
Why Service Design



Service design has emerged in the early twenty-first century for a number of reasons, some of which we introduce in a driving trends section below. Service design also has a heritage that gives it a background and inheritance. Some of this is from older design approaches designed for mass manufacturing or communications. The arts of industrial design and of branding have influenced the thinking and practice of service design. Another strong influence has been from service marketing, which is where the first service blueprints were developed.

These two elements together—the why and the what—should provide a clear view on why service design, why now, and how it is relevant to you as a manager, leader, or business.

THREE TRENDS THAT MAKE SERVICE DESIGN RELEVANT TODAY

It is not a coincidence that service design has emerged in the twenty-first century. Just as industrial and product design emerged with the development of mass manufacturing, service design is responding to some significant economic, social, and technical trends. Three trends, one in each of these categories, set the context for why service design is a growing discipline and of growing interest to more and more businesses and organizations.

Economic: The Trend Toward Value in Services

As economies mature, they move from agriculture to raw materials to manufacturing to services. This trend is a macro one and has already taken place in much of the world. Services comprise 70 to 80 percent of the economies of mature countries and are growing rapidly even in big producer countries such as Brazil. This trend should be thought of as less a replacement of the previous situation but a layering where services add value to manufacturers. Many industries are seeing services as higher-margin businesses than manufacturers.

As differentiation in products reduces with the maturity of industries, services prove to be the area where there is higher potential. Services have the additional benefit of supporting customers to get the best from products and drive loyalty. Service design was invented to respond to this trend, to bring the best design methodologies to bear on a new challenge. The achievement of design in manufacturers is well documented—in industries from automotive to electronics. Design needed to develop to offer these qualities to a new market.

Social: The Increase in Customer Expectations

Consumers are expecting more as they value their own entitlements more than previous generations. Where once people accepted what they got, market economies have trained individuals to expect more. This is accentuated when leading brands create excellent experiences that lead consumers to think, “Why can’t all my experiences be like that?” Service providers that were one-size-fits-all, and you get what you are given, have to rethink their approach as customer expectations grow. Government services need to keep up, too, as politics drives them to improve customer experience through national surveys and directives.

This trend in consumer expectations bleeds into the business-to-business arena. Workers used to put up with experiences that were suboptimal and take the brunt of the pain with the logic that they could learn their way around and it was a part of the job. Now the example set by the best consumer services leads people to expect the same at work.

As expectations rise, the need to understand customer needs and expectations develops in parallel. Service design is one strong way to bring the new customer power into the design and improvement of services in a structured and productive manner.

Technical: Growth of Digital Means Change in Services

We are all aware of the impact of *the digital revolution*. It may be a cliché, but digital technologies have driven radical change and disruption in the service sector. Services that were previously delivered by humans who had a level of expertise can now be partially delivered by technology. Think of financial advice or banking that used to be face-to-face but is more and more online and self-serve. Digital has impacted almost every service sector. Digital disrupts in other ways, too. It can change the established dynamics of a sector and enable new entrants to markets. Amazon in retail is the most obvious example.

The potential for change in service, and the fact that what were primarily human-delivered services are now mediated by technology, has driven the need for service design. Technology can dehumanize and make things harder to navigate for customers and less flexible. Service design offers tools to domesticate and humanize technology.

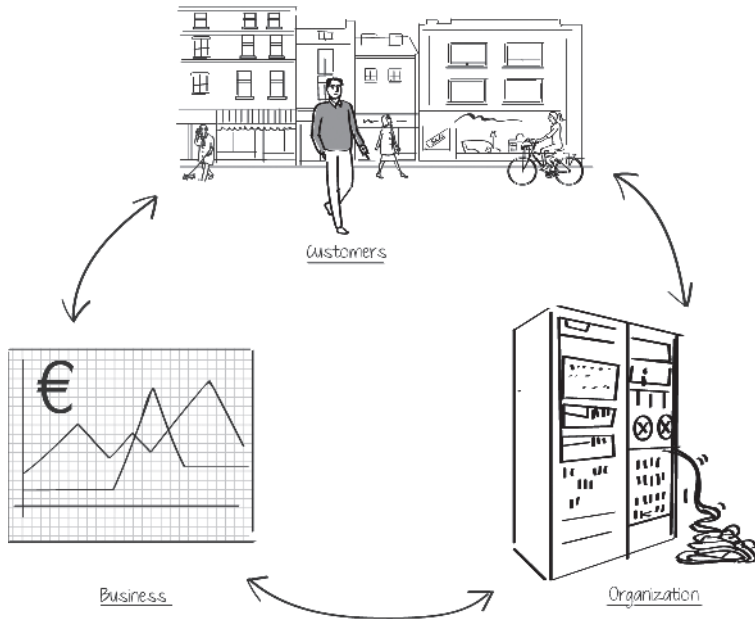
USE SERVICE DESIGN TO DEAL WITH BUSINESS AMBITIONS AND ORGANIZATIONAL CHALLENGES

Connecting Customers to the Business and the Organization

Service design offers a perspective, method, and tool set that enables an organization to realize business ambitions as well as a way to deal with internal and external challenges. It offers an approach to deal with strategic initiatives as well as operational challenges by asking three fundamental questions:

1. What does this do for our current and future customers?
2. How will our business be impacted?
3. Which capabilities are needed by the organization to respond or to drive the initiative?

The main objective of the approach is to resolve customer-related challenges, but balance them with business drivers and the organizations' capabilities. Other times, understanding the customers' perspective will provide clarity and direction needed to achieve business results or to drive organizational change. It is important to separate business concerns from the people, structures, and capabilities that make up the organization. In all cases, service design starts by taking an outside-in perspective, and drive this through real business objectives while considering an organization's capabilities.



Customer-Business-Organization

Understand Customers and Build High-Value Relationships

Seeing a business through customers' eyes offers powerful insights that make customers' expectations, experience, and behavior more tangible. It exposes customers' pain points and provides deeper understanding of their emotions as they interact and transact with a business. This enables companies to identify clear intervention points that can be leveraged to increase value for customers and deal with challenges, typically to:

- Increase customer satisfaction and improve the level of adoption
- Reduce customer irritations and prevent costly service failures
- Improve service experience for customers and build better customer relations

Service design can identify exactly which actions will make a real difference to customers and helps execute improvements in a way that bring people real, tangible value.

Business Can Win with Customers

Business objectives such as operational efficiency or higher market share bring many internal complexities with them when approached from the inside. A service design approach identifies key customer drivers that impact customers' behavior and finds customer-centric ways to achieve business objectives:

- Lower cost to serve existing and new customers.
- Increase customer retention.
- Create new sales or upsell opportunities.
- Successfully launch product and service innovations into the market.

Solutions to business challenges can be surprisingly simple when taking an outside-in approach to expose what is really relevant to customers and when used to find solutions in other sectors and businesses. A service design approach can help both to imagine radical solutions to complex problems and to implement many small incremental improvements that together create massive top-line and bottom-line impact.

Align the Organization around Customers

Aligning departments, channels, partners, and stakeholders requires management focus, as does the need to optimize and adjust the internal workings of the organization. This creates a strong internal focus and many organizations lose sight of the fact that the most important customer is the external customer. This results in practices, systems, and processes that do not serve customers, or worse, create obstacles for staff and customers. Understanding customers—especially their needs and expectations of the

organization—translated to the reality of how the organization operates and runs enables organizations to achieve:

- Internal understanding and alignment
- High staff engagement and participation
- More customer-centric focus, leading to increased market agility

A service design approach provides the customer as an outside reference, not only to align people in an organization, but also to deal with internal challenges around systems, processes, procedures, and policies.

The concept of service design as a way to approach customers, the business, and organization is a model we refer to in many of the chapters in this book as we go about explaining *how*.

KEY CONCEPTS

There are some key concepts that lie at the heart of service design, and understanding them helps you get the most out of this book. In this section, we explain concepts such as design thinking, qualitative customer research, and visualization and how they form a base for the service design approach to business.

The Design Approach

Companies often struggle to solve problems with the usual analytical and deductive tools. The design process offers a powerful alternative, providing a generative and creative approach to finding solutions.

Thinking By Doing

In business thinking, the assumption is that the answers to most problems are already out there. It is a matter of finding and evaluating different solutions, and then of selecting the right one for the particular market.

Design thinkers start from the assumption that there is a perfect solution out there, but it hasn't been invented yet. The design thinking approach helps you to imagine and test and redesign a solution quickly, until it matches the reality of the market. In practice, service design combines analytical and imaginative thinking.

Human-Oriented

Another fundamental starting point in design is empathy with the human (customer) and their experiences. When a business challenge involves being successful with customers, or inspiring staff to adopt new processes or ways of working, this is a great advantage. Seeing the business through your customers' eyes can help people from the CEO to operational teams to make better decisions.

Creative Processes

Design as an approach brings a whole raft of visual and creative methods to solve business challenges. Over the past two decades design thinking has shown that design processes can be applied not only to chairs and cell phones but also to complex problems like planning international security operations, optimizing hospital processes, and innovating banking services.

Creative design processes can seem both frivolous and confusing at first, but prove to have massive impact on bringing innovative services to market and bringing the organization along on challenging change journeys.

Qualitative Research

The service design approach puts emphasis on complementing quantitative research with qualitative methods. This enables teams to combine strong subjective understanding of the human experience with predictable patterns that apply to most customers. The result is services that not only satisfy customer needs and wants but also delight, inspire, and empower.

Insight versus Numbers

Market research is typically quantitative, based on large numbers of respondents, and delivers a few statistical “truths.” Qualitative customer research can yield significant insight with a small number of respondents. Combining market facts with inspiring insights about the humans who actually buy your service increases your chances at achieving success in the market.

Understand Behavior

Qualitative research helps to uncover the aspects of human behavior that can't be seen in the numbers. Diving deep into a few customers' lives will reveal the motivations for their actions and expose other things they do that can't be explained in a questionnaire.

Observed customer behavior is a highly valuable source of information as it provides a clear picture of how customers really experience services in their everyday lives as well as their needs and values. This insight is useful in the creative process of developing services that work for customers.

When behavioral insight is combined with economics, the results can gain highly strategic impact.

Insights That Drive Success in Practice

Experiences are human and subjective and can't be quantified. This doesn't mean that customer experiences can't be approached in a rational way. A service design approach enables you to generate non-quantifiable insight with the same structure and rigor that applies to other research and development techniques.

Ultimately, knowing your customers *as humans* makes it easier to shape every bit of service delivery to meet their needs and expectations—and design the interactions that delight and create desire.

The Power of Visual Storytelling

Visualization can be a powerful tool to take an organization from insight to results. It's particularly useful to better understand

systems, processes, and customer experiences. Simple sketches and drawings can help clarify ideas, aid communications, and support convincing superiors, peers, and implementation teams.

Understand Complex Situations

Service delivery in today's marketplace often requires a complex integration of in-house and external IT systems. It involves multiple business functions and depends on a variety of processes to be well coordinated.

Visualization allows you to map these complex situations and creates an overview of all the parts and relationships between them. Maps, diagrams, and system drawings enable teams to *understand* situations better, gain a shared focus, and bring clarity to confusing information.

Communicate Ideas

Visualization helps people think and communicate. In the information-rich environments of business, access to knowledge is rarely the main challenge. What consumes time, effort, and brainpower is making ideas simple and understandable.

Drawings and designs are quick and effective ways to represent abstract ideas and can become highly potent tools for anyone who picks up a pen and stack of Post-its.

Describe Customer Experiences

One of our great role models, IDEO co-founder Bill Moggridge, wisely said, "You can't have an experience without experiencing it." Meaning that when you develop customer experiences that are made up by how people sense colors, space, shapes, and interactions, words lack the means to describe a target experience accurately.

Visualization of customer scenarios, retail spaces, websites, and cell phone interfaces and advertisements in the early strategic phases of development help you specify and communicate the target customer experience in much more precise ways. This helps

you gain precision around business objectives and helps to identify how you reach them in practice.

Designing with People, Not for Them

Co-creation, often mentioned in conjunction with service design, is an approach to actively involve customers and staff in the creative aspects of developing services.

More traditional design approaches founded in product-centric companies focus on determining needs as a starting point for the development process, and then engineers develop the product before they are tested with customers before launch. This is an obvious way to go about development when the organization moves in product cycles of 6, 12, and 24 months.

In the service sector, things are different. Services are re-designed, optimized, and improved on a daily basis, while the service is up and running and being delivered by staff and experienced by customers. In this situation, it pays off to continually involve customers in the process of imagining new solutions and getting them ready for market.

Pull Ideas, Don't Push Them

An approach to designing with people recognizes that customers have clear needs and often good ideas about how they can be met. Opening up channels for customers to engage with development teams in creative ways, makes it easier to generate ideas that meet actual demands and desires. It's also a cheap and quick way to innovate

Design Solutions with Customers

Service excellence is primarily about continual improvement. Businesses that win are experts at avoiding customer irritations and inefficient delivery.

Actively allowing customers to contribute design ideas and combining this with observing their actual behavior provides a

powerful basis to improve, design, and deliver experiences that really make a difference.

Design Solutions with Staff

The true service experts are the people that deliver the service every day. Some might meet customers face-to-face in a store, while others work behind the scenes in a logistics department.

In both cases, service employees have extremely detailed knowledge about what creates value for customers and what works for the business. Involving customer-facing staff in creative design helps decrease your chances of failure. The significant by-product is highly engaged staff that will embrace the improvement and change they were part of creating.

The Service Blueprint as Framework

When organizations struggle to satisfy their customers, they need to analyze the experience they deliver, understand when and how it adds value, and identify opportunities to improve the experience. The service blueprint can help do this: it gives a visual overview of all bits that constitute a service. The blueprint helps people in different areas of the organization see their part of the whole and resolves service delivery issues in a customer-oriented manner.

Align the Service to the Customer Journey

The service blueprint takes the customer journey as a starting point. It describes the service from the customer's point of view *before*, *during*, and *after* engagement. This outside-in view helps spot gaps and irritations in the interactions between the customer and the organization, as well as in the overall delivery of the service.

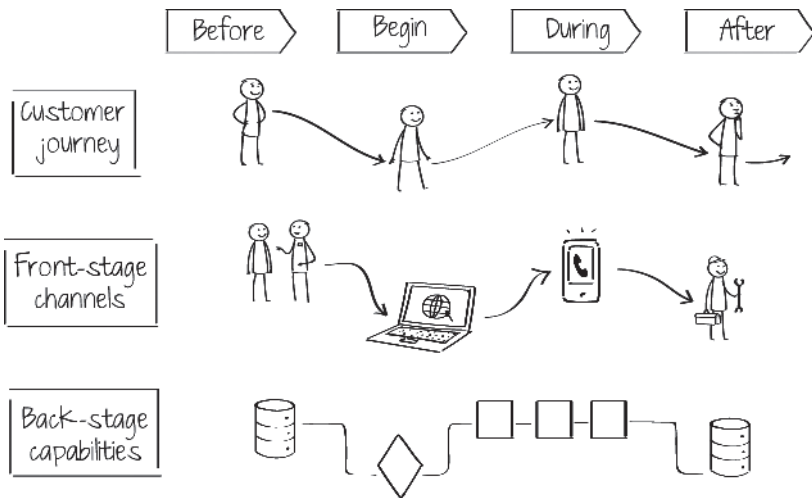
Front-Stage Channels and Back-Stage Processes

The service blueprint highlights how different front-stage channels such as web, face-to-face, call centers, smartphones, and even

third-party services align to the customer journey. By mapping what each channel offers customers in their interactions with the organization, you quickly get an overview of how teams within the organization need to align their back-stage processes to meet customer expectations. This approach also helps to spot and visualize redundant and overlapping capabilities across channels and simplify service delivery.

Make Decisions with a Shared Overview

The service blueprint is a tool that enables people to gain a bird's-eye view of how the different elements of service align to create value for customers. This helps you make small and large decisions about actions you can take to make the service experience better for customers and more efficient for the business.



Service Blueprint

