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SERVICE DESIGN LEADERSHIP

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Tjänstesektorn dominerar numera i många västerländska ekonomier. Innovationsprocesser för att förbättra och omforma det sätt på vilket organisationer och företag levererar tjänster kräver samarbete från flera plan, bland annat kompetens inom design- och strategiskt ledarskap. Organisationernas ledare är sällan formgivare. Men de är en del av design- och innovationsprocessen; de måste skapa visioner och ta strategiska, designrelaterade beslut. Den växande tjänsteekonomin kräver nytänkande vad gäller ledarskapsrollen. Professionellt utbildade formgivare bör inta ledarroller i tjänsteorganisator, och värdet av "tyst design" på ledningsnivå bör uppmärksammas. Ett öppet samarbete mellan ledning och tjänstedesigner kan komma att kräva en ny mentalitet och en ny inställning till ledarskap inom tjänstesektorn för att ta fram designinspirerade tjänsteinnovationer.

ABSTRACT

The service sector is now dominant in many western economies. Innovation processes to improve and redesign the way organizations deliver services demand collaboration from multiple sources, including competence in design and strategic leadership. How businesses understand and organize design activities can have a profound impact on the innovation process and outcome. Organizational leaders are often not designers. However, they are part of the design and innovation process in creating the vision and by making strategic, design-related decisions to obtain the envisioned future. The emergence of the service economy calls for rethinking within leadership. The term *service design leadership* is developed further to reflect a new attitude towards leadership in the service economy in response to the characteristics of services.

INTRODUCTION

Research shows there is a growing consciousness of the value of design and design management (Borja de Mozota 2003; Cooper & Press 1995; Press & Cooper 2003) and the value of design as a strategic tool which may unlock innovation in business (Norwegian Design Council 2009). In addition, the value of design in the innovation process has been experienced by companies and described in numerous case studies communicated in both business and design literatures.

However, many of these studies are based on *product* design, and business leaders may be less conscious of the value strategic design may bring to the process of creating visionary service strategies and the actual design of innovative *services*. The value of service design as a strategic resource for service organizations still remains to be broadly researched.

The field of design has undergone considerable change and development in line with shifts from an industrial economy to a service economy. However, there is a gap between changes that have taken place in the field of design and ones in business about designers' skills and competence when the aim is to develop innovative *services*. The term Service Design Leadership (Gloppen 2009 b) is taken up as a way of accentuating a leadership approach that is informed by design and the characteristics of services.

SERVICE DESIGN LEADERSHIP – SOME PREMISES

In the context of this paper, the term design refers to methods and processes used by professional trained designers. Service designers apply these design processes and methods to the development of services. Services often consists of a combination of tangible and intangible 'products' that require multi-disciplinary design and leadership in order for customers and participants to access them effectively and to make use of them enjoyably.

Services need to be seen in relation to context of culture, the development and application of strategy, the formation and enactment of structures and processes, and the strategic management of these in a holistic system in the service organization (Normann 2007). Services are designed in a system of touchpoints where one element influences the other along the customer journey. *Touchpoints* refer to the multiple contact points between service providers and their customers. The sum of touchpoints and interactions between service provider and customer together constitute a *Customer Journey* – or a *Service Journey*.

Service-dominant (S-D) logic was introduced by Vargo and Lusch (2004) to refer to 'service provision rather than goods is fundamental to economic exchange'. In line with this view, the design of services becomes an important topic from both a design and an organizational leadership stance. Adding design thinking and the attitude of service designers to the S-D logic view of the value of co-production may enable new perspectives and possibly a more human-centred view to be developed with respect to the conceptual service management system (Normann 2007). This framework may contribute to a holistic approach to service design leadership.

Further, in the context of this paper *Service Design*

Leadership is an approach where leaders in service organizations understand and use the power and value of design and design thinking's contribution to a visionary strategy process intended to create innovative services. Thus Service Design Leadership is located in the intersection of design and organizational leadership. It combines approaches and tools from both design and business in a service context (Fig. 1). This intersection is vital because it emphasizes the importance of perspectives originating in design thinking and related attitudes to shaping changing notions and practices of service design.

Fig. 1. Service Design Leadership at the intersection of design and organizational leadership combines knowledge, methods and tools from design and business in a service context.

The *leadership* approach adopted here draws on Kotter's (1996:71) explanation that leadership creates 'a sensible and appealing picture of the future' (vision) and creates 'a logic for how the vision can be achieved' (strategy). *Design leadership* draws on the definition by Turner that 'design leadership is about helping organisations to envision the future and to ensure design is used to turn those visions into reality' while 'design management is about delivering successful design solutions in an efficient, cost effective way' (Turner, in Best 2006:186). This paper does not discuss leadership versus management in depth. The distinction is merely made to substantiate the strategic level to which service design leadership belongs.

DESIGNING SERVICES

Design and design-inspired innovation have become part of today's business strategy and management. As with any other competence areas within business, the discipline of design has to be managed holistically in order to create value for customers, the organization's employees and the organization's return on investment. The discourse of design management has developed on strategic, tactical and operational level (Cooper & Press 1995; Borja de Mozota 2003). At the strategic level, the term 'design leadership' is used by some practitioners and scholars (Turner & Topalian 2002; Topalian 1990). This development is not at present

linked to services. However, in the same way that design of products has become central to management and leadership, we may expect the same to happen to design of services. While traditional product-based organizations are now also offering value-added services, designing services may or may not include designing tangible products. However, to design services that aim to be experienced by customers in coherent and selective ways across multiple touchpoints, a wide spectre of design disciplines need to work together. To obtain the aim of a perceived coherent and desirable service experience, these design disciplines need to be linked to and managed in a strategic context at the service provider's leadership level (Gloppen 2009a). Further, in the process of designing innovative services, the role of leadership is influenced by the characteristics of services.

CHARACTERISTICS OF SERVICES

An organization's offering often includes both tangible goods and intangible services (Hollins & Hollins 1991). Kotler and Armstrong (2006:258) list four special characteristics of services: intangibility, inseparability, variability, and perishability. By service *intangibility* they mean that 'services cannot be seen, tasted, felt, heard, or smelled before they are bought.' In service *inseparability*, 'services are produced and consumed at the same time and cannot be separated from their providers.' Service *variability* acknowledges that 'services may vary greatly, depending on who provides them and when, where, and how.' Finally, service *perishability* refers to the state that 'services cannot be stored for later sale or use.'

The distinction between product and services may be vague as a tangible product is often part of an intangible service. However, there are differences that may influence the leadership role, for example divergences related to inseparability and variability in interactions between service provider and service receiver. Interactions may be either between persons, or between persons and machines. In contrast to customers' relation to manufactured products, the service experience may be influenced by the fact that services often require greater interactions between service provider and the customer, or the customer's interaction with other customers while 'consuming' the service (Normann 2007).

From a marketing perspective, the characteristics of services influence the elements that are traditionally focused on in a marketing strategy. Booms and Bitner (1981) proposed the idea of adding three new elements to the traditional marketing mix for use by service organizations. The four elements (4 Ps) in the traditional marketing mix, as described by Kotler (1994:98) are: *Product, Price, Place and Promotion*. The

new elements suggested by Booms and Bitner are: *Physical evidence* (environment), *Participants and Process*. Together they may be referred to as the 7 Ps of service marketing (Lovelock et al. 2009). This service perspective represents key strategic elements in design of services and, consequently, service design leadership as well as service marketing.

The expanded marketing mix clearly acknowledges the role of the service provider's employees, the environment in which interactions between service provider and customers (and sometimes between customers) take place, and the system of activities the process of delivering services require at different organizational levels. The three Ps are particularly important in services, which are provided by people more than machines.

COLLABORATIVE DESIGN OF THE CUSTOMER'S SERVICE JOURNEY

Services are at times produced jointly by the service provider and the customer and the interaction influences the experience on both sides. Both parties control only parts of the service production process. Shostack (1984) introduced the *service blueprint* to create a context in which service providers may control every step of the service process. Shostack's blueprint method describes the interrelated parts of a service production and delivery process. In service design, a method of mapping all touchpoints and interactions between the service provider and the customer are employed in order for each touchpoint to be designed with the customer at the centre. In the language of service designers, the term for this system of touchpoints that influence each other are Service Journey or Customer Journey.

Mapping the Customer Journey may be done in collaboration between service provider and service designers. The learning outcome for the organization by cooperating with service designers may be valuable also on a strategic level. This may be achieved through the shared use of design methods and processes that may in turn contribute to a new mindset and attitudes towards service design leadership.

Designing services is often based on knowledge gained from many fields and disciplines as it often includes both tangible goods and intangible services. Thus, service design leadership involves considerable interaction among different stakeholders and specialists. Design categories like graphic design, interaction design, industrial design, and interior design may all be part of designing services, for example developing transportation services. To create a beneficial, coherent customer experience, service design leadership needs to be approached in an integrated, multi-disciplinary

way, where all the 7 Ps of the expanded service-marketing framework are adopted to design each touchpoint in a customer-centric way. The perceived customer experience affects the market position. As 'the basis of any service positioning strategy is the service itself' (Shostack 1987:34), designing innovative services becomes an important part of organizational leadership and is influenced by the way design is managed at different levels in the organization.

THE ROLE OF DESIGN LEADERSHIP AND DESIGN MANAGEMENT – MUTUAL DEPENDENCY

The development of new services requires strategic direction. The fuzzy front end of innovation is where leadership by strategic thinking and decision-making take place. Service design leadership, therefore, belongs at the starting point of innovation strategy. Service design management then comes into play in the subsequent implementation phase.

Design management has to do with the business side of design, according to the Design Management Institute. However, a critical obstacle to establish design management's credibility as a rigorous business discipline is the lack of consensus on what design management encompasses (Topalian 1990). Several researchers link design management to business management and leadership issues (Borja de Mozota 2003; Press & Cooper 2003; Cooper & Press 1995; Dumas & Mintzberg 1989; Gorb & Dumas 1987). These studies often focus on the value of design for business and on influences on decision-making by different stakeholders.

Similar to in marketing, design in a Design Management view, is active at three levels in organizations: strategic, tactical and operational. Design leadership belongs at the strategic level. Design management is at the tactical and operational level. Both design leadership and design management are necessary to get optimal value from service design. Design leadership is needed to know where the business is going. Design management is needed to know how to get there (Turner & Topalian 2002).

THE DESIGN FIELD IN THE SERVICE ECONOMY

Design is evolving from a product-based practice born of the industrial age to a process driven practice and profession in the service economy. A variety of design disciplines may work in collaboration in the field of service design. One such design discipline is interaction design, which has influenced the development of services both in the meaning of digital interaction design (Holmlid 2007, 2009) and in the meaning of how human beings relate to other human beings (Buchanan 2001).

Although the domain of service design is relatively new, it is expanding rapidly. Examples of pioneering design companies offering service design are live|work, IDEO and Engine service design. However, an increasing number of companies now offer service design as a resource to businesses and organizations to help them adapt to changing markets, and the needs and desires of their customers. Service design is a response to the service industries' recognition that their customers are now looking for a 'totality' of services of high quality (McDermott 2007).

In line with the emerging interest in service design, a growing body of research within studies of service design practitioners and transfer of knowledge and approaches between service designers and service organizations (Kimbell 2009, 2010) has emerged. This also extends to consideration of the implications of service design on organizational transformation (Junginger & Sangiorgi 2009). This research is contributing to academic literature within the fields of design, organizational theory and management.

SERVICE DESIGN LEADERSHIP – COMBINING APPROACHES FROM BUSINESS AND DESIGN IN A SERVICE CONTEXT

Service Design Leadership by non-designers

The process of designing services involves people at different levels in a service provider's organization. Leaders have a critical role to play here though this may not be explicit in terms of design. Leaders of these organizations are often not professionally schooled designers. However, they are part of the design and innovation process through their involvement in creating visions and strategies, and in making design-related decisions to obtain the envisioned future. These design leaders influence the design process, often in unacknowledged ways.

Gorb & Dumas (1987) coined the term *silent design* to describe this activity. They define silent design as 'design by people who are not designers and are not aware that they are participating in design activity' (Gorb & Dumas 1987:150). The term silent design has been taken further by Dumas & Mintzberg (1991) to address how the role of *manager as designer* can have a profound impact on innovation. Managers and leaders practice silent design by the many decisions taken when they enter into the design process, whether they or others are unaware of their impact. Dumas & Mintzberg (1991) argue that 'this role of manager as designer is hardly mentioned in the literature, and barely acknowledged in business practice'.

The importance of 'silent designers' resonates with Topalian's (1990) statement that 'business executives make up the most powerful body of "designers" in the world'. He argues that the outcomes of design projects, and how solutions are presented to the market, always rests with these executives.

Enlightened understanding of the context for design within an organization may turn unconscious 'silent designers' into conscious strategic 'design thinkers', meaning a leadership attitude that acknowledges the power and value of design, and include design thinking in their service design leadership approach.

Design thinking and design attitude
The terms design thinking and design attitude are associated with the designer's mind-set and approach to problem solving, problem finding, and design methodology used to design experiences and organizations in addition to the process of designing innovative services. In the service industry they may be connected to an empathetic user-focused approach to problem solving and service innovations. Designers make use of visualization, ethnographic research, divergent idea generation, synthesising, and their empathic skills, to mention some methods and processes generally associated with designers. Junginger (2007) argues that a key skill for designers is learning to empathize and that visualizing plays a significant role in designing, as does prototyping.

Recently, the discourse of design thinking and design attitude has been extended into discussions of how design thinking and design attitude can create value in an organizational and management context (Boland & Collopy 2004, 2008; Buchanan 2008). Design-inspired innovation (Utterback et al. 2006) is being recognized and has contributed to raising the present interest of the business world in design and design thinking.

Design thinking in a business context is defined by Brown (2008:86) as 'a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity'. Although Brown is pointing to designer's sensibility and methods, he also argues that design thinking is not the exclusive territory of designers, but a skill that can be learned to achieve successful innovation. He states that design thinkers are not necessarily created only by design schools. Brown's experience is that many non-designers have a natural talent for design thinking, which the right development and experiences can unlock.

According to Brown (2008:85) 'thinking like a designer can transform the way you develop products, services, processes – and even strategy'. Some of the characteristics he lists to look for in potential design thinkers are: empathy, integrative thinking, optimism, experimentalism and collaboration.

CONCLUSIONS
This paper refers to Service Design Leadership as a way of accentuating a leadership approach that is informed by design and the characteristics of services. The approach combines knowledge, methods and tools from both business and design and applies them to the design of service innovations.

The discipline of design is broadening and is moving towards a more strategic level, in which design thinking in combination with organizational strategies, may be applied to support service organizations to develop and realize innovative services.

This paper highlights the role of professional trained designers and the role of 'silent designers' on leadership level in service organizations. An open-minded collaboration between leaders in service organizations and service designers, with a shared aim of developing benefits and value for customers at every touchpoint, may necessitate a new mindset and a new attitude towards leadership in the service economy in order to utilize design-inspired service innovations. This new attitude towards service design leadership demands a mutual understanding of the way of thinking and working within design and business. The notion of synthesis, fundamental in design as well as in business strategy, may be taken up with respect to a number of key areas that inform service design leadership: The approaches, methods and processes of design in combination with organizational leadership strategies.

Further research may be informed by and conducted in a Systems Theory view. For instance, as none of the touchpoints in a service journey work in isolation, the complexity of the service system leads to a need for a holistic view on service design leadership. This view may also inform increased task complexity for service designers.

Leaders in service organizations may want to broaden their understanding of how they may collaborate and take advantage of designers' skills and competences. This concerns both strategic and operational levels in the process of developing competitive service innovations. Service Design Leadership is likely to be an important part of this development.

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