



Design and innovation quotient report India 2018

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Foreword

Design is everywhere. From manifesting itself in beautifully-designed everyday products, thoughtfully-designed services, delightful experiences, to strategically-designed complex business processes, design touches lives in more ways than one.

Traditionally, design's role has been limited to the aesthetic presentation of products. This meant that design was confined to a department tasked to make an already

developed idea, more appealing to customers.

Today, design assumes a more important role in helping businesses drive results and stay ahead of the competition. Design's ability to be human centered and help meet customers' needs and desires better, has put it at the front and centre of an organisation's strategy. It is an expression that manifests itself not only in aesthetics but also in the functional and emotional elements of a product, service or experience.

Design is helping organisations achieve their aim to guide all departments to focus more effectively on customers, even those that are not close to customers. Leveraging design, businesses are able to empathise, experiment and co-create with the customers to craft compelling and differentiated experiences, products and services. Many organisations are also driving design as strategy through their boardroom agenda.

In essence, design is fast becoming a common language to solve complex business challenges. However, the journey to a design-led transformation is gradual and the shift begins with a change to a customer-centric mindset. Then the organisation will feel the need for a common language in the form of a process. Embracing and follow through on the process brings a collective mindset change. A transformed organisational mindset

adopts design as a way of life and builds culture.

Organisations that make this shift to understand customers better will be better positioned to excel in today's dynamic and complex environment. While the foreign multinational firms have taken a note and been quick to adopt as well as drive design led innovation, closer to home, Indian organisations are recently discovering design and are yet to realise its full potential.

KPMG in India's Design Thinking practice is engaged in making efforts to evangelise design led thinking and support organisations in their design journey.

The first edition of this annual study is our sincere effort to provide you with a picture of design maturity in the Indian landscape. This report aims to introduce what we believe to be the six key building blocks of design and innovation capability and examine the level of

maturity of organisations in India across those key dimensions.

We hope you find contents of this report insightful and this first edition will help evolve the conversation of design in India. We would welcome the opportunity to discuss how you can best leverage these insights to build design capabilities and a customer-centric business.



Prasanth
Shanthakumaran

Partner
Digital Consulting



About the Design quotient survey

KPMG in India presents its first edition of design quotient survey. This initiative kicks off this year with an objective to assess the maturity of the design mindset, skillsets and impact across organisations in India and their performance on the six key building blocks of a design-driven culture. This year's survey received a good response from participants across industries. Over 160 responses received

had a good mix of industries, geographies, business models, and organisation size.

The design quotient is a measure of how design driven an organisation is. The primary purpose of design quotient is to help organisations evaluate their current maturity of design capability, understand the key drivers of this capability and progress towards building a design-driven organisation.

In this report, you will find overall design quotient of India Inc., key industries and key themes/ observations reported under executive summary section. In the remainder of the report, we introduce and examine performance of each of the six building blocks by industries, organisation type, size, region etc. highlighting interesting trends and opportunities.



Design quotient maturity model



The design quotient maturity model comprises of six building blocks broken down into 20 factors (level 2) which are further broken down to 57 elements (level 3 is not included in

Right 'values' form the foundation for an organisation looking to drive design led culture. These values guide the 'behaviour' at an individual, team and organisational level. To allow practice of these values in an organisation, a conducive 'climate' is desired. Establishing a 'process' provides a map on how to practice design thinking and making 'resources' available help in execution of that process. In the end, how we measure 'success' guides the shift in the perception and thus the culture.

Assessing an organisation against the design quotient framework gives us the design quotient, a measure that places the organisations into one of the five levels of design maturity.

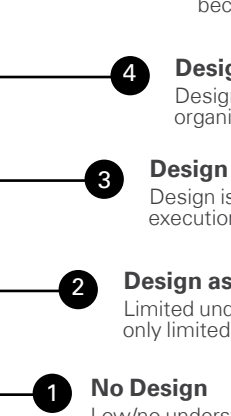


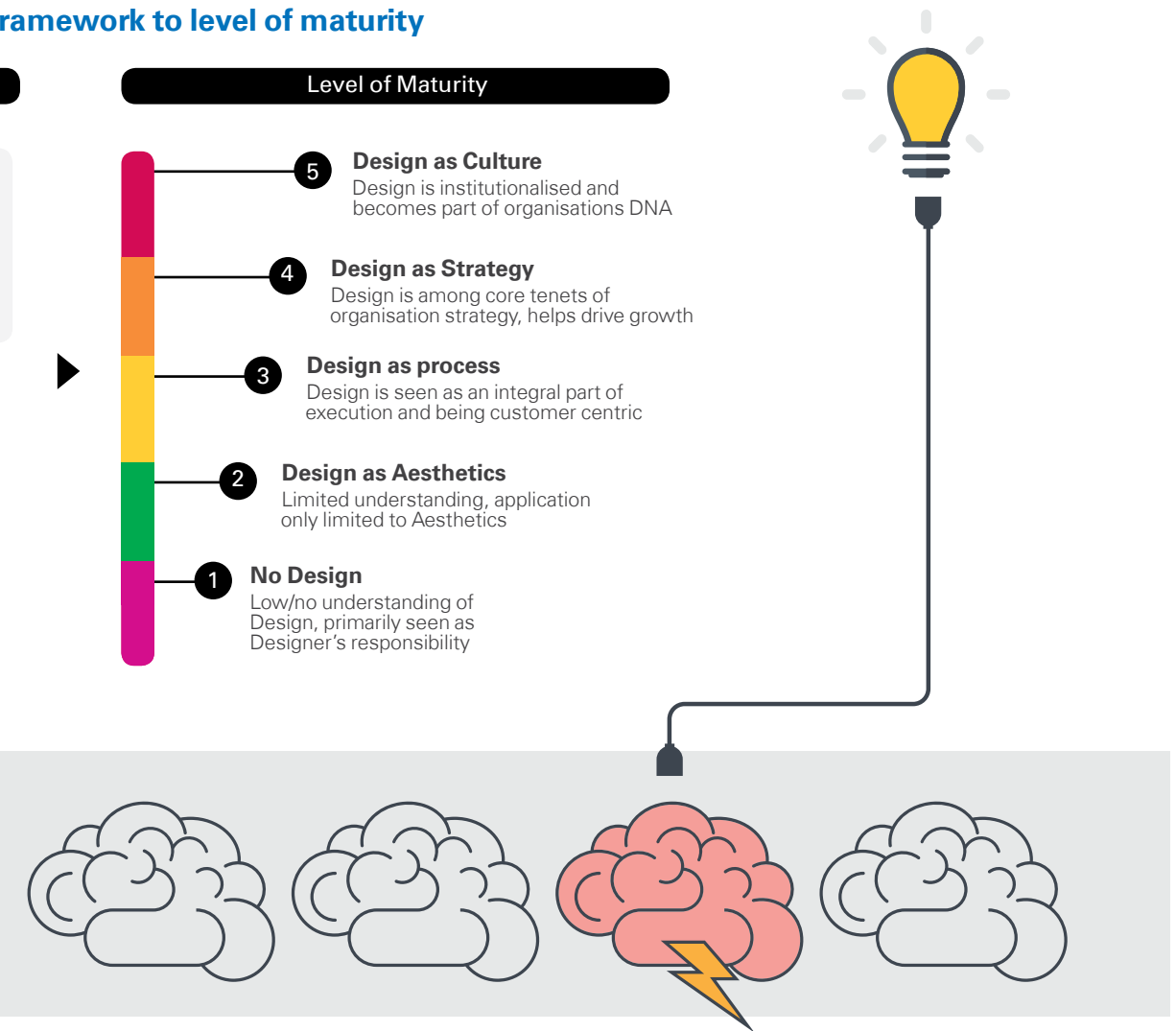
Journey from framework to level of maturity

Design Quotient

A weighted
measure of
performance
on DQF on a
scale of 5

Level of Maturity

- 
- 1 No Design**
Low/no understanding of Design, primarily seen as Designer's responsibility
 - 2 Design as Aesthetics**
Limited understanding, application only limited to Aesthetics
 - 3 Design as process**
Design is seen as an integral part of execution and being customer centric
 - 4 Design as Strategy**
Design is among core tenets of organisation strategy, helps drive growth
 - 5 Design as Culture**
Design is institutionalised and becomes part of organisations DNA



How can assessing the design quotient help organisations?



Learning where one lies on the level of design maturity will help organisations understand how far or close they are to their desired state and to their peers. The assessment will also provide insights into the current degree of strength of six building blocks of design and innovation. Basis these insights, necessary calibration and corrective action can be planned to strengthen these pillars and inch closer to a design driven future state.

Being design driven is not just about creating great products or services, it is a crucial business advantage that ensures success in the market. Organisations are embracing design to imbibe innovation as a culture, bring customer centricity and drive business growth. Design quotient assessment is the first step in taking the journey to become design driven.



In this report, overall design maturity of India Inc., key industries, organisation sizes and types have been reported under Executive summary section. In the subsequent sections, performance of each of the six building blocks have been analysed and presented by various demographic factors.

All the scores reported throughout the report are on a scale of 5.0.

Key findings

Industrial manufacturing and Media and entertainment

industries have emerged as top performers across most building blocks of design. This can be attributed to historical emphasis on design by the former and a creative culture of the latter.



Education and Financial services

have emerged as bottom performers on all building blocks presenting a significant opportunity for overhaul and disruption of industries marked by complex regulatory environments.

Indian corporations and MNCs,

have surprisingly displayed higher design scores on most of the building blocks of design compared to foreign MNCs which is contrary to popular belief. This could perhaps be indicative of changing culture and values of the Indian organisational landscape in an attempt to reinvent themselves or indicative of sentiment among respondents that Indian companies rely heavily on frugal Innovation.



Organisations having design or innovation department/CoE

reported consistently high scores on all building blocks of design compared to organisations that did not have a design or innovation team. This reflects that focus on design or innovation enables organisations to establish right values, drive right behaviours, provide right climate and resources to succeed in becoming truly customer centric.



Organisations with smaller employee strength

have exhibited higher scores on all building blocks of design showcasing their embodiment of spirit of design approach but have revealed little/no access to resources such as talent, tools, technology to execute the design process.



Organisations from southern Indian states

have outscored their peers from the north and west region on all the building blocks of design which could be attributed to presence of technology firms and start-ups in the region, possible cultural undertones of openness to experimentation and a conducive climate for innovative ideas to thrive.



Mid-level management personnel

have emerged as the group reporting lower scores on all building blocks of design suggesting high burden of operational work, upward as well as downward delegation affecting their ability to contribute creatively and pursue design opportunities leaving them feeling less energised, engaged and enabled to succeed.

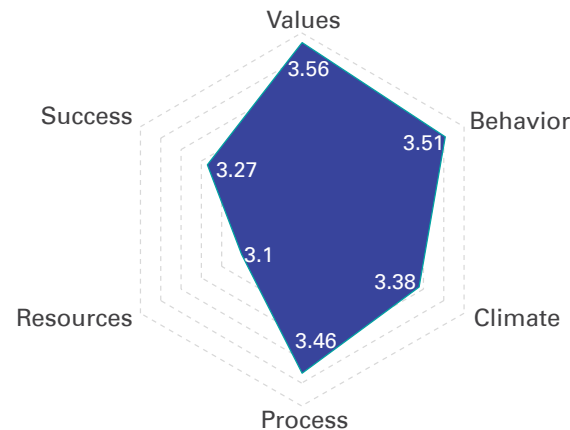


Executive Summary

Design quotient India 2018

Design quotient

3.41



Top areas of strength:

Factors	Score
Entrepreneurial	3.58 / 5 ▲
Creativity	3.52 / 5 ▲
Learning	3.57 / 5 ▲
Energize	3.67 / 5 ▲
Explore	3.74 / 5 ▲

Top areas to improve:

Factors	Score
Simplicity	3.16 / 5 ▼
People	3.05 / 5 ▼
Systems	3.09 / 5 ▼
Projects	3.16 / 5 ▼
Enterprise	3.21 / 5 ▼

on a scale of 5.0

64%

Respondents reported having Design or Innovation Department/Center of Excellence within their organisations

60%

Respondents believe for their customers 'Design and Innovation' is critical part of partnering with their organisations

In its second appearance, design and design thinking has generated significant interest and traction among organisations in India. It is fascinating to see that a fairly large percentage of organisations report having or investing in a design and innovation department or a Centre of Excellence (CoE)

and also state design and innovation capabilities as critical for their customers.

India Inc. appears to have progressed fairly well along the design maturity scale where it is beginning to view 'Design as process' (Level 3 on Maturity scale), an approach to deliver

better solutions and experiences to customers. The foundational building blocks for a design-led culture i.e. values, behaviour and climate seem to be present, however a focus on investing in resources and tools for execution is needed.

Level of Maturity

- 5 **Design as Culture**
- 4 **Design as Strategy**
- 3 **Design as process:**
Design is seen as an integral part of execution and being customer centric. It is not just a means for achieving aesthetics but also to achieve functional and emotional relevance.
- 2 **Design as Aesthetics**
- 1 **No Design**

Overview by industry type

Most industries are reportedly at varying degrees of adopting Design as an approach (level 3) on the maturity scale.

Industrial manufacturing takes the lead with its high overall design quotient score. This could be attributed to the practice of industrial design process and high people engagement. An opportunity lies in taking design beyond R&D and

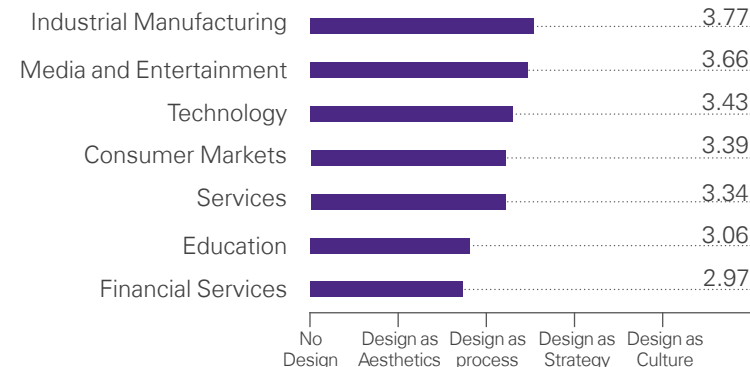
focusing on the end to end customer experience and not just the product.

Media and entertainment comes close second, this can be attributed to the creative culture and environment. An opportunity exists to arm people with a structured methodology to design experiences that deliver emotional value.

The relatively lower score observed in financial

services (2.97) can be attributed to the complex regulatory and process-driven environment. The industry could benefit from enabling people with structured methodology to design enriching experiences for customers. Education (3.06) too, is in dire need of growth mindset and could benefit from a mindset nudge at senior level.

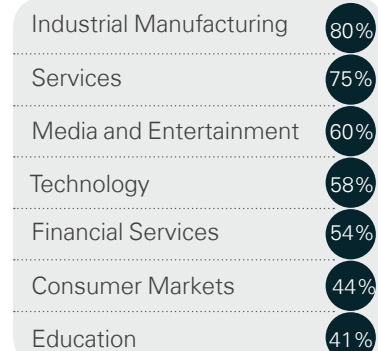
Design quotient industry-wise (India) 2018



Source: KPMG in India's Design Quotient Survey 2018

Top areas of strength	Top areas to improve
Behavior	Resources
Success	Climate
Process	Resources
Values	Resources
Process	Resources
Values	Climate
Values	Resources

% Respondents believe their customers view Design and Innovation as critical



Overview by organisation type

All organisation types seem to be at a comparable level of design maturity on the scale.

With an above average people engagement and maturity, Indian corporations should look to speed up the pace of design

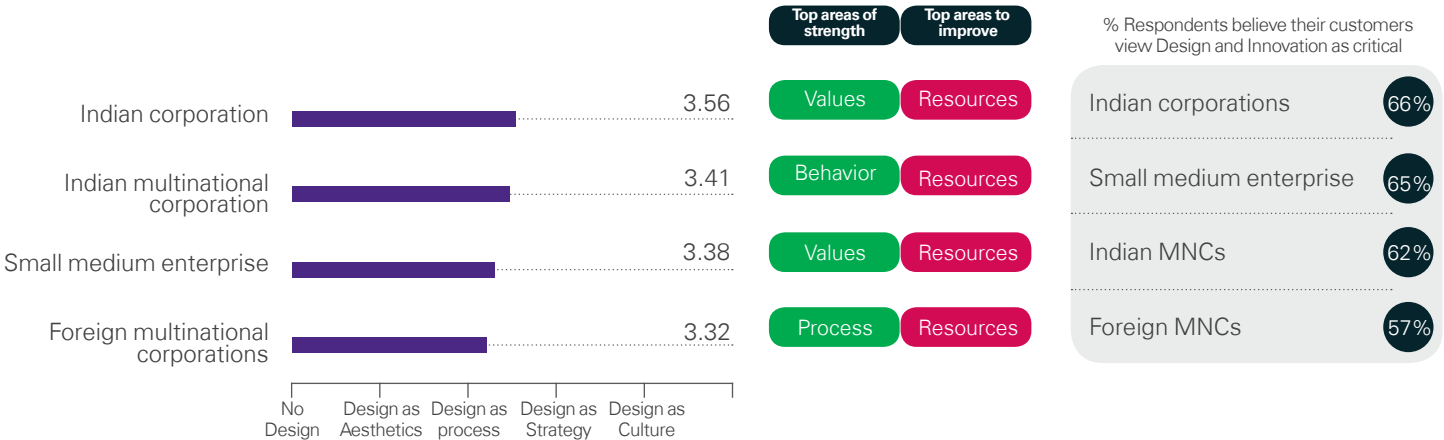
adoption and promote design to a more strategic role. Perhaps this relatively better score is reflective of their ambition to reinvent themselves to compete. While this may be contrary to popular belief, it should be explored further.

Foreign MNCs place relatively lower possibly reflecting the nature of work that is outsourced to Indian entities. There is an opportunity for them to enable their employees with a design approach and showcase to their global counterparts their ability to

design and deliver an end-to-end experience.

Also interesting to note that access to resources to enable implementation of design in organisations presents top area of opportunity across the board.

Design quotient by organisation type (India) 2018



Source: KPMG in India's Design Quotient Survey 2018

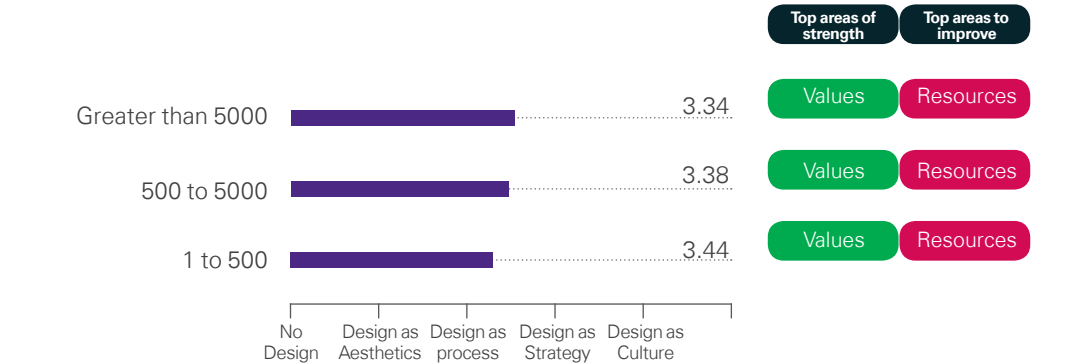
Overview by organisation size (employee strength)

Organisations comprising low employee strength recorded better a design quotient compared to higher strength organisations. Such scores can be

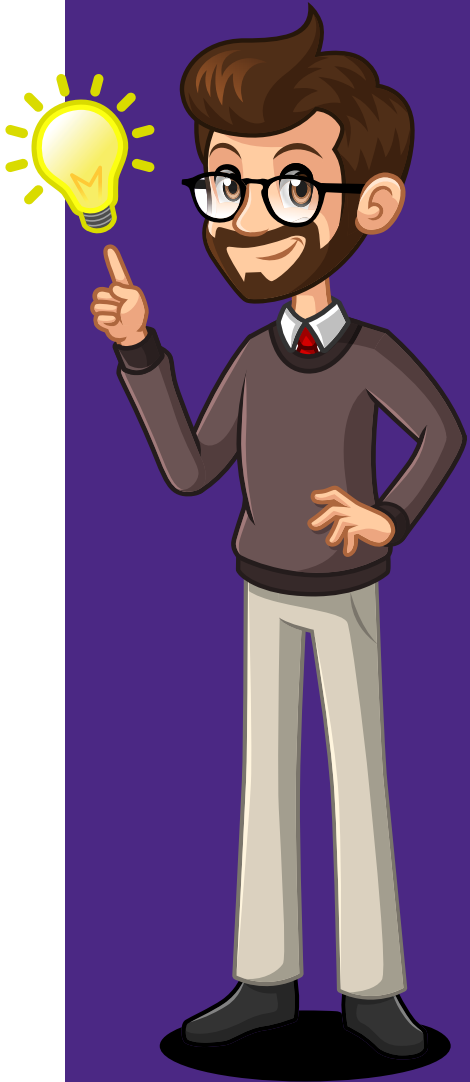
attributed to the nimble and agile nature of smaller organisations enabling them to adopt innovative approaches. Across the board, resources present

a significant area of opportunity to drive design within the firm.

Design quotient organisation employee strength (India) 2018



Source: KPMG in India's Design Quotient Survey 2018



Respondents' profile - Who took the survey?



The study had a mix of participation from various industries, types of organisations, size, geographic regions and levels in organisations.

Over 160+ companies participated in this year's survey



Technology, services and financial service represented the top three sectors in the dataset

Over 50 per cent of respondents belong to Foreign and India multinational

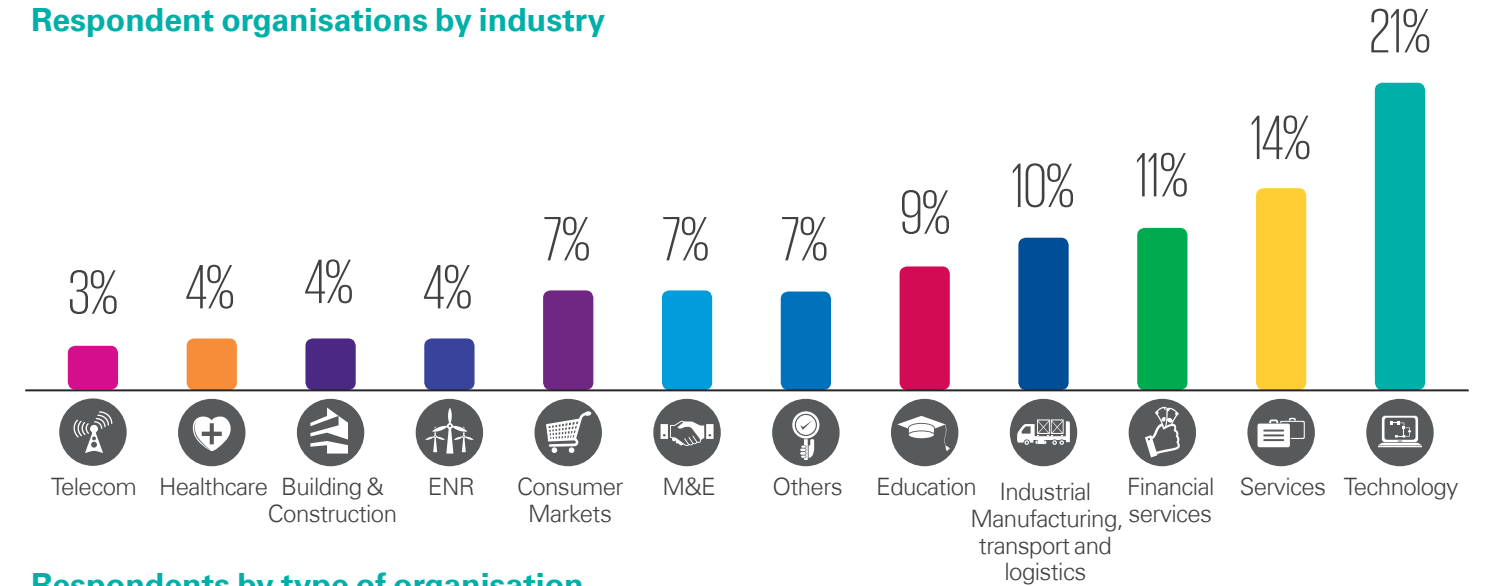


45 per cent of respondents based out of western Indian states while there is equal representation from north and southern region

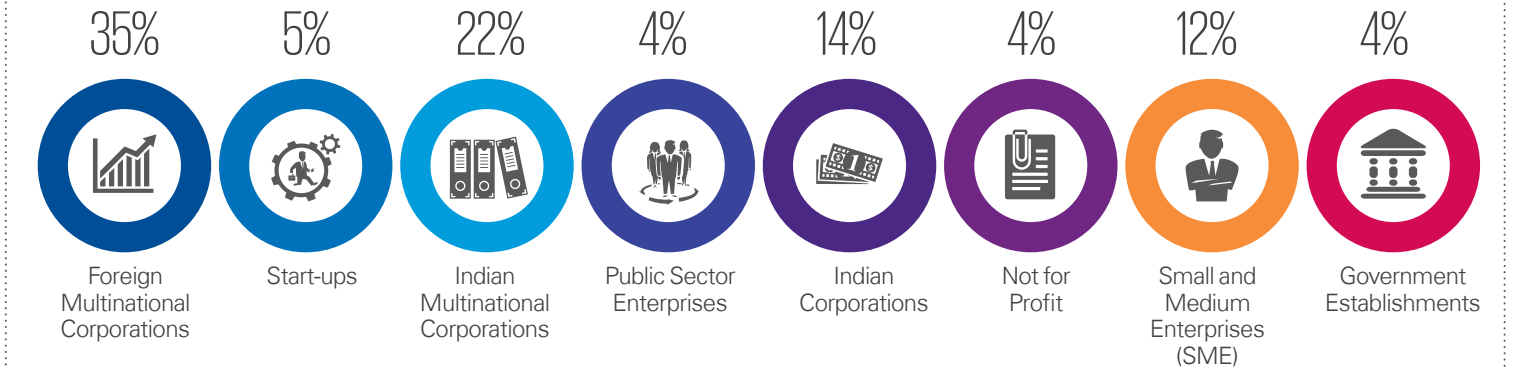
Fairly sizeable representation from different organisational levels i.e. execution, middle management and senior management



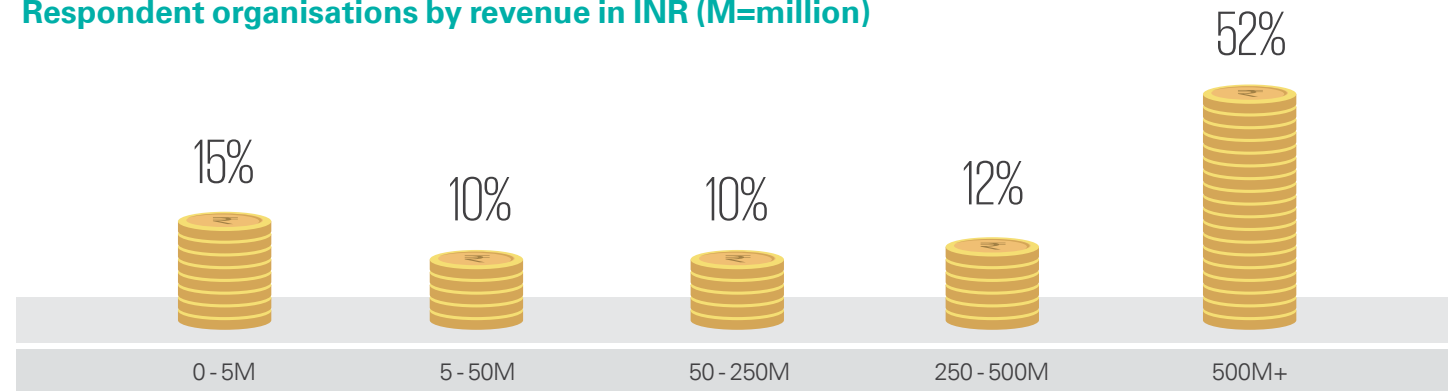
Respondent organisations by industry



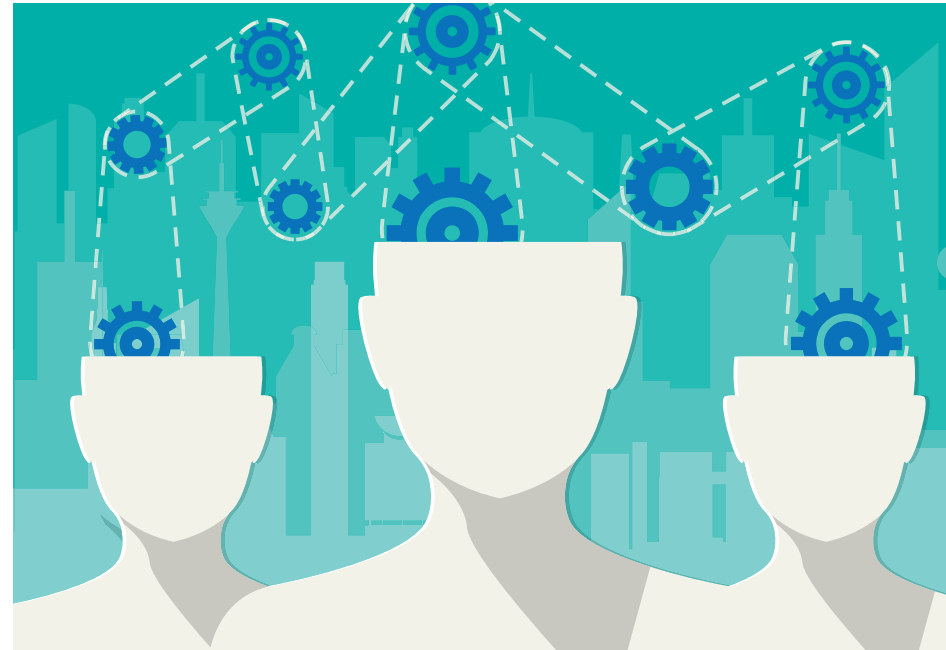
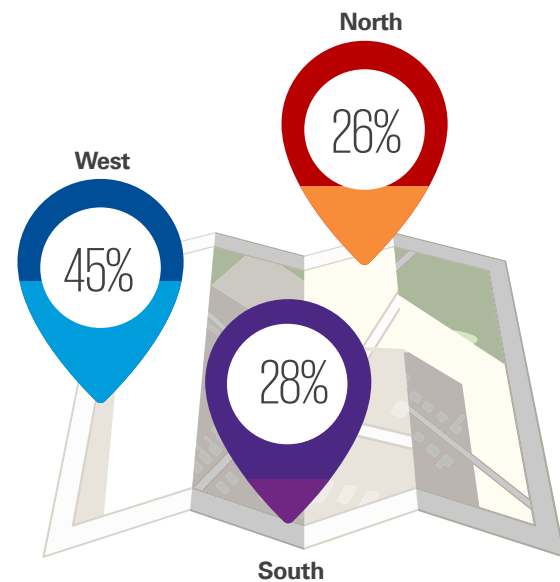
Respondents by type of organisation



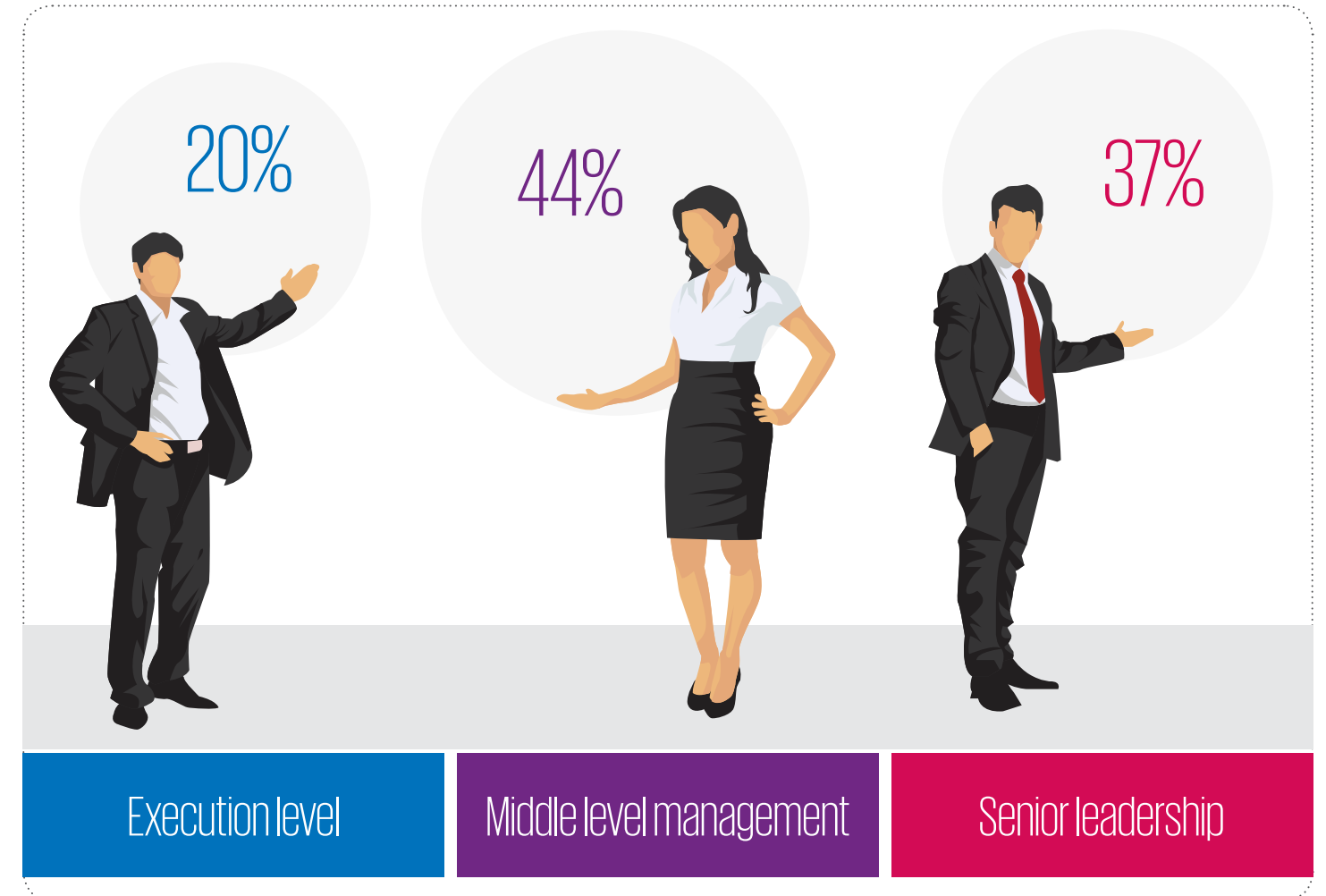
Respondent organisations by revenue in INR (M=million)



Respondent organisations by location



Respondents by level in their organisations



Building block 1: Values

Business leaders today consider values fundamental to success of individuals, teams, organisations and society. A highly-developed value system is like a compass, it points us in the right direction and guides our behaviour and decisions. It is what defines us.

Keeping this in mind, we believe values should bear the highest importance in the design maturity model since every other aspect stems from a sound value system. This building block is composed of three key factors i.e. entrepreneurial, creativity and learning.



Results by industry

We ranked the design score of values building block for different industries and found industrial manufacturing and media and entertainment industry score the highest while services and education score relatively lowest.

Design has been the backbone of industrial manufacturing firms since the beginning of industrial design in the 60's.

It combined aesthetics, functionality (engineering and science) and emotional aspects of design. Hence, it comes as no surprise that the industry scores highest on all three core design values. Media and entertainment scores well on creativity and learning but, surprisingly, low on entrepreneurial value. This may be indicative of

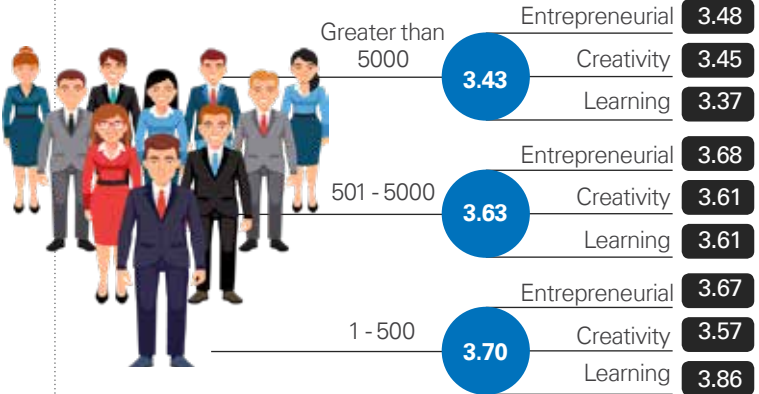
challenges of regulatory ambiguity and market sensitivity around digital content, hampering firms from exploring new and bolder avenues. Services, on the other hand, scored low indicating highly rigid, process driven environment. Education too, seems to be grappling with the challenge of encouraging creative thinking, exploring disruptive learning avenues and in dire need of entrepreneurial mindset to help in the overhaul of this industry.

Results by employee size

Organisations with lower employee strength scored higher overall and on all three core values compared to other organisations, suggesting that being entrepreneurial, creative and learning from failure is an integral part of their

growth strategy. This is in contrast to organisations with higher employee strength who scored low on all core design values suggesting process and structure taking precedence over being entrepreneurial.

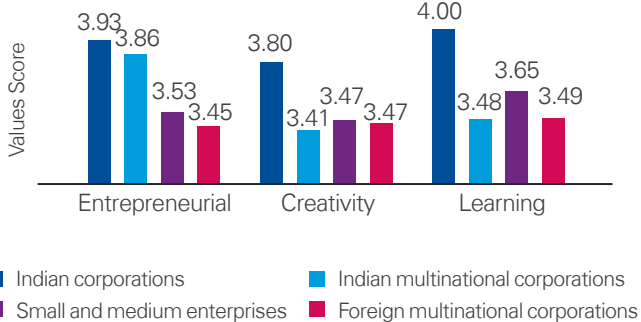
Scores by employee size



Source: KPMG in India's Design Quotient Survey 2018

Results by organisation type

Scores by organisation type



Source: KPMG in India's Design Quotient Survey 2018

Indian corporations score highest while foreign multinational corporations relatively lowest. This is quite an interesting and unanticipated result. This trend may be indicative of sentiment among respondents that Indian companies rely heavily on frugal innovation as a way to circumvent adherence to rigid processes and structure. There is also

a possibility that due the larger young workforce the Indian companies are now better equipped and more open to reinvent themselves and compete globally. Additionally, foreign MNC's data points could be from back offices operations in India where the practice of three key values are likely to be absent. This trend needs to be explored further.

Results by region

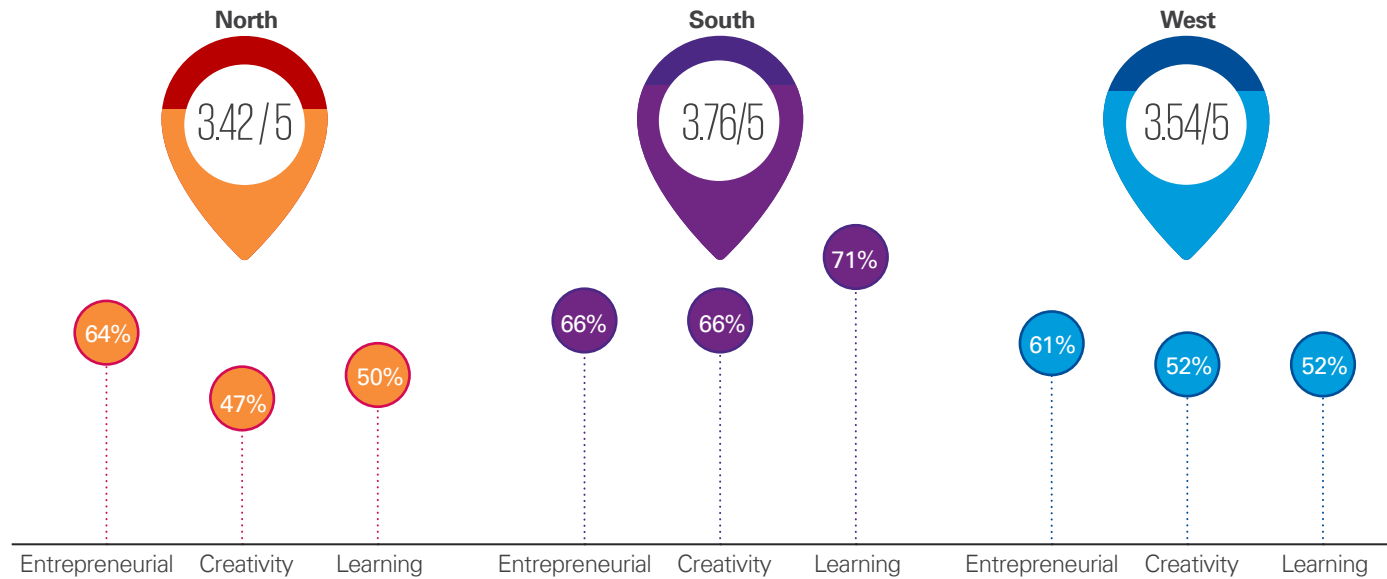
Organisations from southern Indian states exhibit highest overall score compared to organisations in the north and west region. It is fascinating to

note that organisations from Southern region have indicated they practice all three key design values to a great or very great extent, especially learning through

experimentation and failure. This could potentially be reflective of the presence of technology organisations/ start-ups and possible cultural undertones that

make the environment more open to creative ideas and opportunities.

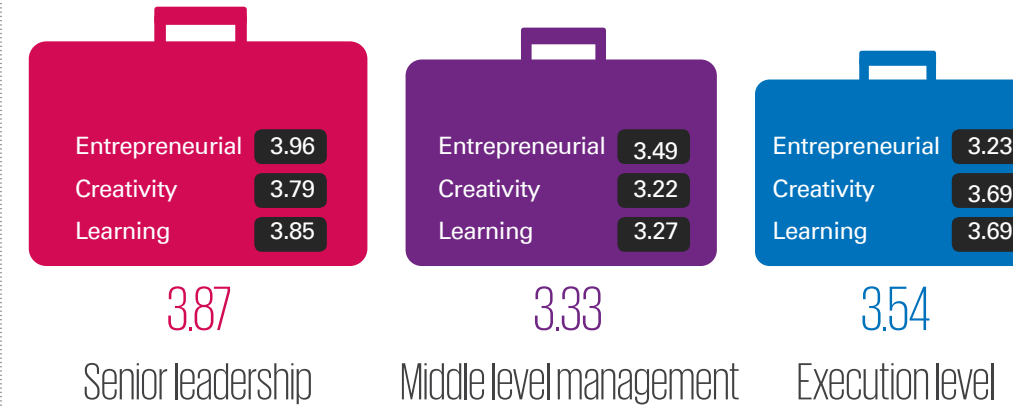
Respondents say these factors are present in their organisation 'To a great or very great extent'



Source: KPMG in India's Design Quotient Survey 2018

Results by personnel levels

Scores by personnel level



Source: KPMG in India's Design Quotient Survey 2018

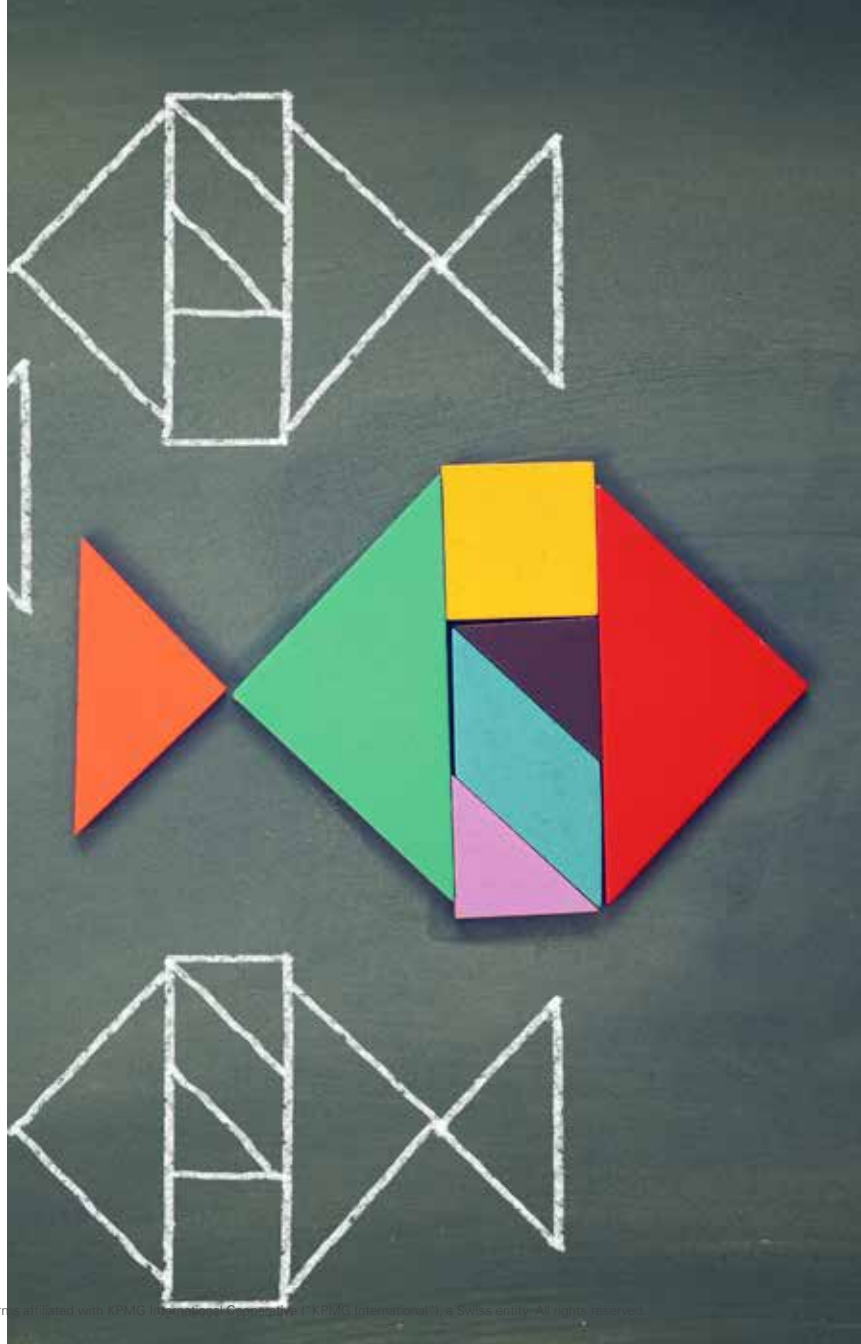
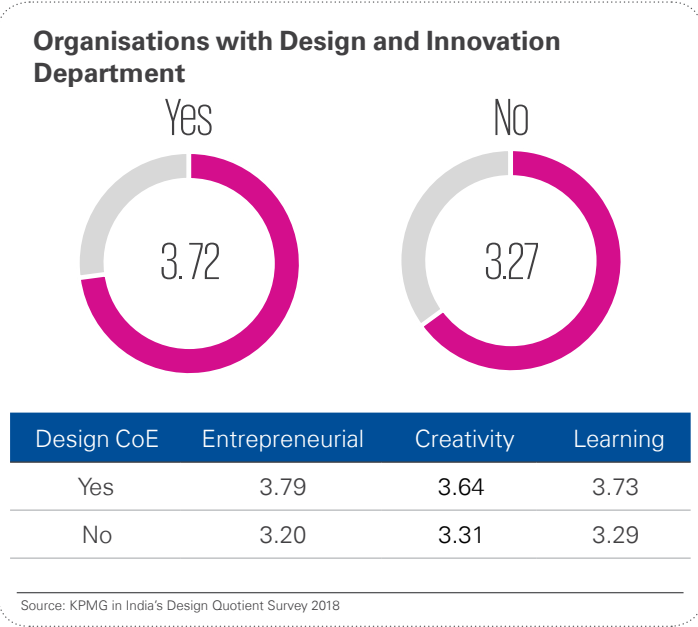
Senior leadership exhibits the highest score overall and on all the three core values. This aligns well with the insight that nature of work at the leadership level is strategic and requires

practice of three key design values. However, execution level personnel perform better than mid-level on creativity and learning design values, suggesting a high burden of operational

work on the mid-level affecting their ability to contribute creatively and pursue new learning opportunities.

Results by organisations with a Design and Innovation CoE/Department

Organisations having design or innovation department or center of excellence, expectedly, perform better on all three key design values compared to those who don't. This validates that the three identified values in our maturity model are seen as key to driving a design-led culture.



Recommendations

Experimentation

One of the most important measures of entrepreneurial, creative and learning culture is how encouraging the culture is to experiments. Trying new things and openness to failure sets the right tone for design values to thrive. Organisations should start with small, low risk experiments to gradually push their appetite.

Design your values

A design culture doesn't demand that the culture be redefined from scratch, it is built on the strong foundation of an organisation's own values. Understanding what values will drive design behaviour in your unique business context and bringing employees in to define those clear sets of priorities, is the first step.

Building block 2: Behaviour

A well-defined value system drives behaviour from top to bottom in an organisation. The responsibility of exhibiting right behaviour starts with the leaders, at the apex, which sets the tone for others in the organisation. Leaders have a noble responsibility to energize people with a promising vision for the future, inspire change, engage to coach and enable people to achieve momentous milestones.

Employees emulate their leaders, which in turn plays a vital role in creating the culture in an organisation.

Behaviour, thus, is the second most significant building block in design maturity model. It comprises of three key factors i.e. energize, engage and enable which are behavioural traits/ characteristics of a design-led organisation.



Results by industry

Industrial manufacturing and media and entertainment industry score the highest on 'behaviour' while the financial services and education sector score relatively lowest.

The scores for behaviour are in line with the trend noticed in the first building block, Values. This validates that an organisation with a strong value system exhibits the right behaviour.

Industrial manufacturing, scores highest on all design behaviours, suggesting sincere practice of design values while media and entertainment, though, has a high overall score on behaviour, exhibits relatively lower score on energize and engage. This suggests an outcome focused environment where leaders

may prefer to spend less time on energizing and coaching but are adept in using influence to enable employees navigate organisational obstacles to achieve success.

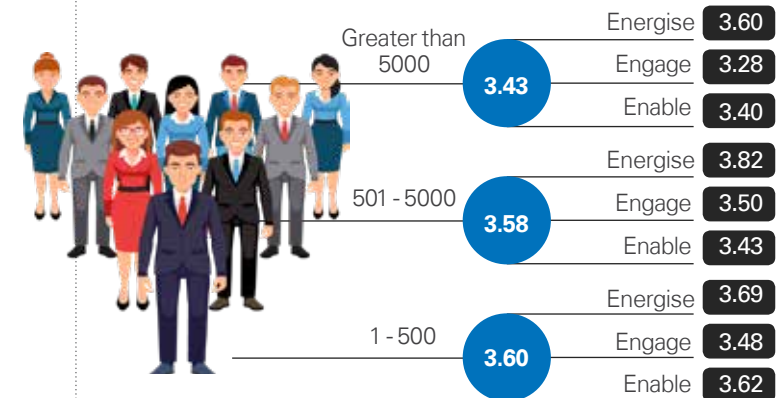
On the other hand, financial services demonstrate low scores on both engage and enable, which may be attributed to lack of time available for coaching and a heavily-regulated environment impacting how well leaders are able to enable employees achieve success in their design efforts. Low performance of education sector further strengthens the case for an overhaul and disruption.

Results by employee size

Organisations with lower employee strength perform well overall, compared to others. However, it is interesting to note that, while smaller organisations are doing better to enable employees overcome organisational obstacles, mid-sized organisations are doing better to energize and engage. This could

be because, in smaller organisations absence of structure and rigid processes present fewer obstacles to achieving goals and its only when an organisation moves out of small to a mid-sized phase, a more conscious effort to take formal steps to coach employees tend to emerge.

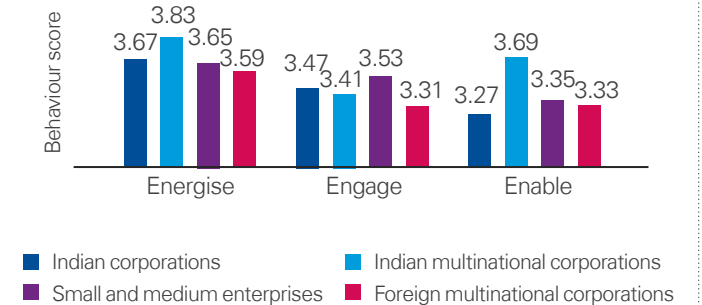
Scores by employee size



Source: KPMG in India's Design Quotient Survey 2018

Results by organisation type

Scores by organisation type



Source: KPMG in India's Design Quotient Survey 2018

Indian multinational corporations outscore foreign multinational corporations on the behaviour building block.

This is interestingly contrary to popular belief and presents an opportunity to explore further.

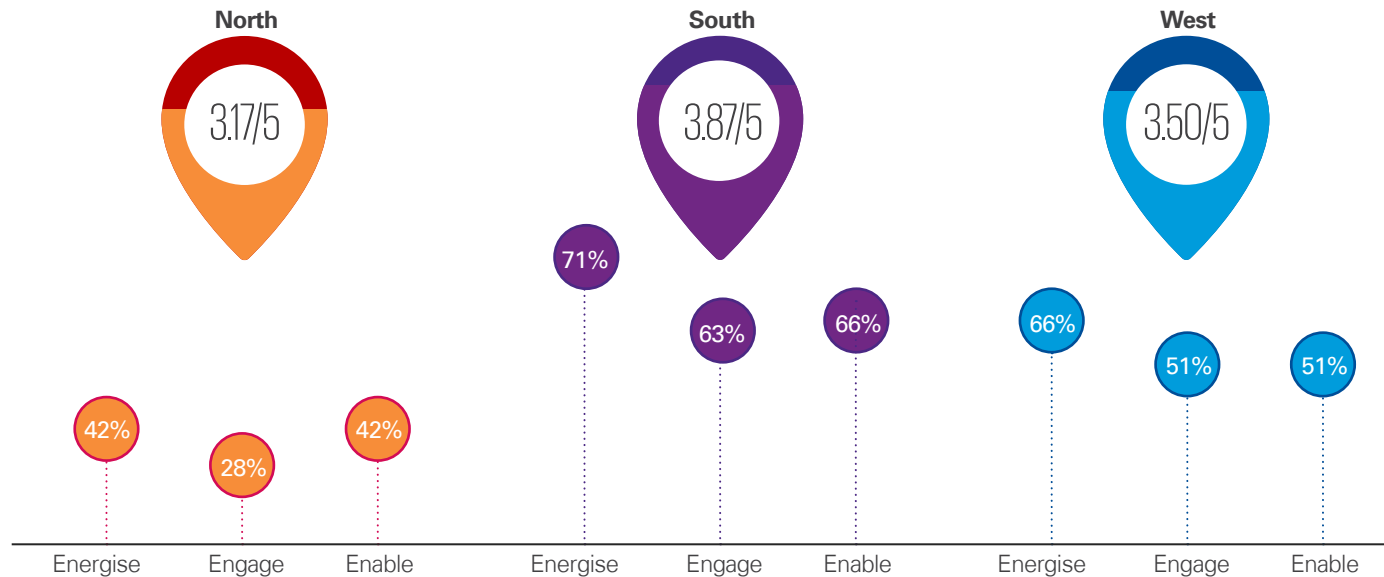
Results by region

In line with the observations of the first building block, values, organisations in the southern region outscore other organisations on

behaviour. North region particularly reported low score on the practice of engage, indicating leaders need to devote time to

coach, provide support in both successes as well as failures.

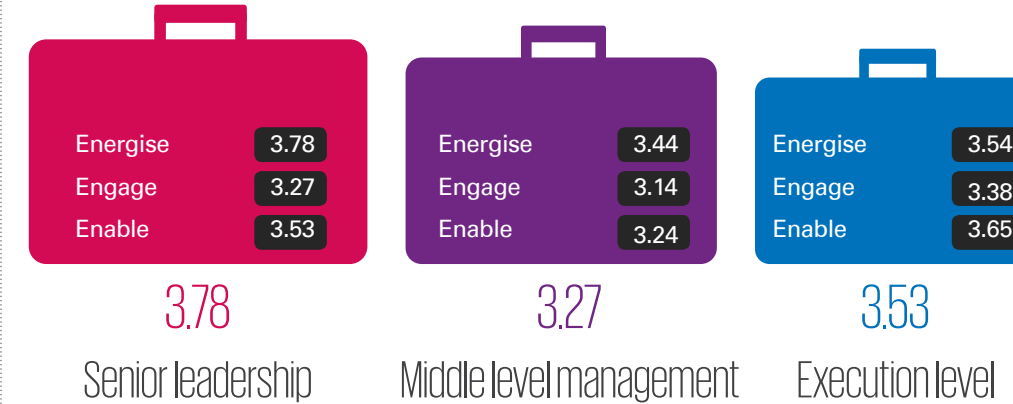
Respondents say these factors are present in their organisation 'To a great or very great extent'



Source: KPMG in India's Design Quotient Survey 2018

Results by personnel level

Scores by personnel level



Source: KPMG in India's Design Quotient Survey 2018

Senior leaders expectedly perform well across all three design behaviours i.e. feels energized, engaged and enabled to succeed while mid-level management scores lowest. It is important to note that execution level displays stronger scores compared to mid-level management,

as also observed in first building block, values. This further strengthens the case that mid-level may be heavily occupied with operational tasks, downward and upward delegation feeling less energized, engaged and enabled to succeed.



Results by organisations with a Design and Innovation CoE/Department

As expected, organisations with design or innovation department/CoEs perform better on all design behaviours compared to organisations with no focus

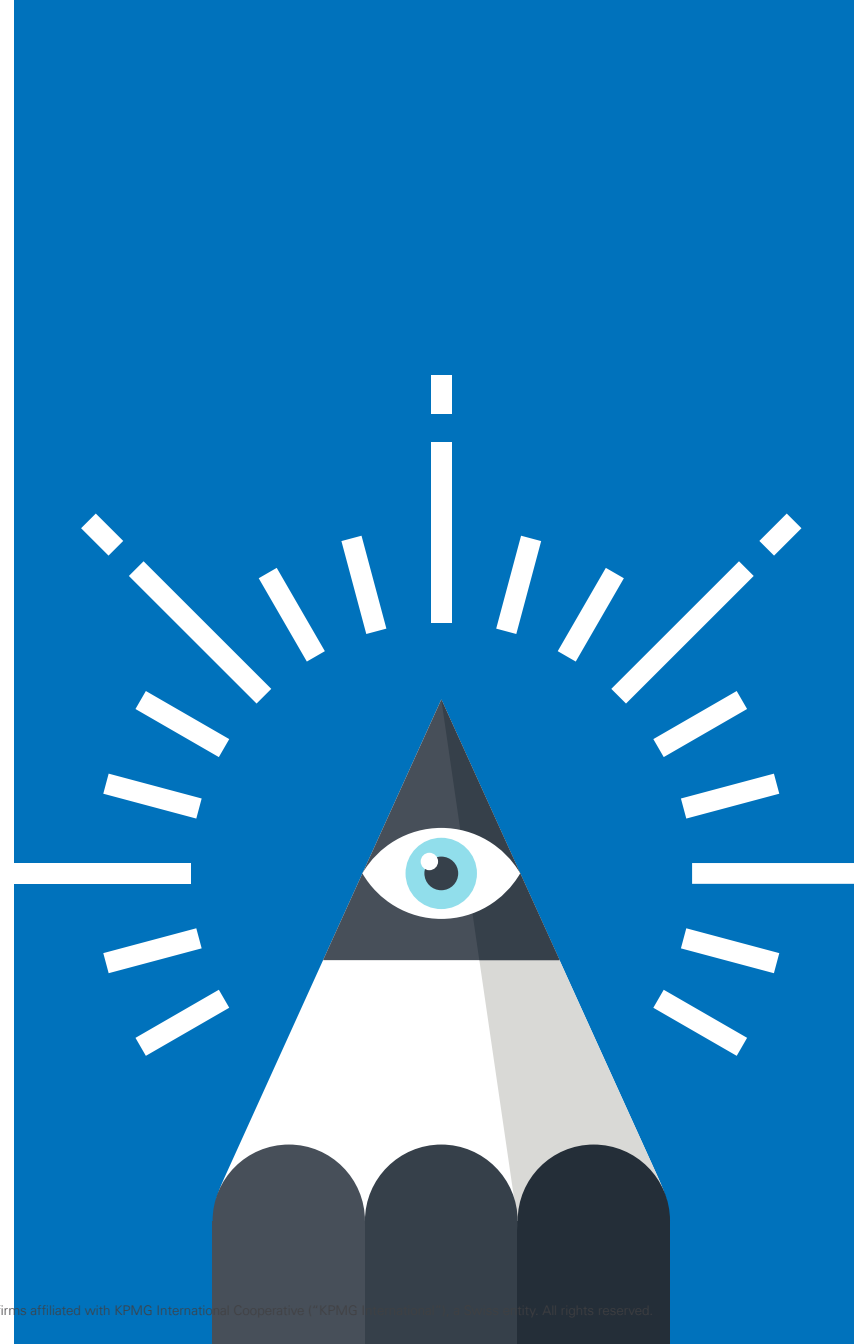
on design. This in turn also depicts the importance of why organisations should invest in design and innovation COEs.

Organisations with Design and Innovation Department



Design CoE	Energize	Engage	Enable
Yes	3.90	3.62	3.66
No	3.29	3.98	3.14

Source: KPMG in India's Design Quotient Survey 2018



Recommendations

Design Leadership

For design to succeed, leaders should first be enabled to envision a design driven future for the organisation. These design leaders find co-conspirators in the firm to evangelise, coach and act as champions of design. It is important to create design leaders who will consciously model design behaviours and enable teams to succeed.

Design is everyone's job

In a design culture, design is everyone's responsibility and they are empowered to participate in providing feedback about the customer and product. Let every individual believe they are the custodian of designing great experiences for the customers and allow participation even from non-customer facing areas in the process.

Failure is an opportunity to learn

Failure is in the nature of experiments but how we treat those failures is what makes the difference. Design leaders understand this and support their teams and even celebrate failures as a testimony to being innovative. Failing early, fast and cheaply to succeed sooner, is Design's philosophy.

Building block 3: Climate

An organisation's values when practiced becomes behaviour. However, for the behaviours to sustain and evolve, the organisation creates a climate that can nurture and guide employees' experience in an organisation. Consciously creating the right climate requires embracing design values such as hunger to explore new opportunities, appetite for exploring ambiguity, autonomy, experimentation etc. along

with reinforcement of the right design behaviour. A design-led organisation seeks a climate that promotes faster decision making, low bureaucracy, accountability, trust, openness and thrives on teamwork and community. The third building block, climate, is third most significant building block of KPMG's design maturity model. It comprises of three key factors i.e. simplicity, security and collaboration.

Results by industry

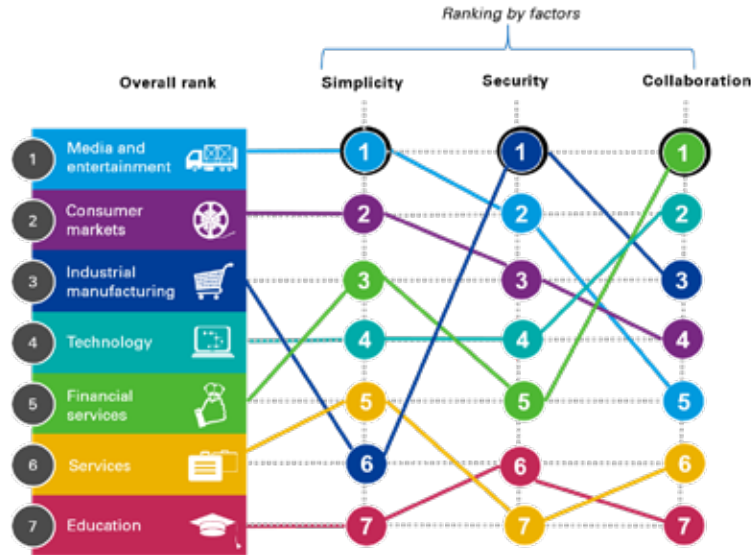
Media and entertainment and consumer markets industry score the highest on 'climate' while financial services and education sector score relatively lowest.

Media and entertainment continues to be top performer on the third building block as well while consumer products is a new entrant in the top performing category.

While both industries show strong scores on overall climate and simplicity factor but both perform relatively poorly on collaboration.

On the other hand, financial services and education continue to be among the bottom performers. Perhaps, financial services being a heavily-regulated

industry, has complex internal structures and processes that make the internal environment bureaucratic and delays decision making while high work pressure impacts employee's attitude towards new ideas and collaboration. The education sector, too, is governed by rigid policies and regulatory control making the environment complex. To add to that, possible overburden, makes it difficult for academicians to contribute new ideas and engage in team work.

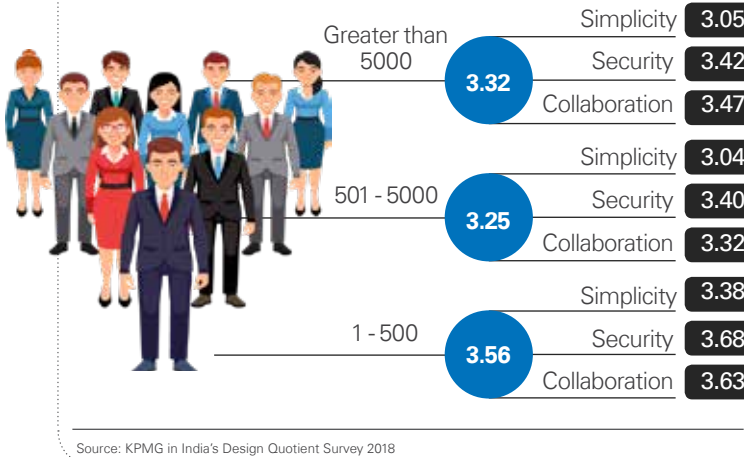


Results by employee size

Consistent with the earlier observations, organisations with a lower employee strength continue to perform better on all three key climatic factors. Quite naturally, as the organisation size grows, processes, policies and structure take precedence often making the internal

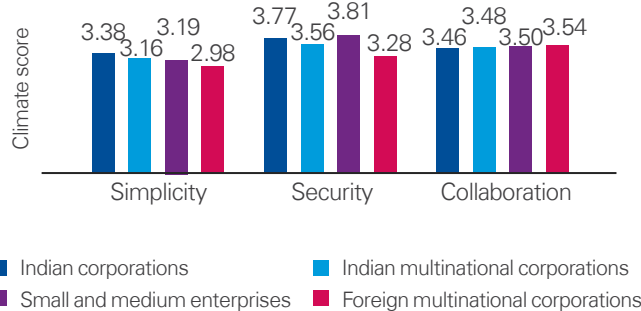
environment complex and more bureaucratic. Smaller organisations have wider job roles which perhaps makes it easier to collaborate compared to larger organisations where strictly-defined job roles and functional silos could hamper the ability to work well as a team.

Scores by employee size



Results by organisation type

Scores by organisation type



Source: KPMG in India's Design Quotient Survey 2018

True to their earlier performance on two building blocks, Indian corporations outscore foreign MNCs in overall climate score. This presents a departure from the conventional wisdom. Simplicity of climate could perhaps be due to the various creative or ad hoc ways in which

policies and processes are circumvented compared to foreign MNCs where processes are more rigid. SMEs score highest on security indicating a culture of openness while foreign MNCs score high on collaboration suggesting a conscious investment in tools to promote teamwork within the firm.

Results by region

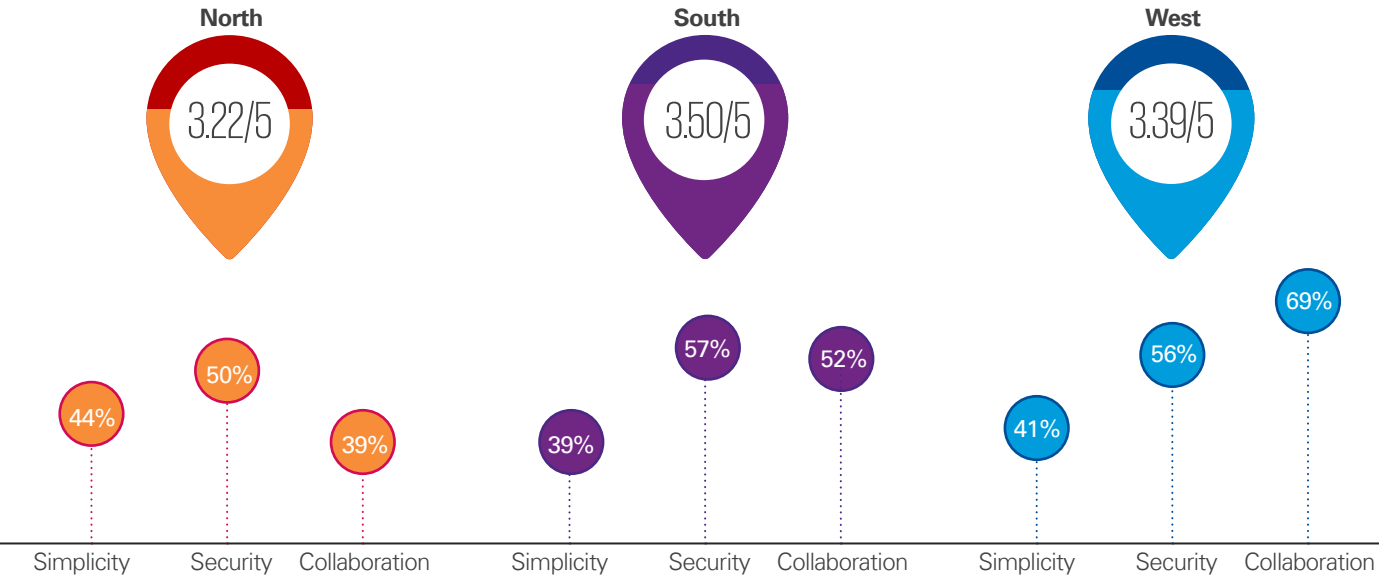
In line with earlier performance, organisations from the southern region score high on climate compared to other regions. They particularly score high on collaboration, this can

be because of technology companies and startups investing in collaboration tools. Organisations from the North report challenges with the practice of collaboration while

organisations from the West report challenges with complex internal environment, this may be attributed to the fact that the western region has been considered as the

industrial hub since quite some time and the organisations are grappling with a challenge of legacy systems and processes which increases the complexity.

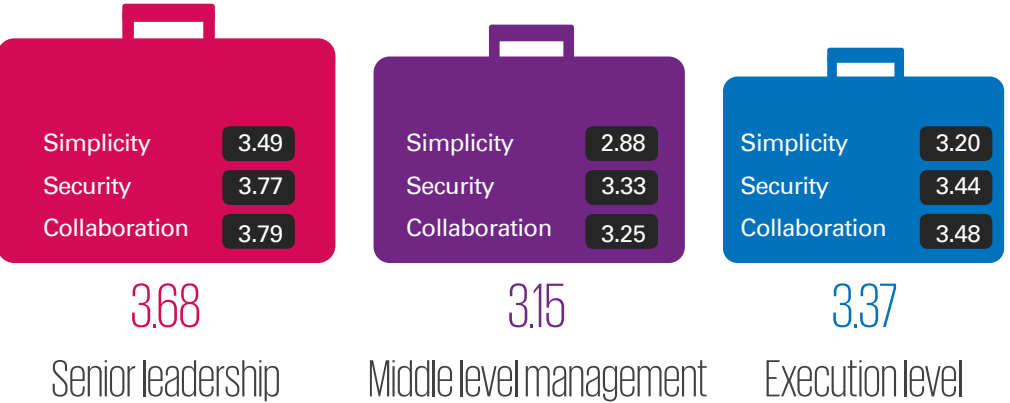
Respondents say these factors are present in their organisation ‘To a great or very great extent’



Source: KPMG in India's Design Quotient Survey 2018

Results by personnel level

Scores by personnel level



Source: KPMG in India's Design Quotient Survey 2018

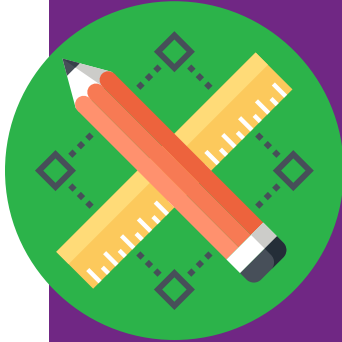
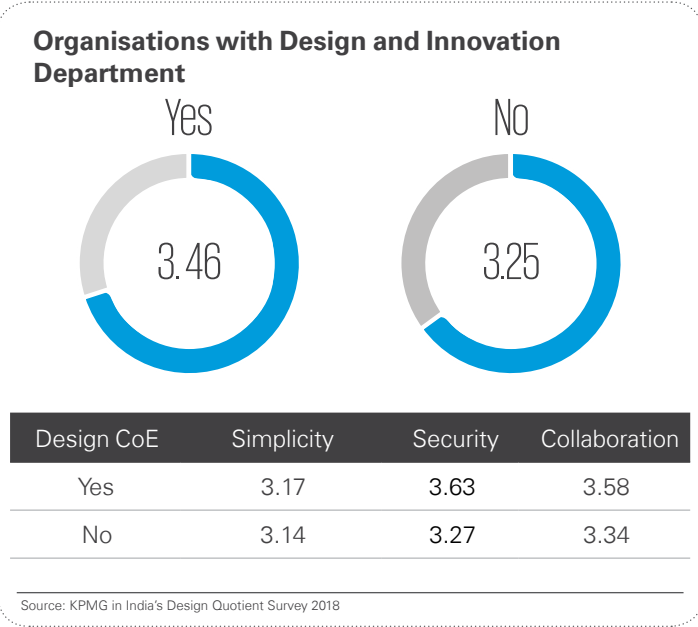
Personnel at the senior leadership level report high scores indicating that they perceive climate to be simplistic, secure and ripe for collaboration. However, personnel at the mid-level management report all

three factors of climate low compared to execution level. This ties with insights from earlier building blocks where the burden of operational tasks and lack of time may be affecting their experience.



Results by organisations with a Design and Innovation CoE/Department

Organisations having design or innovation department/ CoE report higher scores on Climate and its factors validating that the three key climactic factors identified are key for design-led organisations.



Recommendations

Collaboration

Design is ambitious, it aims to solve wicked problems and create great user experiences. To do that, it relies heavily on design teams that are diverse and multidisciplinary. Organisations should look at collaboration not just through team composition but also through the lens of tools and physical environment that enables collaboration.

Community

To evangelise design in the organisation, building a community of practitioners that speaks a common language about design and have a shared understanding of how to practice design helps.

Security

When employees are able to freely voice their opinions, share unconventional ideas and challenge status quo, it creates a conducive climate to execute design projects.

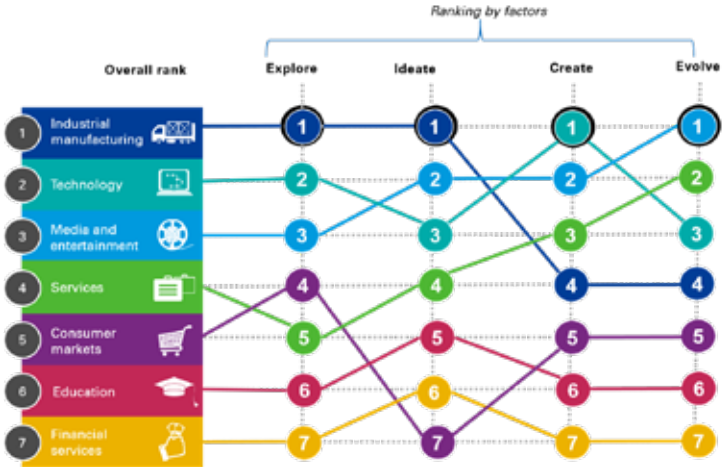
Building block 4: Process

Once the foundation of an organisation with strong values, behaviour and climate is laid, a methodology or philosophy that guides day to day actions is needed. A well-defined set of processes remove ambiguity and gives a clear method for execution of goals and objectives.

A design-led organisation places foremost importance on its customers and their needs. Regardless of the methodology an organisation embraces, a design-led firm will ensure

four key characteristics are present i.e. empathy for customers, ideation to consider radical solutions, rapid prototyping to test before committing to an idea and storytelling that establishes a connection with the customers.

Fourth building block of design maturity model, process, aims to capture how organisations leverages design practices to engage better with the customer. Process is composed of four factors i.e. explore, ideate, create and evolve.



Results by industry

Industrial manufacturing and technology score the highest on design 'process' while financial services and education score relatively lowest.

Industrial manufacturing continues its streak to be a top performer on the fourth building block while technology is a new entrant in the top performing category.

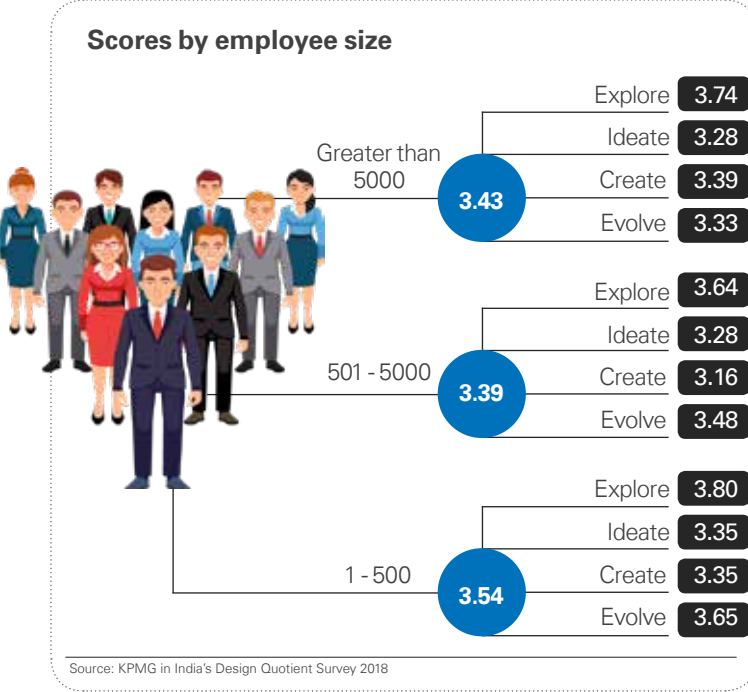
Industrial manufacturing, however, displays mediocre performance on create and evolve of the design process suggesting the need to improve the practice of rapid prototyping and speed up go-to-market cycle. Technology organisations have been known for their ability to keep pace with changing customer needs, embrace radical ideas, live in beta state and stay agile.

Financial services and education continue to perform relatively poorly on practicing design process. Perhaps, the focus is on maintaining a large customer base by big banks as opposed to 'stepping into customer shoes' which nimble fintech companies rely on to disrupt, has some impact. Presence of legacy systems demanding a large portion of employee time on managing operational tasks in non-customer facing departments also poses an impediment in implementing the design process across large organisations.

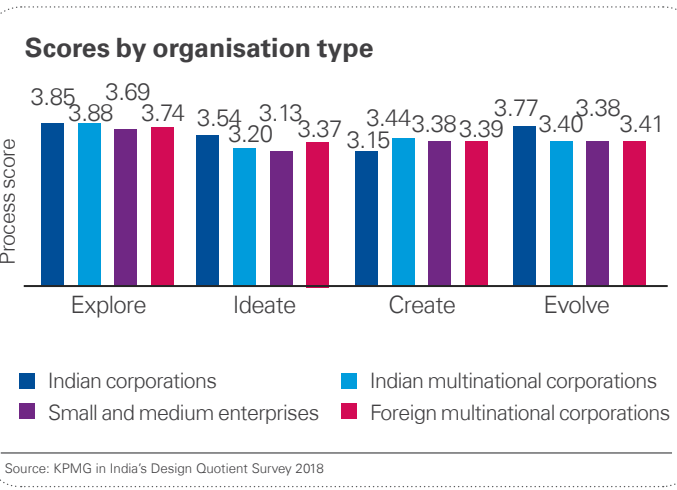
Results by employee size

Consistent with earlier observations, organisations with lower employee strength display relatively better performance on adoption and practice of design process. In general,

smaller organisations are nimble and agile as a result, test new ideas frequently, rapidly prototype, use short iteration cycles and take quick action.



Results by organisation type



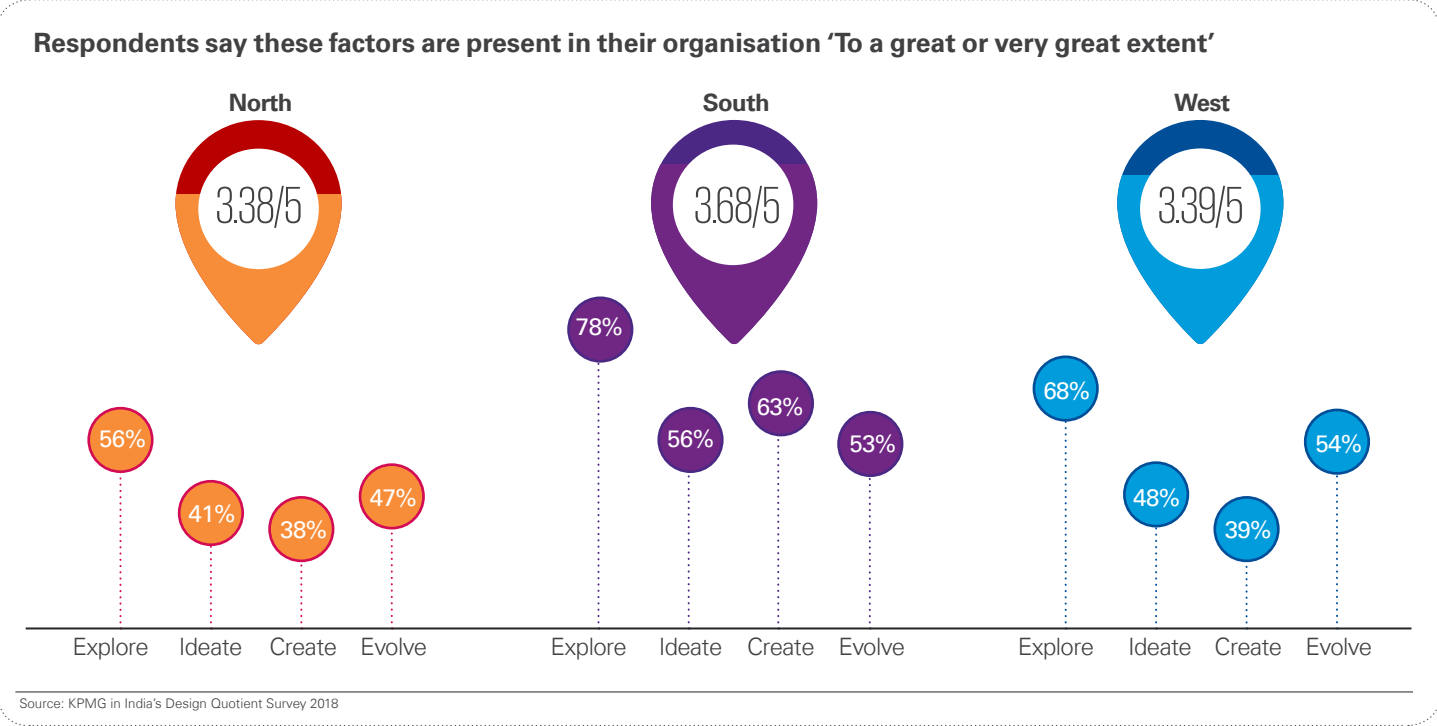
Indian corporations and Indian multinational corporations outscore foreign MNCs in overall process score, consistent with earlier findings.

Results by region

Organisations from the southern region continue to display high understanding and practice of design

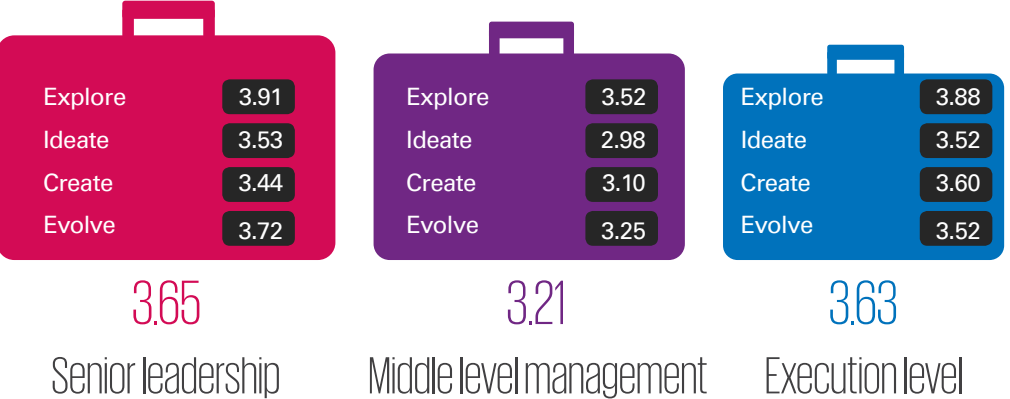
process compared to other regions. This can be attributed to the high process orientation of the

technology companies and their concentration in the southern part of India.



Results by personnel level

Scores by personnel level

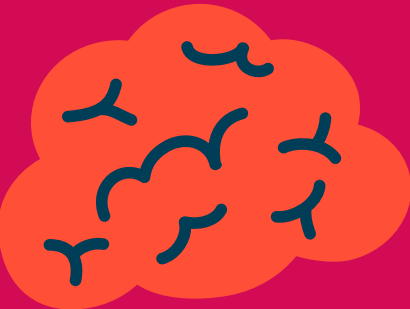


Source: KPMG in India's Design Quotient Survey 2018

Personnel at senior leadership demonstrate better understanding and adoption of design process, understandably so, as their objective is to drive

customer centeredness, a key attribute of the design process. Interestingly, mid-level personnel report challenges in generating a vast and diverse pool

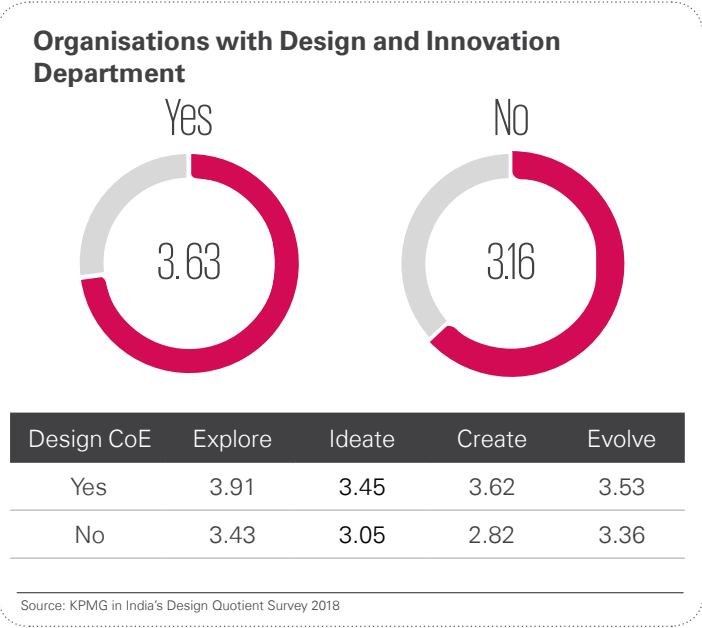
of ideas, this may be attributed to the presence of operational work load at this level.



Results by organisations with a Design and Innovation CoE/Department

Organisations having a design or innovation CoE/department report higher scores on practice of design process, as expected. It is interesting to note that organisations

without design/innovation CoEs appear to struggle specifically in the create phase i.e. ability to rapidly prototype, iterate based on customer feedback and knowing when to stop.



Recommendations

Empathy for Customer

Developing a deeper understanding of the hidden and unmet needs of the user requires observation, engagement with the user and immersion in the challenges. Empathy has become a critical 21st century skill for the workforce and is at the centre of a design-driven culture.

get feedback before committing resources to launch a solution. It is a faster way for teams to validate and test their ideas investing limited time, money and effort.

Co-creation

Design is a participatory process. Bringing in customers at the ideation and create stage helps secure buy-ins early.

Rapid Prototype

Organisations are learning to live in beta, where they regularly use low fidelity prototypes to engage with users and

Building block 5: Resources

The transformation of a business-as-usual culture to one driven by design involves, first, a shift in the approach. To enable this change, resources are made available to expose people to design thinking as a new approach. Access to design experts, internal talent and committed leaders help succeed in design efforts. Access to the right tools and systems makes it easier to practice the new approach.

Allocation of time, finances and space to pursue new opportunities helps people experiment.

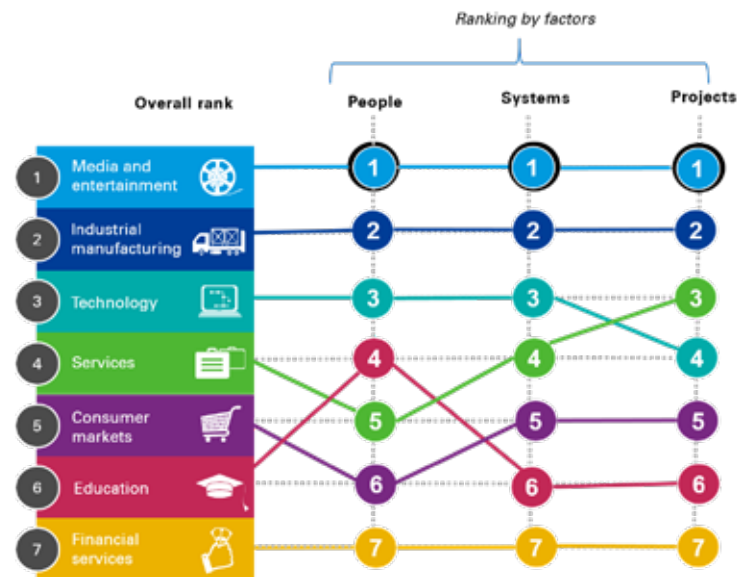
The fifth building block of design maturity model, Resources, aims to capture how well organisations make resources available to enable the practice and adoption of design thinking. The resources building block is composed of three factors i.e. people, systems and projects.

Results by industry

Media and entertainment and industrial manufacturing score the highest on design 'resources' while financial services and education score relatively lowest.

Both industries at the top have consistently performed well on other building blocks of design and hence, it comes as no surprise, that both have invested in allocating and deploying resources to make the practice and adoption of design thinking easier within the organisation.

Lack of understanding and practice of design process across financial services and education, can be attributed to the absence of resources such as design experts, systems and dedicated projects that help evangelise design thinking.

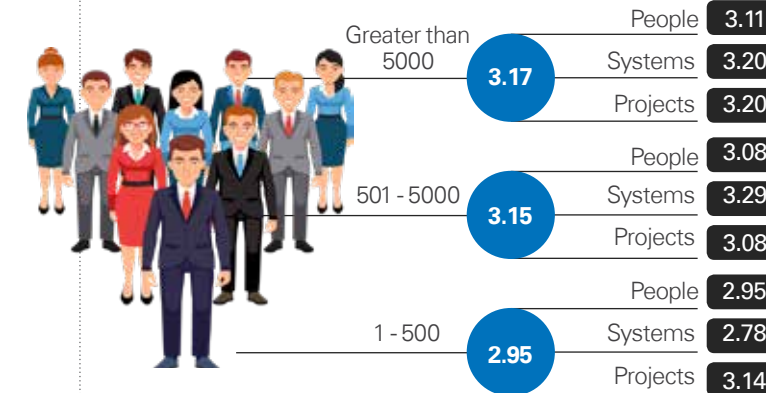


Results by employee size

While smaller organisations embody principles and spirit of design thinking well, as seen by their performance on all four building blocks of design, they appear to lack in providing the right resources to implement and practice this approach.

This could be attributed to constraints of time, money and technology that smaller organisations have to face in comparison to larger organisations who invest well in tools, technology and talent.

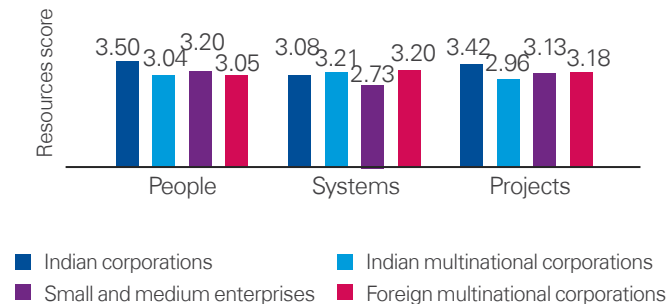
Scores by employee size



Source: KPMG in India's Design Quotient Survey 2018

Results by organisation type

Scores by organisation type



Source: KPMG in India's Design Quotient Survey 2018

In line with the observations noted previously, Indian corporations report relatively higher scores on the resources building block compared to other organisation types. This interesting insight needs to be explored further.

However, some of this can also be attributed to the dependency of Indian centers on their global parent companies for resources.

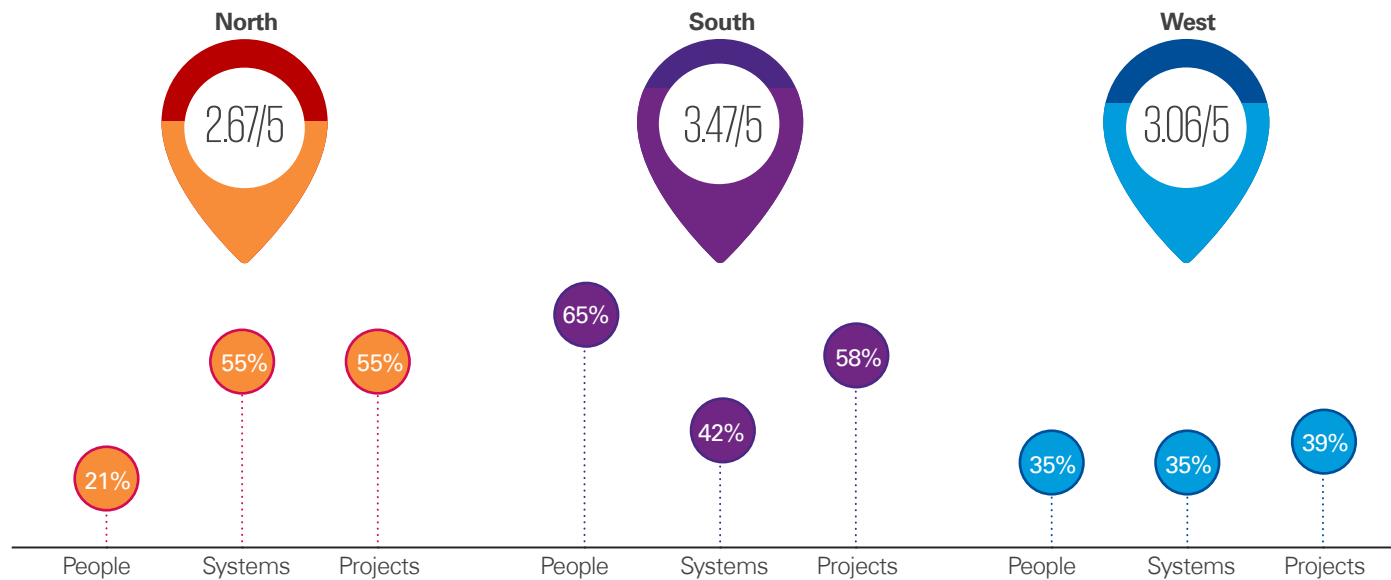
Results by region

Organisations from the southern region reported better access to resources to enable the practice of design thinking which corroborates observations

noted earlier, pointing to the presence of all other building blocks of design. This observation can also be attributed to general idea that the southern part

of India is considered to be the silicon valley of India. This has created a unique ecosystem of resources in the cities like Bengaluru and Hyderabad.

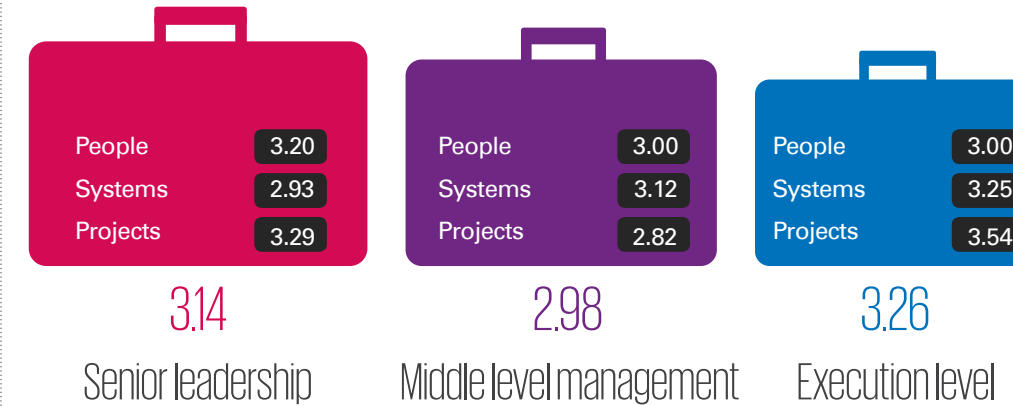
Respondents say these factors are present in their organisation 'To a great or very great extent'



Source: KPMG in India's Design Quotient Survey 2018

Results by personnel level

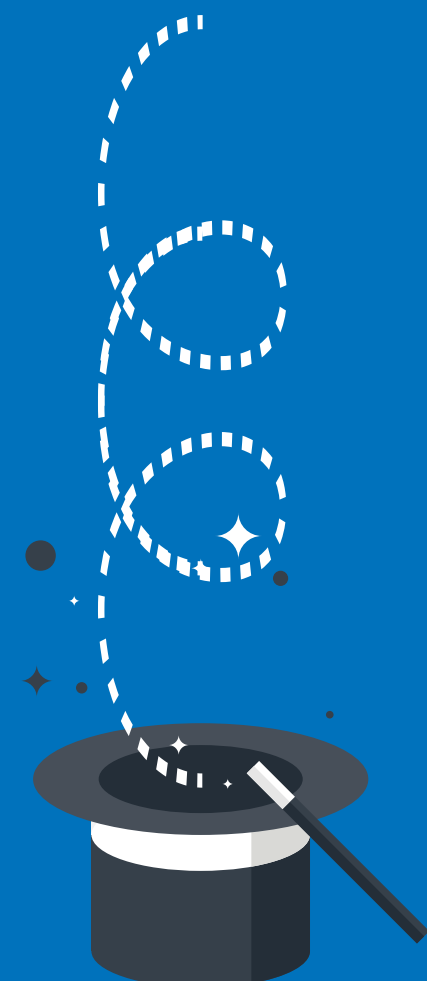
Scores by personnel level



Source: KPMG in India's Design Quotient Survey 2018

Personnel at the execution level reported having relatively better access to resources to help in design efforts, in comparison to mid-level management personnel who reported lower scores specifically on being given dedicated

time, finances and space to pursue to new opportunities. This can particularly be corroborated to the constant struggle of middle management for resource constraints and high performance.



Results by organisations with a Design and Innovation CoE/Department

Organisations having a design or innovation CoE/department have better access to resources to

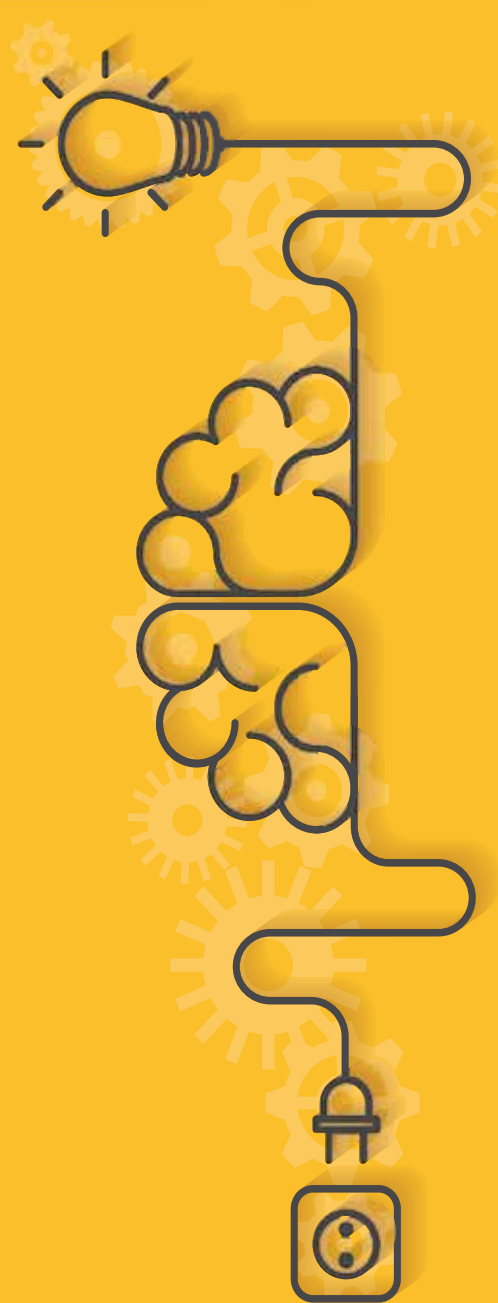
help deploy design thinking compared to organisations that do not have a design or innovation department.

Organisations with Design and Innovation Department



Design CoE	People	Systems	Projects
Yes	3.41	3.30	3.34
No	2.44	2.72	2.84

Source: KPMG in India's Design Quotient Survey 2018



Recommendations

Invest in people

If the ultimate goal is to drive customer centricity, it should start with employee centricity. The values that employees are expected to demonstrate to customers are the same values they must see imbibed throughout the organisation. Middle layers across organisations present a huge opportunity to be empowered by providing learning avenues and entrepreneurial opportunities.

Invest in Tools

With the right tools, teams are empowered and equipped to execute design to the best of their ability. But first, people must be oriented on the power of design and trained to become practitioners.

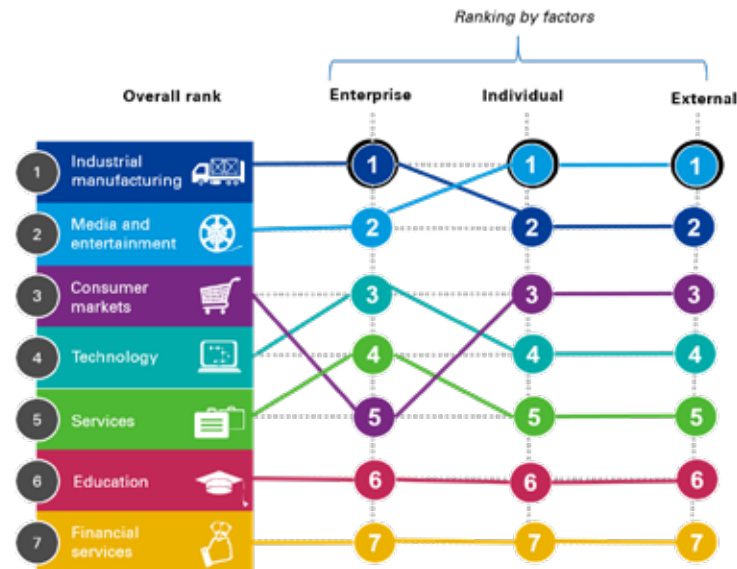


Building block 6: Success

An organisation on a path to transformation led by design, must measure the outcomes and value created during this journey. Design thinking changes hard outcomes to begin with, that are easily measured in terms of business key performance indicators (KPIs). Going deeper, it changes how we see things and our interactions with customers. And at its deepest level, it

changes people's mindsets. Measuring the outcomes along this transformation journey is key evidence to adopt design as a philosophy of how an organisation conducts itself.

Sixth, and final, building block of design maturity model, success, measures the changes design has brought in the organisation at the enterprise, individual and external level.



Results by industry

Industrial manufacturing and media and entertainment maintain their spot among the top performers while financial services and education stay among the bottom performers.

Aligned with the observations noted across all five building blocks, Top performing industries exhibit high performance on all five building blocks which translates in to achieving success in terms of enterprise growth, individual competency growth and external growth.

Education and financial services, present significant improvement opportunity to strengthen the measurement system across all three factors

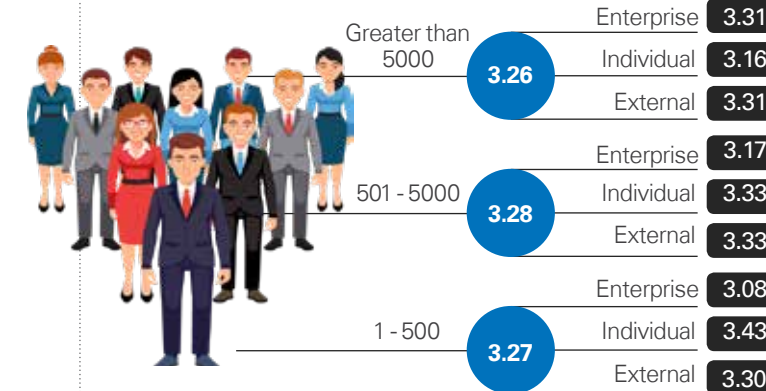
of the success building block and thus become more customer centric to compete in the market.

Results by employee size

While the overall design score for success is comparable across different organisations, it is interesting to note that smaller organisations report better success at the individual level reflecting growth in employee's

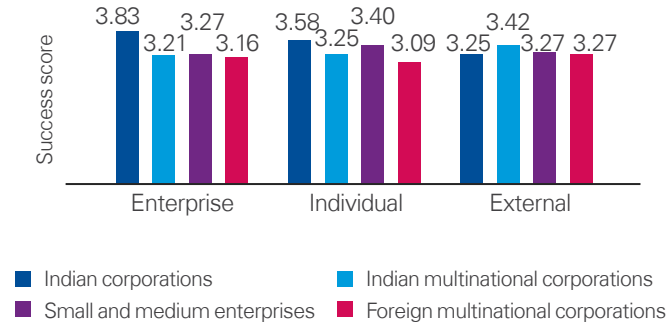
competencies and larger organisations report better success at enterprise level suggesting their investment in a disciplined approach to design, resources and leverage it to drive long term strategy.

Scores by employee size



Results by organisation type

Scores by organisation type



Source: KPMG in India's Design Quotient Survey 2018

Indian corporations report higher scores, especially on enterprise success, corroborating observations made on other building

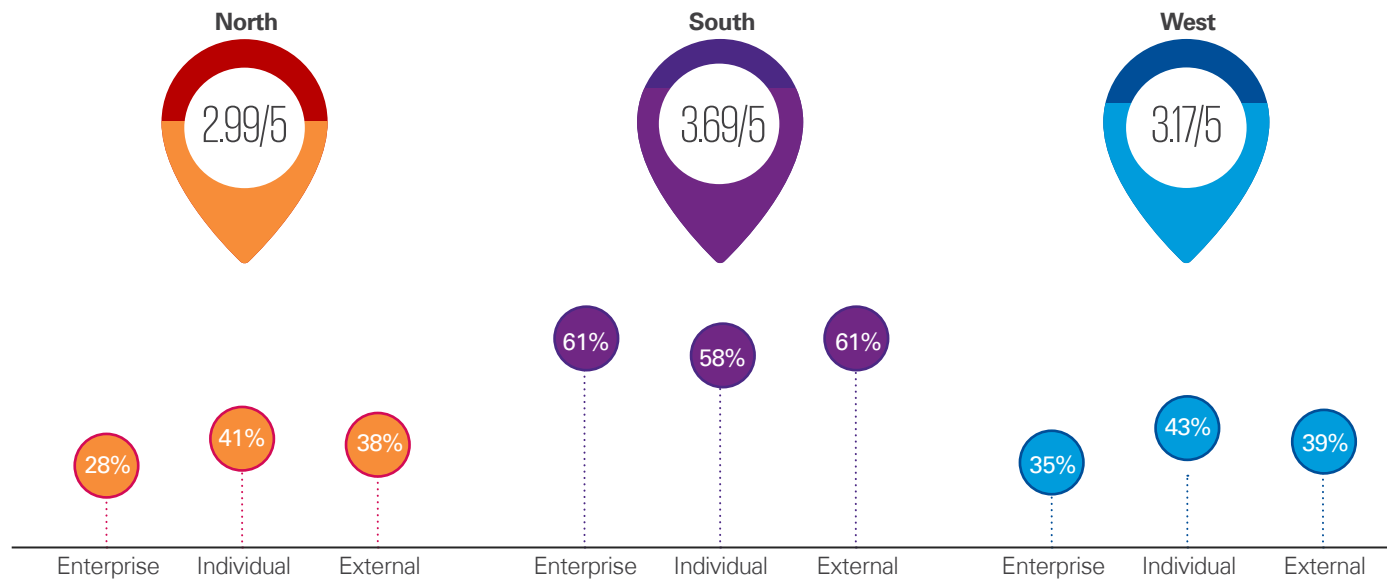
blocks, which could be reflective of organisations efforts to reinvent themselves to enhance enterprise level capabilities.

Results by region

Southern organisations have reported great performance on all six building blocks of design and this embrace of design as an approach

and culture has translated into development of new capabilities at enterprise and individual level helping them succeed externally.

Respondents say these factors are present in their organisation 'To a great or very great extent'



Source: KPMG in India's Design Quotient Survey 2018

Results by personnel level

Scores by personnel level



Source: KPMG in India's Design Quotient Survey 2018

Mid-level personnel, expectedly report experiencing low/no growth especially at individual level competencies presenting

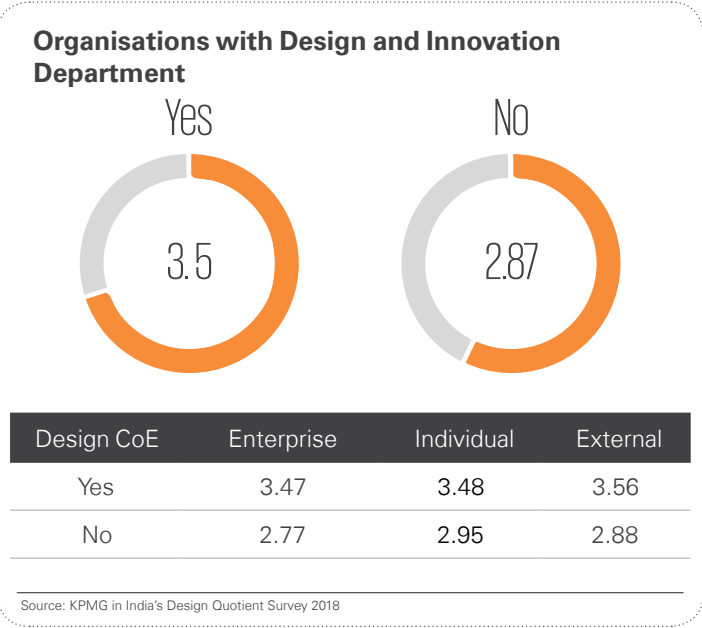
a significant opportunity to help this layer through design intervention. Interestingly, senior leadership also indicate

opportunity to build competency at individual level.

Results by organisations with a Design and Innovation CoE/Department

Organisations with design department/CoE report experiencing success in terms of growth in capability

at enterprise, growth in competencies at individual level and growth in market indicators at external level.



Recommendations

Right Metrics

Design ensures that we align business goals with human-centered goals so the business KPIs are not just tied to growth. Measuring outcomes such as experimentation, prototyping, new ideas, and insights helps us reframe how we measure success.

Conclusion

Customer needs are expected to evolve faster than ever before. Responding to these needs will increasingly become difficult if we do not transform our relationship with customers. Design has the power to enable organisations to understand those needs better and keep pace with them by becoming more empathetic to customer requirements. Therefore, in the race to keep up with the customer, design has the potential to be the differentiator.

Our study has indicated that while there is realisation among organisations that design as a process is important, there is still significant scope for its potential to be explored. While some industries have embraced design values and behaviour but have struggled to provide resources to execute, others have lagged behind in establishing a foundation of right values and behaviours for a design led culture to sprout.

In essence, we are only at the beginning of exploring design as an approach/ process for understanding customer needs better and co-creating differentiated products, services, experiences with customers. Moving up the maturity scale, by leveraging design as strategy and driving design led innovation is a territory that is not yet fully explored.

The evolution towards becoming design centric and customer centric is likely to be marked with small incremental

changes to approach (process) which followed will shift mindsets (people) leading to a transformation in culture.

We recommend that organisations start their journey by:

Gauging where they stand today on the five levels of design quotient maturity model, its six building blocks and customer centricity

1

Envisioning where they want to go by identifying what the right values, behaviours, climate, process, resources and success are , specific to their organisation

2

Evaluating how design can enable this transition (e.g. From No Design to Design as process or from Design as process to Design as strategy)

3

KPMG in India can help you begin and guide next steps in your design journey.

Appendix








Methodology

The survey consisted of 19 questions framed around 20 factors of six building blocks of design quotient maturity model. Participants rated each of the 20 questions (factors) on a five point Likert.



Design scores at factor level was aggregated and then weighted at building block level to arrive at overall design quotient.

Design scores by Industry

	Industry	Value	Behaviour	Climate	Process	Resources	Success
	Technology	3.52	3.40	3.49	3.64	3.16	3.36
	Services	3.43	3.38	3.46	3.51	3.08	3.16
	Education	3.31	3.22	2.78	3.13	2.94	3.00
	Financial Services	3.46	3.31	3.03	2.93	2.55	2.52
	Industrial Manufacturing	4.00	4.27	3.52	3.69	3.41	3.74
	Media and Entertainment	3.67	3.63	3.63	3.63	3.67	3.74
	Consumer Markets	3.63	3.56	3.58	3.22	2.95	3.37

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KPMG



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KPMG in India contacts:

Nilaya Varma

Partner and Leader

Markets Enablement

T: +91 124 669 1000

E: nilaya@kpmg.com

Prasanth Shanthakumaran

Partner

Digital Consulting

T: +91 80 3065 4407

E: prasanths@kpmg.com

Ramesh Krishnamurthy

Director

Digital Consulting

T: +91 80 3065 4625

E: rameshk@kpmg.com

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