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**Aalto University
School of Business**

Design operations: how organizations incorporate design competencies

07th May 2024

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Design strategist, head of product & service design and brand design at Yousician, F-Secure, and Nokia, corporate entrepreneur. Dr. Tech. in Interactive Digital Media from Helsinki University of Technology. Design advisor to morelex.com and bekodu.com, advisor to the EuropeanPioneers startup accelerator & inventor of a dozen patents in human-computer interaction. Founding partner of Alpha Design Partners.

https://www.linkedin.com/in/harrikiljander/
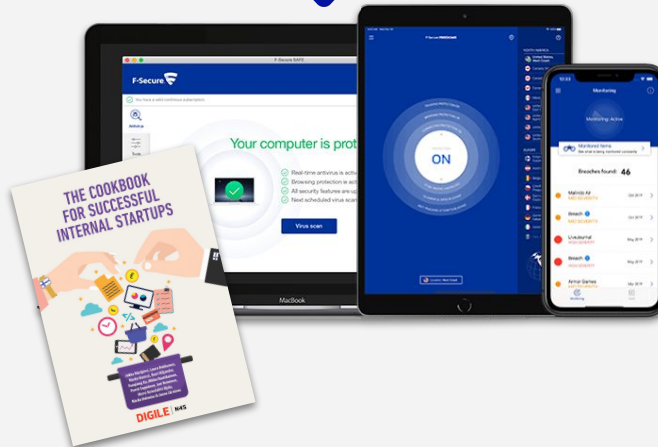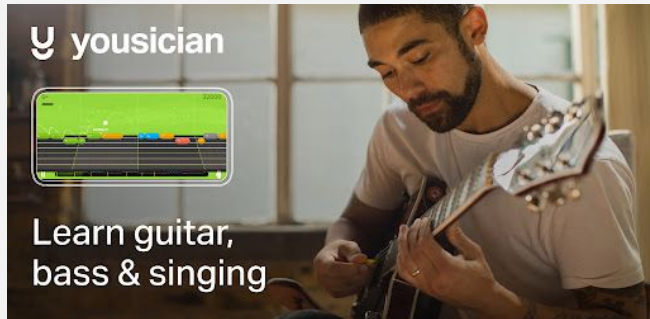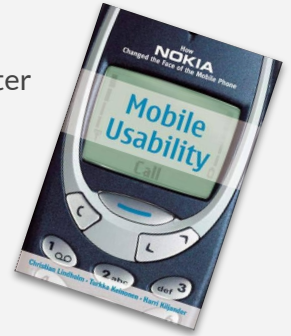
Airbnb, the popular online marketplace for lodging and experiences, was founded in 2008 by Brian Chesky, Joe Gebbia, and Nathan Blecharczyk.

So what's a ten star experience?

https://www.youtube.com/watch?v=V6h_EDcj12k

As of May 2024 Airbnb has a market cap of $102.72 Billion.

Brian Chesky, Industrial Designer, Co-Founder and CEO of Airbnb: Designing a 10-star Experience

- Build trust through transparency. Make sure your design is transparent, so users can trust your platform.
- Keep your platform convenient and user-friendly to increase satisfaction and reduce friction.
- Create a sense of community among your users to foster trust and belonging.
- Prioritize safety and security features like user verification to build trust with users.
- Put the user at the center of the design process. Design experiences that are both functional and emotionally meaningful.
- Pay attention to the little details that can make a big difference in the user experience.
- Test and iterate on your designs to ensure they meet user needs and deliver value.
- Personalize the user experience with relevant recommendations and a streamlined booking process.
- Use storytelling to create an emotional connection between guests and hosts, making the experience unique and personalized.

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Plan for Tuesday the 7th of May

9:15 begin

What do we mean by design
Why is design relevant in business — and for business people?
Design maturity and how to develop it
Measuring and organizing design

10:00 break

Groupwork — use design thinking to improve an existing design

11:00 break

Groupwork presentations
How to fail a design project in 10 ways
Q&A
Paulo & coursework info

11:45 end

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Design Glossary

Design (n) is a plan for arranging elements in such a way as best to accomplish a particular purpose. (Charles Eames, architect, designer and filmmaker). Design is NOT "art" NOR "making things pretty."

Design, suunnitelma

User Experience (UX) denotes the user's perceptions and responses that result from the use and/or anticipated use of a system, product or service (ISO 9241).

Käyttökokemus

Customer Experience (CX) covers the cognitive, affective, sensory, and behavioral customer responses during all stages of the consumption process including pre- purchase, consumption, and post-purchase stages.

Asiakaskokemus

The **User Interface (UI)** is the point at which human users interact with a device, website or application, through their senses (sight, touch, auditory and more).

Käyttöliittymä

Service Design is the activity of planning and arranging people, infrastructure, communication and material components of a service in order to improve its quality, and the interaction between the service provider and its users.

Palvelumuotoilu

Industrial Design is a process of design applied to (physical) products, their form and features, that are to be manufactured by mass production.

Teollinen muotoilu

Usability is a quality attribute that assesses how easy user interfaces are to use. Usability has components Learnability, Efficiency, Memorability, Errors, Satisfaction (Nielsen & Norman).

Käytettävyys

Design System is a set of standards to manage design at scale by reducing redundancy while creating a shared language and visual consistency across different pages and channels.

Design Systeemi

DesignOps refers to the orchestration and optimization of people, processes, and craft in order to amplify design's value and impact at scale — while engaging and empowering designers.

DesignOps

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Why is design of products & services becoming more relevant?

- More digital services & apps
- Competitors keep on raising the bar
- Global markets
- VC money
- Agile development
- New design tools
- Bigger design teams & efficiency expectations
- Insourcing/outsourcing
- Hybrid working
- Faster pace
- DesignOps emerged — as a scaling solution?

NOKIA

How to Deliver a Good User Experience through Agile?

Harri Kiljander
Director User Experience Design
Nokia Maemo

Scan-Agile 15-Oct-2009

maemo

Manifesto for Agile UX Design in 2009

https://www.slideshare.net/kiljander/bridging-user-experience-design-with-agile-product-development

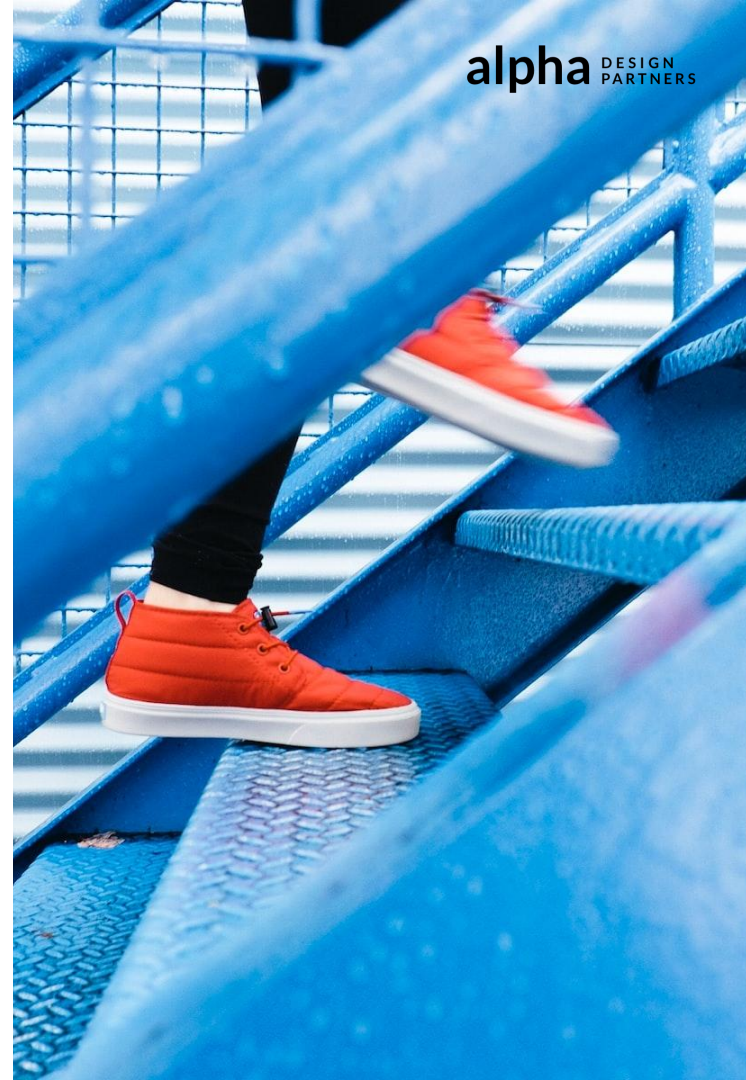2022 · State of DesignOps

DesignOps Assembly · Joint Frontiers

DesignOps Assembly with 6000 members in 2024

https://www.designopsassembly.com/

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"*Companies who best utilize design grow their revenues and shareholder returns at nearly twice the rate of their industry counterparts.**

* McKinsey 2020

https://www.mckinsey.com/business-functions/mckinsey-design/our-insights/the-business-value-of-design

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The business value of design

McKinsey tracked the design practices of 300 publicly listed companies over a five-year period in multiple countries and industries. Their senior business and design leaders were interviewed or surveyed. More than two million pieces of financial data was collected and over 100,000 design actions were recorded. Advanced regression analysis uncovered 12 actions showing the greatest correlation with improved financial performance and these were clustered into four broad themes on the right. The three industries included Consumer packaged goods, Medical technology, and Retail banking. Apple was not in the sample.

The Four Themes of Good Design

i. More than a Feeling
It's analytical leadership

Measure and drive design performance with the same rigor as revenues and costs.

ii. More than a Department
It's cross-functional talent

Make user-centric design everyone's responsibility, not a siloed function.

iii. More than a Phase
It's continuous iteration

De-risk development by continually listening, testing, and iterating with end-users.

iv. More than a Product
It's user experience

Break down internal walls between physical, digital, and service design.

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Revenue %

	4.0	4.6	6.3	10.0
	Bottom quartile	3rd	2nd	Top quartile
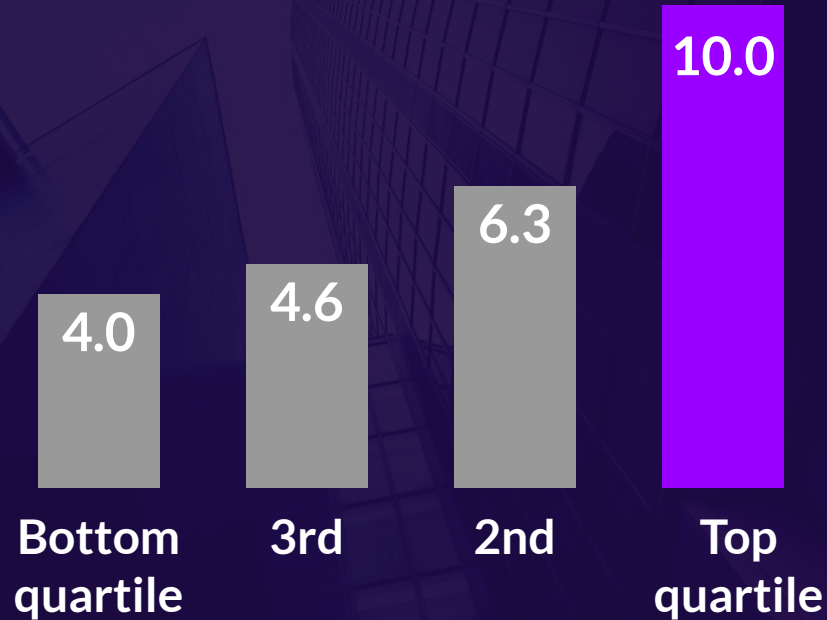
Companies' McKinsey Design Index scores

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Why don't organizations develop their design capabilities systematically?

- Lack of Understanding of Design Value
- Short-term Focus
- Budget Constraints
- Cultural Barriers
- Skill Gaps
- Integration Challenges
- Measuring Impact
- Inadequate Infrastructure
- Leadership Buy-in

For organizations to overcome these barriers and systematically develop their design capabilities, it requires not just an investment in skills and tools but also a fundamental shift in how they view and value design in the context of their overall business strategy.

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DesignOps refers to the orchestration and optimization of design people, processes, and craft in order to amplify design's value and impact at scale — while engaging and empowering designers.

DesignOps is a collective term for addressing challenges such as:

i.   growing & evolving **design teams**

ii. finding, hiring, growing & engaging **designers with the right skills**

iii. creating **efficient workflows**

iv. improving the **quality & impact of design outputs**.

Building our Design Maturity framework from DesignOps data, experience, and learnings from other design maturity models

Five levels of design maturity in a large organization and an actionable playbook to elevate design operations to the next level
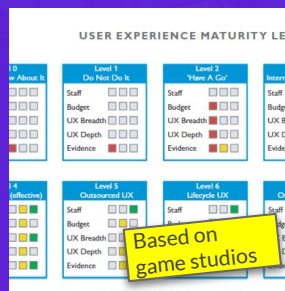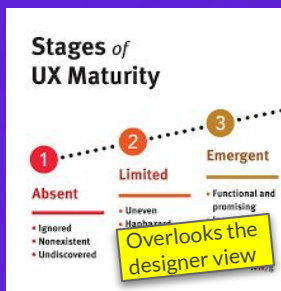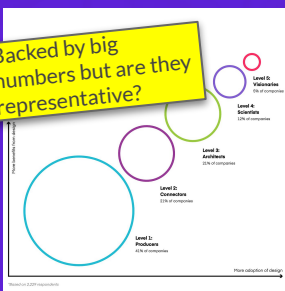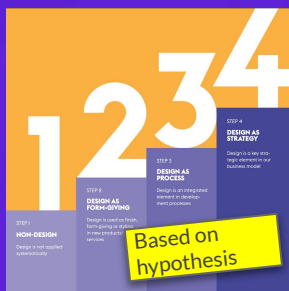Alpha Design Partners (2023)

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DesignOps Playbook from Design Uncovered to Strategic Design Capability © Alpha Design Partners 2020–2024

Level	Name	Design Strategy	Customer Focus	Design Team	Design Work	Design Stakeholders	Design Impact
5	Strategic	Product and service design is treated as a key vehicle in executing the company strategy.	Customer insights, feedback and involvement are utilized from quant/qual research to strategic foresight. Holistic E2E CX design, development, and measurement.	Designers have options and motivational opportunities for their growth paths. Design has a seat in the company leadership team.	Design & CX metrics are used to improve the design quality and design process. Design principles are integrated into organizational goals, including long-term planning.	Design operations practices are well integrated across the company functions for maximum return on investment.	Design discovery influences the strategy and new business opportunity exploration of the company. Design methods are used to improve the company ways-of-working.
4	Advanced	Design is seen as an enabler to the company strategy. Design has a vision, a leader, and a voice.	Discovery and data are being used to back design decisions. Feedback loop between customer support and design. Ethnography.	Designers are aware of the career and growth opportunities for them. Career advancement options are parallel to other disciplines.	New design methods and tools are explored and developed for higher impact and improved learning.	Design is appreciated in the company on an equal level to product and engineering, and integrated in the new product and service creation process.	UX design or customer experience metrics are in use and help steer the design efforts. Occasional design awards.
3	Promising	Products and services are designed with the company target audiences in mind and design is following the company brand guidelines.	User personas and customer journey mapping are being used.	Dedicated design roles in the design team. Design routines and ceremonies for efficiency and learning. Shared design libraries or design systems for scalability.	Design routines and ceremonies for efficiency and learning. Shared design libraries or design systems for scalability and quality. Customer experience metrics.	Defined responsibilities between the design function, engineering and product managers. Design tools improve engineering collaboration.	The company starts to understand the relationship between good design and good business.
2	Occasional	Individual projects may put more emphasis on design or usability.	Some user research or usability testing taking place.	Lone product or service designer(s) exist in the organization, little support from above.	Some UI component libraries or shared design files and practices start to be in place to make design work more efficient and effective.	Some collaboration between designers, engineers, and product owners in product development.	Individual designers can make some impact in individual projects.
1	Uncovered	Design is applied as a visual afterthought in product creation and service development, disconnected from company strategy, brand or customer needs.	No systematic customer needs discovery.	No product or service design team. Visual design is done by occasional marketing designers, agencies or visually oriented developers.	User interfaces are drawn at the last minute with no objective or culture of reuse.	Developers or even the CEO make on-the-spot design decisions based on their personal preferences.	Haphazard impact of design.
Level	Name	Design Strategy	Customer Focus	Design Team	Design Work	Design Stakeholders	Design Impact

Design Ladder
Danish Design Center (2015)

Based on hypothesis

Design Maturity Solar System
Invision (2018)

Backed by big numbers but are they representative?

Six stages of UX maturity
NN/g (2006)

Overlooks the designer view

8 discrete levels of UX maturity
McAllister (2018)

Based on game studios

Five levels of team member growth in a design organization
Merholz & Skinner (2016)

Designer growth framework

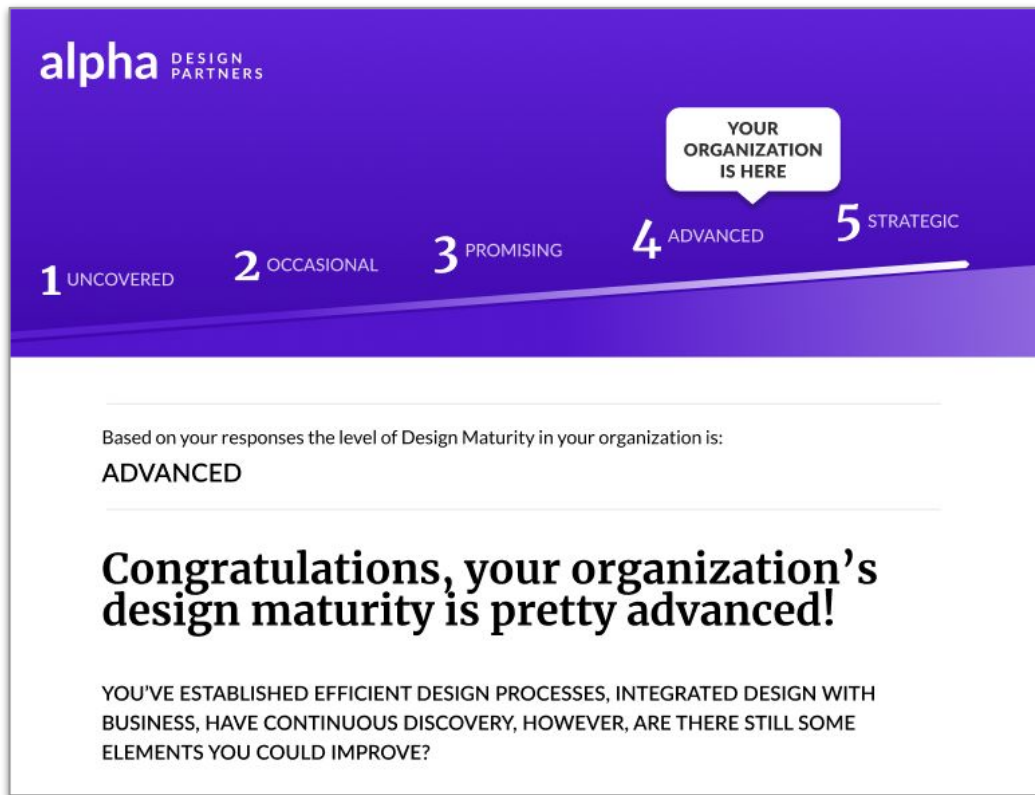Images courtesy of design maturity model originators, respectively

Elevating Design Maturity in Six Dimensions © Alpha Design Partners 2020–2024

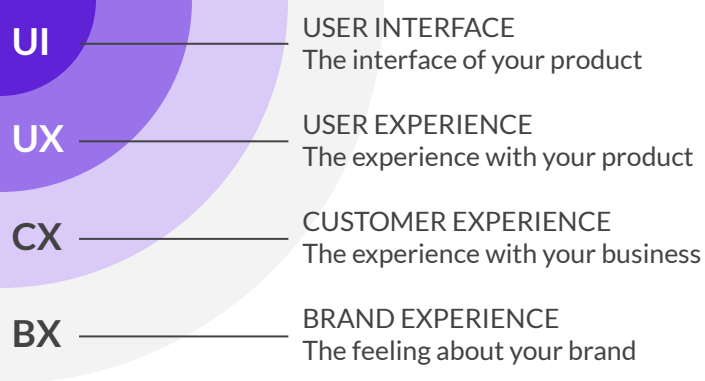| Level	Name	Design Strategy	Customer Focus	Design Team	Design Work	Design Stakeholders	Design Impact
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Measuring Design Maturity

Design maturity self–assessment

LLM-powered V2.0 under development

Design metrics

UI — USER INTERFACE
The interface of your product

UX — USER EXPERIENCE
The experience with your product

CX — CUSTOMER EXPERIENCE
The experience with your business

BX — BRAND EXPERIENCE
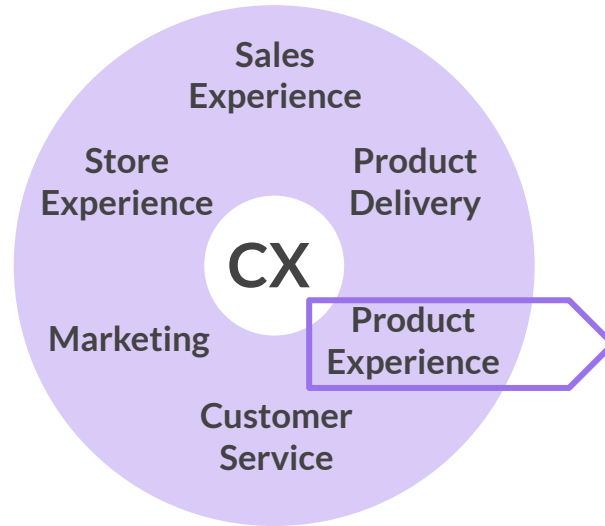The feeling about your brand

DesignOps development

# Bridging the gaps of CX measurement with UX metrics

CSAT, NPS and other CX metrics aim to understand the relationship between the customer and the company. They are usually deployed when a customer journey is complete.

This limits feedback to only those who completed that journey and may not reveal the rationale behind the rating.

It is recommended to augment CX measurement with appropriate product UX metrics for more actionable insights and impactful customer journey improvement opportunity.

CX
Sales Experience
Store Experience
Product Delivery
Marketing
Product Experience
Customer Service

UX
Usefulness
Value
Usability
Credibility
Desirability
Accessibility

CX metrics:
NPS, CES, CSAT, Churn rate, Retention rate, Customer lifetime value (CLV), Brand recognition
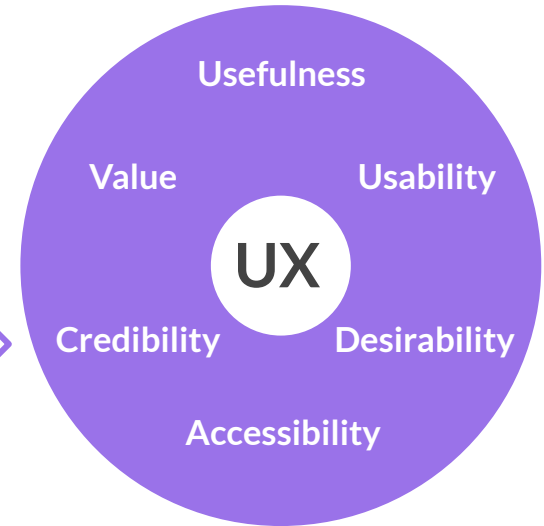
UX metrics:
Task Success Rate, Time on Task, Error Rate, User Satisfaction (SEQ/SUS), User Engagement, Conversion Rate, Task Efficiency

Design OKRs

"You get what you measure"*

Status Q1/ 2024

OKR	Redesign and launch new product version	Status	Owner
KR 1	**Increase WCAG AA coverage to over 95 %**	**97% REACHED**	VH
KR 2	**Test prototype with 12 users from target segment**	**7 IMPROVE**	HK
KR 3	**Conduct >10 stakeholder interviews**	**0 NOT STARTED**	VH
KR 4	**Increase System Usability Scale to minimum 68**	**52 IMPROVE**	LA
KR 5	**Reduce annual churn rate below 7%**	**16 % IMPROVE!**	VH
KR 6	**Reduce service desk inquiries under 35/wk**	**42 IMPROVE**	HK

* Richard Hamming, American mathematician

You can download our free OKR template at:
https://www.alphadesignpartners.com/blog/lataa-ilmainen-okr-pohja

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Organizing design
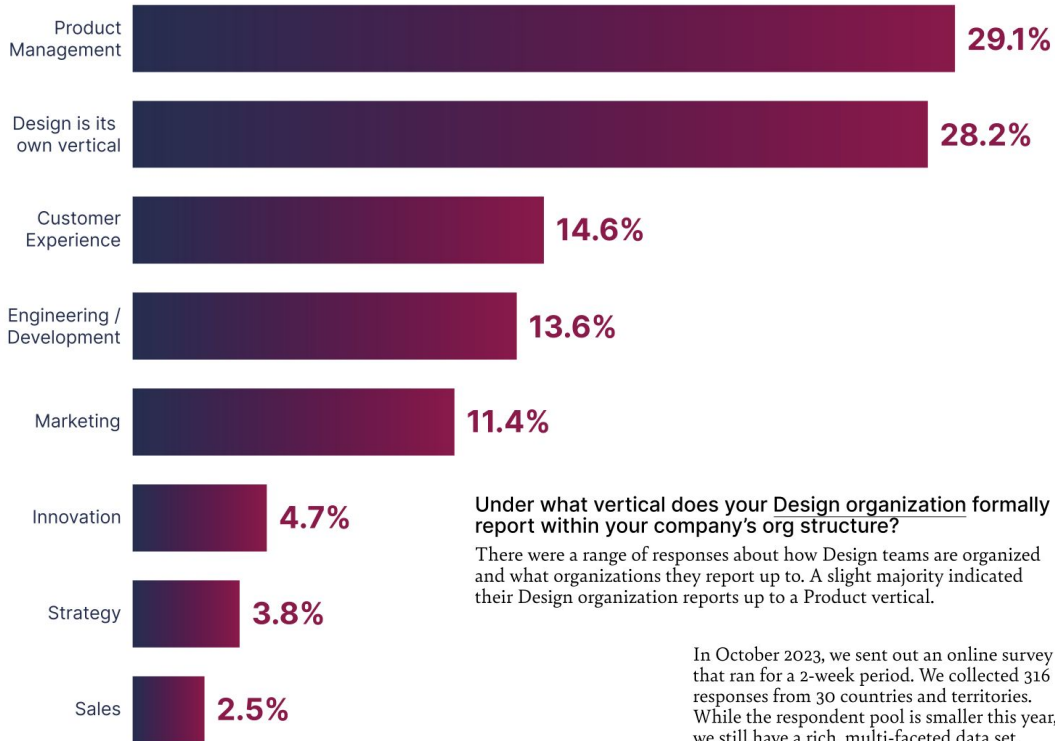
Alvar Aalto 1933

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Design organizational considerations

A. Where should design reside in an organization?

Data from:

2023 DesignOps Benchmarking Report
by DesignOpsAssembly
https://www.designopsassembly.com/2023report

"Under what vertical does your Design Organization formally report?"

Category	Percentage
Product Management	29.1%
Design is its own vertical	28.2%
Customer Experience	14.6%
Engineering / Development	13.6%
Marketing	11.4%
Innovation	4.7%
Strategy	3.8%
Sales	2.5%

Under what vertical does your Design organization formally report within your company's org structure?

There were a range of responses about how Design teams are organized and what organizations they report up to. A slight majority indicated their Design organization reports up to a Product vertical.

In October 2023, we sent out an online survey that ran for a 2-week period. We collected 316 responses from 30 countries and territories. While the respondent pool is smaller this year, we still have a rich, multi-faceted data set.

Design organizational considerations

## B. Design team structure and alignment

Typically, design-team structures align to one of 3 common models:

Centralized: Designers are part of the same core team and report to the same manager.
Decentralized: Designers are embedded on different cross-functional teams throughout the organization, aligning to specific features, products, or lines of business.
Hybrid (or matrix): In a combination of the above structures, designers have oversight from both a centralized manager and a manager from a specific product or line of business.

Percent of Design-Team Structures Across All Companies

NNGROUP.COM NN/g
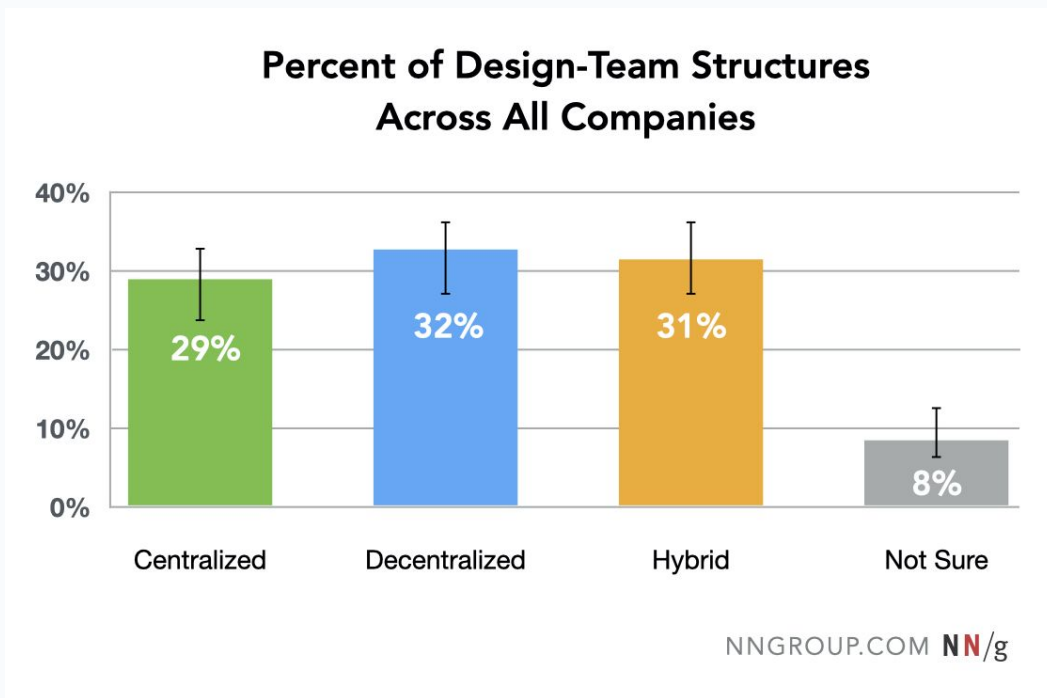
Designer Career Ladder:
UX Designer job levels and titles

No universal standard for product/UX/graphic designer job titles or leveling exists. Conventions vary per country, working culture, or domain (product company vs agency, ad agency vs product design agency). Designer job levels and titles should be aligned in an appropriate way within the organizational context and overall job leveling system, usually this may be pretty straightforward with e.g. software engineering. All levels not necessarily applicable per given company context.

Title	Junior UX designer	UX Designer	UX Designer	Senior UX Designer	Senior UX Designer	Lead UX Designer	Principal UX Designer	Design Director	VP of Design
Level	L1	L2	L3	L4	L5	L6	L7	L8	C-level
Purpose of the job	Responsible for being experts in their field of UX design, individual contributors, the more senior ones coaching and mentoring the more junior ones. Some companies may have two internal job levels for "UX Designer" and "Senior UX Designer" to be applied per designer seniority					Defining and executing design project vision against time, money, and designers	Optimizing and innovating design and workflow, stepping up from individual projects	Defining business, product, and market strategies and targets for and with design	Advocating design thinking and customer-centricity across the company, applying design thinking to company strategy, possibly chief brand owner
Variants of job title, some of these may not denote exactly the same job	UX design trainee		UI Designer, Graphic Designer, Marketing Designer, Service Designer		(Senior) UX Researcher, (Senior) Service Designer, Art Director	Art Director	(Senior) Manager UX Design, Creative Director	Head of Design, Design Manager, Brand Manager	Chief Design Officer, Chief Designer
Experience years (roughly)		3	5	5-7	5-7	7	7-10	10+	10+

Break

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Groupwork time!

Split into teams of about 6–7 students

Objective: To improve an existing service design using design thinking principles

1. Select an online service or app familiar to many in your team that you feel is not as good as it should be (5 minutes)
2. Reverse engineer the target audience or customer profiles (10 minutes)
3. Document the customer journey of the current service (10 minutes)
4. Identify pain points in the journey for the target customer profiles (10 minutes)
5. Address the pain points by streamlining the customer journey (10 minutes, magic can be used too!)

*You can split your team and work in parallel sub-teams too!*

Break

Groupwork presentations

The Value of Design

- Customer-centric companies are **60% more profitable** compared to companies that are not focused on the customer. — Deloitte
- 2% increase in customer retention has the same effect on profits as cutting the costs by **10%**. — Murphy & Murphy
- Brands with superior CX bring in **5,7 x more revenue** than competitors that lag in CX.
- **50% reduction in maintenance costs**: Good UX means more usable products being shipped, resulting in less fixes in the future. — IBM
- Customer experience leaders **grow revenues 4% - 8%** above their market — Bain & Company
- Good customer experience improves customer loyalty. It can be **five times more expensive** to find a new customer than to keep a current one. The probability of selling to a new prospect is 5-20%, while the probability of selling to an existing customer is 60-70% — Marketing Metrics.
- 84% of organizations working to improve CX report an **increase in revenue**. – Dimension data
- $1 spent on UX will bring from $2 up to **$100 in return**. – Forrester

strength

beauty

utility

Good design
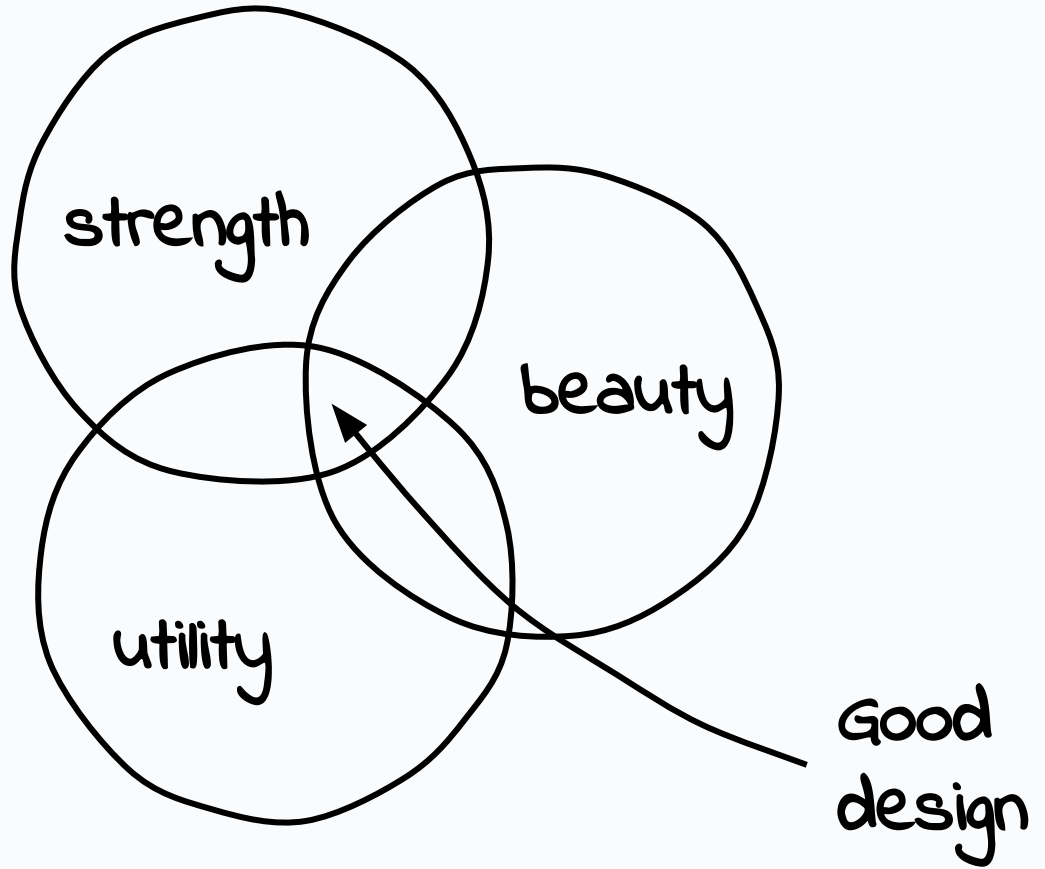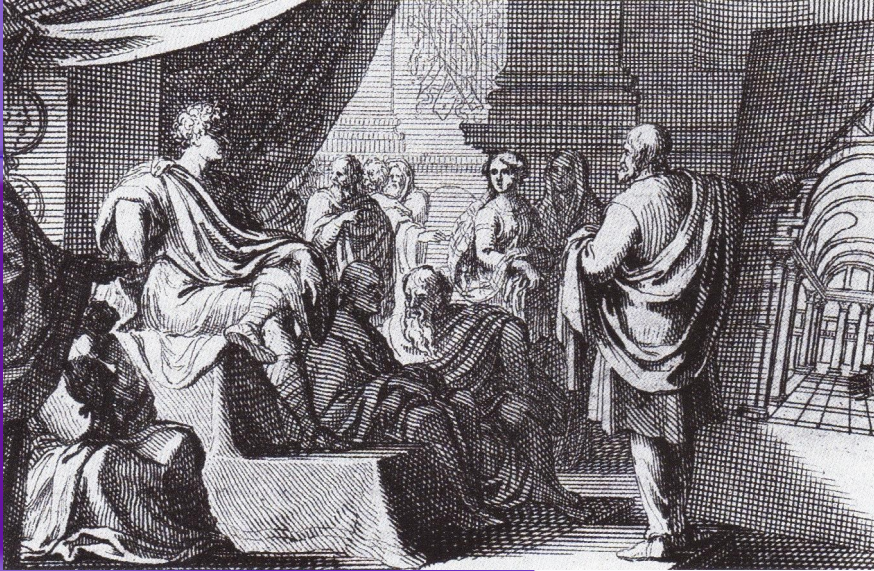
A 1684 depiction of Vitruvius (right) presenting De Architectura to emperor Augustus

Vitruvius was a Roman architect and engineer during the 1ˢᵗ century BC, known for his multi-volume work titled "De Architectura". As the only treatise on architecture to survive from antiquity, it has been regarded since the Renaissance as the first book on architectural theory, as well as a major source on the canon of classical architecture.

Vitruvius states that all buildings should have three attributes: **firmitas**, **utilitas**, and **venustas** ("strength", "utility", and "beauty"), principles reflected in much Ancient Roman architecture.

How to fail a design* project in ten ways?

DESIGN SERVICES PRICE LIST

I design everything	$100
I design, you watch	$200
I design, you advise	$300
I design, you help	$500
You design, I help	$800
You design, I advise	$1,300
You design, I watch	$2,100
You design everything	$3,400

- You don't know who your users are. Or customers.
- You cannot agree about the problem you try to resolve.
- There is no agreed brief for the design project.
- You don't have one business decider but 5. Or 25.
- The developers have already built it. Now only the UI is needed.
- Don't talk about money.
- Forget the boring implementability questions.
- Treat designers not like product creation professionals but like visual documenters of your grand visions.
- "Just add usability on the feature list." (1990s)
- "Just add some wow." (2000s)

* With design we mean mostly product design or service design in this context

Q&A

Alpha Design Partners
COMPANY INTRODUCTION

We designed new products, services and businesses, built and led design teams in Fortune-100 companies, startups and in design firms in Finland and abroad for the last 20+ years. Time and again we were seeking answers to how to make a bigger impact with design in business. Based on these learnings we founded Alpha Design Partners in 2020.

Our strategic product/UX/UI & service design, business and brand design and DesignOps development will help elevate your business and customer experience. We are building a design team culture that blends the best of in-house, design firm, and design entrepreneurship.

Harri Kiljander, Heidi Vaarala, Jaakko Villa & 20+ designers

www.alphadesignpartners.com | **HELSINKI** | **TAMPERE**

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Our selected clients in 2020–24

NOKIA Helsinki NESTE

KONE F-Secure VAISALA

VEIKKAUS KONECRANES TOYOTA

MYLAB Beely posti

Strategic Design & **User/Customer Research** for products/services/brands

Business Design & Design for **Circular Economy**

Design Operations (DesignOps) to elevate your in-house design maturity for greater product and business impact

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STRATEGIC DESIGN & DESIGNOPS

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