
***Leverage Service Value
in a Product-Service Environment***

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Agenda

- Background
- Why Service Value Needs Improvement?
- Objectives
- Revisit of Service Road Map
- Service Road Map
- Strategies for enhancing service value
- Actions required to build service value

Background

In the New Economy

- Various studies show that 85% of a corporation value is based on intangible assets that directly impact on service value.
- The Corporation needs to enhance its service value significantly to sustain its competition globally.

Why Service Value Needs Improvement?

- On-going target of strategic planning globally
- Basis for reward or punishment from customer
- Difficult to protect markets due to the complexity of globalization
- Dropping of hardware price in the fiercely competitive world and what remains is the ability to deliver sophisticated value; distinguished technology and business solutions.

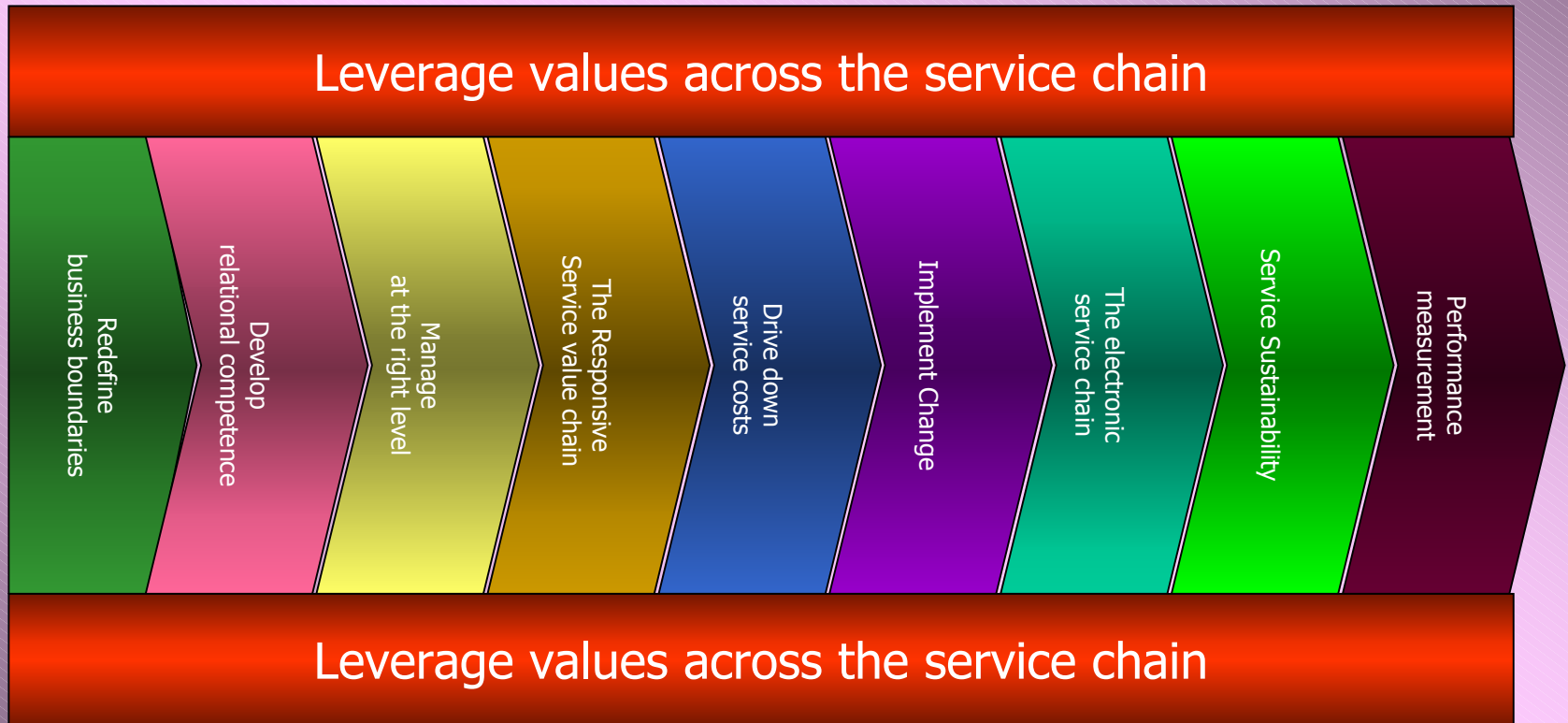
Objectives

- To enhance the Organization's Service Value; its effectiveness and competitiveness.
- To position the Organization as a Valued Added Service Provider in the New Economy
- To enhance customer satisfaction then delight them

Strategies for enhancing service value

- Redefine business boundaries
- Develop relational competence
- Manage at the right level
- Responsive service value chain
- Drive down service costs
- Implement change
- The electronic service chain
- Service sustainability
- Performance measurement

Enhancing Service Value Strategies



ACTIONS REQUIRED TO BUILD SERVICE VALUED CHAIN

Redefine business boundaries



Redefine
business boundaries

- Conduct an operational review of the performance effectiveness across the service chain.
- Develop a tactical & strategic policy capable of ensuring effective control over third party service providers
- Use the policy to determine the functional capabilities to be retained in the service chain vs. outsourcing targets
- Define capabilities crucial to future strategic operations
- Evaluate the connection between the strategic capabilities, intellectual advantage and HR policies designed to attract and retain the best staff

Develop Relational Competence



- Identify the current level of relational competence (effective, competitive and collaborative) within company
- Run workshops, briefing events, workshops and forums to build understanding of available approaches
- Segment products, services, service chains and third party in line with the continuum of relational strategies
- Assess current vs. required levels of capability support in each area from external third parties
- Target a number of areas for performance improvement

Manage at the right level



- Map company current service based processes at a local and regional level of operation
- Organize networking events, workshops, away days and review groups to foster close personal and working relationships between service chain specialists
- Select a small number of cross country, multi-site service chain processes that could be enhanced through the adoption of a single, standardized approach.
- Use project teams to map out, implement the required improvements in these above-mentioned processes
- Ensure the project completion is less than 12 months

Responsive Service Value Chain



- Set immediate short-term goals for improving the utilization of resources
 - Experiment with alternative forms of utilization management with resources accepting greater responsibilities
 - Challenge the roles of functions and interfaces between different departments. Transfer staffs to multi-process, multi-functional project teams.
 - Map the processes and sub-processes of the service chain and radically rethink every aspects of its operations
 - Build a stronger network of relationships with partners that possess complementary competencies
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Drive down service costs



- Gather the data on company total expenditure with third party service providers
- Identify & challenge service queue time in the service roadmap and especially during implementing projects and establish standards, guidelines, checklists to reduce them.
- Introduce more sophisticated business processes and profit planning tools such as target costing.
- Develop fully open relationships with third parties service providers and a principled approach to sharing the benefits

Implement change (1)



Implement Change

- Locate sponsors, enthusiasts and supporters of service chain at an early stage. Mobilize commitment through cross functional joint diagnosis of the issues
- Use workshops and briefing sessions to raise the level of thinking about available initiatives. Do this at the center, up, down and cross the business
- Focus on 'quick wins' and immediate opportunities. Produce deliverables and outputs rather than abstractions. Make change tangible.
- Give the initial program of change some form of identity

Implement change (2)



Implement Change

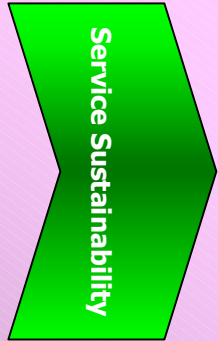
- Concentrate the initial wave of change on breaking down barriers between departments, countries...
- Use an effective and appropriate change management methodology
- Set the service chain agenda, orchestrate the overall program and frame demanding stretch goals that are focused on substantial gaps in competitiveness
- Provide the top management direction that is needed in a highly visible manner

The electronics service chain



- Revisit information strategies that identify how electronic data access, capture and transfer can become a critical asset for company business
- Ensure that this strategic vision covers both internal and external information. It needs to be focused on points of entry into new markets
- Set one year goals for the application of efficient product movement, efficient order and contract management and efficient service delivery

Ethics and Service Sustainability



- Sponsor an integrity audit of the company's commercial practices to assess vulnerability and potential mismanagement
- Introduce systems and controls to minimize exposure to corporate fraud and malpractice
- Define and then develop an appropriate level of ethical competence inside the organization.
- Role model the required leadership behaviours

Performance Measurement (1)



Performance
measurement

- Identify the major service chain processes in the organization and the activities that comprise them
- Task functional teams to draw together the various measures of performance that are currently in use
- Challenge the relevance and added value of each one. Assess how they are used and the extent to which they drive business, operational and individual performance
- Review how effectively these measures are incorporated within executive meetings and other similar forums

Performance Measurement (2)



Performance
measurement

- Benchmark the organization's current service chain processes against 'best in class' businesses elsewhere in the company and with competitors in similar sectors and elsewhere.
- Define the critical success factors (CSF) for the company in terms of service chain positioning, market management and operational improvement
- Identify the crucial measures for these aspects of the service chain. Co-ordinate an in-house baseline to gauge the performance gap

Performance Measurement (3)



Performance
measurement

- Combine them into a coherent measurement framework linking quantitative or financially oriented measures with the process underpinnings that sustain them. Ensure that these are focused on to future performance requirements
- Cascade strategic and operational measures down into the business. Deploy them within action planning workshops and strategic review forums
- Align individual objectives and team performance goals with business priorities. Structure remuneration schemes to reinforce required transformational changes

What are next steps?

- Form a project team across departments of an organization requiring improvement of its service value.
- Communicate vision & objectives to project team members and management of the organization
- Evaluate strategies to achieve the organization's objectives
- Start the project with identity – setup a project's name meaningful to the its objectives
- Establish project control system with monthly status review and perform presentation to the team and the management
- Communicate to staff through workshops and events