

Making and Sustaining the Shift to Services

Seven Critical Success Factors in Shift to Services

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Critical Success Factor 1

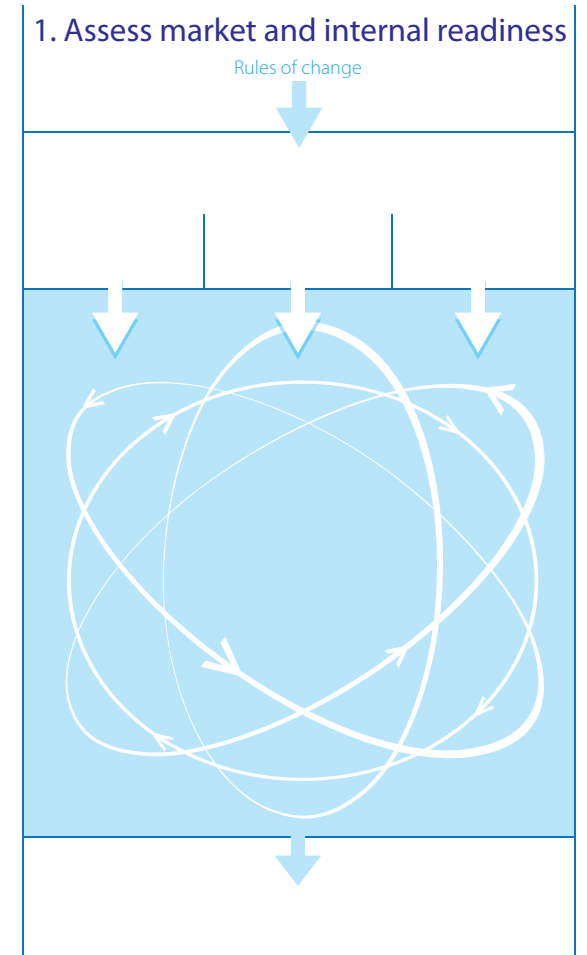
Assess the market and internal readiness

- Successfully shifting to services requires the provider, its partners and the customer to change the balance of activities performed between them.
- All parties involved in the transformation have to be mentally and emotionally ready to accept these changes in responsibility.

Critical Success Factor 1

Actions that drive success:

1. Clearly define the **service value proposition** and confirm that it is appealing all parties involved in delivery.
2. Set, define and communicate a **compelling business case for your customers**
3. Identify and run a **prototype or pilot to evaluate**: (i) the appeal of the value proposition; (ii) the effectiveness of the business case; (iii) the readiness to deliver the service
4. Evaluate the pilot to **confirm whether the new service creates more value for your customers** than previous solutions.



Critical Success Factor 2

Creating the strategic and cultural change

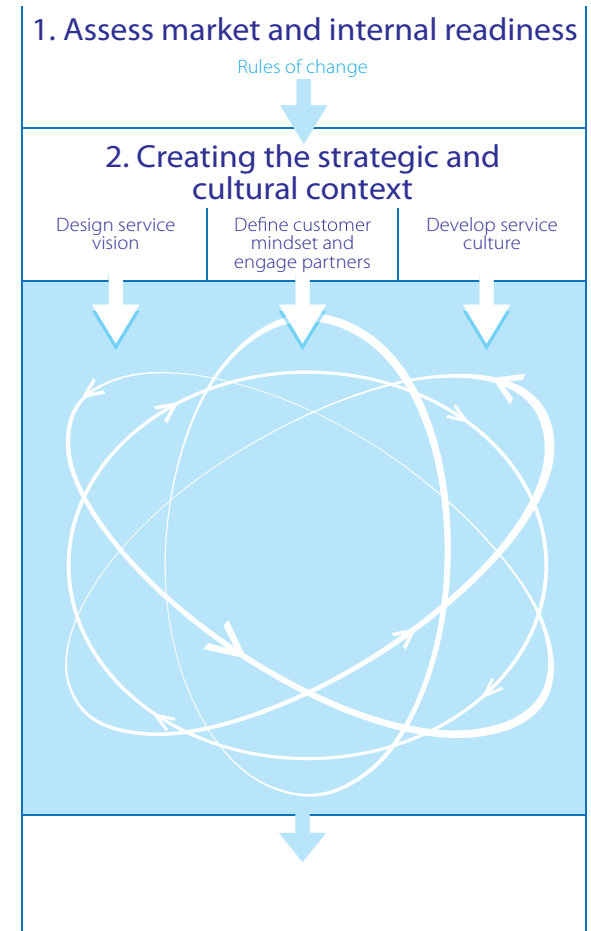
- This is a key challenge in successfully making the shift to services – “central to this challenge is changing mindsets”.
- Staff - both in the provider firm and in their broader ecosystem system partners - have to adopt a service focused view of the world.
- Recognize customer value lies in the solution being offered rather than the traditional product.



Critical Success Factor 2

Actions that drive success:

1. Define and communicate a **clear and compelling service vision**, underpinned by a coherent rationale for why services matter.
2. Ensure people across the ecosystem understand and believe in the services vision and rationale so they are **living the service culture**.
3. Ensure your staff and your ecosystem partner's staff are **engaged and adopting an end-customer focus**.
4. Ensure your **customers are mentally prepared to consume** your services.



Critical Success Factor 3

Building the structures and governance for services

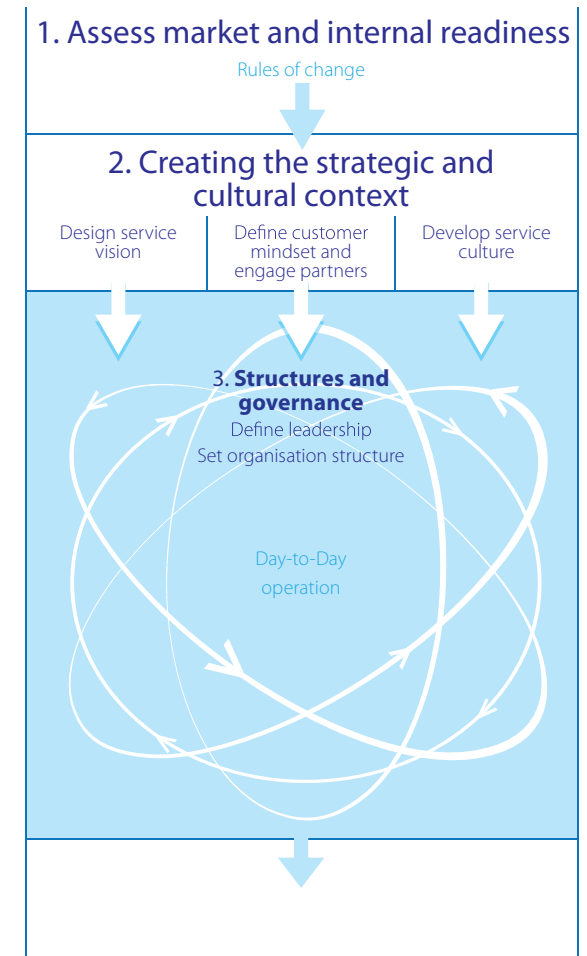
- Creating the right structures and governance for services is crucial. Both as a sign of organisational commitment, as well as a deliberate focusing of effort.
- You have to consider whether you want to create separate business units for services and if so, whether these will be profit centres in their own right, with an equal footing to existing product business units..



Critical Success Factor 3

Actions that drive success:

1. Create **governance structure with service leaders** who have the necessary hierarchical position, power and authority to expand the firm's revenues through services.
2. **Establish and agree strategic objectives for services** - translate these into service targets and metrics and align them with the individual and team incentives.
3. **Align incentives and metrics across business units.**
4. Recognise that you offer **different types of service and that you need different contracting and governance structures.**



Critical Success Factor 4

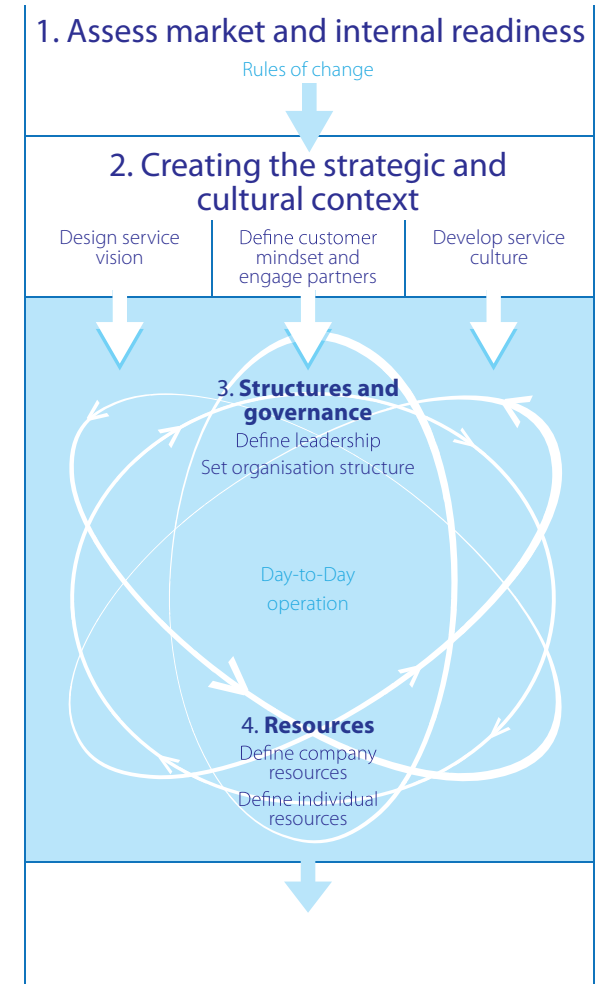
Dedicate the resources for service innovation & delivery

- Services are resource intensive - they not only involve people, but also technology, information and investment.
- To innovate your services and ensure they are delivered successfully you have to devote the necessary resources both to establishing and sustaining services.

Critical Success Factor 4

Actions that drive success:

1. Map and **identify the resources and capabilities required** to deliver your services.
2. Map the resources and capabilities **available within your firm and the wider ecosystem**.
3. Use these mappings to **identify resource and capability gaps** - what resources are capabilities are missing - and how might these gaps be filled.
4. Create **short and long term budgets to support the shift to services** - balancing investments required for today and tomorrow.



Critical Success Factor 5

Proactively manage engagement and trust

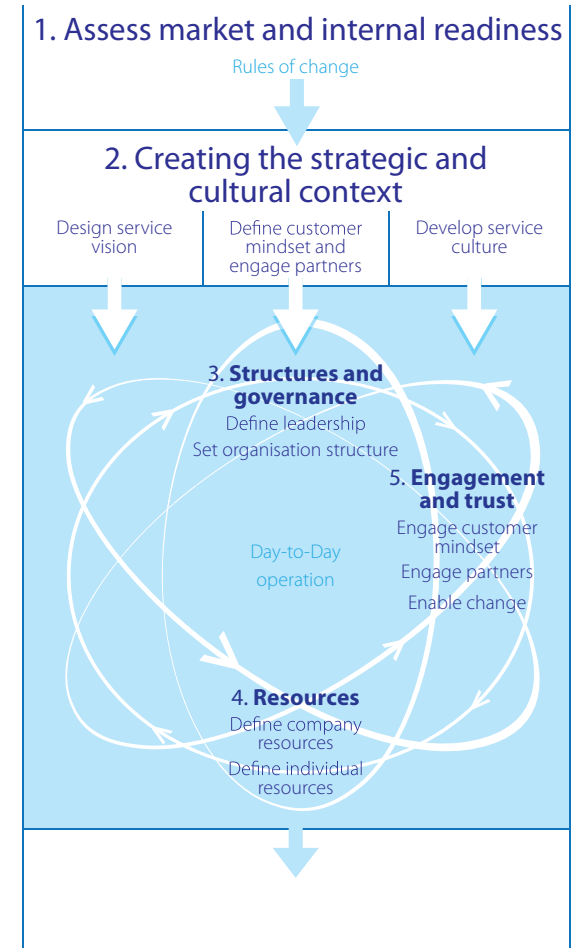
- Services are about relationships and experiences. Customers evaluate services not only in terms of their functional performance, but also their emotional impact.
- Creating deep and meaningful relationships that are based on trust and mutual understanding is essential
- In the world of services you walk the service journey with your customer.



Critical Success Factor 5

Actions that drive success:

1. Design 'customer engagement plans' for specific services, with clear objectives, targets and measures - monitor the outputs.
2. Develop channels to open, share and harmonize information and feedback for relevant people (inside and outside of the service firm).
3. Track actions generated from customers' feedback and inform customers and staff about the changes made (make them feel engaged and part of the co-creation process).
4. Continuously gauge the opportunity gap between customers' needs and demands and what the services you are providing are actually delivering.



Critical Success Factor 6

Develop and embed service processes

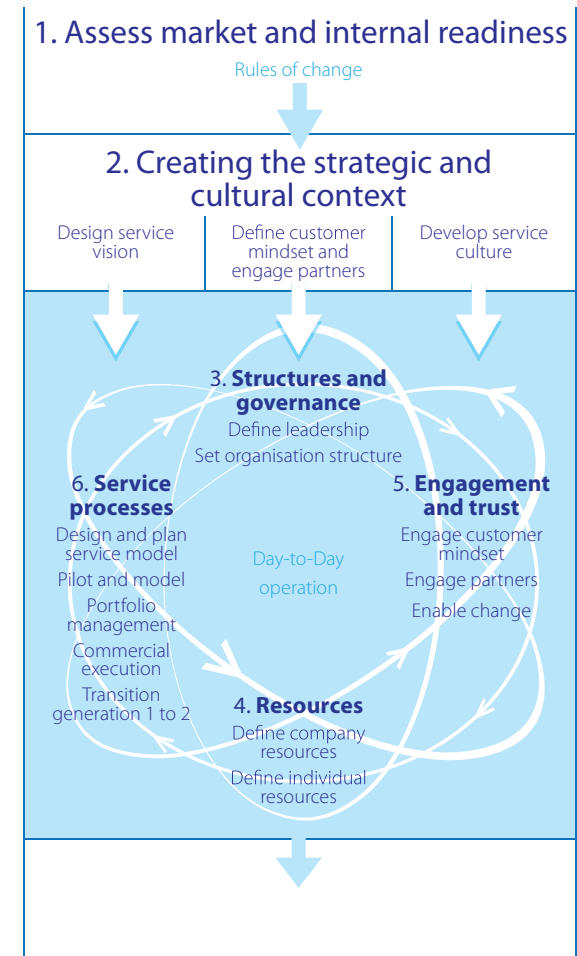
- Five key service processes that underpin the ability to design, develop and deploy services. I.e.:
 1. Designing and developing the service operating model
 2. Managing the service portfolio
 3. Piloting, simulating and testing the service offering;
 4. Scaling & commercializing services
 5. Continuously innovating services - transitioning from generation 1 to generation 2 services



Critical Success Factor 6

Actions that drive success:

1. Design and develop the **service operating model**.
2. Establish the **rules for service portfolios**, including when and how terminate a prototype or a service.
3. Define **criteria to gauge success of services** from early prototyping stages to commercial execution (create a express customer feedback on a prototype, e.g. customer panels, electronic panels, customer focus groups, etc).
4. Establish **processes for scaling, commercialising and upgrading/enhancing services**.



Critical Success Factor 7

Continually innovate, optimize and communicate good service practices

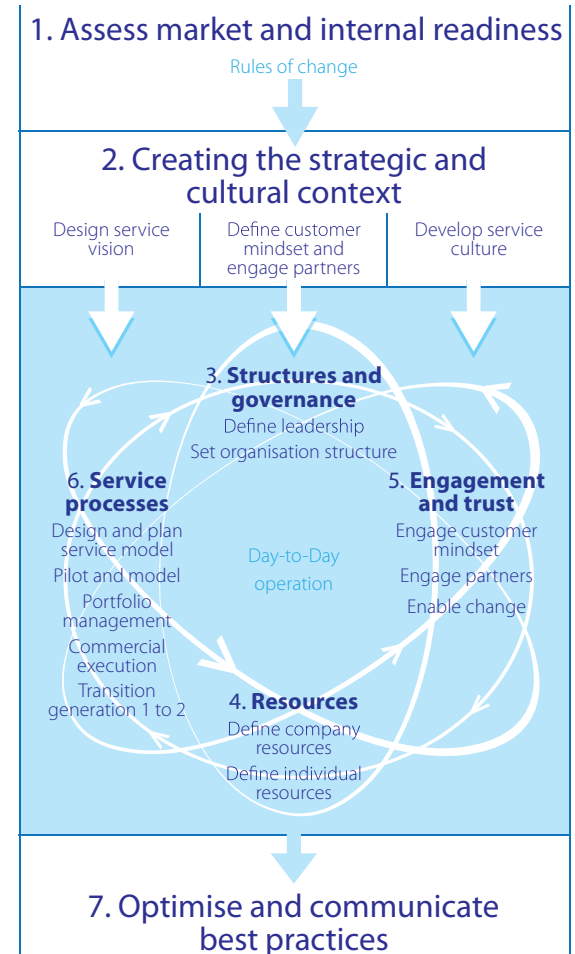
- Firms involved in services have to innovate continuously - through the delivery of the services we learn new and better ways of delivering services in the future.
- These lessons can be used to innovate and share best practice. Of particular importance is to look for innovations that can be shared across services



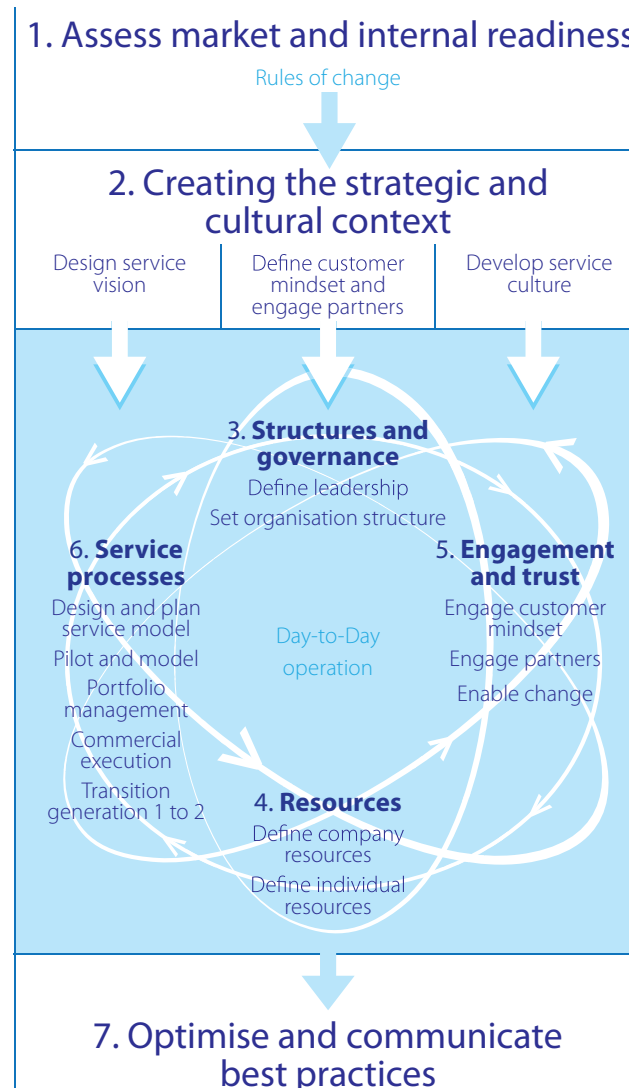
Critical Success Factor 7

Actions that drive success:

1. Establish routine and accessible processes to **collect good service practices**.
2. Create open and clear routes for **disseminating good practices** as they appear.
3. Create a **services repository** that can be easily and readily accessed.
4. Deliberately **search for service innovations** that can be shared across service lines to drive efficiency and customer value.



Seven Critical Success Factor in the Shift to Services



Martinez, Neely, Urmetzer, Allison, Lund, Bisessar, Bucklar, Leinster-Evans, Pennington and Smith (2016)

Tool: Road map – Seven Critical Success Factors in the Shift to Services


SSM Excel Map Tool. 25th Jan 2016. © Veronica Martinez, 2016, Cambridge Service Alliance

Service Strategy Model & the Seven Critical Success Factors in the Shift to Services



The service strategy model has seven critical success factors that underpin the shift to services. This is a mapping tool called "the critical success factors in the shift to services". This tool helps organisations like yours to guide you in the shift to services. this is one of the first tool grounded in rigourous studies and done in collaboration with key partners who have confronted this shift.



Critical Success Factors (CSF) of the Service Strategy Model	Why this factor matters: Urgency & Importance	Key Elements	Checklist of Actions that Drive Success		If Yes, document "How"	If No, set an "Action Plan Targets"
1st. Critical Success Factor: Assess the market and internal readiness	This CSF gauges the external and internal readiness of firms to potentially capture value created from services. The ideal result of the assessment is a match between the internal service innovation that the company offers and the external appetite and maturity of customers to consume and pay for the proposed service innovation. Successfully shifting to services requires the provider, its partners and the customer to change the balance of activities performed between them. For example, customers might relinquish control over specific processes, transferring accountability for their performance and the associated risk to the provider. All parties involved in the transformation have to be mentally and emotionally ready to accept these changes in responsibility.	Understanding accountabilities across the ecosystem and how these would change. Assessing the willingness of stakeholders across the ecosystem to accept these changes in accountability.	<p>Please answer each question. If your firm has completed the action please tick. If not, list the targets and actions that the firms needs to perform to overcome this problem in the Action Plan column</p> <p>1. Do you have a Clearly define the service value proposition? and Could you confirm that it is appealing all parties involved in delivery?</p> <p>2. Have you Set, defined and communicated a compelling business case for your customers? In other words, how will your proposed service help them do their job better?</p> <p>3. Have you identified and run a prototype or pilot to evaluate: (i) the appeal of the value proposition; (ii) the effectiveness of the business case; (iii) the readiness of your customer's to consume the service; (iv) the readiness of your organisation and your ecosystem partners to deliver the service?</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p>If Yes, explain how have you achieved the action</p> <p>1</p> <p>2</p> <p>3</p>	<p>If No, list the Action Plan an Targets</p> <p>1</p> <p>2</p> <p>3</p>

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7 Critical Success Factors in the Shift to Services

NEW !! Executive Report & Podcast

for free at:

<http://cambridgeservicealliance.eng.cam.ac.uk/news/SevenCSFBriefing>

The image shows a banner for Cambridge Service Week. It features the University of Cambridge logo and the text 'UNIVERSITY OF CAMBRIDGE Cambridge Service Alliance'. The main heading is 'Cambridge Service Alliance'. Below this, there is a section for 'Cambridge Service Week' with a description: 'Cambridge Service Week is a series of events hosted by the Cambridge Service Alliance to bring together leading academics, industrialists and policy-makers to address the evolving challenges facing service education, research, practice and policy.' To the right, there is a section for 'Making the shift to services' which is a 'Two-day executive workshop' held on 'Wednesday 16 to Thursday 17 March 2016'. Below this, there is a list of past events: '2013 Service Week', '2012 Service Week', '2011 Service Week', '2010 Service Week', and 'Back to Events'. The background of the banner is a blue globe with a network overlay.

The Cambridge Service Design Programme

16th – 17th March 2016

<http://www.ifm.eng.cam.ac.uk/events/shift-to-servicesmarch16/>



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Thank you

Questions



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