

Making and Sustaining the Shift to Services

Exploring the Journey to Services

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CSA Webinar

Why do services matter?

Services are becoming essential part of our economy.

- Some emerging economies such as, India and Turkey, Services around 50% GDP
- Even fast growing economies are catching up. In China, the percentage of servitized manufacturing firms grown by 18% from 2007 to 2011.



The popular adoption of service-related strategies propels the growth of New Services and new ways to operate. Hence, it is of great importance to understand our Service Journey to better manage our services.



Service Journey

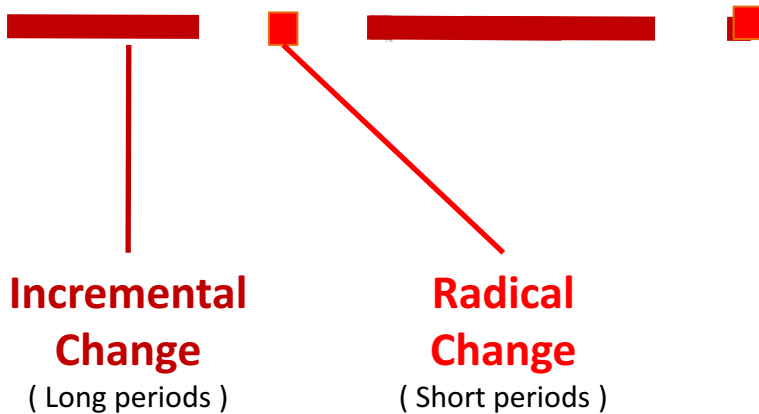
Servitization is a form of business transformation that calls for **organizational change** (Vendrell-Herrero, et al, 2014).

- The transition to services requires to understand the different approaches to manage change

Change theory: Two dominant approaches

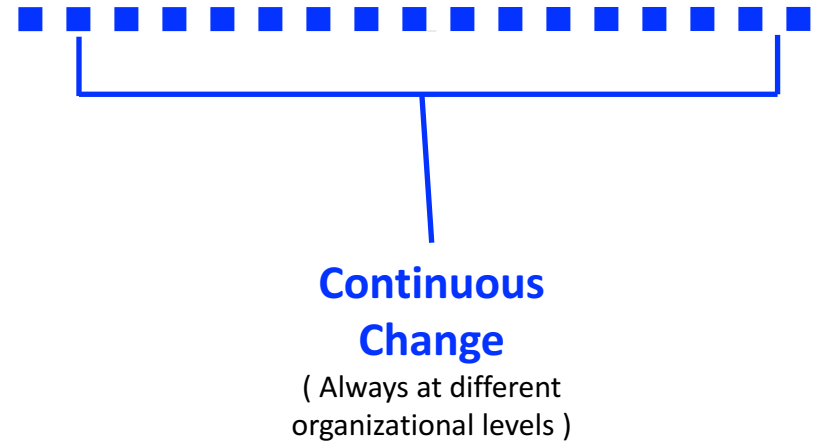
Punctuated Equilibrium Model

(Tushman and Anderson, 1986; Gersick, 1994)



Continuous Change Model

(Brown and Eisenhardt, 1997; Langley, et al., 2013)



Approach

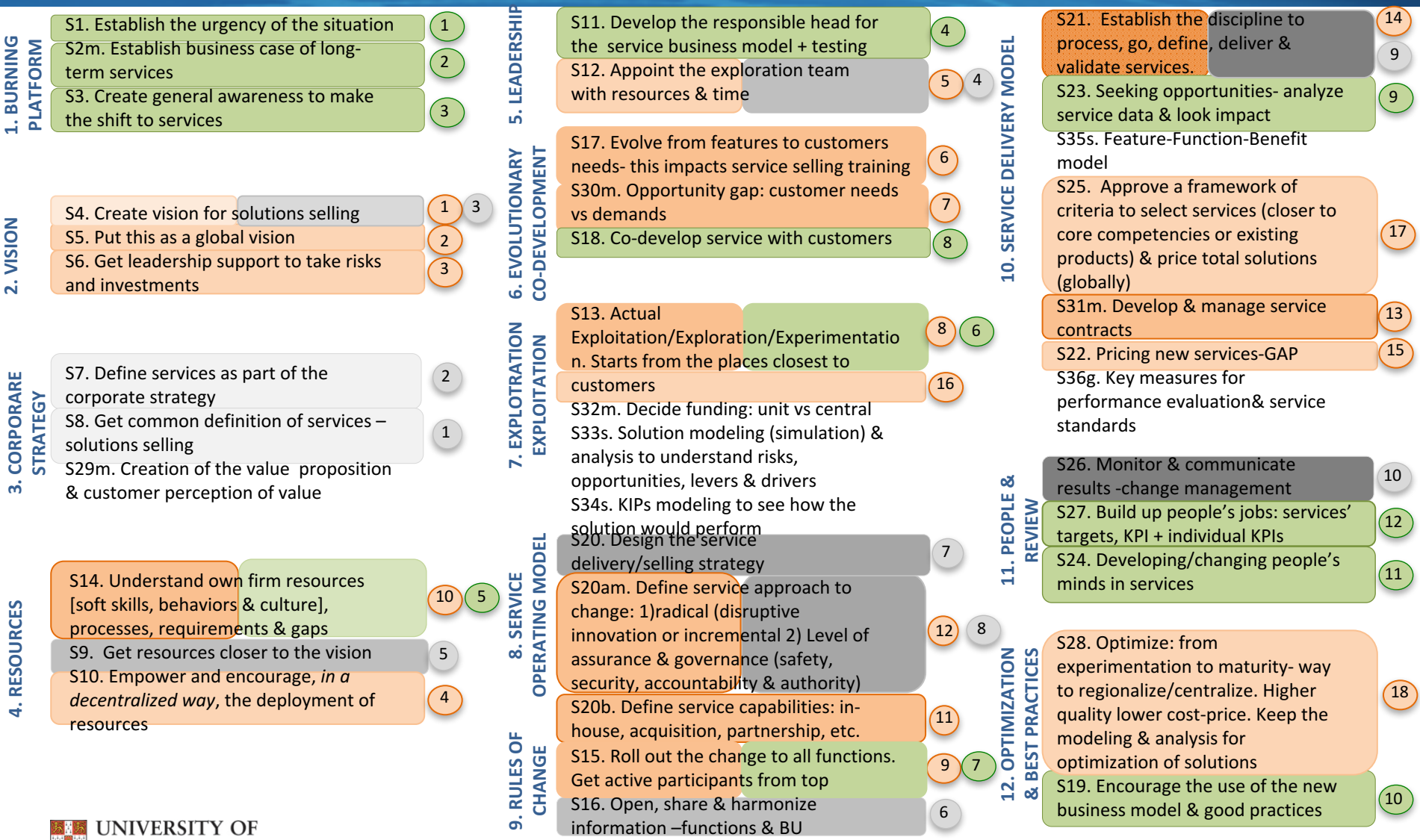
Longitudinal Research

- **Three firms – 7 years**
 - Similar maturity
 - Technology: role and use in their services
 - Context: 2 main stream and 1 different

 - Interviewees: from Board, Managers, Operators and Customers
 - Total 52 interviewees

- **Three validation workshops**
 - More than 20 firms
 - Senior managers and above
 - Total 50 participants

Results: service journey



Findings: similar steps, different journeys

Paths & steps

- No one single path
- **Unstructured** and messy journeys
- **Organic**: Different approaches and steps
- **Emergent** - No logic - In some occasions, **trial and error** approach
- Back and forth sequence of events

Learning

- Every shift is different and vaguely informed by previous experiences
- General tendency to not document - lessons learnt from successes and failures
- Good practices are rarely documented and communicated

Quotes from interviewees

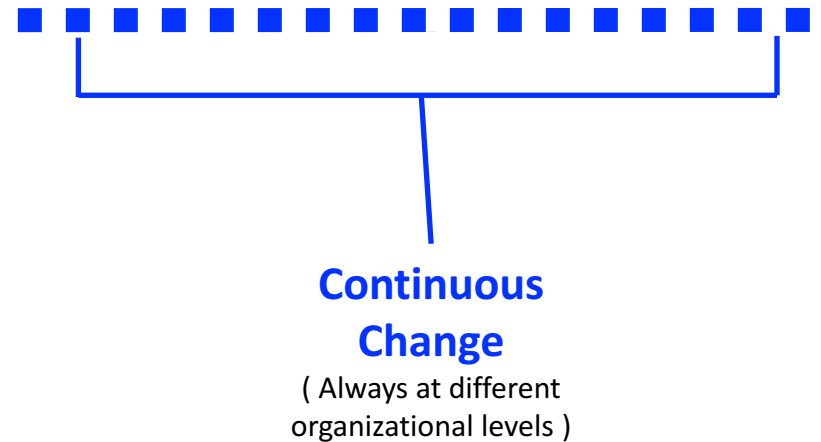
- "... now, I can see why did not work out the first time around... it took us too much time"
- "... I can clearly see the steps and where to go... it is simple..... but before we did not have this clarity.."

Findings: Pace of Change

Our findings shows that the Service Journey occurs:

- Careful and incremental changes
- At different organisational levels

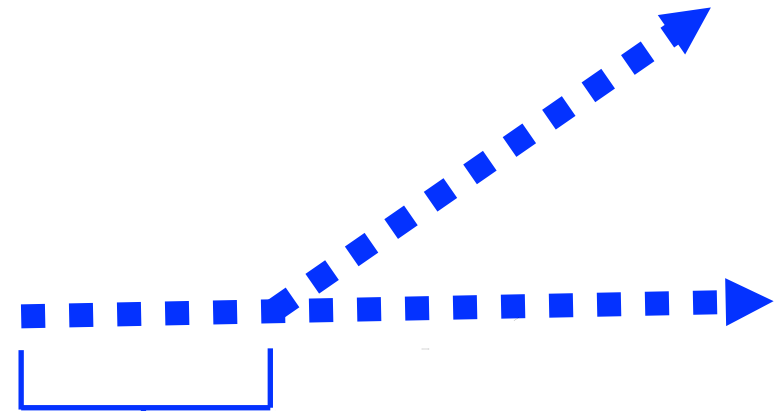
Continuous Change Model



Findings: Active Evolution - The 4th year

In the Service Journey, the **4th Year is crucial.**

Continuous Change Model



0-4 Years

Basic Services

(Spares, repairs,
upgrades,
installations,
refurbishment, etc.)

Source: Martinez V., Velu C and Neely A. "Exploring the Service Journey".
International Journal of Production Economics . *In Press*.

Findings: Co-existence of different services

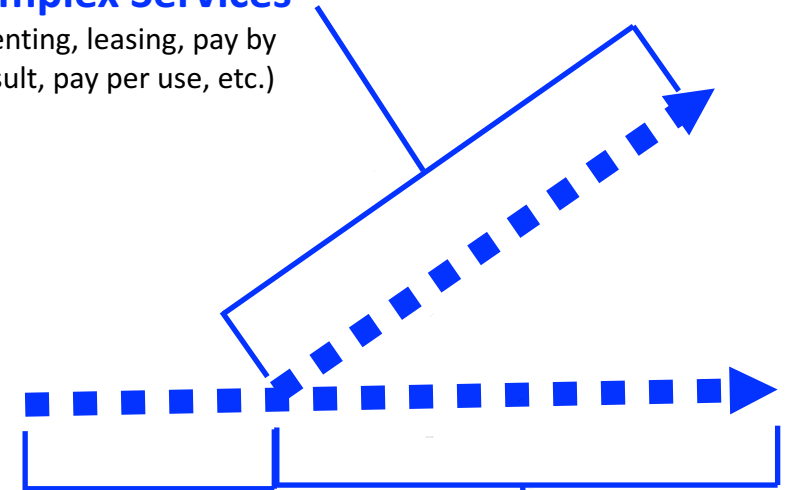
The co-existence of diverse services happen after the **4th Year.**

Continuous Change Model

After the 4th Year

Complex Services

(Renting, leasing, pay by result, pay per use, etc.)



0-4 Years

After the 4th Year

Basic Services

(Spares, repairs, upgrades, installations, refurbishment, etc.)

Intermediate Services

(Installations and repairs, preventive maintenance, proactive maintenance, advisory services, consultancies, etc.)

Source: Martinez V., Velu C and Neely A. "Exploring the Service Journey".
International Journal of Production Economics . *In Press.*

Co-existence of different services “service” (service business models)

“ The search for a new Services extend co-existence between current and new services. Knowing when to shift resources towards the latter is a delicate balancing act.”

How to manage Services

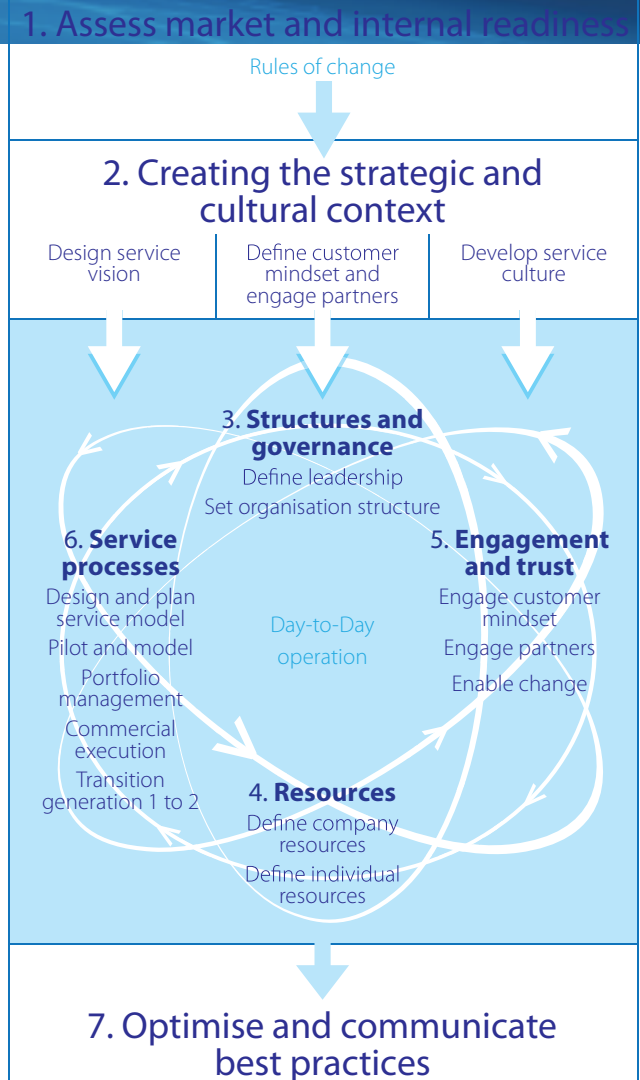


7 Critical Success Factors in the Shift to Services

Executive Report & Podcast

download for free at:

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



Questions



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Forthcoming webinars

Date 14:30hr GMT	Topic	Invited speaker
2017 Webinars		
July 10th	Business ecosystems towards a classification model	Dr Florian Urmetzer
June 12th	Exploring the service journey	Dr Veronica Martinez
May 8th	A process for B2B partnerships: designing to deliver capability across companies	Dr Florian Urmetzer
April 10th	Investigating risks of outcome-based service contracts from a provider's perspective	Dr. Jingchen Hou
March 13th	The ecosystem value framework: supporting managers to understand value exchange between core businesses in service ecosystems	Dr Florian Urmetzer
Feb 13th	Classification of noisy data: an approach based on genetic algorithms and voronoi tessellation	Abdul Khan