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New Zealand Design Maturity Benchmark 2020



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Executive Summary

The four biggest opportunities to improve Design Maturity are:

1. Unlock the power of your own people

While many businesses have adopted human-centred design practices, few are turning the lens inward to understand how employee experience and pain points can be improved, in order to drive operational efficiencies and improved end-customer experience.

3. Crank the volume on quality and consistency

Design teams can amplify their practices by auditing and consolidating design tools and processes and implementing quality standards across the organisation. Mature design practices are more likely to have a Design System and published Design Strategy.

2. Speak the language of business

For design to influence business strategy, design leaders must continually show evidence of how investment in design improves business performance. Leaders can grow influence through compelling storytelling and mapping design hypotheses to key result areas.

4. Prove value by measuring design outcomes

The recognition of design value is lacking in New Zealand businesses, due to low levels of performance measurement, particularly monitoring return on investment of design effort. Outcomes need to be shared widely.

About the Survey

Our Approach

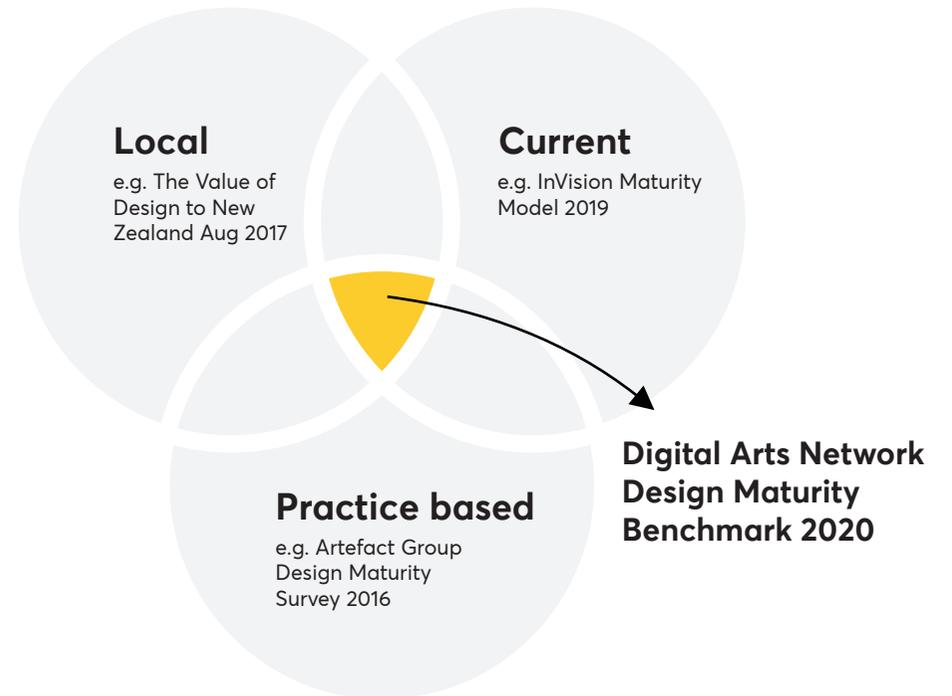
In late 2019, Digital Arts Network surveyed New Zealand organisations to understand the maturity of local design practices.

Our aim for this benchmark report was to give design leaders a useful point of comparison as well as some inspiration and actionable insights.

We saw a need for a current report that was both local and practice-based - grounded in what design teams are actually doing.

As context for the benchmark we provided a broad definition of "Design" as the methods, processes and outputs of creative problem solving. We invited anyone working in or with Design at any level of an organisation to participate.

Design Maturity Landscape



Having researched a broad view of other definitions of Design Maturity (see Design Maturity Landscape) we categorised Design Maturity as practices and behaviours under four dimensions:

- 1. Human centred** - Consistent involvement of customers and team in the Design process in order to understand their goals and needs, using that understanding to inform business decisions.
- 2. Influential** - The priority, reach and inclusion of Design within an organisation.
- 3. Scalable** - Effective processes, principles, tools and frameworks to support and amplify Design craft.
- 4. Valuable** - Design creates measurable impact to customers, employees, business and industry.

We identified behavioural measures for each dimension and asked respondents to grade their organisation based on how widespread the practice is in their organisation.

We posed open questions to surface real stories of the challenges and opportunities facing Design teams in New Zealand. Our analysis looked at trends in the performance of each dimension, as well as further analysis by industry.

We welcome your feedback so that we can continue to ensure the report is useful, relevant and grows each year. If you would like to participate in future benchmarks or provide feedback on the 2020 report you can email us: design.maturity@dan.co.nz

Example survey question:

We make time to evaluate alternatives (**prototype, test, learn, iterate**) before defining a solution.

- Never or rarely
- Occasionally
- Regularly
- Always, in certain departments or tribes
- Always across our whole business

Why does Design Maturity matter?

International reports* point to design improving product quality, operational efficiency, market position and ultimately, business profitability. And our analysis of the NZXE50 points to a strong correlation between mature design and company value.

*McKinsey Design Index, dmi: Design Value Index

Survey Limitations:

Survey participants were recruited from the UXNZ Conference, Social Media Campaign and DAN team professional networks. As a result, the sample isn't entirely random. The analysis is based on self-reported data from individuals.

Respondent Overview

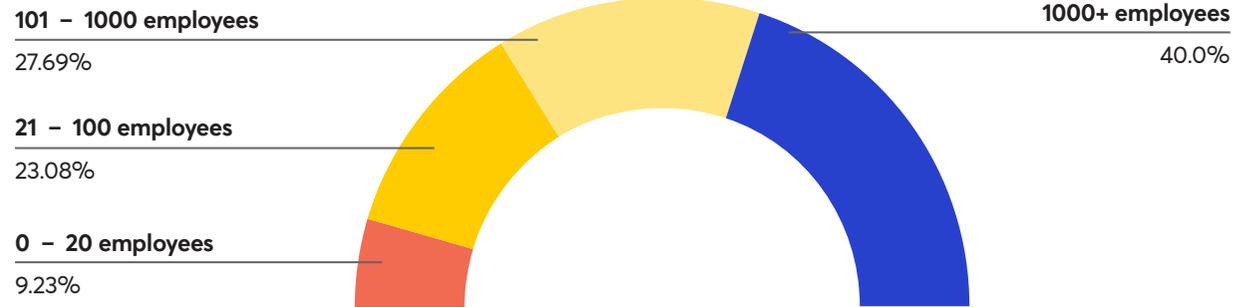
Over 100 responses across New Zealand

Primarily from Auckland & Wellington regions

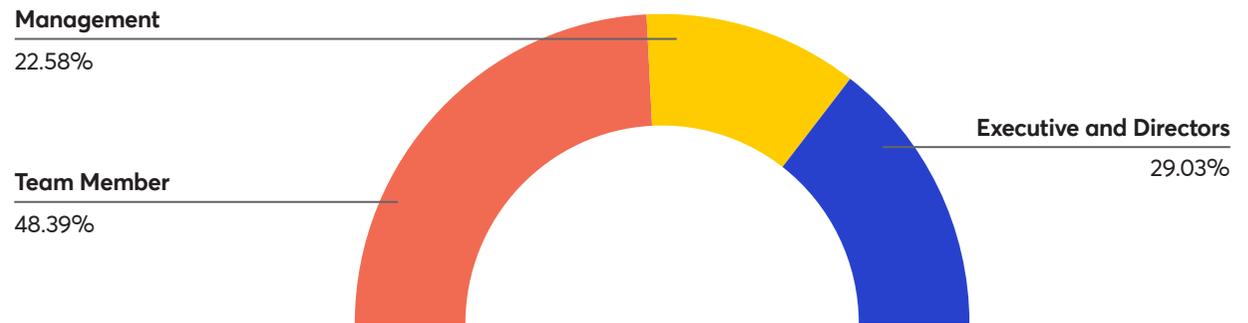
15 industries represented

With specific analysis of five industries

From sole traders agencies to large enterprise*



Perspectives from practitioners to executives*



*excluding 'other' and 'unspecified' responses

Result Snapshot

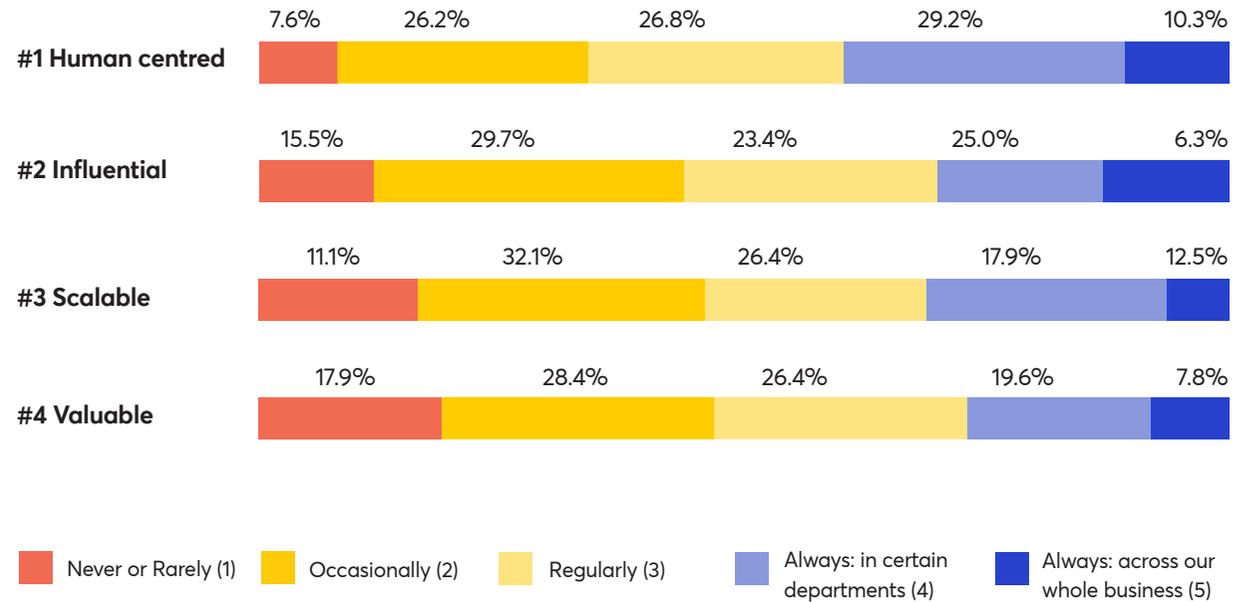
Where are kiwi businesses the most mature?

We found that the most design-forward organisations are doing a great job of involving customers in their design process and developing products and services in a human-centred way.

But they have further to go in the areas of influence, scale and value of design.

Average responses by dimension

Respondents were asked to score key behaviours against a continuum - from never or rarely, to always across a department or the organisation.



Most common design practice

Customer experience is core to organisational culture

Most mature industry

IT (Information Technology)

Least common design practice

Actively up-skilling non-designers in design methods and thinking

Least mature industry

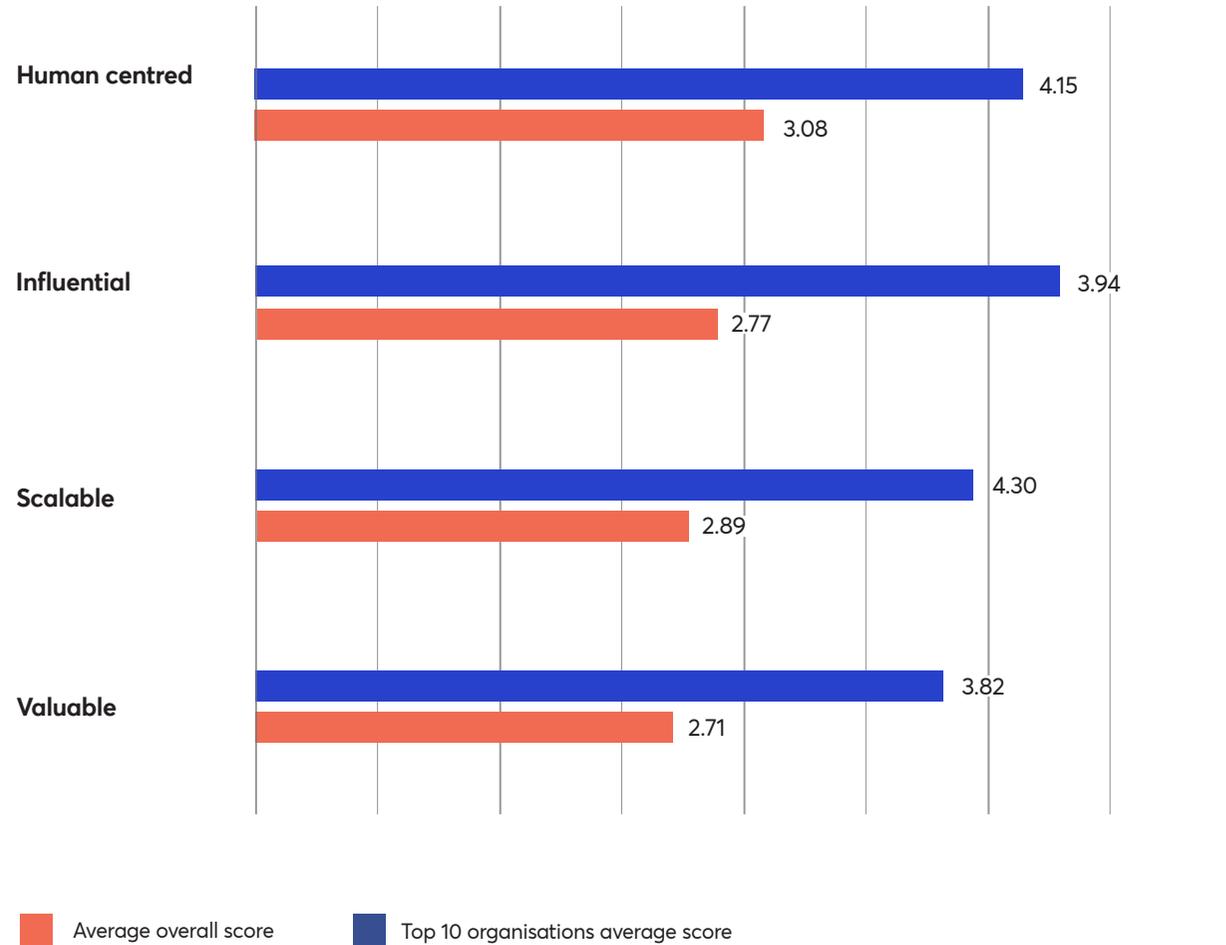
Government

Where did the top organisations outperform?

The top 10 highest-scoring organisations were all more likely to:

- Have strong reach, buy-in and executive alignment around design
- Have a Design System in use
- Have a published Design strategy for the organisation
- Offer products and services that deliver meaningful value to their customers' lives
- Be actively upskilling non-designers in design methods

The top 10 organisations outperformed others by 42% on average



Results by Dimension

No.1 rated dimension:

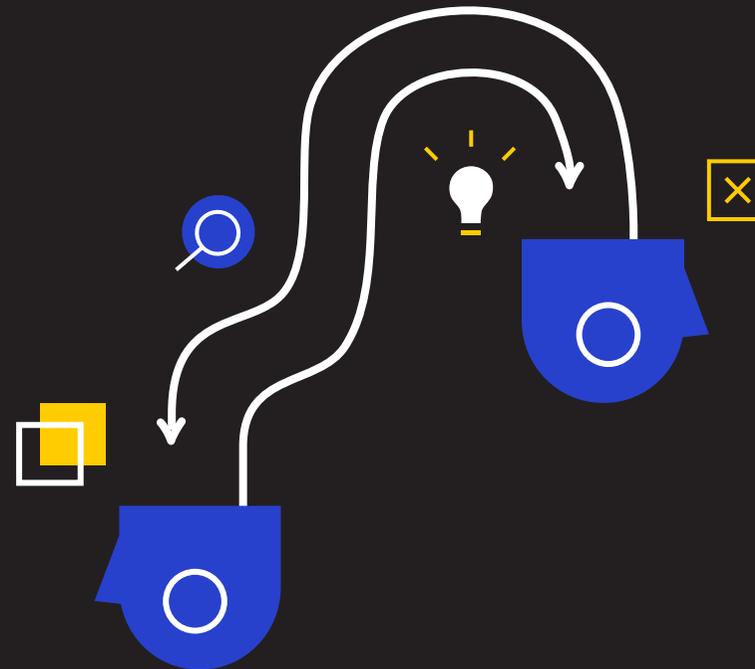
Human centred

Consistent involvement of customers and team in the design process in order to understand their goals and needs, using that understanding to inform business decisions.

Biggest opportunity

Unlock the power of your own people

pg.16



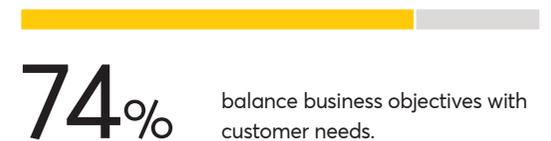
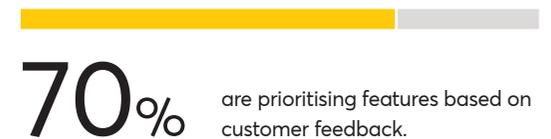
Human centred design practices include:

- Monitoring how happy customers are with their experience
- Prioritising work based on user pain points and opportunities
- Balancing customer needs and business goals
- Testing and validating directly with customers
- Considering people other than customers who might be impacted by design work

Customers are the heart of the matter

Human centred practices are a regular feature of design, with the top 10 performing companies striving for “always”.

7 out of 10 New Zealand companies who responded have a regular ongoing programme to measure customer satisfaction and to surface pain points and opportunities for improvement.



Bring the outside in

There is a gap between the companies who say they seek customer feedback and those who actually involve customers in the design process. **More than a third of aren't engaging with customers directly to test and validate ideas** when making improvements to the customer experience, or only do so occasionally.

"We use design research to inform new features and prototyping and usability testing to validate they do what they should."

– Team member, IT industry, Auckland

Not just paying customers

While regularly talking to their end customers, **43% of respondents are rarely looking at improving experiences for their own staff** - missing opportunities to bring greater business impact by removing friction in contact centres, retail stores and back offices.

"[We ensure] involvement of 'internal customer' from senior leaders down to frontline staff to understand current experience and develop a future vision."

– Team member, Aerospace, automotive and marine industry, Auckland

What you can do

Keep it lean

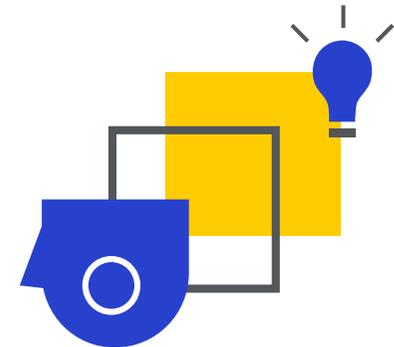
To close the gap between talking about customers and actually bringing the customer into your design process, look to lightweight UX methods such as co-design, guerrilla testing, checkout surveys and remote/online research tools.

Embrace the frontline

Customer-facing staff are easily accessible and a goldmine of insight. Make it a priority to talk to the people who talk to hundreds of customers, as well as talking to the individual customer.

Improve staff experience

Improving the tools and processes of frontline staff ultimately leads to improved customer experience. By optimising the appointment booking tools that staff use over the phone, ANZ Bank was able to drop the average time to schedule an appointment from 10 minutes to just 2 minutes. This saved thousands of hours across their 5,000+ staff on many day-to-day tasks, not to mention allowing customers to get on with their day.



No.2 rated dimension:

Influential

The priority, reach and inclusion of Design within an organisation.

Biggest opportunity

Speak the language of business

pg. 20



Indicators of Design influence include:

- Identifying opportunities to innovate
- Prioritising, funding and developing design resource
- Being sought out for advice across the business
- Having a company culture centred around customer experience

Increasing influence

Design has typically struggled to secure a seat at the top table, however, our results suggest that the role of design in determining business strategy is more widely recognised.

Half of businesses are regularly seeking the advice of their design teams to shape business decisions, and customer experience is a shared focus and topic of conversation in four out of five.

However, of greater concern...



52% feel more investment is required for design resource to meet business needs.



23% of companies see design consistently driving innovation and new ideas.



10% have an actioned Design strategy that aligns to business objectives.

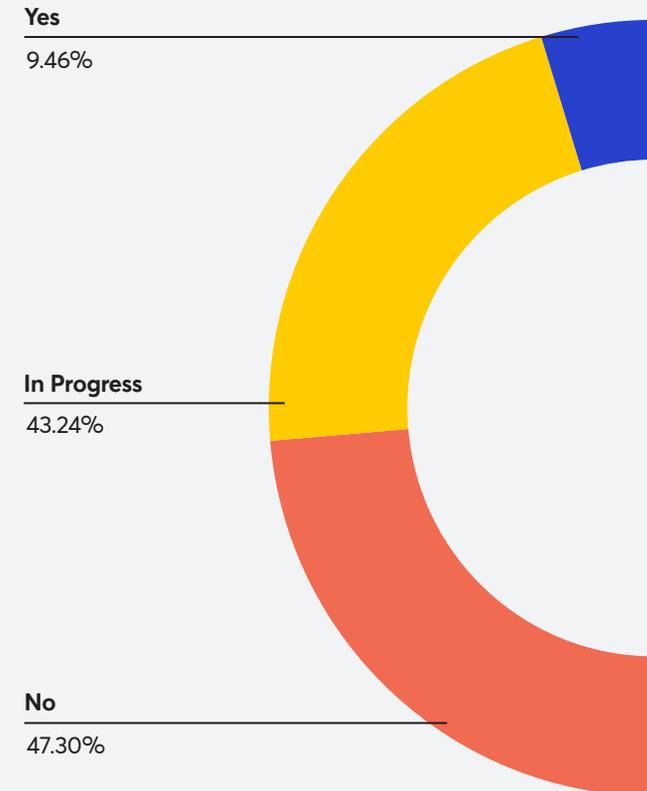
Focussed on now, not the future

A common theme from design practitioners through to C-suite executives was lack of sufficient investment in design resource. The impact on design teams is that they don't have the capacity to drive innovation and look to future horizons.

Applying a strategic mindset

While **1 in 10 respondents** said a shared, documented, understood Design Strategy was currently in play in their organisation, a further 43% claimed to be progressing one.

We have a documented, shared, understood Design strategy that is aimed at accentuating our overarching business strategy.



What you can do

Tell great stories

Through human stories we build empathy, make customer pain and opportunities concrete and memorable, and empower others to tell our success stories for us.

Design goals = company goals

When storytelling at senior levels you must speak the language of the business. Get close to your company's business objectives and key result areas (KRAs). How can you show that what you are delivering helps the business achieve its goals?

Short and long term resourcing

The fast track to sustainably increase your resource pool is proving the value of Design through evidence and storytelling. Also consider tactical ways to build your capability through Design practice groups, upskilling of non-designers and outsourcing.

Document your strategy

Ensure your Design strategy is formalised, either as a standalone document or assimilated into wider CX/business strategy artefacts. Remember to include design and business goals (if different), success factors, target audience, user needs and experience principles.

"Design doesn't use the language of 'business' - so our value often gets lost in translation. We need to stop worrying about 'Design' or 'UX' and focus more on how we can help achieve desired outcomes"

- Team member, IT industry, Canterbury



No.3 Rated Dimension:
Scalable

Effective processes, principles, tools and frameworks to support and amplify design craft.

Biggest opportunity

Crank the volume on quality and consistency

pg. 26



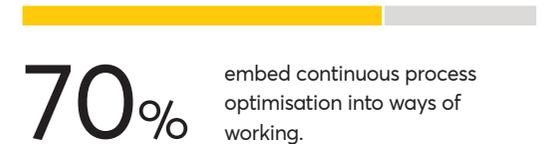
Scalable design practices include:

- Applying consistent frameworks and toolsets
- Experimenting and iterating before defining a solution
- Evaluating work against agreed standards and principles
- Working collaboratively in cross-functional teams
- Continuously optimising processes and ways of working

Pulling in the same direction

Two-thirds of NZ businesses are regularly using experimentation, cross-functional collaboration and process optimisation to improve their problem solving abilities.

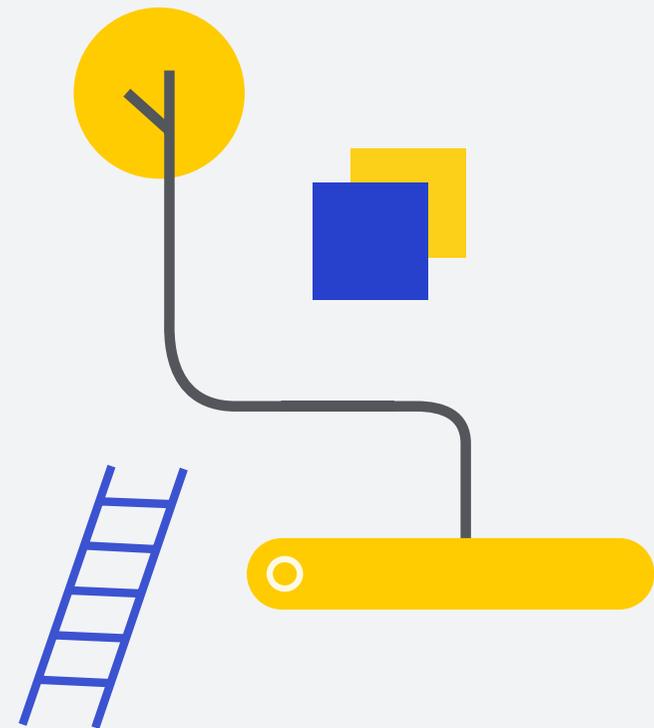
These practices create efficiencies and drive alignment, which in turn supports design at scale. A well executed Design thinking framework should also produce more high-quality ideas and solutions.



Common design frameworks are rare

Half of organisations have consistent frameworks and tools for creative problem solving, however only a handful have these implemented consistently across the whole organisation. Similarly, very few businesses critique and evaluate design work against agreed standards and principles.

The frameworks that have been adopted by respondents often centred on design production - Design Systems, pattern libraries and other digital guidelines. Respondents also referenced strategic and research frameworks including experience principles, sprint schedules and design thinking processes.



Design Systems on the rise

Product or channel Design Systems were the most commonly adopted way of standardising design, particularly in top-performing organisations.

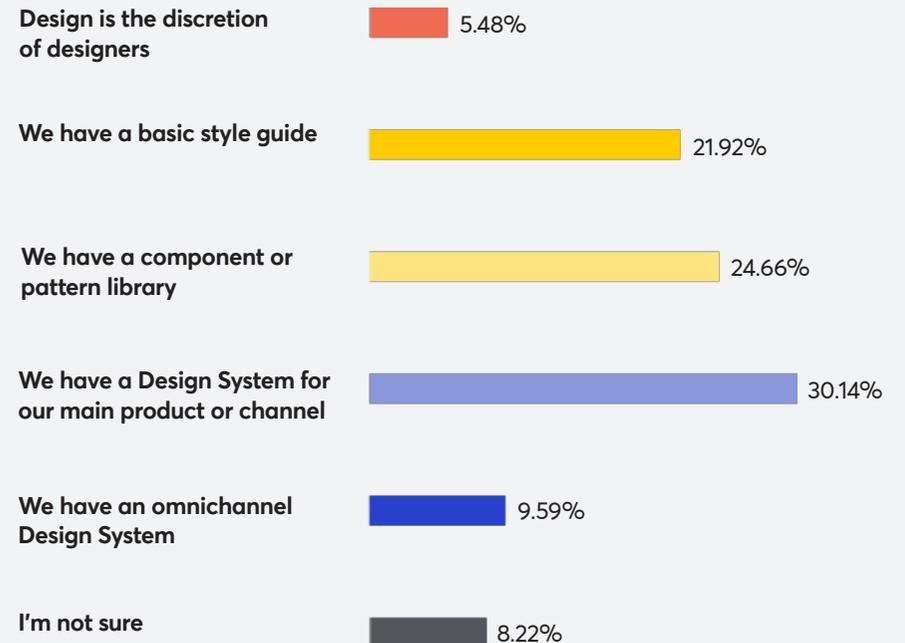
Only 9% have a Design System that looks holistically at the digital experience - brand, tone of voice, visual design components, content, and communications across the business.

"We're starting a Design System, which is useful for the team directly working with it, but fairly meaningless to the wider organisation [...] design principles and guidelines are more effective beyond the design and development team - it's a way of educating and sharing with the wider company. "

- Manager, Healthcare industry, Wellington

Question:

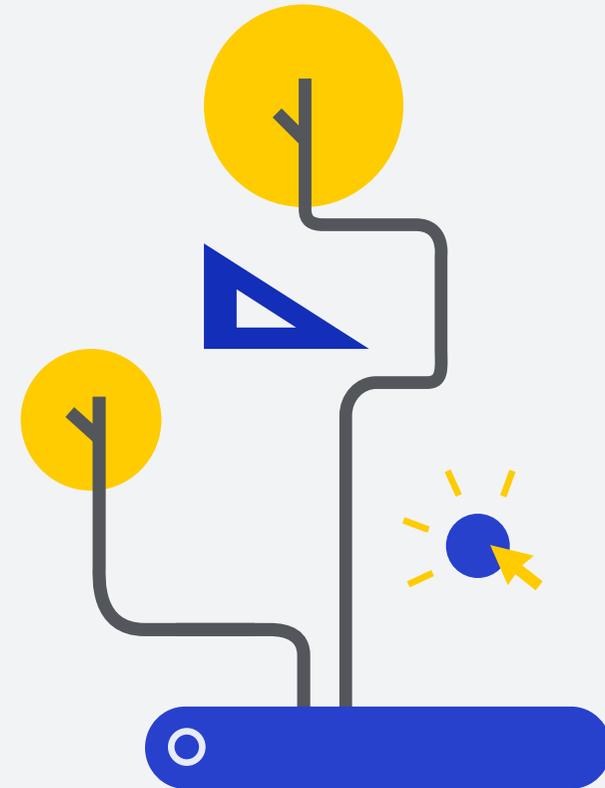
To what extent has your organisation adopted a Design System?



"Digital Design Systems bring the issue of reuse to the fore across both design and development. This speeds design and implementation, while dramatically reducing maintenance costs.

Culturally, it creates a powerful shared vocabulary for designers and developers, and facilitates deeper collaboration on issues of shared concern like accessibility and implementation consistency."

– Che Tamahori, General Manager, Digital Innovation and Enablement, Air New Zealand



What you can do

Audit tools and processes

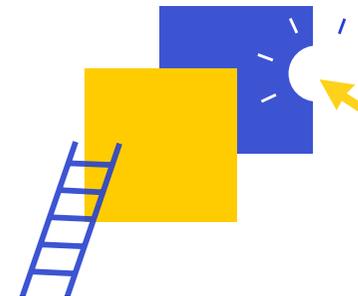
Start with an audit of the tools, processes and frameworks currently in use within your design team, then expand out to the adjacent teams/squads, particularly development and product teams. Keep an open mind and look for areas to consolidate, simplify or standardise. Run a decisions workshop to get alignment and gain momentum.

Set standards

Although some overhead is required, consistent standards and guidelines are necessary to scale design, making the design process more efficient, reducing unnecessary rework and setting minimum quality standards across the organisation. Standards should be regularly reviewed and evolved.

Democratise design

The stretch for more mature businesses is to extend their design reach by upskilling non-designers in design methods and thinking. This practice is much more common in top-performing organisations.



No.4 rated dimension:
Valuable

Design creates measurable impact to customers, employees, business and industry.

Biggest opportunity

Prove value by measuring design outcomes

pg. 31



Design practices that demonstrate value include:

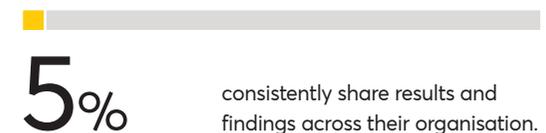
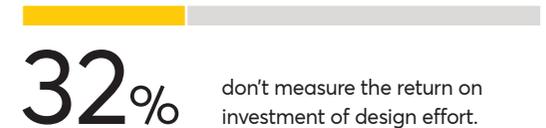
- Continuously measuring the performance of products and services
- Sharing research insights and findings across the business
- Defining how design outcomes deliver to business objectives
- Measuring return on investment of design activities

Quantify the value

The recognition of design value is still lacking in NZ businesses, with several indicators pointing to lack of measurement as a key reason.

"I think they like the idea of design and our tools and methodologies but still have very little understanding of its potential."

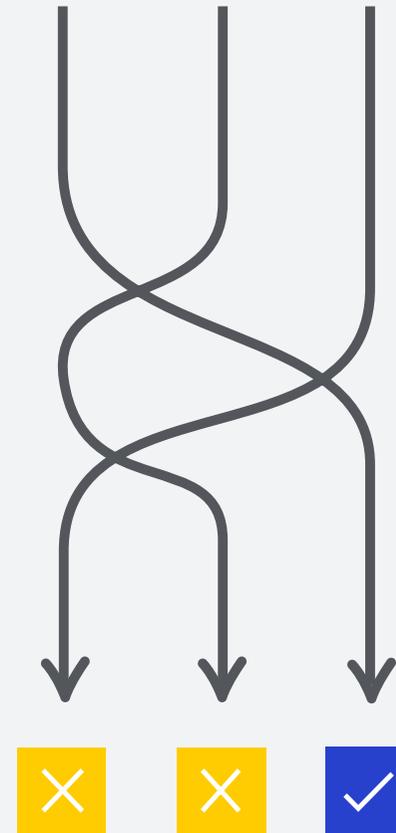
– Team member, Government, Wellington



The majority are not measuring

58% of organisations surveyed have never, or only occasionally measure the financial benefits delivered by the design of products and services. In reality, this is often challenging to unpack from other activity and market forces.

It is vital to benchmark and monitor key performance metrics to be able to unequivocally prove the value of design to business performance. Evidence of value is the greatest lever to unlock the other dimensions of Influence and Scale.



Design adds meaningful value

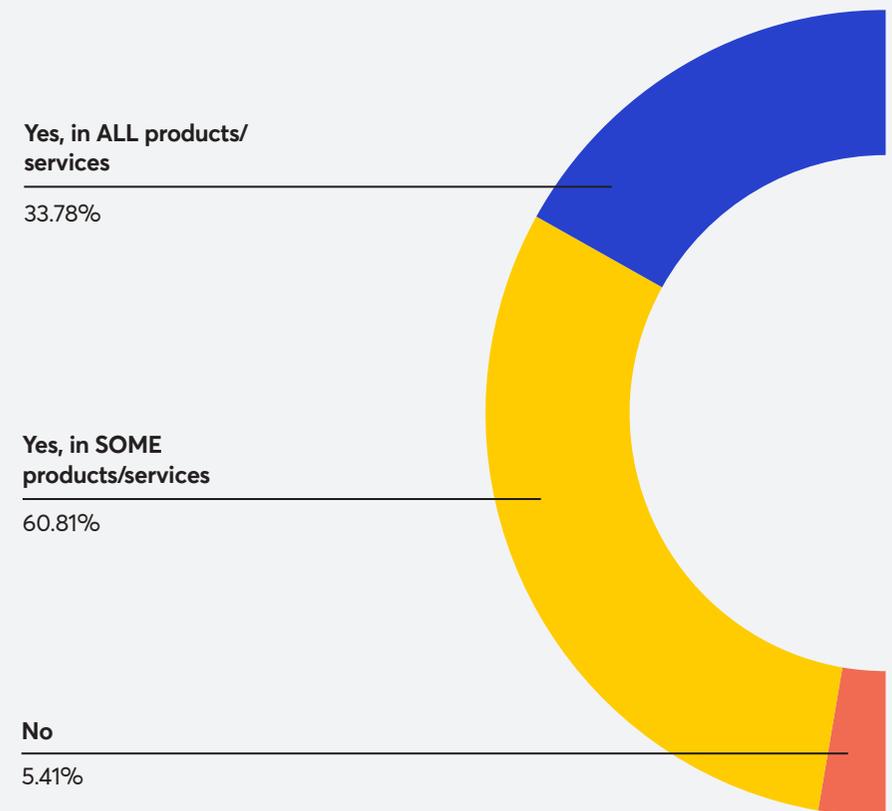
We asked respondents whether their businesses core products and services add meaningful value to their customers' lives. Almost everyone said yes, in at least some products & services.

The stretch for mature design businesses is to look beyond 'convenience' to quality of life and social good. There are plenty of examples of companies who have a social good business model (e.g. Eat My Lunch, Trade Aid, TOMS Shoes) and design has a huge role to play in identifying and executing ways to bring meaningful value to our customers, our people and beyond.

Question:

Our core products and services add meaningful value to our customers' lives

(e.g. convenience, social good, quality of life)



What you can do

Define success

Once you have determined the right problems to solve, determine which metrics are the primary indicators of success, and ensure they map back to your overarching business objectives. We recommend a framework with a range of diverse measures, to ensure that (for example) engagement is not prioritised at the expense of customer satisfaction or cost-to-serve.

Baseline performance

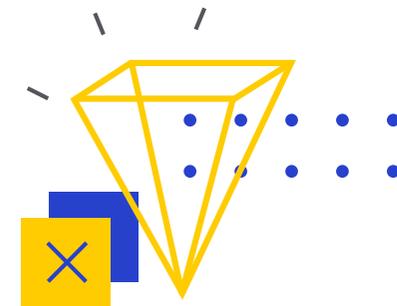
Understand your current state performance and the key contributing indicators. For an e-commerce site this might include new and returning visitors, bounce rate, total revenue, average basket size, cost per acquisition, etc.

Predict and monitor

Create hypotheses for all design activities to forecast the expected impact. Prioritise experimentation and learning, over accuracy. Post-launch measurement will help you calibrate future hypotheses, as well as helping you answer the question “are we done yet?”

Share

Use experiments, results and quotes from customers and team to story-tell the value widely.



Design Maturity by Industry

Design Maturity score per key industry*

Industry Design Maturity scores are an average of respondents' key behaviour results per dimension.

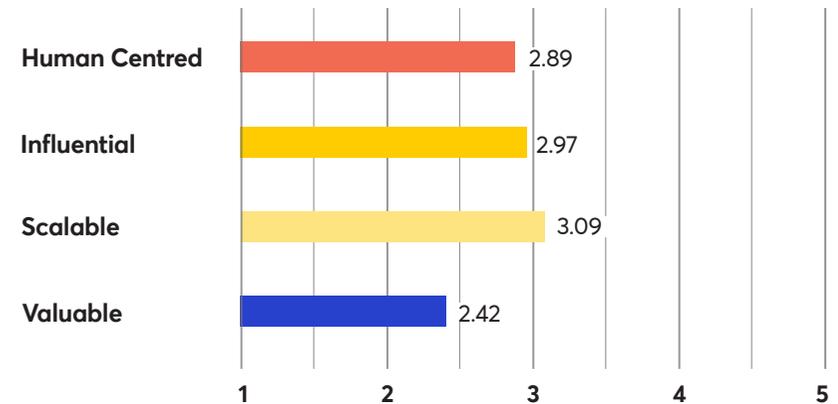
Maturity score scale:

1. Never or rarely
2. Occasionally
3. Regularly
4. Always: in certain departments
5. Always: across our whole business

*Industries represented had a sample size of 7 or more respondents.

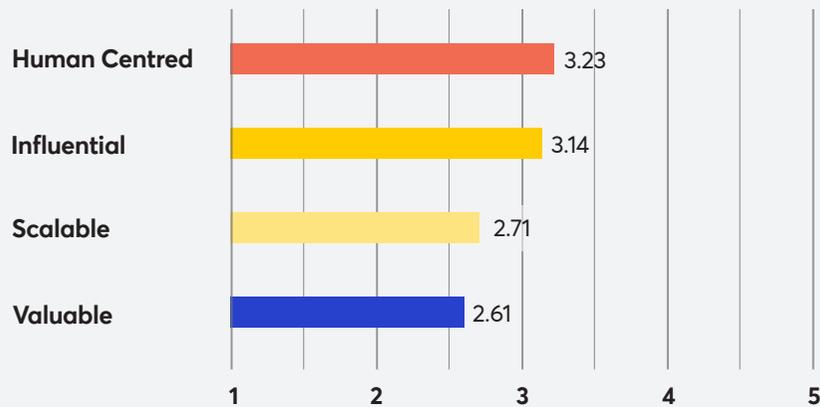
Digital & creative industry

Digital & creative businesses are one of the most likely to achieve design at scale, particularly through experimentation and collaboration. Businesses in this industry are among the least likely to measure the return on investment of design.



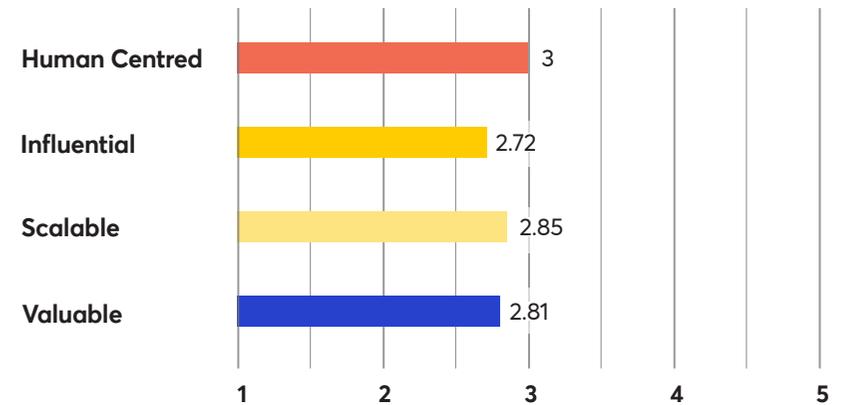
Education

With students as customers, educational institutes are clearly engaging with their teaching faculty to achieve a better understanding of their customers' needs. However, the industry underperformed in demonstrating the value that design outcomes have to key business drivers.



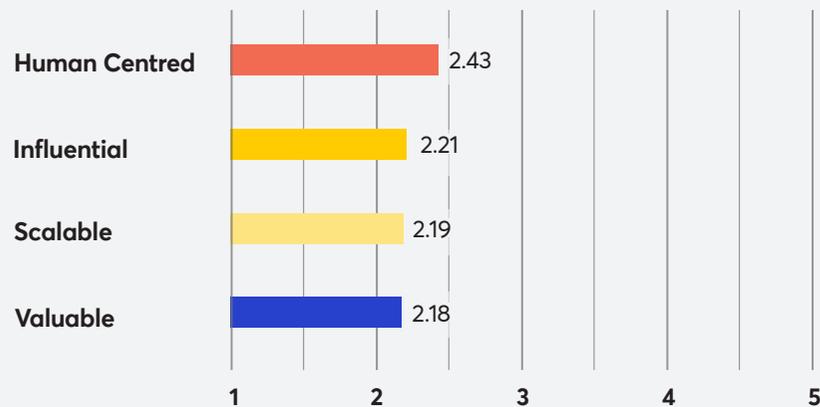
Financial services, banking & insurance

Design teams within financial services have less influence than the norm. Design leaders are struggling to meet wider business needs with existing resources, while selling in Design's value to executive level stakeholders.



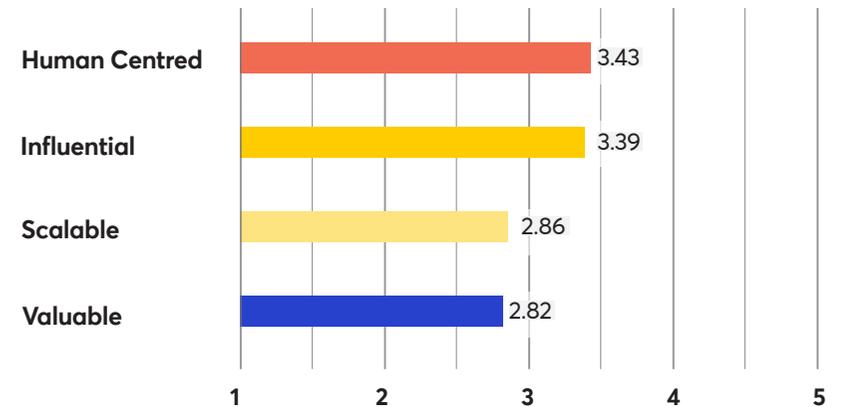
Government

Government was the worst performer across all dimensions, in particular, measuring customer satisfaction and return on investment. They were also one of the least likely industries to fund adequate resources, which perhaps explains lower results in all areas. Government departments are 3 times more likely to have implemented a basic style guide than other industries, as opposed to a fully-fledged Design System.



IT (Information Technology)

The IT industry performed better than any other industry segment in all dimensions. They excelled in design influence - effectively investing in design to respond to business needs, and being widely involved in all areas of business. In contrast, they're the least likely to upskill non-designers.



| Conclusion

Conclusion

The New Zealand Design community is operating in ways that are strongly human centred, helping organisations succeed by influencing business outcomes and championing the customer experience.

However, we can achieve more by having the tools and resources to amplify our design practices, and by demonstrating the business value derived from our design efforts.

The highest performing design teams have sponsorship or membership in the highest level of the organisation. They excel at scaling design practices and have the right frameworks and resources to do so. They invest time and energy in aligning with business goals, creating Design Systems and strategies, and being great storytellers.

The four biggest opportunities for designers and leaders to become more mature are:

1. Include internal teams, especially frontline staff, in design activities
2. Share stories about how design has improved business performance
3. Agree and implement quality standards and scalable processes
4. Measure the return on investment of design effort

As designers, it's in our nature to strive for better: to be better at our craft, to create better solutions, to deliver better outcomes. We hope this report gives you some actionable insights on how you and your design teams can become better together.

For more ideas about what your company needs to do to improve the effectiveness and impact of its design teams, please reach out about what your next steps might be. We'd love to chat!

design.maturity@dan.co.nz

About DAN

Digital Arts Network New Zealand is a design and strategy consultancy with studios in Auckland and Wellington. We leverage design expertise to craft experiences with purpose, build design capability and accelerate ideas.

We are a human centred design company first and foremost. We use Design to improve business performance, stretching across business, strategy, product and service design. In the long run, we build organisations' ability to place their customers at the heart of what they do.

We accelerate ideation and innovation by exploring new ways of creating, delivering and capturing value and helping organisations get to market faster. We collaboratively create and scale customer-centric products and services, working side-by-side with product teams to deliver end-to-end.

As organisations grow, their needs change from customer-centric products to a customer-centric worldview. Speed and scale become imperative.

We support organisations to enable design at scale through nurturing talent, systematising new ways of working and creating and managing Design Systems.

Most importantly, we focus on outcomes not outputs, on real change not artefacts. This means taking a bespoke approach to each engagement that is pragmatic, effective and measurable. Let's create something valuable, together.

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Chris is strategy lead of Digital Arts Network in Auckland. He has worked with clients from financial services to aerospace, partnering to scale their design practices through a pragmatic approach to research, design and digital transformation.

Acknowledgments

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