture of innovation, collaboration, and positive intent. Invest in storytelling initiatives to socialize progress and drive advocacy.

3. **Expand your design talent.** Accelerate deploying designers in all domains of your enterprise to create consistent approaches to problem solving. Create teams that are diverse and inclusive.

Business Design adoption

This is where organizations *grow cultural endorsement and socialization.* This is for organizations that have worked to embed Business Design practices and now need to support designers by introducing DesignOps (an approach inspired by DevOps). DesignOps can streamline workflows through team enablement, craft development, collaboration and engagement, and business value measurement.

1. **Firm up the foundation.** Establish a comprehensive, formal approach to governing how teams work together, how work gets done, and how the work creates the necessary infrastructure for sustainable growth and cultural transformation.

2. **Create infrastructure and processes.** To monitor performance and funnel insights back to the teams for continuous iteration, you need access, consistency, dependability, and speed.

3. **Modernize measurement.** Develop metrics to create and track experiences that proactively meet the needs of customers and employees. This level of iterative design is enabled by sophisticated data science and AI-assisted cloud platforms.

Business Design advancement

This is the road to *excellence.* It's where an organization embraces the ongoing pursuit of consistent design eminence across operations, dimensions, and functions. At this level, organizations are creating a thriving corporate culture of relentless optimization that serves as a brand differentiator, attracting customers, employees, and business partners.

1. **Create a continuous value loop.** Decision makers and problem solvers across the enterprise need to look for improvement opportunities. They do this by evaluating internal workflows through human-centered design research and process-mining tools. Then they introduce new concepts for intelligent workflows, AI automation, platform optimization, and talent strategy, and reinvest cost savings to further innovation.

2. **Keep asking how to make things better.** Humbly accept that improvements can always be made. Demands are continually evolving and no product, service, or experience—no matter how well-designed—will satisfy everyone.

3. **Design for trust.** Intentional design that signals empathy and understanding for virtually all cohorts—customers, employees, stakeholders, partners, and society—can help build trust. Elevate design to a priority across your ecosystem. Share your design culture with others.

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Related reports

Ablett, Justin, Ed Forman, Scott Wellwood, Carolyn Heller Baird, Anthony Marshall. "Optimize your DXP capabilities: Experience Leaders are prioritizing digital transformation for CX." IBM Institute for Business Value. July 2021. https://ibm.co/optimize-dxp

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Research methodology

In 2021, the IBV, in cooperation with Oxford Economics, surveyed 2,000 executives, managers, and design professionals who lead, or significantly influence, the creation of products, services and experiences for customers and/or employees. Survey participants came from the C-suite and a variety of business functions. 11 industries were represented across 11 countries/regions (see Figure 9). Annual revenues ranged from $500 million to $170 billion.
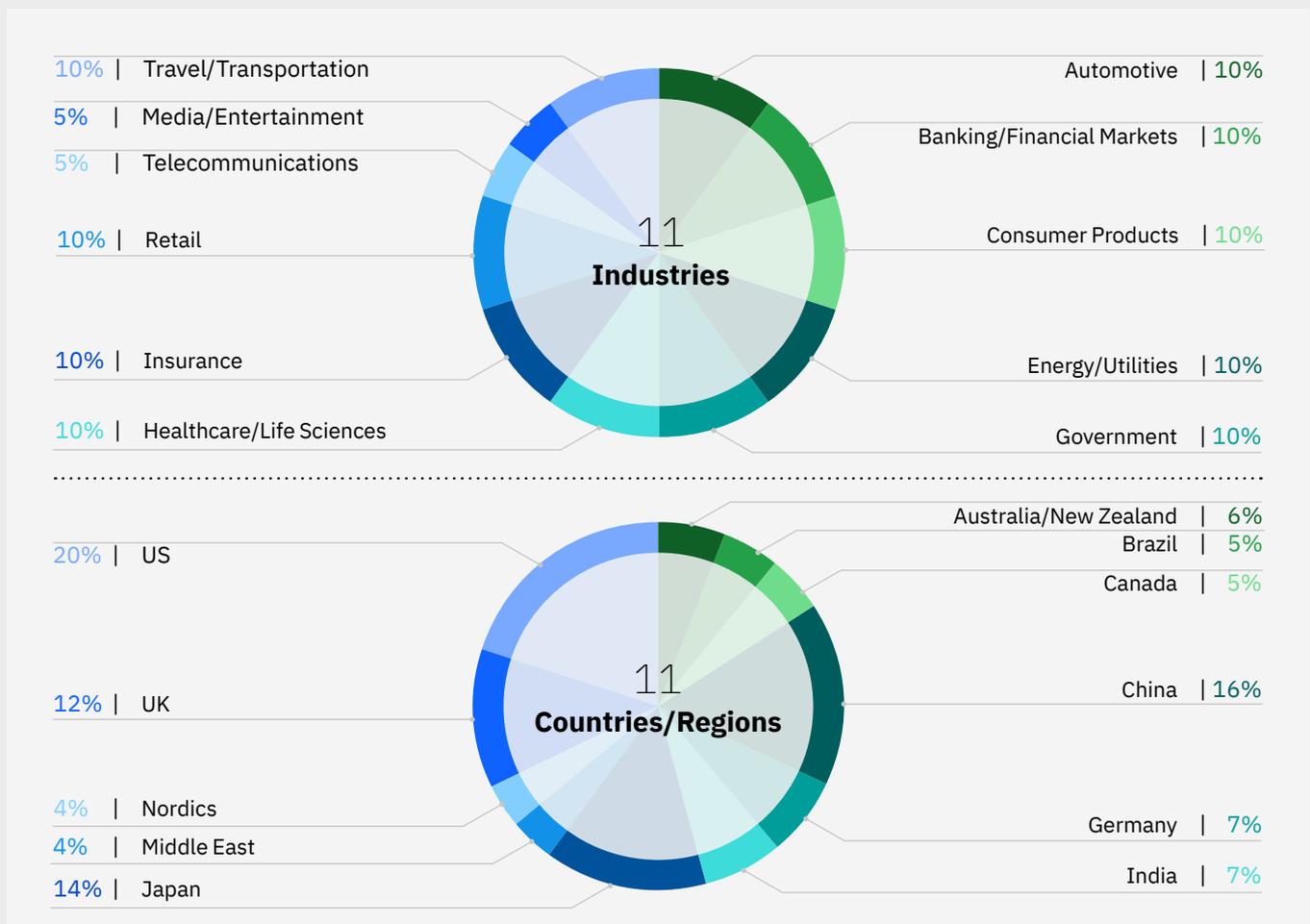
Our goal was to assess the extent that organizations have elevated design beyond the aesthetic to serve as a core principle for doing business. Are organizations adopting Design Thinking enterprise wide? Are they weighing the business value of their design decisions and the impact on sustainability or other social issues? How do organizations that have deeply embraced the tenets of Business Design differ from others in our sample?

Data findings are based on classification analysis, maximum difference scaling (MaxDiff) analysis—a form of choice modeling—as well as financial analyses based on average revenue growth for the last two fiscal years. All data is self-reported.

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Figure 9

Our research's reach
Industries and regions represented in the study survey

	Industries	
10%	Travel/Transportation	
5%	Media/Entertainment	
5%	Telecommunications	
10%	Retail	
10%	Insurance	
10%	Healthcare/Life Sciences	
	Automotive	10%
	Banking/Financial Markets	10%
	Consumer Products	10%
	Energy/Utilities	10%
	Government	10%

	Countries/Regions	
20%	US	
12%	UK	
4%	Nordics	
4%	Middle East	
14%	Japan	
	Australia/New Zealand	6%
	Brazil	5%
	Canada	5%
	China	16%
	Germany	7%
	India	7%

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