Abstract
Based on research studies, investing in design increases customer satisfaction, product usability, communication, and profit. Companies that are design-mature may see over double returns compared to the remaining companies. This stems from increased product quality, usability, and customer satisfaction. These aspects in turn, originate from increased knowledge of user needs, and fulfilling them through human-centred design. Creating effective company communications is required to carry the basic purpose of the company. All these belong to the domain of designers. The Design Venture Programme at the Institute of Design at Lahti University of Applied Sciences concentrates on coaching small and medium-sized enterprises and microenterprises to be more design-mature for their growth and internationalisation.

Keywords: business coaching, communication, design, design leadership, design management, enterprises, human-centred design, microenterprises, project management, small and medium-sized enterprises, visual communication

Why worry about design?
Our world appears to be in constant change. We are seeing climate change, the need for a circular economy, shifts from grocery shops to online shopping and from tangible products to intangible, mobile applications and services, constant digitalisation, extended reality, very fast mobile networks, and the Internet of Things, for example. Certainly, this seems chaotic and confusing for people, but also for enterprises. What should companies do and what should they market in all this turmoil?

People, however, typically do not change that much. People, that is users of products and services, still have same basic needs as before.
Their desires and needs continue to exist. They still have desires and needs for communication, feelings, stories, dreams, interaction, and socialisation. The environment, friends, family, and values still hold enormous importance for people. They even have the same faults and imperfections despite the technological and environmental changes. All these and more belong to our life as users, and as humans.

**But why would an enterprise need to worry about design?**

We look at three recent studies that have examined the role of design for companies. We see that by investing in design, companies increase their product or service usability and user satisfaction among other benefits. By engaging in human-centred design, companies are able to really hear the voices of their users and create products and services that fulfil users' needs. Through precise communication, companies are able to reach their users with personal messages. We look at the Design Venture Programme that coaches SMEs to be more design mature. Finally, by making investments in design, companies are able to achieve growth, internationalisation, and make financial gains. Let us begin with the end result, profit.

Fig. 1. The Design Value Index (DVI) study shows 10-year returns yielding 2.11 times (211%) that of the S&P 500. The DVI is based on a portfolio of 16 publicly traded stocks in the US: Apple, Coca-Cola, Ford, Herman-Miller, IBM, Intuit, Nike, Procter & Gamble, SAP, Starbucks, Starwood, Stanley Black & Decker, Steelcase, Target, Walt Disney, and Whirlpool. (Rae 2016)
Design makes a profit

The Design Management Institute's (DMI) 2015 Design Value Index (DVI) is based on a portfolio of 16 publicly traded stocks from companies considered to be design centric. It is contingent on a set of criteria that reflects best practices in design management. The DVI shows a 211% return over the S&P 500 (see Fig. 1, Rae 2016).

Inspired by the DMI’s Design Value Index, Pentagon Design recreated the Design Value Index study in Finland by asking 13 Finnish design and business experts to list the most design intensive companies traded on the Helsinki stock exchange. The resulting Finnish Design Value Index (FDVI) study shows 10-year returns yielding 2.4 times (240%) that of the OMX Helsinki 25 (see Fig. 2, Suomela 2018).

Pentagon Design used daily stock price data and yearly shares outstanding data to calculate a market capitalisation-weighted index from these companies. The graph of the calculated index was compared to the OMX Helsinki 25 index for the period of 2.1.2007–30.12.2016 (Suomela 2018).

![Graph showing Finnish Design Value Index 2007-2017](image)

Fig. 2. The Finnish Design Value Index (FDVI) study by Pentagon Design shows 10-year returns yielding 2.4 times (240%) that of the OMX Helsinki 25. The FDVI is based on a portfolio of the 9 most frequently named companies by design and business experts: Amer Sports, Finnair, Fiskars, Kone, Konecranes, Marimekko, Martela, Ponsse, and Wärtsilä.
Why is this so? Why do design-centric companies make more profits than other companies?

Rae (2016) sees design not as a pure factor that makes DVI companies’ stocks perform better on the stock market, but rather as a highly integrated and influential force that enables the organisation to achieve outsized results.

Buley (2019) looked closer at qualitative aspects of how companies can create better business outcomes through design. Apparently, this is the largest study to date including 2,200 companies within 24 industries in 77 countries.

She detected that among the most design-forward organisations, design is well integrated into the product development process with a senior team and in the product roadmap. In fact, she continues, there is a direct correlation between the number of business benefits that design drives and the degree of organisational adoption of design. Organisations that embrace and integrate design practices also report more positive business outcomes, including when it comes to product, position, profit, and more.

When organisations establish the right conditions for design and make room for it in their core processes, they also experience deeper customer understanding, bolder exploration and experimentation, and more informed decisions vetted through the continuous testing and learning process that design enables.
According to her study, leading companies are using design to drive their efficiency, profit, and position. Nearly three quarters of companies say they have improved customer satisfaction and usability through design (see Fig. 3).

Hence, by investing in design, design-mature companies increase the usability and user satisfaction of their products and services. By fulfilling their users’ needs better and more accurately than the other companies, design-mature companies are able to be more efficient, profitable, and achieve a better position. All these in turn, lead to better profits, which we saw before.

**Human-centred design**

Human-centred design (HCD) emphasises the human perspective in the design process of a product or service.

HCD is an approach in interactive systems development that aims to make systems usable and useful by focusing on the users, their needs and requirements, and by applying human factors, as well as knowledge and techniques concerning usability. This approach enhances effectiveness and efficiency, improves human well-being, user satisfaction, accessibility and sustainability; and counteracts possible adverse effects of use on human health, safety and performance (ISO 9241-210:2019).

The following principles are typical to a human-centred approach to design:
- the design should be based on an explicit understanding of the users, tasks and environments;
- the users should be involved throughout the design and development;
- the design should be driven and refined through user-centred evaluation;
- the process should be iterative;
- the design should address the whole user experience;
- the design team should include multidisciplinary skills and perspectives.

One way to illustrate the HCD process is presented in Fig. 4.

Human-centred design teams do not have to be large, but the team should be sufficiently diverse to collaborate over design and implementation trade-off decisions at appropriate times during the design process. For example, the following skill areas and viewpoints are typically needed in the design and development team:
- usability, human-computer interaction, user research;
- users and other stakeholder groups;
- subject matter expertise;
- marketing, branding, sales;
- user interface, visual and product design;
- business analysis;
- hardware and software engineering, programming, production;
- human resources, sustainability.

This means that projects benefit from creativity and ideas from the interaction and collaboration of team members who collectively have an extensive skill base. An additional benefit of a multi-perspective approach is that team members become more aware of the constraints and realities of the other disciplines. For example, technical experts can become more sensitised to user issues and users can become more aware of technical constraints.
User issues are especially important in product and service design, usability, interaction design, and visual and other sensory design. Experts in these areas design the products and services for users. Therefore, their role is crucial in creating successful and meaningful products and services. The professionals design products for improved customer satisfaction and usability, and ultimately create profits for the company.

Let us look at two examples of obtaining user requirements. One where users are consulted throughout the development process, and the other where a group is formed to advise on the commercial impact of a forthcoming product or service.

Fig. 4. Illustration of a human-centred design approach. Some of the multitude of designers' roles during the development process are presented.
**Constant monitoring of user needs**

As seen in Fig. 4, the user needs or requirements are revised in several phases of the development process. Company managers and designers know the initial requirements. Once the users are involved, their desires are translated to derived user and functional requirements, and technical specifications. The process does not end there. When the concepts are designed and prototypes are tested with users with various methods, not only using the ones in Fig. 4, the designers will

Fig. 5. The messages companies create, are based on the essence of the company. They need to be simplified to the final refined crystallisation of the core. The core can then be expanded to company’s communication. (Toivanen 2018)
acquire more detailed requirements. Similarly, they are able to improve the products with detailed designs and field trials.

Hence, designers attain more detailed information concerning the users and their needs. During this process, the users will also experience and receive more detailed information of the product or service, its possibilities and limitations. Users may, and most likely will, change their desires compared to the ones they stated in the early stages when they defined their requirements. Therefore, it is essential to monitor user needs, and to involve users constantly at appropriate intervals, not only at major checkpoints. This tracking needs to be carried out through a series of systematic and regular consultation events with end users.

**Commercial impact advisory groups**

Traditionally design and development projects have advisory groups which may be called, e.g., a management group. Typically, in a project of one company only, the advisory group is formed of experts in content and management of the company in question and clients. In larger projects, with several companies, there may be several members, and also a member of a funding agency. Such a group meets at certain intervals to provide guidance and advice, and mentors and approves the work of the design and development project.

A commercial impact advisory group (CIAG) differs from the traditional project advisory groups in that all its members are outside the project consortium. The CIAG advises but has no authority in the final decisions of the development. The CIAG can be used for affirmation, but also to introduce questions or doubts. Both the assurance and wariness of the CIAG are expected to advance the development, to help understand user requirements, anticipate commercial impacts, as well as to lead to a product and service which fulfills the users' needs, and therefore also improve the project's overall success (Räty et al. 2017).

**Communication**

As we noted in the beginning of this essay, we as humans have desires and needs for communication, feelings, stories, and dreams. Companies eagerly use these needs in their communication.

In order for the company's message to be effective, it needs to be simplified to a very small refined core. That core in turn can then be expanded to communication, marketing, and advertising. For example, a simplification of the Titanic storyline is that a man and a woman fall in love on an unsinkable ship that sinks. Finally, this was expanded to a film lasting three hours and 14 minutes (Toivanen 2018).

Similarly, the messages that companies create are based on the essence of the company, its purpose, mission, values, strategy, and vision. Toivanen emphasises clarification in the design process. He describes a process saying that designers "need to simplify things so much that it begins to feel bad and stop when it starts to feel good again," (Toivanen 2018). In other words, this means that the final refined crystallisation of the core has been found. The core can then be expanded to include basic elements, core messages, applications, communication, marketing, and advertising (see Fig. 5).

This concept is significant. It means that all company's communication conveys the essence
of the company, e.g., its values. On the other hand, no communication—or at least no effective communication—is possible without deriving it from the essence of the company. Logos, products, services, advertising, and their tone of voice, all carry the basic purpose and vision of the company. This work belongs to the domain of designers, as well.

**Design Venture Programme**

The Design Venture Programme at the Lahti University of Applied Sciences (Lahti UAS) promotes design to speed up businesses, especially SMEs and microenterprises. We aim to strengthen smart specialisation of the Lahti region by improving the strategic position of design which is one of the priority sectors of the Lahti UAS. Our aim is to create successful businesses and foster their growth and internationalisation.

Since the beginning of the Design Venture Programme in March 2018, we have coached 34 SMEs and microenterprises from various sectors to understand the role of design in their businesses. Additionally, we coach them to buy design and use designers, and coach designers to sell their services to SMEs and microenterprises. The enterprises’ business areas include, e.g., coffee roasting, food, sports equipment, software, car tuning, video production, adult education, and online shopping.

Within the programme, design means product and service design, but also refers to communication, especially digital communication, and branding, among other areas. In the early stages of the programme, coaching the latter areas have been indispensable for our enterprises.

To raise the awareness of design both in everyday life and in development processes of companies, we coordinated the Lahti Design Week in 2019. This consisted of seminars and talks on design aspects, such as digital clothing in computer games, digital games in city development, wood architecture, and museums’ active and new roles in cities. Furthermore, the Design Week had altogether 20 exhibitions of various results of design in, e.g., furniture for temporary housing and emergency accommodation, information design of city statistics, history of sports clothing, vehicle design, and photography.

The Design Venture Day, as a part of the Design Week, addressed special questions and issues that enterprises typically have. They were given guidance in design, marketing, and legal clinics.

The Design on the Road events began in 2019. Their purpose is to address companies, governmental organisations, and the third sector outside the Lahti area in proceeding with design in their development processes.

From March 2018 to August 2020, the Design Venture Programme is a project that the Lahti UAS is running together with the Lahti Region Development LADEC. After the project period, it is planned to run the programme independently at the Institute of Design.

**Design Means Business**

Company management requires experts on user issues: in branding, communication, product and service design, usability, interaction design, and visual and other sensory design. These experts design products and services for users. The users’ satisfaction is vital for the company, both large and small. Ultimately the users bring in profits to the company.
Recognising the users' real needs and designing products and services for the users, improves user satisfaction and usability. Using effective communication, the companies' messages reach their users, both current and new ones.

All the above, result in financial gains for the companies. Within the Design Venture Programme, we coach SMEs and microenterprises to use design in their development processes, and to grow. Design means business.

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References


