

GUIDELINES ON SERVICE INNOVATION LEARNING SYSTEM

D.T2.1.4

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THINGS+

Introducing service innovation into product-based manufacturing companies

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1. Introduction

Aim of these guidelines is to present and explain key approaches and procedures to be adopted by Business Support Organisations (BSO), which provide Knowledge Intensive Business Services (KIBS) in order to enhance entrepreneurs’ servitization and innovation management skills.

The document contains recommendations and requirements to adopt the Service Innovation Methodology addressed to BSOs providing KIBS. The recommendations mostly refer to already developed guidelines on implementation of the Service Innovation Methodology and the related key tools portfolio which are to be considered the knowledge base for the dissemination of the servitization process formulated in the scope of THINGS+ project.

The SIM dissemination activities presented are going in two directions: towards the SMEs and towards the BSOs providing KIBS in general (outside the project consortium).

Besides dissemination through project partners’ activities (aimed at SMEs and other BSOs), a valuable source for learning about service innovation will also be the digital library created in the framework of THINGS+ project.

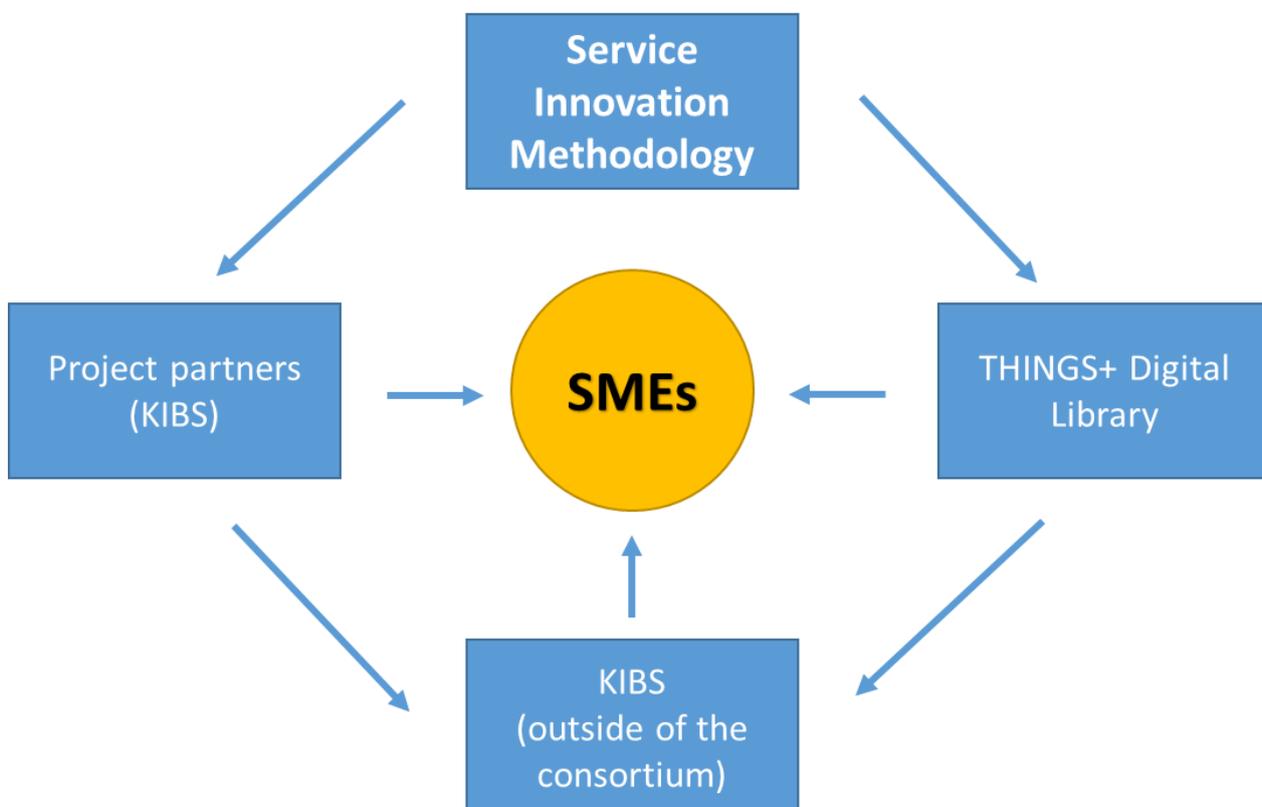


Figure 1 Service Innovation Methodology knowledge flow



2. Service Innovation Methodology: delivering the methodology to SMEs

The Service Innovation Methodology, which is designed for the manufacturing SMEs, consists of sequential and sometimes iterative steps grouped into four main phases and an additional fifth phase in case the goal is to sell the new service on a foreign market.

In order to help SMEs leaders opening their mind to the servitization transformative power the implementation program that should be performed with each SME lasts for minimally 6 months, therefore needs to be delivered by a BSO that is capable to provide expert support during the entire period.

In short, the program consists of:

- workshops (minimum one for each phase);
- additional “homework” tasks for SMEs to carry out in between the workshops;
- decision-making that will lead the process towards optimal solutions;
- occasional consultancy support during the entire implementation period.

The described framework can be changed and adapted for different cases, depending on the types of SMEs and their efficiency in performing the tasks. Also, the commercialization and internationalization efforts could be prolonged beyond the six months period, depending on the challenges of the process and the market.

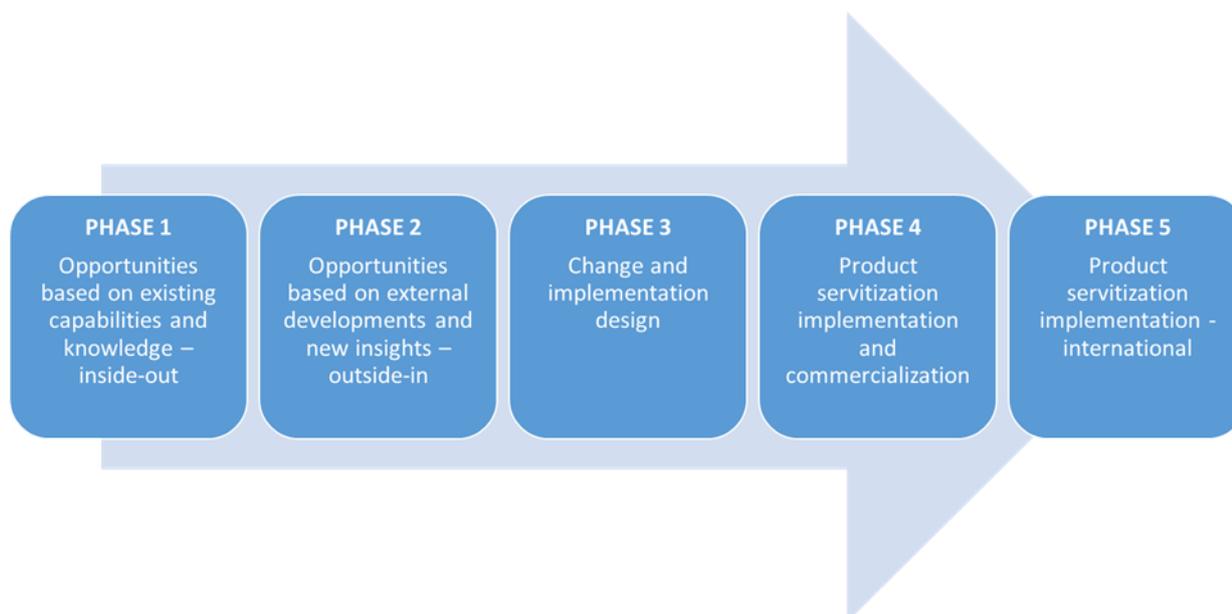


Figure 2 Phases of the Service Innovation Methodology



Duration of the first three phases would be roughly two to three months. During that period, the SME should formulate the servitization concept and the implementation plan. During the process, two approaches should be used:

- Workshop & mentoring-based (more suitable for delivering the program to more than one SMEs at the same time)
- Consulting & mentoring-based (more suitable for a specific approach adapted to a single company)

The approach to be used depends on the capabilities of the BSO and the needs of the company implementing the servitization process. The recommended number of workshops is at least one per phase but there can be a tailor-made schedule depending on the case. If needed, the number of the workshops sessions can be greater if that is going to enable greater efficiency of the companies implementing the process. In some cases, more workshop sessions could be merged into one, if the experience of the participants allows faster implementation of the tasks, but this is not recommended, especially if there is a possibility that it would disrupt the process development momentum.

The third phase ends with a blueprint of the servitization concept that should be approved for implementation by the company management. After that, during the last two phases, the focus is on the formulation of commercialization strategy. The commercialization strategy can include the internationalization efforts, or they can be elaborated as a separate project, having its own strategy with a focus on placing the offer on foreign markets.

The approach to the commercialization and internationalization support differs from the previous phases. At this stage development formats and activities are suggested but shouldn't be imposed. This means that they should have less prescriptive and rigid structure which is more adaptive to individual company needs. Workshops could be beneficial for some SMEs but most of the more experienced ones will need different approaches based on 1-to-1 consulting support.

Key materials to be used for adopting the Service Innovation Methodology into the BSO's activities framework are the detailed guidelines produced in the scope of activities within the THINGS+ project. The guidelines are to be used in conjunction with documents containing the key tools to be used during the process. Some of the tools are well known and used by the business support organizations, while some are created or modified in order to serve certain tasks of the servitization process. The documents mentioned are the deliverables of the THINGS+ project activities, precisely:

- D.T1.2.4 - Key tools portfolio for servitization of CE product-based manufacturing companies
- D.T1.3.1 - Digital guidelines on SIM entailing implementation tools to develop & commercialise new service
- D.T1.3.2 - Guidelines for internationalization support to newly developed product-based services

Following the workflow described in before mentioned documents, the BSOs providing KIBS shall be able to provide crucial support during the development and implementation of the servitization initiative. The methodology is expected to deliver significant results in terms of the transformation



of business models of manufacturing SMEs. The documents will be stored and available in the THINGS+ digital library under the Creative Commons licence.



3. Service Innovation Methodology: delivering the methodology to other BSOs

Dissemination of Service Innovation Methodology beyond the consortium could be achieved through specialized trainings for consultants and other BSO personnel. The methodology would be introduced to BSO personnel by experienced experts that could lead them through the detailed servitization process. Experts from the THINGS+ partner institutions will be trained in the framework of project activities and therefore be qualified to deliver the training to BSOs beyond the project consortium.

The duration of the training can vary from 3 to 5 days. More experienced consultants can be trained on SIM in an even shorter period, depending on how familiar they are with the tools to be used. The condensed training of 3 days would be efficient for participants with certain experience in consulting the SMEs. Duration of approximately 3 days would mean 3 interactive sessions, each lasting for 7 hours. Sessions would include the overview of the Service Innovation Methodology and its phases including the explanations of approaches and responsibilities. The rest of the sessions should cover the workflow of tasks that SMEs should perform during each phase using the recommended tools. Tools should be briefly introduced, and eventually more focus can be brought to those that are more important or less familiar to the participants. These tools should be explained in the context of the servitization process.

It is recommended to have a case study approach during the sessions so the participants can elaborate certain key tools while using them for a specific case scenario.

In particular THINGS+ partners will be encouraged to use the most successful/relevant case studies collected during the project pilot action.

After developing competences on the implementation of the entire Service Innovation Methodology, BSOs can also perform trainings and workshops concerning only particular segments of the entire servitization process, depending on the needs of certain SMEs or other BSOs.



4. Familiarization with tools used for implementation of Service Innovation Methodology

This chapter contains a list of tools that should be used for implementation of the Service Innovation Methodology in manufacturing SMEs.

These tools and methods are prescribed or strongly recommended for use during the pilot actions of the THINGS+ project.

Majority of these tools are well known and available for use by both company employees and consultants.

Other tools are created and modified in order to support implementation of Service Innovation Methodology, and their descriptions and guidelines on use are available in documents that present project deliverables (Key tools portfolio - D.T1.2.4 and Guidelines on SIM implementation - D.T1.3.1, D.T1.3.2).

The following table presents supporting tools to be used during certain phases of the Service Innovation Methodology. The knowledge of using these tools is considered to be of significant importance for successful development and implementation of servitization initiative, therefore is considered as precondition for KIBS providing institutions to be capable of delivering the SIM implementation for SMEs, and also delivering training for personnel of BSOs which provide KIBS. As different cases of servitization initiatives sometimes require different approaches and adaptations, there is a possibility for replacing particular tools during certain phases with another, more or less similar one, that could eventually prove to be more efficient.

Phase 1: Identification of opportunities for servitization based on existing capabilities and knowledge that reside within company - “inside-out” identification of opportunities	
Tasks	Supporting tools
Application/post-Application	Existing Product-service list
	RPV Framework
	Past strategies list
Workshop	Product attributes map
	Value Map (Value Proposition Canvas)
	Main customer problem “as is” - main customer jobs (JTBD - job to be done)
	Customer Profile - profile of the customer segment (Value Proposition Canvas)



	List of alternatives (competitors, substitutes, workarounds)
	Strategy canvas for „the problem”
	Opportunities brainstormed (Four actions framework)
Homework	Environment and influencing forces
	List of relevant services on the market
	Servitization level self-assessment
	Selected and prioritized opportunities
Phase 2: Opportunities based on external developments and new insights - “outside-in” identification of opportunities	
Tasks	Supporting tools
Workshop	Customer segments list & description(s)
	Customer Persona (per segment)
	Customer Journey(s) (per segment)
	Buyer utility map (Blue Ocean Strategy)
	Test Card / Learning Card
Homework	Servitization opportunities - Outside-in
	Prioritized Opportunities (Company Perspective)
	Servitization concept
Phase 3: Change and implementation design	
Tasks	Supporting tools
Workshop	New Customer Journey
	Business Model Canvas
	RPV framework
	Servitization concept review
Homework	Culture Map
	Business Model Canvas



	RPV framefork
	Servitization concept
	Servitization project blueprint
Phase 4: Product servitization implementation and commercialisation	
Tasks	Supporting tools
Workshop	One Page Strategy
	List of Assumptions
	Implementation Activities

Table 1 List of tools to be used during SIM implementation



5. Requirements and capabilities of BSOs providing KIBS that would enable successful dissemination of SIM

BSOs are supposed to create competences in order to deliver:

- promotional and informative events and individual meetings in order to sufficiently inform prospective candidate companies about expected scope, efforts and benefits of servitization initiatives
- lectures and workshops to participants from companies practicing SIM and running servitization initiative/project
- individual consulting and mentoring services to companies practicing SIM and running servitization initiative/project
- support to other interested parties, e. g. other BSOs, associations and local and national authorities in the effort of expanding the network of SIM enabled BSOs.

Therefore, basic requirements for each partner/BSO during and after the project end (to be able to continue to enhance entrepreneurs' servitization and innovation management skills) are:

- **organizational capabilities and resources:** availability of appropriate premises and human resources, SIM teaching and implementation materials in English and local languages.
- **competences** - trained trainers and consultants coupled with available mentors (in case of specific company needs) which are either part of existing staff of the BSOs or closely related and accessible to the BSOs
- **networks** - established and maintained relationships with industry associations, regional and national funding and governmental institutions, best practice and knowledge exchange with other SIM enabled BSOs. Furthermore, BSOs should have in place established communication channels with local entrepreneurial community and international partners in order to support internationalization efforts of companies pursuing servitization efforts.
- Established activities / processes for promotion, presentation, teaching, mentoring and consulting activities, adapted to local specific needs and requirements but with preserved level of standardized quality and practitioner approach as defined by the SIM guidelines and tools portfolio.