SERVICE DESIGN

From Insight to Implementation

by ANDY POLAINE, LAVRANS LØVLIE,
and BEN REASON foreword by John Thackara

Rosenfeld

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DEDICATION

To my wife, Karin, and my daughter, Alemtsehay, who have both seen the back of my head during the writing of this book more than they deserve

—Andy Polaine

To my wife, Birgit, and children, Lars and Ella, my grounding and my inspiration

—Lavrans Løvlie

To Kate, Otto, and Liberty. I love you.

—Ben Reason

HOW TO USE THIS BOOK

This book was a team effort by Andy Polaine (interaction and service designer, lecturer, and writer) and Lavrans Løvlie and Ben Reason, co-founders of the service design firm live|work. When we formerly worked as interaction and product designers, we realized that what we were often being asked to design was just one part of a larger, more complex service. No matter how well we did our job, if another link in the chain was broken, the entire thing was broken from the customer's perspective. We believe service design offers a way of thinking about these problems as well as clear tools and methods that can help designers, innovators, entrepreneurs, managers, and administrators do something about it.

To date, there are only a few books on service design as we understand the term. Some are collections of academic papers, and one or two give an overview of methods. They all have their merits, but we wrote this book because we wanted to capture both the philosophy and thinking of service design *and* connect it with very practical ways of *doing* service design.

This book is based on our experience with developing, doing, selling, and teaching service design over several years. It is also a stake in the ground, because we fully expect the practice to continue to develop and grow as more people take up the practice. Our hope is that readers will take what we have written as a starting point, not dogma, and go out and make the world a less annoying, less resource-hungry place.

Who Should Read This Book?

Service design is an activity carried out by a multidisciplinary group of people that includes Web designers, interaction designers, user experience designers, product designers, business strategists, psychologists, ethnographers, information architects, graphic designers, and project managers. Anyone from these backgrounds should find something valuable within this book's pages.

For many people involved in interaction, user experience, and human-centered design, the insights-gathering methods described in this book will be familiar, as will some of the experience prototyping methods. The material about the history of service design, blueprinting, service ecologies and propositions, and measurement may be new to people coming from other design disciplines. That said, we think the way the familiar elements fit into the service design context can also be enlightening.

For design directors, marketing people, change agents, managers, and directors of companies and organizations, the case studies and strategic thinking sections will probably be the most inspiring, but we are at pains to point out that the devil is in the execution. The rest of the book deals with the details, which are as important as the vision. Understanding how service designers gather the material they present to stakeholders and what they intend to do with it afterward is important for those who commission designers. This understanding helps everyone work together more fruitfully and speak the same language.

Lastly, this book provides a good framework, set of tools, and case studies for anyone teaching service design, either as a module of another design program or as a complete program in itself. We believe this book contains a valuable mixture of theory and practice. In fact, we would not separate the two.

What's in This Book?

In **Chapter 1, "Insurance Is a Service, Not a Product,"** we begin with a complete case study of Norway's largest insurance company, Gjensidige, to provide an overview of how service design deals with everything from small details to business strategy. This chapter touches on the entire process and puts the rest of the book into context.

Chapter 2, "The Nature of Service Design," examines the history leading to the development of service design, the shift from product to service economies in developed countries, and the ramifications for both design and business. The change in thinking from designing *things* to designing services is greater than many people think. We also make the case for why services need designing at all, and develop a rough taxonomy of services.

Chapters 3 and 4 are all about people—the heart of services. **Chapter 3, "Understanding People and Relationships,"** makes the case that designers working with services need to understand the relationships among all the *people* involved in the service, as well as recognize what opportunities exist for improvement or innovation. **Chapter 4, "Turning Research into Insight and Action,"** offers a range of very practical tools and methods for capturing insights into people's lives and using them to inform the design.

Chapters 5 and 6 tackle the design of services and the methods most specific to service design. In **Chapter 5, "Describing the Service Ecology,"** we show how defining and mapping out the service ecology and developing service blueprints enable designers to understand and describe how services work. **Chapter 6, "Developing the Service Proposition,"** describes how to use the service blueprint to view the complexity of a service through the eyes of customers or users taking a journey over time and across the multiple channels of the delivery of a service.

Chapter 7, "Prototyping Service Experiences," explains the need to work with people outside the office, studio, or lab to prototype the *experience* of a service. Working with people who have a stake in the service as customers or staff enables designers to improve the design before development costs are incurred.

Prototypes need criteria by which we can measure the success or failure of the design, which is the topic of **Chapter 8, "Measuring Services."** We show how measurement can be introduced by service designers to not only monitor a service's performance for management but to empower delivery agents and teams to understand how to improve their role in the overall quality of the service. This does not have to be a case of choosing between customer experience and profits, but can be a win-win situation for all.

Chapter 9, "The Challenges Facing Service Design," is our vision of where we think service design is heading and where its opportunities might lie. This chapter is more speculative, though we use case studies to highlight some of the trends we are seeing in the field.

What Comes with This Book?

This book's companion website (rosenfeldmedia.com/books/service-design/) contains links to resources related to service design and to this book in particular. You'll find more at the live|work site (www.livework.co.uk) and at Andy's site, Playpen (www.polaine.com/playpen). We've also made available the book's diagrams, screenshots, and other illustrations (when possible) under a Creative Commons license for you to download and include in your own presentations. You can find these on Flickr at www.flickr.com/photos/rosenfeldmedia/sets/.

FREQUENTLY ASKED QUESTIONS

Is service design just customer experience, user experience, or interaction design?

No. They are close cousins to service design, but they are not the same, although work in both customer experience and user experience forms part of service design's remit. We often use the term "user" instead of "customer" in the book, sometimes interchangeably, but sometimes because there are contexts in which a service user might not be a customer or because a service user might also be a service provider (such as a teacher or a nurse). Some projects lend themselves to different language—customers, partners, clients, patients—depending on the project context. Interaction and user experience design are often understood as design for screen-based interactions, but service design covers a broader range of channels than this. Some projects have a strong digital component, of course, so interaction and user experience design have an important part to play, but so do product design, marketing, graphic design, and business and change management. Chapters 2, 5, 6, and 7 reveal the key differences.

Is service design "design thinking"?

Service design does, ideally, work at the strategic business level, connecting business propositions with the details of how they will be delivered. It also champions the idea of designing *with* people and not just *for* them (see Chapter 3). This may mean the use of terms such as "co-production" or methods that include multiple stakeholders within an organization, such as management and frontline staff. We see service design as distinct from design thinking in that it is also about *doing* design and implementation. It also makes use of designers' abilities to visualize and make abstract ideas tangible.

Why are there so many case studies from live|work?

The most obvious answer to this question is that Ben and Lavrans are co-founders of live|work and thus have access to these projects from their own professional experience. The less obvious reason is that many service design projects are about innovation. The results of these projects filter into the public domain through new services or improvements to existing ones, but many companies want to keep their internal activities confidential. On the one hand, this is a good sign that service design adds real value to businesses (see Chapter 8). On the other hand, finding examples not covered by nondisclosure agreements is difficult. This is also the reason why there are few images of behind-the-scenes, in-process project work in the book.

You do not mention [*insert your favorite method here*]. Why not?

We cover many practical methods in Chapter 4, but due to space considerations we left out several methods that are common to all forms of design, concentrating instead on those specific to service design.

Where are your references and sources?

We have provided footnotes for the key references in the book, where appropriate, but we did not want to turn the book into an academic text. That is not to say our arguments are not robust or rigorously researched. We have hundreds of papers and references in our personal libraries. If there is something we should have credited or that is plain wrong, contact us on the book's website ( www.rosenfeldmedia.com/books/service-design/) and we will try to make amends, either on the site or in future editions. The Service Design Network (www.service-design-network.org) and Jeff Howard's excellent sites—Service Design Books (www.servicedesignbooks.org) and Service Design Research (http://howardesign.com/exp/service/index.php)—are good places to find service design resources.

What is the best way to convince management to spend money on service design?

This is the million-dollar question. In Chapter 8 we discuss strategies for measuring the return on investment in service design and how to think about measurement not just in terms of profits but also by considering other metrics in the triple bottom line of economic, social, and ecological benefits.

Are you saying that service design can do everything?

Service design is both broad and deep and necessarily covers many areas and disciplines, but as we argue in Chapter 9, we are not design superheroes who can do it all. Service design works best when designers collaborate with professionals from the disciplines appropriate to the project in hand.

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FOREWORD

If you have a job and live in a city, you may be sheltered from evidence that profound change is under way. But things you can't see can be all too real. City centers bustle, restaurants are full, and shop windows sparkle, but like ghost images on the television, other realities impinge—eerily empty railway stations, newly built malls that never open, well-dressed people lining up at soup kitchens.

These small signs are the visible evidence of a global system under extreme stress. One cause of that stress is the amount of energy needed to keep it all going. A New Yorker today needs about 300,000 kilocalories a day once all the systems, services, networks, and gadgets of modern life are factored in. The difference in energy needed for survival in the preindustrial era and our own complex lives is *60 times*—and rising.

Another cause of stress is the remorseless drive for growth. When the new Italian prime minister, Mario Monti, gave his acceptance speech to the Italian Senate at the end of 2011, he used the word *growth* 28 times and the words *energy* and *resources* zero times. This supposed technocrat neglected even to mention the biophysical basis of the economy that had been put in his charge. He did not see fit to discuss the fact that cars, planes, and freight; buildings and infrastructure; heating, cooling, and lighting; food and water; hospitals and medicines; and information systems and their attendant gadgets all depend on a continuous flow of cheap and intense energy. And this flow is under a duress that can only intensify.

Could economic growth be decoupled from energy growth and expand to infinity that way? Why not grow a service-intensive economy of high-priced haircuts, storytelling, and yoga lessons? This would be a pleasing solution—Service designers save the world!—were it not for one thing: multiplying money *always* expands an economy's physical impacts on the Earth somewhere down the line. Indefinite GDP growth on a fixed energy income is not going to happen.

Rather than wait for a global switch to renewables that is not going to happen either, a multitude of communities are exploring how to meet daily life needs in ways that do not depend on the energy throughputs that we have become accustomed to in the industrial world. For every daily life-support system that is unsustainable now—food, shelter, travel, healthcare—alternatives are being innovated. These innovations can all benefit from service design expertise.

In the radically lighter economy whose green shoots are now poking above the ground, we will share all resources, such as energy, matter, time, skill, software, space, or food. We will use social systems to do so, and sometimes we will use networked communications. Local conditions, local trading patterns, local networks, local skills, and local culture will remain a critical success factor—and so will service design.

This book is timely and welcome for all these reasons. It will be invaluable for practicing professionals—but also, one hopes, for clients everywhere. Service design is a collaborative activity; everyone involved can benefit from the skills and insights in the pages that follow.

—John Thackara
Marseilles, France, October 2012
Author, *In the Bubble: Designing in a Complex World*

CHAPTER 1

Insurance Is a Service, Not a Product

Insurance rarely comes to mind as an industry that provides a rewarding customer experience. The only time people find out whether their insurance company is actually any good is when they are at their most distressed and vulnerable. When they find out their insurance is awful, there is nothing they can do about it. They are at the mercy of small print they either did not read or did not understand, and they may end up spending hours on the telephone or filling out more paperwork. There should be insurance against mistreatment by insurance companies.

For many insurance companies and the people working for them, the lofty goal is to be the least awful with the minimum effort possible. The insurance market has ended up in a race to the bottom, competing only on price because customers do not understand their complex policies, hence the proliferation of insurance price-comparison websites.

Part of the problem is that insurance is complicated, involves multiple stakeholders and channels, and is a classic example of a service that is often sold as a product. The mix of complexity, human experience, multiple stakeholders, and delivery channels, combined with customer dissatisfaction with an industry stuck in its ways, makes insurance a perfect candidate for disruptive service design.

In 2009, Norway's largest general insurer, Gjensidige (pronounced *yen-SEE-dig-ah*), decided they had had enough of competing in this toxic marketplace on the same level as their competitors. As a financial group with a 150-year history, Gjensidige had a solid position in the market, but they had a strong drive to improve the quality of service they were offering their customers. CEO Helge Leiro Baastad decided that customer orientation should be a main strategic focus and a key competitive advantage for the firm.

A major challenge was a structural one. Gjensidige was organized as a chain of activities from product development to sales, with expert staff working in silos. This industrial model made it difficult to orient the silos to work together to deliver a unified experience to customers. Because Baastad wanted the change to be driven from the heart of the business, he asked marketing director Hans Hanevold and brand director Kim Wikan Barth to leave their jobs for two years to run a company-wide change program called "Extreme Customer Orientation." Both Hanevold and Barth had long track records with the company, enjoyed the respect of their colleagues, and knew how to engage the organization.

Hanevold and Barth began by identifying change agents in every business unit within the company. The underlying principle was that customer orientation should be grown from the inside out rather than being driven by outside consultants, and that the activities should be funded by the business units themselves. To support these activities, they created a company-wide training program, then set about identifying what ultimately amounted to

183 concrete actions to improve customer experience. For some projects, the business units required specialist expertise to fulfil their ambitions, and service designers were hired to help design a better service experience.

Gjensidige embraced service design as a way to help bridge the gaps across the silos and develop their services in more customer-oriented ways. Service design methods helped them create a complete and shared picture of what really provides value to the customer, as well as processes to join up the experiences.

As a lead-up to their change program, Gjensidige employed service designers to challenge their thinking about what the ideal insurance service would look like. The initial task was very broad—Gjensidige wanted to find out about people's behaviors, motivations, and relationships to insurance. It was important, however, not only to understand the mindset of Gjensidige's customers, but also of staff.

The actuaries—the mathematicians and financial wizards who come up with the complex "products" on which insurance is based—belonged to the Product Group. The name of this department was a clue to the shift that was required in the company's internal culture. What the company is really selling is a service. Customers cannot hold insurance in their hands, and their experience of their insurance policy is made up of the service interactions they have with the company. When customers buy a physical product, they can inspect it for build quality, flaws, or damage. It is much harder to do that with services, especially ones that are essentially a contract based on the chance of a future event, such as insurance. Many people buying insurance do not really know what they are buying, and only find out what is covered at the worst possible moment—when disaster strikes. This is not the time to begin haggling over contract details.

Consumer Insights

The approach taken in the Gjensidige project is an example of classic service design—insights research, workshops, service blueprinting, service proposition development, concept sketches and presentations, experience prototyping, testing, and delivery. A fairly small sample of users was involved in the research, but the research went deep. The design team visited and spoke to three people working in Gjensidige's call centers and offices, as well as six customers, to look at both the delivery side and the recipient side of the service. To people used to working with larger data samples, nine people might not sound like enough, but Gjensidige already had a great deal of quantitative information. This information didn't have the detail of the qualitative research needed for an innovation project, however. Quantitative methods are good for creating knowledge and understanding the field, but they are not very useful for translating knowledge into action and helping

organizations do something with it. Qualitative studies are very good at bridging this gap.

Five different areas were researched with the participants: insurance in general, social aspects, choices, contact, and tools for staff. What Gjensidige and the service design team discovered were some important differences between what people say and what they do. Some of the insights that were uncovered are described below. Many are questions and needs, and one can see how this kind of research immediately gets the problem-solving juices flowing.

Trust

Insurance is built on trust. When customers pay their premiums, they trust that they will get value for money—and that the insurance company will still exist when they need it. But trust is very fragile. It takes some time to build up and is quickly broken. All the small glitches in delivery—letters sent to the wrong address, billing errors, problems with communication, customers having to repeat details multiple times—damage people's trust in an insurance company. They wonder whether similar chaos happens behind the scenes. Fixing the small glitches can have a big impact on the level of trust.

Comparison and Purchasing Criteria

People say they make insurance purchasing decisions based on quality, but they find it hard to do this in reality. It is very difficult to compare what is inside different insurance policies and make a rational choice. People feel that insurance is not very transparent, especially with regards to quality, so it is easier to compare on price, because money is a fixed variable. This means designers cannot simply trust what customers say they want, but have to work smartly around price and quality issues.

Of course there is room for quality in the market, but with online price-comparison engines, the quality aspect of insurance has completely dropped out of the conversation with customers and all that is left is price. For customers, quality means, "Am I covered? Do I get a rental car when my car is being repaired? Am I actually covered for the things I think should be covered?"

With most other services and products, customers can easily see the differences between the premium version and something cheaper, but not with insurance. Customers are really asking what quality *means*—that is, the difference between the premium and budget products. This raises many other questions, such as what is actually covered and when, how much are the out-of-pocket expenses, and so on. It soon becomes complicated.

As with much service design, the challenge is to make the invisible visible, or to make the *right things* visible and get rid of the noise in the rest of the offering. In the Gjensidige project, then, one of the key challenges was to develop a service proposition that eliminated price as the key deciding factor.

Expectations

People expect an insurance payout when something happens, and they expect help. This is another issue related to quality. Customers who buy a cheap insurance product get money but will not get much help, whereas Gjensidige has a very good system for taking care of people when something happens. For example, when customers have damage to a car, they just take it in for evaluation and Gjensidige issues a rental car and takes care of everything else. This fact needed to be made visible as part of the service proposition.

Employment and Public Benefits

Gjensidige believe they provide all the insurance people might need, but in Norway many people are also covered by some kind of insurance from their employer or union. It is very difficult for people to tell whether they are covered because there is no way for them to see all of this information in one view, all in one place. The challenge is to achieve this in a transparent and trustworthy way for customers.

Social and Cultural Interactions

Many invisible social touchpoints affect the entire service experience. The police, for example, might give insurance advice by saying, "Oh, your cell phone was stolen? Don't even bother contacting your insurance company." Customers who contact Gjensidige do in fact receive a new phone, but people tend to trust that the police are knowledgeable about such issues.

The researchers discovered that many different people were giving advice about insurance who should not be. For example, friends and family were frequently believed to be the best source of insurance advice. People trust their father to give them good advice about an insurance policy more than they trust an insurance agent. (By "agent" here, we mean a representative of Gjensidige because there is very little in the way of an insurance brokerage market in Norway.)

The challenge, then, is how to work together with all of these invisible touchpoints. Insurance originally dates back to a time when people in a small community would pool their money to pay for an accident, such as someone's barn burning down. This stimulated thinking about bringing back this social aspect, because insurance had evolved from a collective effort into these machines that customers don't trust.

Choice

From an insurance specialist point of view, the more options you have the better you will be covered. Covering certain items, such as a new bike, but not others, such as an old PC, allows people to have insurance tailored to their needs.

At the same time, customers want simplicity. The paradox discovered in the insights research was that customers want very simple products, but they want to *feel* like they are making a choice from an array of complex products. The underlying need here is that they do not want to have to choose from lots of options, but they want the *experience* of having made their own choice.

Documents

When it comes to reading insurance papers, one of the typical quotes from interviewees was, "I just can't do it." This connects back to the issue of trust. On the one hand, customers do not read the details of their insurance policies, which means they blindly trust the insurance company to be right. On the other hand, customers do not trust the insurance company because they do not know the details of their policies.

Insurance companies produce enormously long documents, which is the main reason customers do not read them. Customers were saying, "Can't we have just one document and could it be on one page?" but what people actually wanted and needed was a "What if?" structure they could study—one to explain that if *this* happens, the customer will get *that* from the insurance company.

Customers also had no idea where they kept their insurance papers. They know the papers are important and some people *said* they had them securely filed away, but when researchers asked to see them, the papers were in a complete mess. Interviewees would say, "Yes, they're just over here," but it would turn out to be a policy from two years ago and the latest one was still in a pile of papers somewhere. This means that customers have no clue about what they are insured for or what they are even paying.

Another reason people did not know what was in their documents is that most of the text is written by lawyers in "legalese." Over the years, more and more text had been added to these documents without much serious thought about what was still needed. To counter this, Gjensidige reduced the size of their insurance policy documents by 50% to 60% just by taking out extraneous words and simplifying the language as much as legally possible. It took a team of four people a year and a half to do this, but they have done a brilliant job. Gjensidige also gained a small side benefit from reduced printing costs, but the big benefit has been in customer experience.

Company Insights

Filling In the Gaps in Public Benefits

In Norway, people assume that if something bad happens to them, they will be covered by the state, but they have no clue about what actually would be covered and what they should cover themselves. Customers need this

information and they need people to talk to who can give them good advice, not just salespeople who are more interested in selling an insurance product than in what customers need.

As in many organizations, the underlying issue is hard targets for sales quotas and organizational structures that actually discourage customer service representatives from taking proper care of people. Gjensidige needed to change the way they measure performance internally so that the benefit could be experienced externally, which meant an internal culture change. Since this change was implemented, everyone's primary measure is customer satisfaction on an individual basis. Customer-facing staff at Gjensidige get daily reports on their own customer satisfaction scores. The main data is gathered by sending customers an e-mail asking if they want to rate their experience after every customer contact by telephone or at a branch office. This feedback is added to a mix of other metrics to make up a comprehensive customer experience measurement system.

Being Personal

When it comes to customer relations, people see straight through things that are meant to be personal but actually are not. Humans are so well attuned to interpersonal interactions that communications such as "personalized" form letters can come across as almost creepy. Worse still, these kinds of faux personal communications are prone to simple glitches, such as old data or typos, leading to personalized life insurance letters being sent to dead relatives, or Mr. Jones being addressed as "Dear Mrs. Jones." There is only one type of personal, and it is to be genuinely personal. For that to happen, of course, the company culture must be one that encourages it and one in which employees feel happy working. Grumpy, stressed people have grumpy, stressed interactions.

Consistent Communication Channels

Respondents wanted Gjensidige to stay on their channel, meaning that if they telephoned, they wanted the company to call them back, not send an e-mail or a letter. If they sent an e-mail, they wanted an e-mail back. Gjensidige made the strategic decision to keep all of their channels open, which is more costly because it is more complicated to manage, but the company believes it is worth the expense because it creates a better customer experience.

Language

Laypeople (customers) really do not understand the language of insurance. A lot of people thought a "premium" was actually a prize, for example. As such, Gjensidige needed to be careful that the insurance language that is clear to them actually means the same thing to their customers across all communication channels.

Formalizing Personal Routines

When researchers visited Gjensidige's offices to interview staff, they saw a lot of sticky notes on salespeople's desks and on their computers (Figure 1.1). Many people had created their own routines for more efficiently dealing with customers. The insight here was that some of the processes developed "on the shop floor" could be adopted and integrated into Gjensidige's systems as standard approaches.

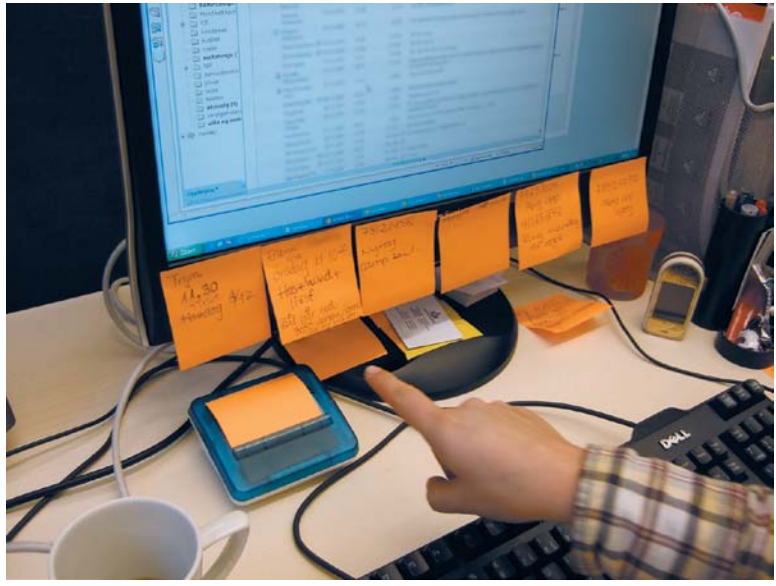

FIGURE 1.1
Sales staff build their own routines to make their process more efficient.

Redesigned processes deeply founded on insight from customers and staff were initially implemented as paper-based routines to avoid waiting for enterprise software to be developed (Figure 1.2). Later, these new routines were built into Gjensidige's new customer relations management (CRM) system (Figure 1.3).

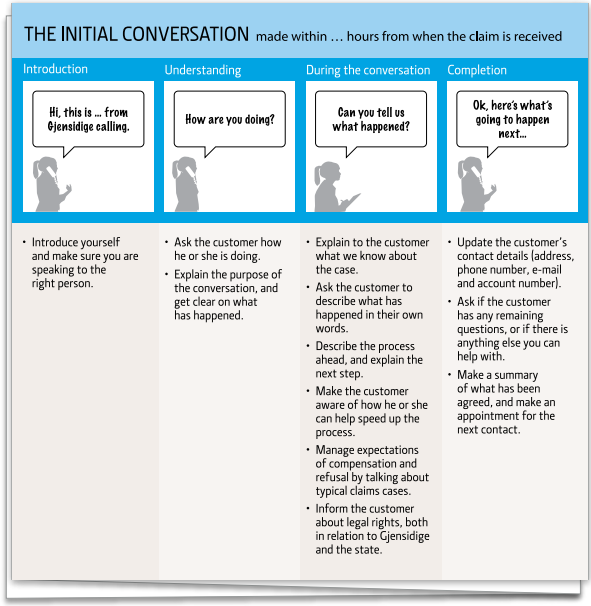

FIGURE 1.2
Paper-based routines were a quick fix for sales staff.

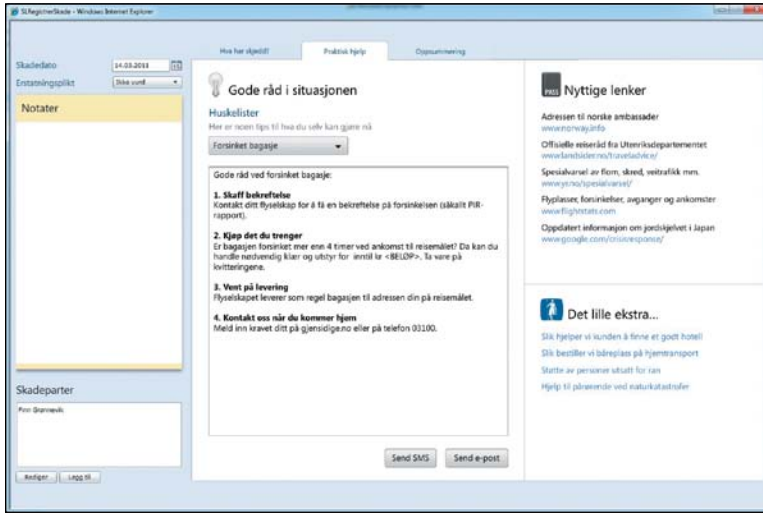

FIGURE 1.3
The new routines were added to the CRM system. A field for customer-specific notes (on the left) functions like a sticky note.

Simplifying IT Infrastructure

All of a customer's details are entered into Gjensidige's S2000 mainframe system, which crunches through the numbers and risk analysis in the actuarial tables to produce an insurance offer. Management said that it was the most brilliant system in the insurance industry in Norway. S2000 is very flexible, which means salespeople can manipulate more parameters than Gjensidige's competitors, but salespeople did not see an advantage in this flexibility. It was too hidden, and in their conversations with customers, the salespeople realized they did not need this flexibility.

Such a flexible system also has the overhead of being more complicated. For instance, a customer could not have a house and a car bundled up in one insurance product. This made it more difficult to create a joined-up experience for the customer.

Putting Insights into Practice

One of the things that hampers product innovation in insurance is the time delay. Organizations only find out whether an innovation will make or lose them money after they see the level of claims, which can take several years. Thus, the insurance industry traditionally is conservative about innovation. The customer insights gathered by the design team helped inspire confidence in bringing new ideas to market.

Using the material from the insights research, Gjensidige ran co-design workshops with different groups within the company and generated 97 ideas, five of which were chosen for further development. Finally, the team came up with one new service proposition.

Gjensidige had about a dozen products for everything to do with people, from individuals to families. From an insurance point of view, this meant that they had a fantastic array of tailor-made products for different eventualities. From a customer point of view, this meant that people felt like they were faced with impossible life insurance choices, such as gambling whether they would die of cancer or in a car accident, because nobody could afford to buy all of the policies and be 100% covered. Customers faced the same dilemma when choosing which possessions to insure—the dog or the laptop?

The breakthrough concept for Gjensidige was to go from offering 50 products to just two: one to cover the individual and his or her family, and one to cover everything they own. From an insurance point of view, this was very radical, but in an example of the value of the expertise that exists inside organizations, the basic idea came from Gunnar Kvan, a very experienced Gjensidige actuary, during a series of design workshops. He suggested that

it was possible to think about the company's offerings in a dramatically different way. He had been working on this idea for five years, but had not been able to get people to see his point. He had no way of expressing his view in terms of what it would mean as an experience for customers, but he knew the financial algorithms could be modeled differently. The design team sat down with him and went through how such a service could be put together. It would require hard-core mathematical engineering in a huge spreadsheet running in the background to make it happen.

Experience Prototyping the Service

Anders Kjeseth Valdersnes, the design team's Microsoft Excel maestro, built a prototype of the product in Excel, which had all the tools required to handle the actuarial tables and live information visualization. Rather than spending a week or two designing and coding a Web prototype with a functioning back-end database, Anders did it in two days and designed it to look like a website so that it could be tested with customers (Figure 1.4).

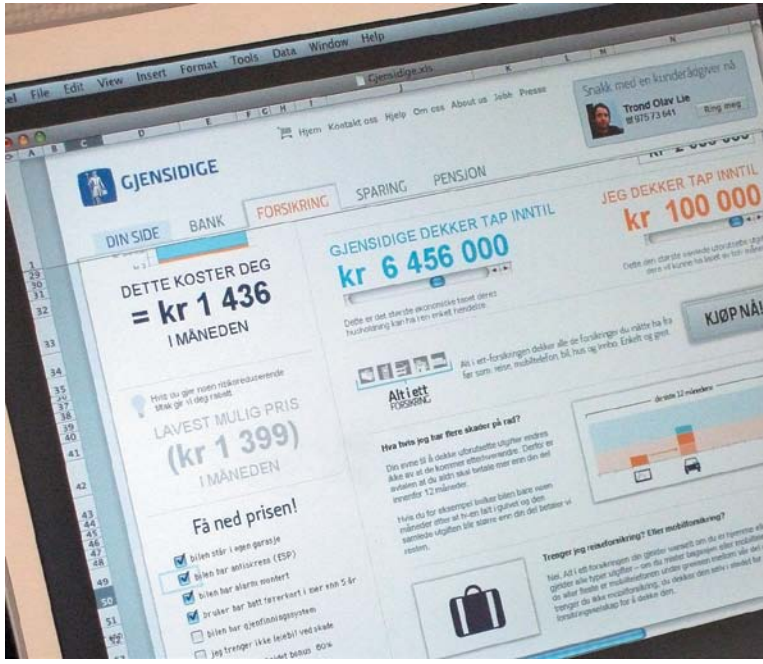

FIGURE 1.4
An experience prototype of the insurance website built in Excel so that the real data could be used when testing with customers.

With this prototype, Gjensidige were able to carry out experience prototype testing with customers discussing and buying insurance, a salesperson selling insurance, and someone trying to make a claim. They tested what it was like for customers to try to buy the services face to face and what it was like for the sales staff. They also tested this process over the phone and observed the process from both sides of the call. To test the claims process, they went through the material with someone who had just had an accident. Actual staff and actual customers took part, and even though they knew they were taking part in testing, the conversations they had were very real. Through this process, the project team learned a lot about what needed to be done to shape, explain, and sell the new service proposition.

It was clear from the prototyping that the new approach changed the conversation from being about buying products to one about service. It meant that customers considered what they could afford on a monthly basis, taking into account what they earned, what was in their "rainy day" savings account, and what they would need in the event of a tragedy. They were able to see the difference their decisions about excess and payout levels made to their premiums, and the conversation was much more open, with the customers in control.

A series of touchpoints were prototyped—the one-page contract, informational leaflets, fake advertisements in a financial newspaper and a tabloid newspaper (Figure 1.5), and the bill customers would receive at the end—so that a broad range of the service experience could be tested.

FIGURE 1.5
Creating fake newspaper ads—one for a financial broadsheet, the other for a tabloid—helped the team understand how the marketing of the service would feel in different contexts.

The one-page contract prototype was a good example of the difference between what people say and what they do (Figure 1.6). Many interviewees said that they did not read long contracts and thus did not know what was in them, leading to a lack of trust in the insurance company. They suggested that a one-page contract would be much friendlier. During prototyping, however, it turned out that customers did not trust a one-page contract either, fearing that too much important detail was hidden from them, as their previous policies had been about 40 pages. Gjensidige ended up creating contracts with around 5 to 10 pages.

Prototypes were also made of the claim process confirmation documents. Traditionally, customers simply received a letter stating, "We have received your claim," which left them uncertain about how the claims process was handled within the company. The redesigned confirmation shows the customer how the process unfolds over time and helps to manage their expectations (Figure 1.7). This way they know when to be patient and let the process take its course, and when they have cause to follow up.

FIGURE 1.6
A prototype of the one-page contract so many interviewees claimed they would prefer. Evidence showed that they did not trust it.

FIGURE 1.7
A prototype of a redesigned claim confirmation. This document manages customer expectations by illustrating how the process unfolds over time.

Lastly, the team prototyped an offer sent out in the mail after a sales call or meeting (Figure 1.8). The insights research showed that this was one of the most crucial touchpoint failures, and the company did not realize the potential of improving it. Previously, customers had an interaction with a salesperson in which they talked through a complicated policy, then would go home and explain it to their partners, but could not remember the details well enough to explain it. Because they could no longer understand it, customers could not make a decision. Redesigning this touchpoint helped people make a decision at home, and the company avoided losing customers because of this hidden problem. This is a good example of how services are created and experienced by interactions between people, often in a completely different context than the usual customer-provider paradigm.

FIGURE 1.8
A prototype of the mailed offer, which is an important touchpoint for customers. This document serves as the focal point for discussion and making a decision. This prototype shows an offer that could be revised by customers before the contract is signed.

The End Is Just the Beginning

The value of gaining real insights from all stakeholders—customers, staff, and management—is only half of the story. Translating these insights into a clear service proposition, and experience prototyping the key touchpoints, are essential. This process allowed for feedback not only on the design of the physical touchpoints themselves but also on the entire service proposition and experience. For the designers and for Gjensidige, it was important to know

how something so radical would be perceived in the marketplace. The prototypes were created to test unknowns—for example, Was this a low-end or a high-end offering? The two types of newspaper advertisements helped reveal how the marketing of the service would feel in those different contexts.

Services are usually complex and expensive to roll out. In this case, such a radical change to Gjensidige's offering was not just radical for them, but for the whole industry. It was also clear that it would take a lot of explaining to introduce the concept to their existing, loyal customers. In fact, having only two types of insurance turned out to be too radical even for Gjensidige and the way the entire industry works. This ending might have taken the wind out of the sails of this story, but there is an important innovation lesson to take away from it.

Thinking through radical ideas and prototyping the experience of them helped mature the cultural mindset within the company, and many of the insights have fed into Gjensidige becoming a totally service-oriented company. The Extreme Customer Orientation team acted as champion for the customer experience and the internal changes that needed to happen to deliver it well. A company-wide framework for customer orientation called the "Gjensidige Experience" was implemented. Management understands that this will be a key competitive advantage in the future, building on their vision that "we shall know the customer the best and care the most."

Gjensidige made extraordinary efforts to simplify their insurance policies. They have worked hard to explain the claims process better and have developed a Web-based claims-mapping tool. Pricing has been worked out differently and is now fed into their online calculators. Although the big idea was not used as a whole, many of the small elements have now fed into the company in very concrete ways. Having the big idea helps bundle together lots of smaller, disparate innovations that would not otherwise have seen the light of day. It also helps challenge organizational traditions that may be holding back innovation.

Finally, mapping out the big idea in detail gives organizations an overview of problems and opportunities all in one place, which helps them make strategic decisions about what to deal with when, how those decisions relate to other parts of their business, and how to scale their service innovation up or down according to budgets and resources.

Gjensidige's 183 activities is a very large number of improvements. Some were small; others were large undertakings rolled out over several years. The bottom line is important, of course, but it is not the sole focus. The change process required top-level leadership in all aspects of the business, from committing to quality in their computer systems by removing glitches, to simplifying their products and language, focusing on the service experience as well as internal funding, and paying attention to branding, education, and measurement.

For example, 130 Gjensidige managers, including the CEO, gathered their own insights by calling 1,000 customers (Figure 1.9). They loved it, because they realized they had not spoken to customers in years and it was often these interactions that had sparked their interest in the business in the first place. Managers were deeply familiar with their statistics about customer satisfaction, as well as the challenges that needed to be addressed. But it made a real difference to experience for themselves how many customers said they really liked Gjensidige, and to feel people's emotions firsthand when they talked about things that didn't work out as they should have. The symbolism of this is important. When a CEO sits down to talk to customers to find out what they think, it sends an important signal to the rest of the organization and the industry.

FIGURE 1.9
Gjensidige CEO Helge Leiro Baastad and 130 of his managers spend a day calling 1,000 random customers to hear what they really think about the company. (Courtesy of Gjensidige)

The results of these kinds of company-wide changes take time to surface. Two and a half years after starting this process, Gjensidige have seen a dramatic rise in their position on the Norwegian National Customer Satisfaction Barometer and have won the two biggest customer satisfaction awards. They have consistently beaten market expectations with their financial results and can prove that they provide their services more efficiently than their peers in Europe and the United States. Still, according to Baastad, the business case for customer orientation should not be seen in isolation. It is a natural part of the bigger story of developing a modern and efficient insurance company that brings real value to employees, shareholders, and customers.

CHAPTER 2

The Nature of Service Design

Like most modern design disciplines, service design can be traced back to the tradition of industrial design, a field defined during the 1920s by a close-knit community of American designers that included Raymond Loewy, Walter Dorwin Teague, Norman Bel Geddes, and Henry Dreyfuss. In Europe, The Bauhaus was central to the birth of industrial design.

What all of these designers had in common was a drive to use new industrial technology to improve people's standard of living. During and after World War I, people were horrified to see the devastation caused by the industrialization of warfare. There was also a great need to restore and improve the material standard of living in Europe and the United States.

On an ideological level, the first generation of industrial designers strove to turn industrialization into a force for good. They focused their talents on figuring out how to use industrial technology to satisfy the fundamental human needs of the day. They explored how industry could create products in more efficient ways, what would make them more useful for people, and how products could contribute to optimism about the future. They created well-designed furniture that was inexpensive enough for the middle class to buy to modernize their homes, and white goods that enabled women to escape some of the drudgery of housework, freeing them to take jobs outside of the home. Cars and trains enabled people to expand their range of travel for work and pleasure.

In the 20th century, the design profession made a huge contribution to the improvement of the standard of living in the developed world. Today, however, this standard of living has reached its natural plateau. We are saturated with material wealth, and our consumption of products is threatening our very existence rather than being a resource for good living.

On the ideological level, our fundamental human needs have also changed. The great challenges facing developed societies today are about sustaining good health, reducing energy and resource consumption, and developing leaner transportation solutions and more resilient financial systems.

The 1920s generation of industrial designers strove to humanize the technology of their day and meet the fundamental material needs of their generation. Service design grows out of a digitally native generation professionally bred on network thinking. Our focus has moved from efficient production to lean consumption, and the value set has moved from standard of living to quality of life.

Why Do Services Need Designing?

As designers, when we build services based on genuine insight into the people who will use them, we can be confident that we will deliver real value. When we make smart use of networks of technology and people, we can simplify complex services and make them more powerful for the customer.

When we build resilience into the design, services will adapt better to change and perform longer for the user. When we apply design consistency to all elements of a service, the human experience will be fulfilling and satisfying. When we measure service performance in the right way, we can prove that service design results in more effective employment of resources—human, capital, and natural.

It would appear easy to study how people experience a service, determine which parts of the delivery are not joined up, and make them all perform well together. In reality, some of the best organizations in the world struggle mightily to design good service experiences.

To explain why companies find it so difficult to design services well, we need to study the nature of services and the way they are delivered.

How Services Differ from Products

The challenge we found when we moved our attention from designing products to designing services was that services are entirely different animals than products. Applying the same mindset to designing a service as to the design of a product can lead to customer-hostile rather than user-friendly results.

Products are discrete objects and, because of this, the companies that make, market, and sell products tend to be separated into departments that specialize in one function and have a vertical chain of command—they operate in *silos* (Figure 2.1).

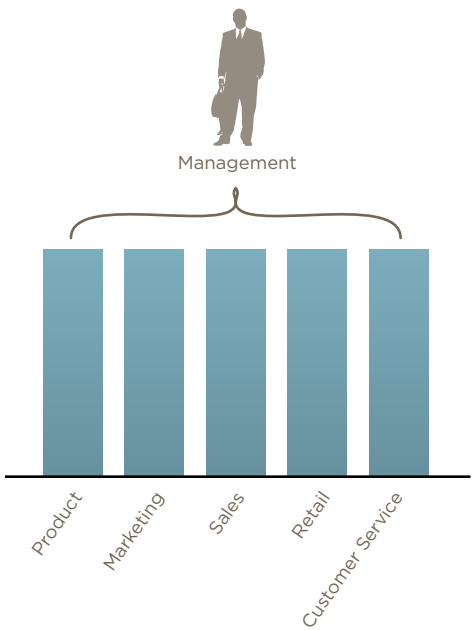

FIGURE 2.1
Where is the customer in this picture? Staff working in silos tend to focus on the efficiency of their step in the value chain rather than the quality of the complete customer experience.

Orange

Two days after setting up our service design consultancy, we received a call from executives at mobile operator Orange with an offer for the kind of project we had dreamed about for several years in our earlier jobs in Web consultancies. Could we help them make the service experience a strategic factor in their development of new services?

At that time, Orange had achieved huge success in the UK market through a strong focus on making mobile telephony clear, simple, and desirable for their customers. Still, they recognized that they lacked tools and processes to make the customer experience drive new service development. Their branding wasn't connected to the services they launched. The website was a marketing channel that didn't help existing customers get more value out of their accounts. Innovation was technology driven rather than customer oriented.

In fact, Orange were organized like a product factory out of the last century, not a modern, market-defining service provider. The company's experts were lodged in silos, and the only people who could see the whole picture of their offering were their customers.

To face this challenge, Orange needed to introduce a design approach that bridged silos and channels. They also needed to introduce the service experience earlier in their strategic thinking so that a vision for the service experience could impact technical and business decisions rather than the other way around. One of the problems with thinking about service experiences at the business level is that it is difficult for people to imagine what something as intangible as a new mobile phone plan would look and feel like. Spreadsheets are a poor medium for conveying human experiences.

To tackle this problem, we created a project called "Tangible Evidence from the Future" and designed the experience of 12 new service propositions ranging from new ways to organize call centers to self-service, online plans. Several of the concepts went to market, including a proposal to change Orange stores from vendors of other brands' phones to places where people could get help with using their mobile services. Another proposition that went to market as "Orange Premier"

was a high-end mobile phone plan for people who wanted a unique experience and exceptional service (Figure 2.2).

Orange Premier was a success in the market and introduced a way for Orange to use design as the starting point for business development. We have worked with Orange for the past 10 years to improve their service experience across the board, in projects ranging from innovation strategy to fixing problems with call center delivery.

Our first project with Orange confirmed our thinking that the use of design in this context needed to be reframed from an activity focused on the delivery of products, paper, and interfaces to a process that enables all aspects of a service to play together in a unified experience. We realized that a new landscape was about to open up and that we had to examine how the preconditions for design were changing.

FIGURE 2.2
When we showed Orange how customers could experience a "luxury" account, they decided to launch a proposition with unparalleled attention to the quality of design and customer service.

When companies that sell services are structured in silos, however, problems often arise that affect customer experience. Customers are promised a new mobile phone plan through a website only to find that the assistant in the store knows nothing about it or is not allowed to sell it for the online price. Patients in hospitals are kept in the dark about why they have been waiting for hours, or receive contradictory information during one of the most emotionally difficult times of their lives. *The division of the silos makes sense to the business units, but makes no sense to the customer, who sees the entire offering as one experience.* This problem is something we will return to frequently throughout the book as we look at how to turn this around, quite literally.

Many service companies think they are selling products. The finance sector is a classic example of this mindset, but insurance policies and bank accounts are services with multiple touchpoints of interaction, not products. When something goes wrong, policy holders want the financial compensation, of course, but the difference in value is whether they have an understanding person on the other end of the phone seamlessly guiding them through the claims process versus being sent an unintelligible 20-page form and then having to wait weeks for their money. Many organizations are starting to examine their customer service offering and the value it can bring. This provides great opportunities for service designers.

Services Created in Silos Are Experienced in Bits

The challenge for many service providers is that they are organized in ways that actually prevent them from delivering good service experiences. Often, each bit of the service is well designed, but the service itself hasn't been designed. The problem is that customers don't just care about individual touchpoints. They experience services in totality and base their judgment on how well everything works together to provide them with value (Figure 2.3).

Another complicating factor is that quality can vary dramatically from one service touchpoint to another. If the people who develop online banking don't harmonize quality and coordinate routines with the people who manage the bank's call center, customers are bound to experience disappointment.

The industrial legacy of treating services like products means that services often underperform and disappoint because they cannot be fixed in the same way as problems with products. Services are about interactions between people, and their motivations and behaviors. Marketers and designers often talk of products having personalities, but an iPhone or a Volkswagen doesn't wake up with a hangover, worry about paying the rent, or care who is using them. People do, which is why understanding people is at the heart of service design.

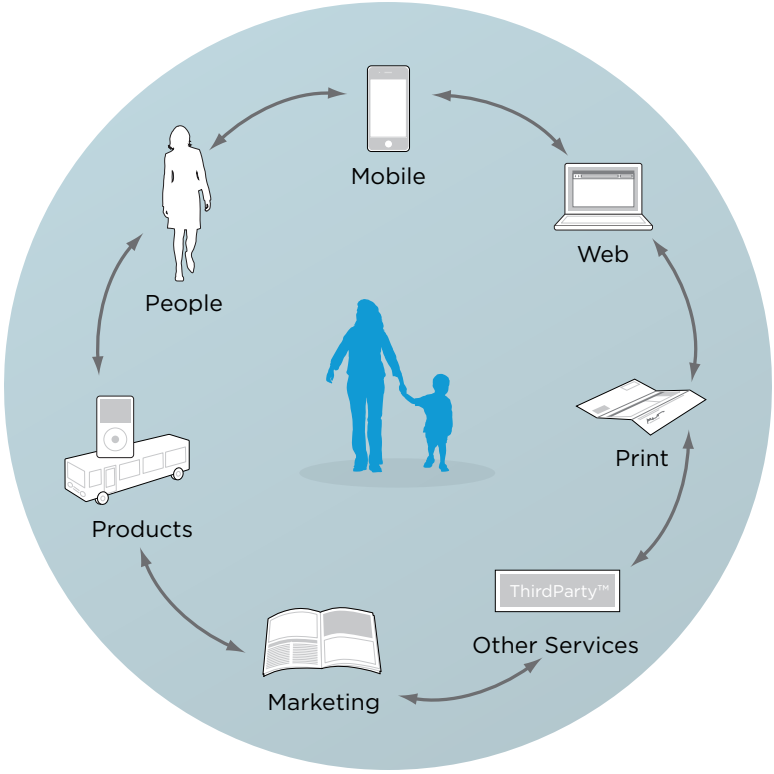

FIGURE 2.3
The service experience is made up of the customer's interactions with many touchpoints, and service quality can be defined by how well the touchpoints work together for the customer.

Services Are Co-produced by People

A fundamental characteristic of services is that they create value only when we use them. A bus service can't get people from point A to point B unless they know where to get on and off. Online banking only provides value when customers virtually enter the bank's machine room through an online banking interface and conduct their own transactions. An empty seat on the train has no value once it has left the station. Even at the dentist's office, nothing will happen unless the patient opens her mouth and tells the dentist where it hurts.

Product-oriented organizations often fail to see the potential of using their customers to make a service more effective. If customers are well informed about bus routes and schedules, they are more likely to get more efficiently from A to B and more inclined to use the bus, reducing their carbon footprint and easing congested roads. If an online bank is well designed, customers don't need to spend time and money in a bank building. Services are co-produced between the provider and users. (We should note that this is not the same as *co-design*, which has customers or users take part in the design process before or after the launch of a product or service.)

On one end of the service spectrum we see network services, such as Facebook, Twitter, and YouTube, that would be useless if people didn't commit millions of hours to produce the content and activity that give these social networks their value. On the other end of the scale, services such as healthcare are most sustainable if fewer people use them. The best way to ensure that hospitals are efficient is for people to "co-produce" their health by keeping themselves in good shape and so they don't need treatment. The biggest missed opportunity in development is that organizations don't think about their customers as valuable, productive assets in the delivery of a service, but as anonymous consumers of products.

A New Technological Landscape: The Network

It is no coincidence that service design has been born as a field of design practice during the last decade. Twenty years ago, the design of services tended to be about hotels and hamburgers. Today, digital platforms are critical to running a business, large or small. The digital landscape of the information age has created radical enablers for new types of service delivery.

Modern service delivery is entirely dependent on digital platforms. Hospitals and banks can't run without immediate electronic access to detailed records, airlines can't sell cheap tickets without algorithms that constantly balance supply and demand, and most people can't do much without the Internet or cell phones. Twenty years ago, cell phones were futuristic gadgets reserved for Wall Street traders and generals; today many people can't even imagine meeting up in a city without a cell phone.

The combination of enterprise systems that store and link vast amounts of data with mass-consumer access to data through the Web and mobile telephony is transforming the way people live their daily lives. At the same time, the quality of service often suffers due to the complexity of linking these systems together in a way that makes sense to customers. This combination of opportunities and problems is the reason why service design has emerged as a specific design approach.

Streetcar—Enabling Co-production

One example of a service that builds on the active participation of its customers to make the service work better is the car-sharing club, which can be found in cities around the world. Car-sharing pioneer Streetcar launched in 2004, but the customer experience needed to be radically improved if Streetcar was to realize its full potential. To persuade people to switch to this new way of using a car, the customer experience had to be better than buying and owning a car. We suggested to Streetcar that the service experience should feel as satisfying as the click of a Volkswagen door—a consistent, solid, and pleasant experience that gives assurance the whole thing is carefully designed (Figure 2.4). This idea may sound trivial, but it is something that the Volkswagen product designers and engineers understand and spend a significant amount of time, money, and effort on.

FIGURE 2.4
Streetcar's multiple touchpoints were designed as a holistic, satisfying experience.

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Streetcar—Enabling Co-production (continued)

We set about creating a customer experience that would enable Streetcar to overcome their key barriers to growth—lack of comprehension, access, and usability. These were systematically resolved by analyzing the customer journey from first awareness of the brand to regular usage (Figure 2.5).

We were able to identify where customers dropped out of the sign-up process or needed expensive customer support. The service is now clearly communicated as a four-step process: (1) book, (2) unlock, (3) enter PIN, and (4) drive (Figure 2.6). Customers find joining easy with a quick call to Streetcar and the Driver and Vehicle Licensing Agency, and the online booking engine was rebuilt to make it simple to use.

In essence, Streetcar builds on collaboration among the provider, the city, and the customer to make it work. Streetcar provides technology that enables people to rent cars for as little as half an hour. The City of London provides convenient parking spots to make the cars more accessible. Customers refuel the cars, keep them clean, and park them where other customers can find them.

Many organizations struggle to utilize the excellent resource that their customers provide. Most customers have a keen interest in getting as much as possible out of the services they use, and by enabling users to step in and co-produce, providers can create win-win solutions.

FIGURE 2.5
Analyzing the customer journey enabled Streetcar to see where customers dropped out of the sign-up process or found the service frustrating.

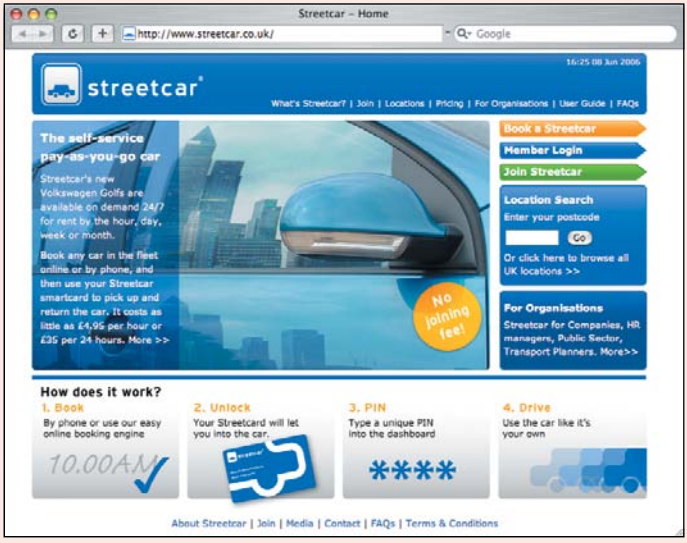

FIGURE 2.6
The Streetcar service redesign was communicated as a simple four-step process to ensure that new customers immediately understood the service proposition and how it works.

The Service Economy

In developed nations, around 75% of the economy is in the service sector, and this is where most new jobs are created. In Germany, known for its export prowess, the industrial industries dropped 140,000 jobs in 2010 while the service sector added 330,000 jobs, and private nursing services generate more revenue than the entire German automobile industry.[1] To an increasing degree, we also see that the design of services is becoming a key competitive advantage. Physical elements and technology can easily be copied, but service experiences are rooted in company culture and are much harder to replicate. People choose to use the services that they feel give them the best experience for their money, whether they fly low-cost airlines or spend their money on a first-class experience.

Just as industrial design fueled the introduction of new products to the masses in the industrial economy, good service design is key to the successful introduction of new technologies. Design of new models each year became the recipe for maintaining the success of established products. In the service economy, services can be redesigned on a continuing basis to keep a competitive edge in the market.

Some of the greatest opportunities are found where a business model can be changed from a product model to a service model. A case in point is car sharing, where the business model has changed from selling the car as a product to offering access to the service of mobility.

Core Service Values

One way to understand services better—and what makes them different from products—is to examine what it is that people get from services.

There are many breakdowns of the characteristics of services, some of which we will look at later in the measurement chapter. We have been developing a simple way to understand the generic types of value that services deliver to customers by cataloguing every service we have become aware of and then grouping them in relation to three core values: care, access, and response (Figure 2.7). Most services provide customers with at least one of these or, often, a mix of all three.

1 Olaf Gersemann, "Die neue deutsche Arroganz," *Welt am Sonntag*, January 9, 2011, www.welt.de/print/wams/wirtschaft/article12055689/Die-neue-deutsche-Arroganz.html.

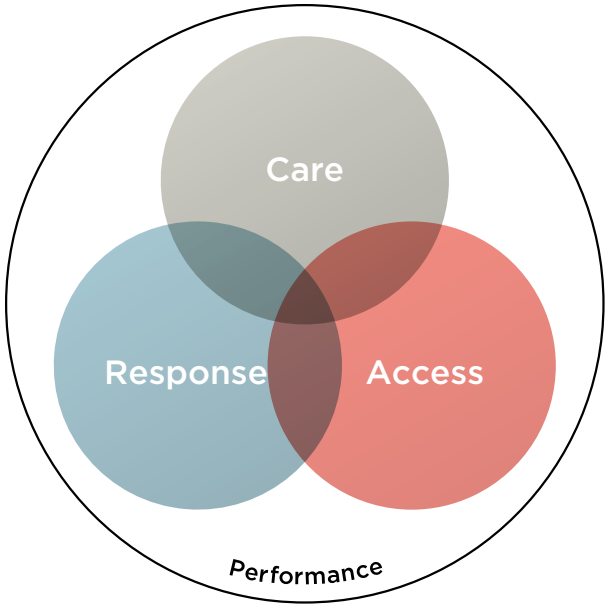

FIGURE 2.7
Core service offerings can be grouped into three primary spheres: care, response, and access.

Services That Care for People or Things

Healthcare is the most obvious case of a service focused on care, but many maintenance services also have care as the core value. A famous example of a care service is the Rolls Royce aviation engine service that monitors aircraft engines in flight and has spare parts ready to be fitted as needed when a plane lands, anywhere in the world.[2]

Care for an object—a car, an air-conditioning system, a wool coat—is provided by auto mechanics, HVAC technicians, or dry cleaners. Care for a person is provided by a wide range of services, from nurseries to nursing homes. Accountants, lawyers, and therapists provide care for money, freedom, and happiness.

2 "Why Rolls-Royce Is One British Manufacturer Flying High in a Downturn," *Design Council Magazine* 6 (Summer 2009): 46–47, www.designcouncil.org.uk/Case-studies/DCM-case-studies/Rolls-Royce/; and Irene C. L. Ng, Glenn Parry, Laura A. Smith, Roger Maull, and Gerard Briscoe, "Transitioning from a Goods-Dominant to a Service-Dominant Logic: Visualising the Value Proposition of Rolls-Royce," *Journal of Service Management* 3, forthcoming. Interim location: WMG Service Systems Research Group Working Paper Series, #05/12, ISSN 2049-4297.

Services That Provide Access to People or Things

Many services enable people to use something, or a part of something, temporarily. A railway service provides a seat on a train for a specific journey. A school might offer a child a place in a classroom from the age of 5 to 11. A cinema provides access to a giant screen, a comfy seat, and 90-plus minutes of entertainment. Generally, the services for which access is the primary value are services that give people access to large, complex, or expensive things that they could not obtain on their own.

Other kinds of access services are those that give access to infrastructure over many years. Utilities, such as water, gas, and electricity, are ubiquitous examples in the developed world. The Internet is, of course, a relatively new infrastructure that enables a whole new generation of services that provides access to information, digital media, and technology on a shared basis. Spotify provides access to a huge music library. Google provides access to an enormous database of searches. Facebook provides access to billions of personal pages. In this sense, we can view the Internet as a kind of meta-service, because it enables the provision of many other subservices, which is why so many people insist that no single entity "owns" it.

These services provide individuals with access to large infrastructures that are used in conjunction with many other people. They don't end up owning anything that they can take away and store or give to someone else, apart from the experience they had.

These services are often a fundamental part of people's lives that are typically noticed only when they are disrupted, such as when the daily commuter train is canceled, or when schools are closed due to heavy snow. People expect the infrastructure to always be there for them. As individuals, we understand that we all have our own experiences of the specific access we have to this infrastructure—this is the service layer that enables us to access our bit of the larger whole.

Services That Provide a Response from People or Things

The third category is services that respond to people's (often unforeseen) needs. These services are usually a mix of people and things that are able to assist us: an ambulance rushing to an accident, a teacher helping a child with a math problem, or a store assistant finding a customer a pair of jeans with the right fit. Sometimes these "response" services are anticipated and people buy the right to them in advance through insurance policies, social welfare, or simply by their choice of brand experience.

In many respects, response is the default understanding of what service is—think of a waiter responding to a request for a glass of water, for example. Service is someone doing what he or she has been asked to do. In this sense, response services are fundamentally different from products in that they are not predesigned but created in the moment in reaction to a request.

The three core service values overlap in many instances. An insurance service offers both access to a financial-risk-offsetting infrastructure and a response to a specific issue when a client calls with a claim. A healthcare service provides care on a personal level, but also access to a hospital facility if necessary. It will also transport a patient there in an ambulance if necessary. It is not so much that any one service fits only in one category, but more that the service has different core values at different times.

Making the Invisible Visible

The above examples may well sound obvious. Most people recognize services when they see and experience them, but it is useful to describe and analyze them in this way precisely because services like these are so ubiquitous. It is this very ubiquity that leads them to being taken for granted by both users and providers alike. Thus, they become almost invisible elements of life.

Utilities such as water and electricity are excellent examples of these kinds of services. It is only when there is a power cut or a burst water main that people realize just how dependent they are on these utilities and first start to think about the service infrastructure that is required to provide them. It is because many services are almost invisible that nobody takes care to design them. This is not a conversation we would have if we were talking about a car or a smartphone because the design of these products is quite literally close to the surface and makes up a large proportion of the decision to buy or use them.

As a result, service designers frequently need to make the invisible visible by showing customers what has gone on behind the scenes, showing staff what is happening in the lives of customers, and showing everyone the resource usage that is hidden away. Many of these aspects become part of the business and marketing case for the service (the service proposition).

The Performance of Service

The three core service value categories—care, access, and response—define types of value that services provide to people. Seen in a purely task-fulfilling way, the actual outcome of many services is the same. Renting a car is a good example. Customers can get a car from any car rental company (they hope). Companies may compete on price, and that price may raise or lower

expectations of what car and service we might get, but generally prices are similar across the board. The point of difference for any specific service is how it is delivered. We think of this as the performance of the service.

"Performance" is a helpful word, because it means two things: performance as experience and performance as value.

Performance as Experience

Performance, as we understand the word from music or theater, means the style or the way in which the service is delivered. This performance makes up the immediate experiences that service users have, and it is what people often refer to when they describe the service as "good." What they mean is that they liked the way they were treated or the way the service provider performed their tasks. Generally, this is in reference to service staff, such as the front-desk clerk in a hotel or a call center employee.

It is useful to take this concept of performance and expand it from the individual to the overall performance of the entire service organization. If we use a musical metaphor to compare the service to an orchestra or a rock band, we can think of quality of performance in terms of how well all the musicians came together to deliver the music. Music is an interesting metaphor in this regard, because in a band or an orchestra, each musician must play to the best of his or her abilities, yet at the same time play in harmony and keep time with the others. Things can quickly go awry if each musician simultaneously tries to play as a soloist.

We can go a step further to include the qualities that the venue or the support staff brought to the experience. Was the lighting good, and was the sound engineering supporting the experience? This kind of performance is where a service can have its own style—think of an airline such as Virgin, which have gone to great lengths to make the experience of a very rigid flight process different from their competitors by styling the manner, dress, and actions of their inflight team, their digital and print communication, and a host of other touchpoints.

This "experience" aspect of performance is the delivery of the service to the service user on the "front stage." The idea of a music ensemble, harmonious across all aspects of the performance, is critical to services and a concept we will return to when we start examining how to align the complexity of touchpoints that make up service experiences.

Performance as Value

The other meaning of the word "performance," equally useful to service design, is service performance as a measure of value. How well is the service performing? This measure is both outward and inward facing. Outward-facing value measurement asks how well the service is achieving the results promised to the service users. For example, how often does a hip operation result in a 100% recovery? Inward-facing value measurement examines how well the service is performing for the organization. For example, how cost effectively is it delivering hip operations?

This kind of performance is how businesses usually see their activities. Hence, services that we design and they provide will be evaluated in hard performance metrics. Service designers need to design for this aspect of a service as much as for the customer experience.

This value aspect of performance is the "backstage" measure of the service by the business—all the things that happen behind the scenes that help create or run the service experience for customers but that they don't see. This provides a challenge for service designers. We need to be able to measure the cold, hard metrics of the business as well as make the case for measuring the soft and fuzzy aspects of people's experiences. This challenge is discussed in Chapter 8.

Unite the Experience

We doubt we have to preach the value of design to readers of this book, but we all have to make the business case to clients. In our experience, the design approaches described here can be quick, inexpensive, and effective ways to create service experiences that delight customers. Most services involve implementing a complex and usually expensive infrastructure, and our ability to develop quick, cheap prototypes of both products and services early in their development can save organizations enormous amounts of money in sunk investment that may later turn out not to work. Service design aims to unite the experience.

Now, let's look at how.

Summary

- Economies in developed countries have shifted from industrial manufacture to services. The problem is that many companies offering services still think about them with an industrial mindset and try to manage and market services like products.
- A common management approach is to divide an organization into departments, or *silos*. This may lead to each part of the service being well designed, but the real problem is that the entire service has not been designed as a coherent whole. The customer who experiences the whole also experiences the gaps between the touchpoints.
- Many organizations are organized in ways that actually prevent them from delivering good service experiences. The challenge is to redesign both the service and also the culture of the organization.