

Building a design-driven culture

McKinsey Digital September 2015

It's not enough to just sell a product or service—companies must truly engage with their customers. Here's how to embed experience design in your organization.

At one point in the movie *The Best Exotic Marigold Hotel*, Judi Dench, who plays a grieving widow, is connected with a customer-service agent at a call center in India. Despite being told Dench is in mourning, the call-center rep sticks to her script with a sadly predictable result: hurt feelings and a lost customer. By the end of the movie, Dench's character has moved to India and reinvented herself as—wait for it—a call-center trainer. In her initial session, she conducts a role-playing exercise in which she demands operators go off script and respond to customers as human beings first. The result? Instead of angry hang-ups, the call-center reps make human connections and customers for life.

While the movie is fictitious, of course, the broader lesson lies at the core of a real-world business need: empathy. Using empathy to put customers, clients, and end users at the center of the problem-solving equation is the foundation of design thinking. With this focus, design becomes a tool for change, capable of transforming the way companies do business, hire talent, compete, and build their brand. To quote Nobel laureate Herbert Simon, the act of design “devises courses of action aimed at changing existing situations into preferred ones.”

From product to experience

Think about a product you recently bought. Now think about the *experience* you had buying and using that product. Increasingly, it's difficult to separate these two elements, and we're actually seeing many cases where customers prioritize the experience of buying and using a product over the performance of the product itself. In fact, customer experience is becoming a key source of competitive advantage as companies look to transform how they do business.

This fixation on customer experience isn't just for the cool start-up world. Consider HP and the mundane task of replacing printer ink. Through HP Instant Ink, the company has executed a subtle shift away from pure transactions—customers simply buying ink when they need it—and toward establishing an ongoing service relationship, wherein HP knows when its printers will run out of ink and preemptively ships more, saving customers time and effort. And making their lives easier not only makes customers more productive but also makes them happy and generates loyalty. Similarly, heavy-industry stalwart John Deere is transforming its business by moving beyond pure equipment to provide farmers with digital services such as crop advisories, weather alerts, planting prescriptions, and seeding-population advice.

Few would dispute that these sorts of developments are good for the customer and build loyalty. But there's a larger question for businesses: Are they worth it? While a hard metric

on the return on investment of design is notoriously elusive, the value is clearly borne out in other ways. According to the Design Management Institute's Design Value Index, for example, design-driven companies have maintained a significant stock-market advantage, outperforming the S&P 500 by an extraordinary 219 percent over the past ten years.¹

At individual companies, you don't have to look far to see the value of design. When Walmart revamped its e-commerce experience, unique visitors to its website increased by 200 percent. When Bank of America undertook a user-centered redesign of its process for account registration, online-banking traffic rose by 45 percent.² And the business value of design has only been underscored by the recent hiring of high-profile designers by venture-capital firms; last year, for example, energy-focused Khosla Ventures appointed the former head of Google's user-experience team, Irene Au, as an operating partner.

Many companies are committing to improve the user experience. But making design a core capability that drives growth and competitive advantage means companies need to go further.

The four elements of design-driven culture

Really understanding the customer

Pretty much all companies insist they focus on the customer. Yet reality often belies that assertion. Budgets and key performance indicators often are not aligned with performance on customer metrics. Research may be superficial. Business decisions made at the executive level often fail to consider the impact on customers.

The difference with design-driven companies is that they seek to go far beyond understanding *what* customers want to truly uncovering *why* they want it. They recognize that while data are important for understanding customer behavior, they're woefully short on empathy. Design-driven companies turn to ethnographers and cultural anthropologists. These "empathy sleuths" conduct contextual one-on-one interviews, shopper-shadowing exercises, and "follow me homes" to observe, listen, and learn how people actually use and experience products. They plot out customer decision journeys to understand exactly what motivates people, what bothers them, and where there are opportunities for creating delightful experiences.

Marketing leaders at Sephora, for example, were watching millennials shopping on their site and realized that before buying, these customers would often go to YouTube to look for videos of people using the product. That prompted the cosmetics retailer to create its own videos to serve this need. In another example, a user-experience scientist at GE's San Ramon innovation center conducted 119 interviews in the process of helping GE redesign its marine-shipping positioning system. The result: an award-winning design that enables mariners to focus on ship handling in dangerous and environmentally sensitive locations instead of the distraction of managing technology.

When one large North American bank tracked consumer behavior for 30 days—including what and when bills were paid, how frequently consumers used ATMs, and how often they got cash—it discovered, contrary to expectations, that consumers didn't care about the typical

¹ Jeneanne Rae, "Good design drives shareholder value," Design Management Institute, May 2015, dmi.org.

² Jim Ross, *The business value of user experience*, D3 Infragistics Services, January 2014, infragistics.com.

banking products that institutions usually try to push on them. All its customers wanted was to sign up for an account. As a result, the bank provided services as needed and, based on observed customer-usage patterns and behaviors, it became much more judicious about recommending the right products to meet their needs.

Bringing empathy to the organization

One essential to running a design-driven company is making sure the right people with the right skill set are in the right place. To start, that means ensuring a chief design lead has a seat at the table where strategic decisions are made. That person could be a chief design officer, a chief digital officer, or a chief marketing officer. All that matters is that whoever has the responsibility is the primary customer advocate. He or she must bring the customer's point of view to business decisions, translate business goals into customer-friendly initiatives, and build a culture in which employees think about how what they do affects customers.

Pushing that perspective through the company requires making a designer a core part of any product or service development and building a design-driven process around individual customer journeys. During these initiatives, design should take an active role in bridging multiple functions—including finance, legal, IT, marketing, and operations—so that these groups can not only be part of the process but also start to directly understand the value that design can deliver.

Building these bridges requires extending customer advocacy and customer-centric empathy to more roles in the organization. In IT, for example, design should have a role in devising the technical solutions that support customer experiences. In product design, designers should contribute customer insights that influence prototypes as well as the final product. And before a product is released publicly, a senior designer should be responsible for consistency of experience across all touchpoints, from product to packaging to social-media marketing, web design, and e-commerce.

Raising the design capabilities of a company requires moving customer empathy beyond the skill set of a design team to permeate all areas of the business. Deutsche Bank, for example, required all employees to use products that its customers used as a way to understand what customers were experiencing.

Solidifying this design approach requires, among other things, metrics that focus on the customer. Customer satisfaction and retention are standard measures, but key performance indicators should include, for example, customer lifetime value, real-time customer satisfaction by segment, and “leaky bucket” ratios to highlight where customer issues may be spiking. The goal is to track the depth of the relationship between customer and brand over time.

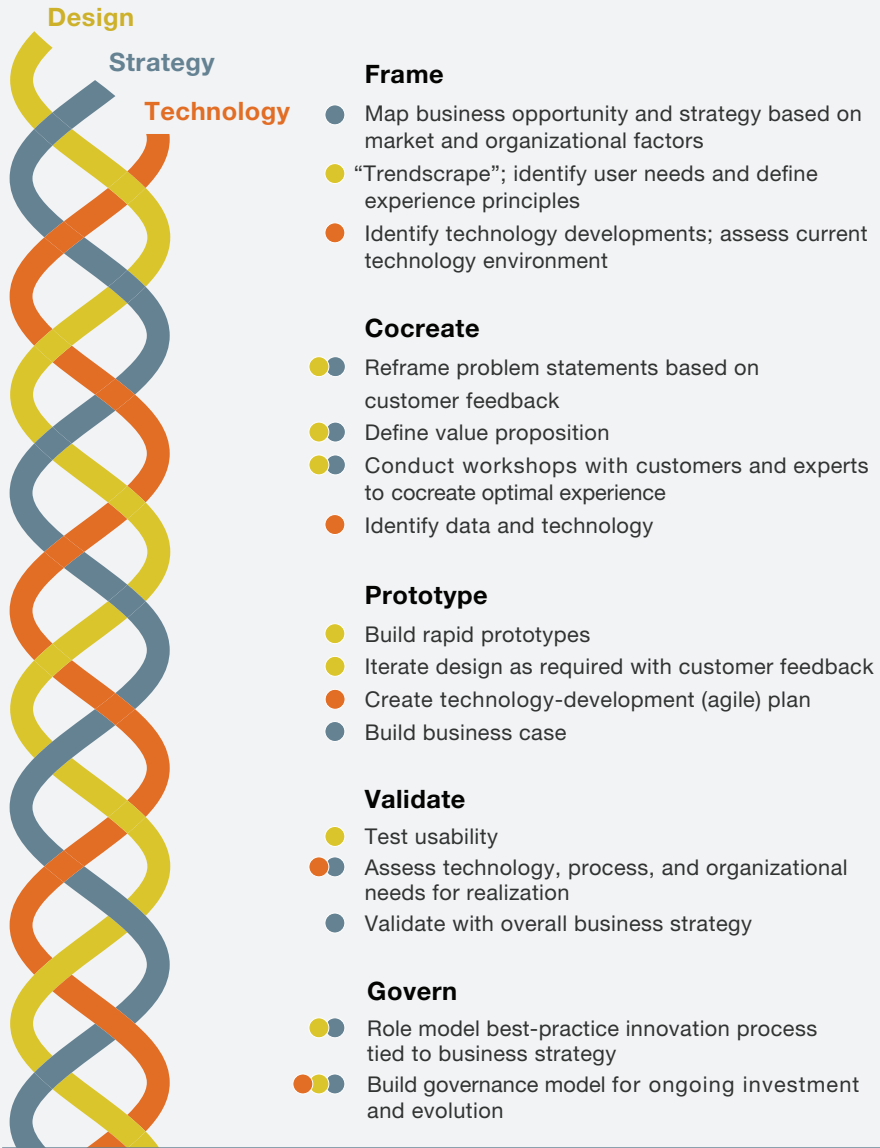
Designing in real time

Developing any customer journey requires input from many functions. We believe in a “braided” approach that combines design, business strategy, and technology as the core working group (Exhibit 1). These functions should work together to make decisions, ensure that the designed journey aligns with the business strategy and is delivering value, and keep customer experience a top-of-mind issue.

Exhibit 1

In a 'braided' design model, three functions work together in lockstep.

A "BRAIDED" DESIGN MODEL



McKinsey&Company | Source: McKinsey Digital Labs

At the same time, we recognize that because developing a customer journey requires so many different functions and skill sets, the process can quickly become bogged down in endless email chains and meetings. Our preferred approach for mitigating this is what we call a "four wall" approach: setting up a war room from day one and bringing in people from design, engineering or IT, operations, and project management who are committed to the process (Exhibit 2). Depending on the product or service and the tactics demanded, we include people with backgrounds in research, user experience, industrial design, interaction and visual design, service design, and rapid prototyping.

Exhibit 2

Cross-functional teams work in the same room simultaneously, using each wall to track a specific focus.

THE FOUR WALLS—DESIGN IN ACTION

Customer-journey and experience wall

- Personas
- Journey mapping
- Research insights
- Inspirational trends

Technology wall

- Architecture maps
- Data structures
- Systems diagrams
- Application flows



Business-operations and process wall

- Internal organization and process owners
- Internal processes (before and after)
- Critical business decisions
- Inputs to business case
- Key performance indicators

Team-planning wall

- Master plan
- Project timeline
- Team-member names
- Daily priorities
- Status of tasks

McKinsey&Company | Source: McKinsey Digital Labs

Each group gets its own wall, which functions as a working surface dedicated to customer journeys, technology, business operations, and planning. Every day begins with a team meeting in which members discuss what they will do, what they hope to achieve, and what issues they may confront. Each wall becomes an ordered mosaic of Post-it notes capturing tasks, actions, progress steps, people, and ideas, visible for all to see. This approach supports on-the-fly decision making. Team members can simply walk across the room, get their questions answered, come to a decision, and move forward.

Acting quickly

Good design is fast. That means getting a product to market quickly, which depends on rapid prototyping, frequent iteration, and adjustments based on real customer feedback. In a design-driven culture, companies are unafraid to release a product that is not totally perfect. That means going to market with a minimally viable product, the better to learn from customer feedback, incorporate it, and then build and release the next version. Consider Instagram, which launched by rolling out a product, learning which features were most popular (image sharing, commenting, and liking), and then relaunching a stripped-down version. The result was 100,000 downloads in less than a week³ and seven million registered users in the app's first nine months.⁴

To discover what the dashboard of the future might look like, Chrysler paired its customers with designers and product engineers to develop prototypes. The project started with a bare-bones dashboard—just a steering wheel and a blank center console. Customers were asked to build their ideal dashboard by choosing from a kit of dozens of digital and mechanical screens, buttons, and levers. While the results showed pronounced country-by-country differences, everyone agreed on one element: a bigger physical dial on the dash to control the volume of their stereo.

The bottom line? Rapid prototyping is critical for getting live feedback and avoiding costly mistakes down the road. In our experience, advanced companies can prototype and launch a product or service in as few as 16 weeks.

Questions for the design journey

Transforming your company into one that uses design as a driver of change takes time. Here are some questions we've found helpful in successfully making that journey:

- *Do you have a senior design leader with real authority?* Hire a chief design officer or vice president of design strategy. Empower this person with a seat in the C-suite and the backing of the CEO. Ensure that design factors such as customer implications are part of any business strategy.
- *Are you continuously reviewing your metrics?* Make metrics a “contact sport.” That means going beyond reviewing design metrics and key performance indicators regularly to reviewing them continuously (often in real time), testing them, and changing your actions in a constant test-and-learn cycle.
- *Are designers working with the right people in the organization?* Assign designers to critical functions so that design is actively contributing to business decisions and experience development across the entire customer journey. Identify and implement your first four-wall experiment with design, engineering or IT, operations, and project management.
- *Do you really understand what motivates your customers?* Create a map of the customer journey and use human-centered-design research techniques to interact with customers and uncover pain points and opportunities to delight.

³ Jolie O'Dell, “iPhone photo app Instagram nabs 100K users in one week,” Mashable, October 2010, mashable.com.

⁴ Jennifer Van Grove, “Instagram celebrates 150 millionth photo,” Mashable, August 2011, mashable.com.

- *How can you speed up your processes?* The nimble start-up mentality that defines Silicon Valley also creates a new sense of cadence. Set challenging timelines, prioritize, and “do the doable.” Speed is better than perfection.



Customers increasingly expect products and services that are designed to meet their needs, delight them with unexpectedly great experiences, and address a heightened sense of aesthetics. Companies that meet those needs are rewarded with fierce brand loyalty and higher spending, which translates into fatter profit margins. But that kind of success only happens by design. □

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