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SERVICE DESIGN: A PRIMER

How mid-market service companies can deliver more value to clients and themselves

By WSJ. Custom Studios for GE Capital

Doctors, accountants, consultants, hotels, tourist bureaus and other mid-market service businesses often find it difficult to scale or standardize their offerings, lower their costs or gain competitive advantage. Unlike businesses that offer physical, tangible products, services aren't easily quantified.

But by deploying "service design"—a process that uses diagnostic tools like customer journey maps to illustrate their touch points through their service interaction—mid-market owners can diagnose "pain points," fix problems, roll out new features or lines of service, enter new markets, adapt to new environmental conditions, and identify opportunities for gaining competitive advantage. And it begins with people.

"Consumers use services to solve problems," says Marshall Sitten, co-founder of Service Design NYC. "So naturally, in order to best understand services and how to improve them, you have to put

people at the center of the process—not just the users of a service, but all the stakeholders involved in production as well."

For mid-market CEOs, service design—the process includes discovery, co-design and implementation—can seem costly, lengthy and even risky. "It can be tempting to try to reduce the cost and uncertainty by relying on just one or two diagnostic tools," says Sitten. "But this robs your business of the most important value of service design: the fact that it is a mindset."

By "mindset," Sitten means your company must embrace a culture that includes:

Collaboration: You must work directly with your customers to build services that truly satisfy their needs and solve their problems. And you must engage your employees in the development and design of the services they're expected to deliver. "Organize creative workshops where staff members from different departments and users collaborate," advises Lara Penin, assistant professor at the School of Design Strategies at Parsons The New School for Design.

Learning: You humbly open yourself up to gaining new—and possibly exciting—insights about your business, your competition, your market and your services.

Iteration: This is the notion of design as an iterative process that is never truly complete. "Services are dynamic, living things, constantly changing and adapting to new conditions," says Sitten. "And you will never know how small changes to a system can radically affect the production of a service."

Risk: Service design offers many things, but it can't offer certainty. Will your company be able to fix a nagging problem that is affecting customer satisfaction? Will a new feature or offering be embraced by customers? "Service design is a process of exploration, and there is always the chance that your exploration will reveal a different solution than you'd hoped," says Sitten, "or no solution at all."

Change: Even the smallest service design project will require some kind of change in your organization—either in physical space or infrastructure, in the design or types of touch points, perhaps even in the size of your labor force. "You need to be prepared to manage those changes," says Sitten, "and to be transparent and proactive in your communications to both customers and staff about what the changes are and what they mean."

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