

# Touchpoint

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## Cultural Change by Service Design

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# Balancing Value with Alignment Diagrams



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“A company’s primary responsibility is to serve its customers. Profit is not the primary goal, but rather an essential condition for the company’s continued existence. There is only one valid definition of business purpose: to create a customer.”<sup>1</sup>

So wrote Peter Drucker, one of the most influential management theorists in the middle of the twentieth century. Somewhere along the way, however, businesses seem to have forgotten these words. The opposite seems more prevalent: leaders steeped in the traditional management canon have a one-track mind: maximise short-term profits. And for these businesses, serving customers is often a necessity at best or a nuisance at worst.

The result: trust in corporations is at an all-time low. Consumers have grown cynical and distrustful of big business.

But there is good news: this balance is shifting. Business leaders and managers are reconsidering how they can create as much value as they can derive from a market.

More and more companies are embracing the notion of ‘co-creation’, first defined by business scholars Prahalad and Ramaswamy in their 000 *Harvard Business Review* article “Co-Opting Customer Competence.” With co-creation, customers are not seen as

gregarious herds of consumers: instead, they are considered a source a value creation and competitive advantage – as collaborators in the value creation process.

Co-creation is an explicit recognition that value creation is an act of *exchange* between customers and a business, rather than an act of *extraction* from the former by the latter. What’s more, it represents a significant shift in business thinking that presents a real opportunity for design and for designers. Namely, we have something business managers don’t possess: the ability to locate and reveal value from a customer perspective.

## MAPPING VALUE

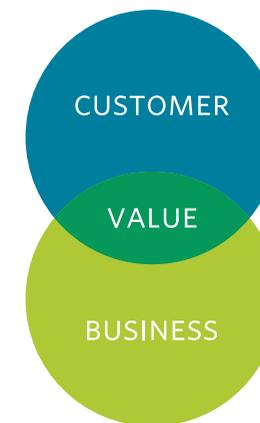
Diagrams are a key tool we use to model Diagrams are a key tool that we employ to model the value creation ecosystem. They are already part of the current design practice. You’ve probably used them: service blueprints, experience maps and mental model diagrams are a few examples.

At a high level, I believe these diagrams fundamentally do the same thing: they seek to expose the way value is created, delivered and captured. Thus, I propose the term ‘alignment diagram’ to refer to any map, diagram or similar visualisation that reveals value creation *both* from the customer *and* business perspectives.

Alignment diagrams are clearly not new. Instead, the phrase ‘alignment diagrams’ is a recognition that this type of work is as pertinent to business as it is to design activities. By reframing our work in this way, I hope to help designers and business stakeholders alike think about a balanced view of value creation.

## ALIGNMENT DIAGRAMMING

We can view value creation as an equation with two halves: on the one side, there’s the business perspective, including service provision mechanisms and the benefits the organisation obtains; on the other, we find the customer perspective, including the customer’s experience and the added value a service brings to a market. Accordingly, alignment diagrams also have two parts that mirror these perspectives. Where the activities of the two halves meet gives rise to touchpoints – where value lies, as illustrated in the diagram below.



Value lies at the intersection of customers and a business. Alignment diagrams seek to reveal that value from both sides of the equation (diagram adapted from Jess McMullin<sup>2</sup>).

Note that the term ‘alignment diagrams’ does not refer to a given method of visualisation. Instead, it’s a class of documents that encompasses methods already in practice. For instance, service blueprints and journey maps are examples of diagrams within this class because they seek to align customer behaviour with business activity.

Figure 2 shows a service blueprint modelled after the format developed by Mary Jo Bitner. This specific example was by Brandon Schauer, a business analyst with Adaptive Path. The customer actions are indicated in the top half, business processes in the lower half. In the middle, Schauer draws a so-called ‘line of interaction’. This shows the touchpoints where value for both customers and business can be found.

Another example of an alignment diagram is Indi Young’s ‘Mental Model’ approach, as detailed in her book of the same title<sup>3</sup>. Figure 3 shows a small portion of a mental model diagram for movie going and enjoying movies in general.

A horizontal line divides the diagram into two parts. The top shows individual customer tasks (the small boxes), which are grouped by topic into ‘towers’. The towers are, in turn, clustered and then sectioned off into ‘goal spaces’. The boxes below the centre line show support offered by products or services for those tasks and goals.

Unlike service blueprints or journey maps, the structure of mental model diagrams is hierarchical. They are not necessarily chronological, although often there is an implied chronological with some activity at times. This hierarchical organisation is particularly important for structuring products that do not have a linear, real-time interaction, such as the navigation of a website. As Young outlines in her book, designers can group the ‘goal spaces’ hierarchically to derive a high-level information architecture.

Regardless of the form – a service blueprint, a customer journey map, a mental model diagram, workflow diagram or something else – we can align and represent value using different mapping techniques. This gives designers the flexibility to address client needs and project goals in different ways.

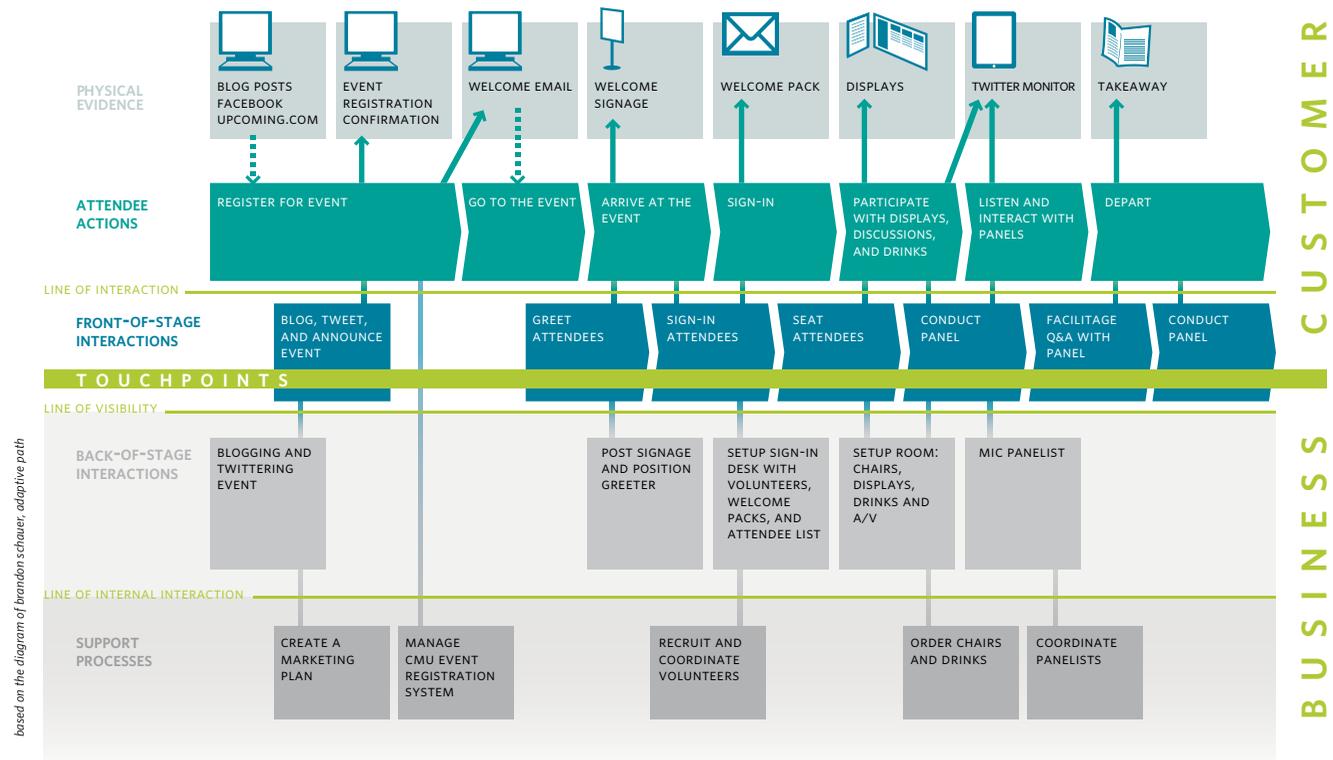


Figure 2: An example of a service blueprint for conference going. This shows alignment of multiple facets of information describing customer and business activity.

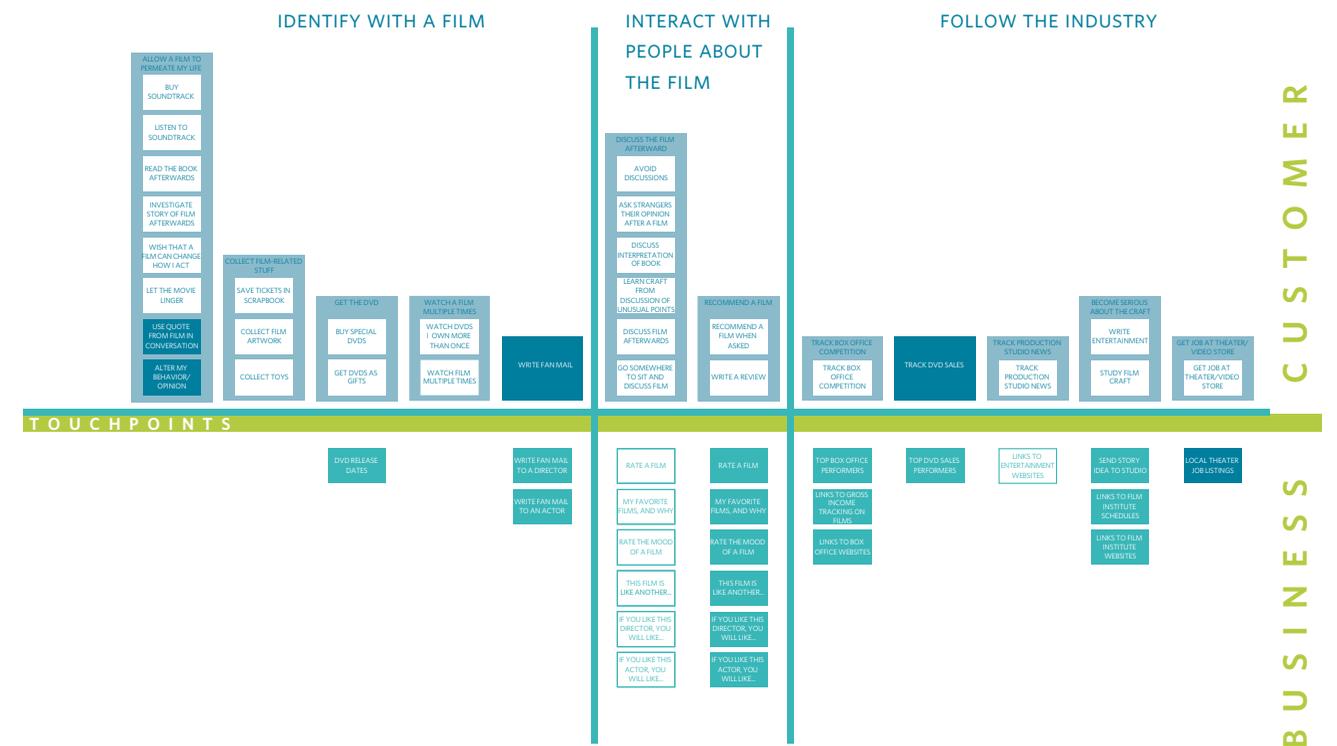


Figure 3: Mental model diagrams seek to hierarchically align customer behaviour with business support in two halves.

**PRINCIPLES OF ALIGNMENT DIAGRAMS**

What holds alignment diagrams together as a class are their common principles, which are:

**Principle of Holism**

Alignment diagrams focus on human behaviour as part of a larger ecosystem. They are not about product research. As much as possible, they look at what people do in their normal lives or work environments.

**Principle of Multiplicity**

Alignment diagrams describe multiple facets of information. This is what the ‘alignment’ part of the technique is really all about. These are often represented in rows of information, such as those in a customer journey map.

**Principle of Interaction**

Alignment diagrams expose touchpoints between the customer and business and thus locate value for both sides.

**Principle of Visualisation**

Alignment diagrams show a composite view of behaviour and processes in a graphical overview. It is the act of visualising the alignment of various types of information and the touchpoints that reveal shared value.

**Principle of Self Evidence**

Alignment diagrams should need little or no explanation. Anyone should be able to walk up to an alignment diagram and orient themselves quickly.

**Principle of Relevance**

Alignment diagrams seek to address real-world problems and therefore must be relevant to a given business or organisation, in addition to the user perspective

**Principle of Validity**

Alignment diagrams are firmly grounded in primary research, such as observations, interviews or surveys. They should not be made up in isolation. At a minimum, brainstormed diagrams should be validated through research.

I believe it is understanding these principles, not the mechanics of a single given technique, that opens up possibilities for designers. When consulting clients, designers can better tailor services to specific situations and tell a narrative of value creation in different ways as needed.

**VALUE-CENTERED DESIGN**

Strategic and tactical projects within any organisation often witness conflicting perspectives. By focusing on value creation – the overlap between customer activity and business offerings – we potentially harmonise this conflict. This is first step in achieving co-creation and positioning an organisation to collaborate with customers.

While no silver bullet, alignment diagrams instil a sense of balance back into corporate thinking. At a minimum, they start a conversation towards coherence, bringing actions, thoughts and people together while fostering consensus. More importantly, they focus on creating value – for both the customer and the business.

Moving forward, businesses will need to look at value as a balanced the equation. Alignment diagrams are diagnostic tools already in the design repertoire that let us do just that, bringing new relevance design work. By understanding the underlying principles of alignment, designers can leverage their skills in ways that better serve businesses and ultimately help redefine value creation. ●

**References**

- <sup>1</sup> Drucker, P. (1946). *Concepts of the Corporation*. (New York: Harper & Brothers).
- <sup>2</sup> Porter, M.E. & Kramer, M.R. (2011). *Creating shared value*. *Harvard Business Review*, 89 (1/2), 62-77.
- <sup>3</sup> Young, I. (2008) *Mental Model Diagrams*. (Brooklyn, NY: Rosenfeld Media).