An Introduction to
Customer-centric Business Development
Businesspeople don’t just need to understand designers better; they need to become designers.

Roger Martin, Dean, Rotman School of Management
Preface

As the discipline of business design is still an emerging one, an agreed upon definition has yet to be defined. The purpose of this booklet is to define 1) what business design is in our work, 2) what type of business challenges it is used to solve, and 3) what outcomes can be expected from business design projects.

The contents of this booklet are based on the knowledge gained from several business design projects and discussions with colleagues and peers on the topic. It is written for anyone interested in getting an initial glimpse on the topic, professionals working among business design related issues and for those who believe that business design is the answer to finding new business opportunities in increasingly competitive markets.

“Bringing the needs of customers and users into strategic decision making.”

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What is Business Design?

Defining business design

Business design can be defined as customer-centric business development. Although companies often claim to be customer-centric, actions taken towards this type of approach are at times non-existent. We help companies put their customers at the center of design work. By studying the customers and users in their daily tasks and routines, we are able to gain insights on their needs and requirements. In addition, we ideate and design solutions with our customer companies to ensure that services that increase their business are brought to market.

In a nutshell, customer-centric business development is about bringing customer insight into strategic decision making by identifying new business opportunities that respond to both the customers’ needs and the company’s strategic goals.

Business design can also be seen as a combination of research, design and business modeling. Without research, it is challenging to design products and services that create a good user experience. Just the same, if the business model is not considered in developing the offering; the end-result may not be feasible or profitable from a business perspective.
Foundations of business design

Business design takes into consideration two different approaches to solve challenges in business development.

The business approach can be seen as a rational and analytical way of thinking: combining existing data – facts and figures – and turning it into new knowledge that helps in decision making.

On the other hand, the design approach brings softer values to the equation; it takes into consideration the emotions of customers and users. The focus is more on creating novel ideas by using design methods and including potential users in the innovation process.

Both approaches are mutually important in business design: combining them enables creating services that reflect user needs but are also feasible from a business perspective.
Business approach

The business approach includes determining the business aspects and understanding the company’s strategy. These include defining the vision and mission, identifying technologies utilized in producing services, selecting target markets and customer segments, and understanding the revenue logic.

METHODS

- BUSINESS PROCESS MAPPING: Mapping out the business processes and identifying possible pain points that need to be solved
- BUSINESS MODEL DESIGN: Designing the entire business model of a new service
- PROFITABILITY ANALYSIS: Analyzing the profitability and ROI for a new service
- MARKET / COMPETITOR ANALYSIS: Analyzing the markets and competitors to evaluate the potential for expanding a company’s business into new markets
- BENCHMARKING: Benchmarking business models and best practices from other industries
- RISK ANALYSIS: Analyzing the possible risks of bringing new offerings into the market
Design approach

The design approach considers the actual customers and end-users of an offering. Their emotions, requirements, goals and values should be the cornerstone of design work. There should be a focus on: what needs are we trying to fulfil and how can we succeed in doing this? These questions are approached with traditional user research and service design methods.

METHODS

- **INTERVIEWS**: In-depth interviewing of a single person or group of people from a specific target group.
- **OBSERVATIONS**: Observing people in their natural environments, e.g. when using a specific service/technology
- **USER SCENARIOS**: Building user scenarios of typical use cases of a service
- **STORYTELLING**: Illustrating the solution as a story to make the examples more concrete
- **CUSTOMER JOURNEYS**: Illustrating the customer journey when using a specific service, pinpointing the highlights and pain points along the way
- **SERVICE BLUEPRINTING**: Drawing the service blueprint; including front- and back-end interactions and support processes involved in producing a service
Design work as a process
Business and service design

Design work can be seen as a process that starts with understanding the business aspects introduced earlier in this booklet. These aspects determine what type of decisions can be made in other parts of the service creation process.

In the service design phase, we can already start to focus on a single service, or ideate multiple service concepts for further investigation. There is a fine line between business and service design, and even in some theories the earliest phases of service design include defining the business model of a service. This is why the phases overlap and should also be linked to each other.

The questions that need to be asked when designing services include but are not limited to:

- Which stakeholders are needed in the service ecosystem to produce the service?
- Is this a profitable idea from a business perspective?
- How much would it cost to provide this type of service?
- Who is the customer and what are they willing to pay for?
UX/UI design

The next phase after service design is designing the user experience and user interface.

From a business perspective, the questions include:

- How can we create a user experience that entices users to buy the service, recommend the service, and eventually lead to increased sales?
- Does the user experience reflect the intended value?

From a service design perspective, the questions include:

- What is the target group for the UI design and testing?
- Are the users’ needs taken into account in the UI?
- Does the design reflect the original service concepts? How can we ensure it does?
The last phase in the design process is developing the software to deliver a functional service to the customer.

From a business perspective, the questions include:

- Are we using the right kind of technology to develop the service?
- Is the intended value realized in the actual service?

From a service design perspective, the questions include:

- Will the implementation help us reach the initial goals of the service?
- Is the implementation in line with the original concept?

From a UX perspective, the questions include:

- Is the implementation in line with the UI design?
- Will the implementation ensure a good user experience?
Research in the heart of design

All design phases can and should include research, either internal with employees of the service provider or external with existing and potential customers and users. However, the topics and research questions differ in each phase.

**BUSINESS DESIGN RESEARCH**

- Internal
  - What are the company’s actual business drivers?
  - Where does the company see potential for growth?

- External
  - How do the customers experience our offering and service?
  - In which areas do we succeed and what needs to be developed?

**SERVICE DESIGN RESEARCH**

- What type of services do our customers/users need?
- Are the designed service concepts valid from their perspective?

**UX/UI RESEARCH**

- How should the service work on a more concrete level?
- What is important for the users?
- How are the designed services used?
What is business design used for?

Example case topics

Business design can be used for topics such as:

- Modeling and developing internal processes
- Identifying areas for development in the current business
- Identifying new business opportunities
- Defining business models for new services
A business development process can be defined for modeling and developing internal processes, identifying areas for development in current business and identifying new business opportunities. In all of these cases, there is a need to understand the business both from the company's and the customers' point of view.
01 COMPANY
Identifying business drivers

01 Gathering insight on current and prospective business ideas

Identifying the business drivers includes conducting workshops or interviews with key employees of the service provider company. The focus is on gathering insight on both the current business and ideas for future development. Usually, it is good to have representatives from different departments to get a broader view and understanding of the business goals.

Insights can be gathered on:

- Current value proposition
- Revenue logic
- Challenges in the current business
- Competition and future challenges
- Possible partners
- Potential for future growth
Identifying customer needs includes interviews with existing and potential customers/end-users. The focus is on understanding what type of solutions would help them succeed in different tasks.

**Insights can be gathered on:**

- Needs and motivations of service users
- Feedback on the current services
- Benefits gained and sacrifices made in acquiring the services
- Ideas for improving the current services
- Ideas for new services
Areas for development can be identified by analyzing the results from the first two phases and combining the findings. This way we can ensure that both the company’s goals and the customers’ needs are taken into account.

The service provider company can choose, whether they want to have an active role in analyzing the data gathered from interviews and workshops. Experience has shown that the more the company representatives participate in business design projects, the better they can utilize knowledge gained throughout the project.

The most prominent ideas will be selected for further development with the help of key employees.
After selecting areas for development, concepts should be created to explain how the solution would work and how to proceed in the execution. These concepts include, for instance, new operations models in current work or new services to answer the emerging needs of customers.

The concepts can be illustrated with process models, customer journeys, storyboards, service blueprints, or other methods suitable for this purpose.
To make sure that the concepts reflect the initial needs identified in the second phase of the process, they need to be validated with customers. This way, it is possible to get feedback on whether the concepts should be developed even further.

Validation is usually done by interviewing target groups. If the potential buyers and users agree on the concepts, then there is confirmation that the process can continue to production.
Defining business models for new services

One typical business design case includes defining the business model for a new service. The company might already have in mind a specific service idea, which they feel would be a good fit in their service portfolio.

However, several aspects need to be defined before the new service can be considered for development. One of the most established tools for this type of work includes the Business Model Canvas from Osterwalder and Pigneur. Additionally, from our experience we compiled a list of important criteria that should be defined with our customers related to the new services.
Business model aspects

- **Success criteria**
- **Business drivers**
- **Service ecosystem**
- **Service Target**
  - **Value & Benefits**
- **Customer & User**
- **Needs & Motivation**
- **Evaluations Logic**
  - **Sources of income**
  - **Cost structure**
- **Earnings Logic**
  - **Value & Benefits**
- **Strategy**
  - **Production**
- **Possibilities**
  - **Risks**
Strategy
The business drivers of a company and the success criteria that will be used later for evaluating the service.

Service production
The stakeholders involved and their role in the ecosystem of producing the service and the proposed value for them.

Service target
The customers & users of the service, the value & benefits gained from using the service, and the needs & motivation that these target groups have. Keep in mind that a customer can also be a user, but the user might not be a paying customer. Also, the needs and motivations are only guesses at this point. Research is needed to gain a better understanding.

Earnings logic
The sources of income and the cost structure of the service. What type of fees will customers pay to use the service and what are the costs related to producing the service?

Evaluation
The risks and possibilities related to the service. What is the probability and impact of different types of risks? Are the possibilities gained from the service higher than the associated risks?
What is expected from business design projects?

Solutions to business challenges

As business design projects are all unique and take on different types of business challenges, the outcomes can vary in each case.

However, on the following pages are a few examples based on our previous work for several companies in various industries.
How should we expand our business in the future to serve our customers’ needs better?

How can we make our internal processes more efficient to support the production of a service?

How is the customer’s service experience linked to our own processes?

What type of business model would be suitable for a new service concept?

New and validated concepts for services or operations models that help the company expand and develop their current business

A detailed description and illustration of the process of producing a service, including the identified challenges and concrete propositions for developing individual phases in the process

Meticulously defined business models for new service concepts, including, for example, market and competitor analysis

An illustration of a customer journey or service blueprint, highlighting the pain points, needs for improving the service and concrete suggestions on how to develop the service further
One of the key things to take from business design projects is a new mindset - how to develop your business based on your customers’ actual needs? And most importantly - how to involve your customers and users in the development process?

From our experience, we have realized the importance of cooperation with our customer companies in business design projects. This can include, for example, taking part in interviews, analyzing the gathered insights and/or participating in workshops facilitated by us.

Through collaboration with us, companies learn new ways of working and design methods that help them transform their operations and mindset towards being truly customer-centric in their business.

Change of mindset
Business design = Customer-centric business development

It brings customer insight into strategic decision making by identifying new business opportunities that respond to both the customers’ needs and the company’s strategic goals.

Key lessons

01

Business design combines both business and design approaches

The business approach can be seen as a rational and analytical way of thinking, while the design approach focuses on creating novel ideas by using design methods and including potential users in the innovation process.

02

All business design projects should include research

The best results in business design projects are gained by gathering both internal knowledge from company experts and experiences from current and potential customers.

03
Taking part in business design projects enables a change of mindset

While actively engaging oneself in the process, it is possible to learn new ways of working and becoming more customer-centric in service production. By being involved in gaining and analyzing customer insight, it is easier to identify the true needs for service development.

Business design can be used for solving several types of business challenges

Whether there is a need to create new services, develop current business models or make internal processes more efficient, business design includes various methods for solving these issues.

Want to hear more about Gofore’s Business design services?

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This booklet is written to provide an introduction to the topic of business design. The purpose is to define what business design means in practice and to give examples of challenges solved within business design projects. The contents of this booklet are based on the knowledge gained from several business design projects and discussions with colleagues and peers on the topic.

It is also written to inspire readers to think about customer and user experience in a new light when designing services and making strategic decisions. The key in business design is to involve both company experts and customers to identify new business opportunities.