



CONSORTIUM FOR
SERVICE INNOVATION.

A Leadership Framework For Service Excellence

Services Industry Summit

November 5-7, 2007

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www.serviceinnovation.org



Topics

- The goal of support?
- Why a new leadership framework?
 - Indirect support
 - Value creation in a global economy
 - N-gen (the net generation)
- Characteristics of the new framework
 - What's it need to do?
- Thoughts on a leadership framework for service excellence
 - Its fundamentally about people
- References and resources



The Goal of the Support Organization?

- *Improve the user's/customer's
productivity and success*
- Delivering on predefined service levels is interesting... delivering on ***unanticipated*** customer needs is ***compelling***
 - Dealing with the dynamics of it creates differentiation



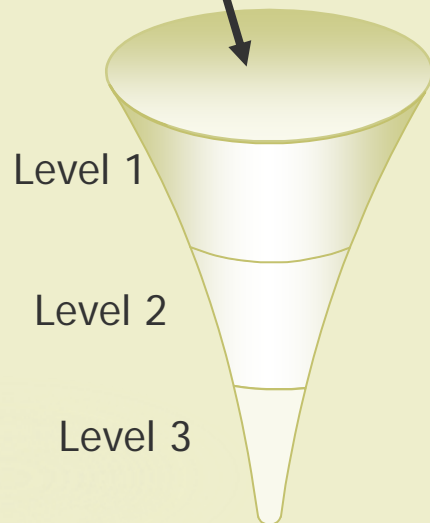
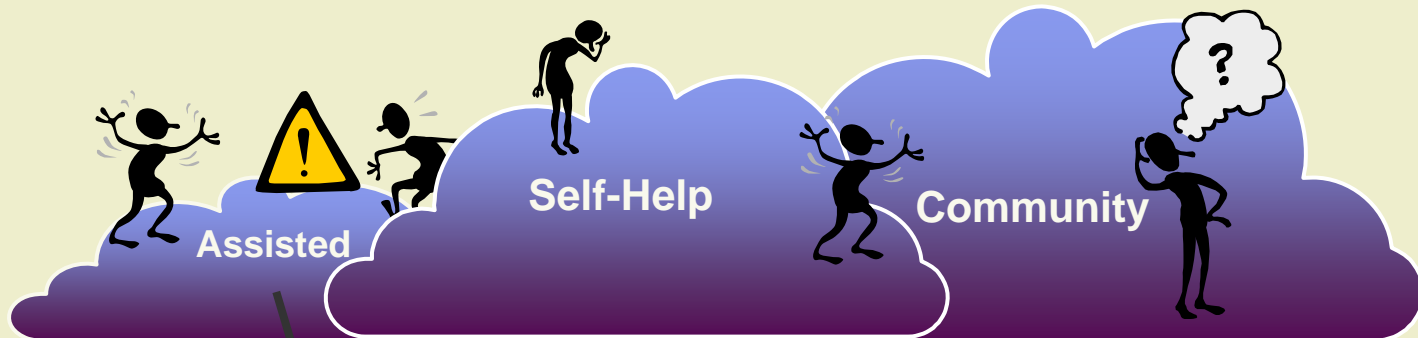
Which Means

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- Innovation in the moment... to create:
 - Capability (ability to perform, skills, experience)
 - Capacity (ability to deliver, respond to demand)
- Services are “co-created”
 - Service innovation must include the customer (not done in a lab)
- Contribution to customer success in unanticipated ways yields:
 - Strong loyalty (employees and customers)
 - Positive market image and brand
 - Profit and growth



Why A New Framework? Indirect Support Model



**Customer demand
for support is Huge!**

*The vast majority of the
customer support experience is
not with the support organization!*

***We need a leadership model focused on
influence not control***



Why A New Framework?

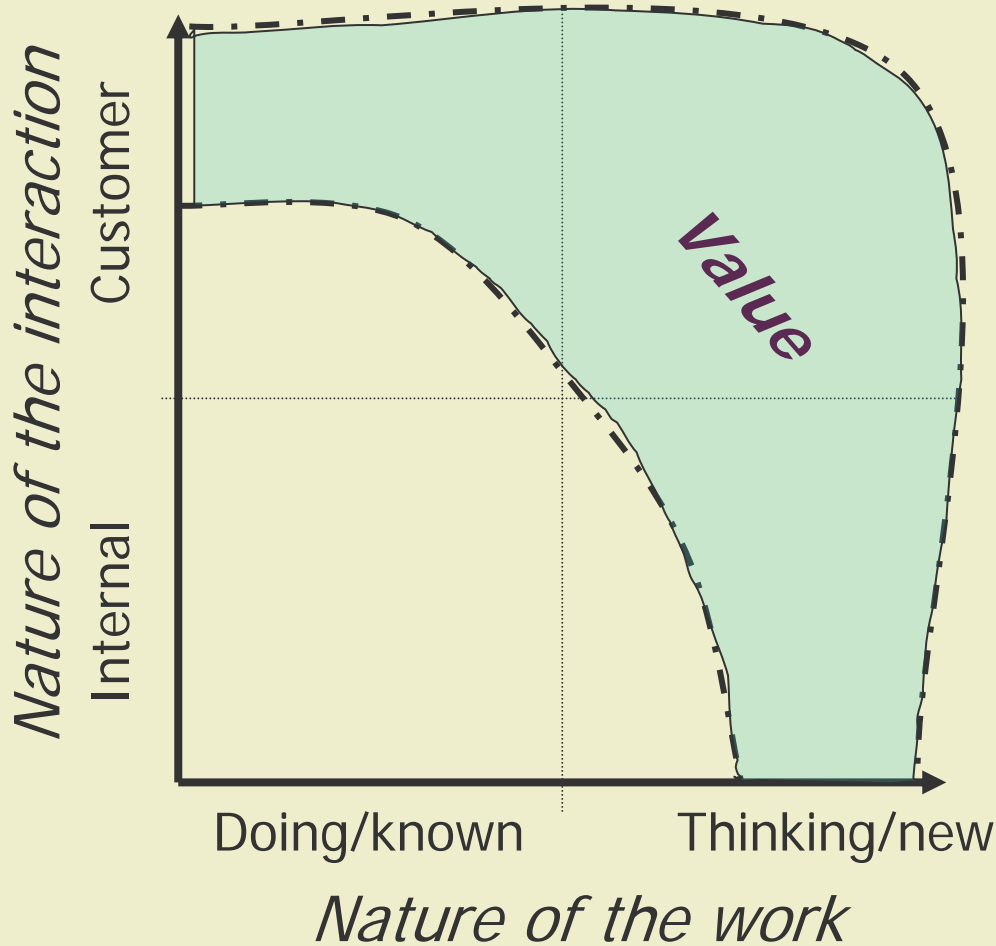
Value Creation in a Global Economy

- Capitalism – work will always move to the low cost provider with adequate quality
- Differentiation is a function of value creation, innovation, creativity
 - Doing what we know how to do is not that interesting
- Economics of service – a few challenges
 - Sources of revenue Vs investment in R&D?
 - Margin of maintenance Vs high value services?



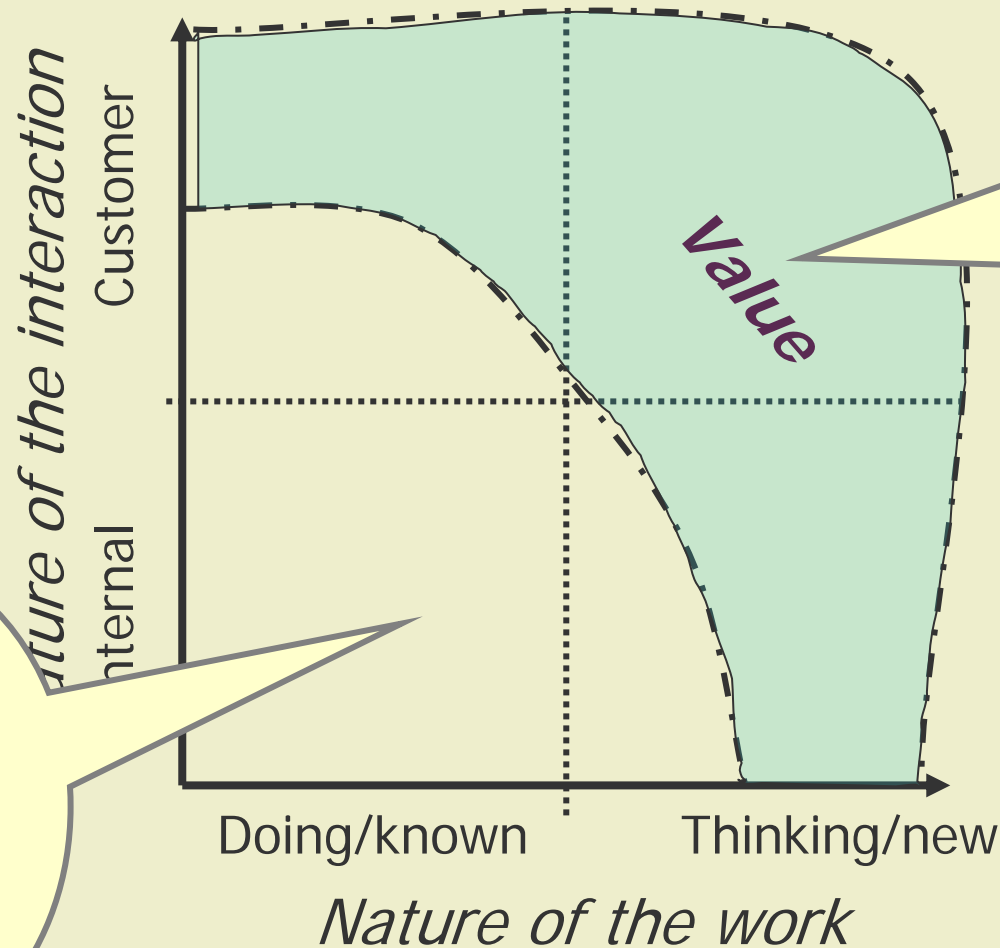
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Differentiation in the Knee of the Curve





Differentiation in the Knee of the Curve



Requires learning
creativity
innovation
understanding
and, is the
differentiator

Predictable
Repeatable
Outsourcable
Automatable
And...
becomes a
commodity



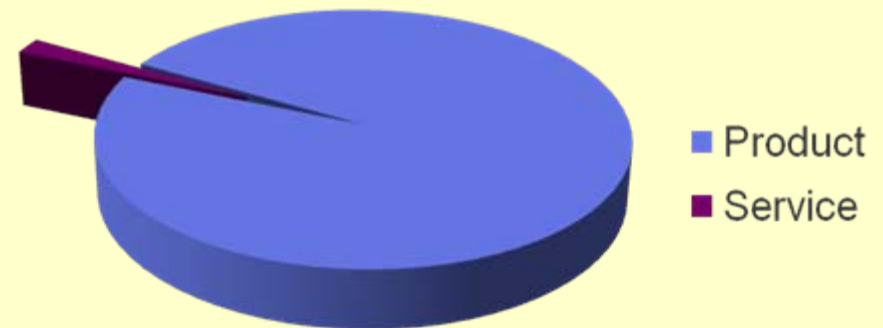
High-tech Financial Dynamics

Sources of Revenue

Sources of Revenue



R&D Budget



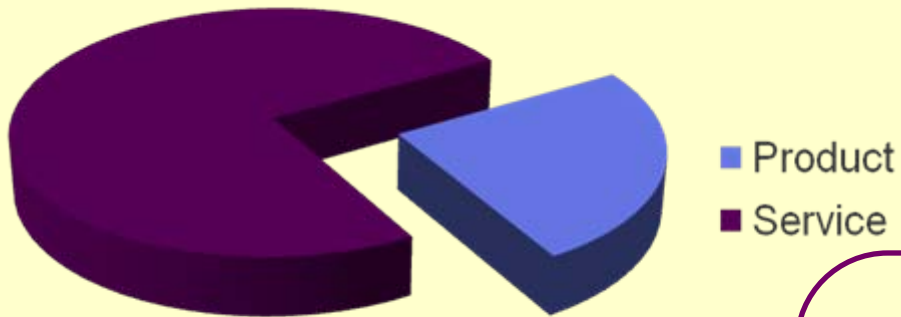
Source SRII.org and SSME - IBM Research



High-tech Financial Dynamics

Sources of Profit

Sources of Profit



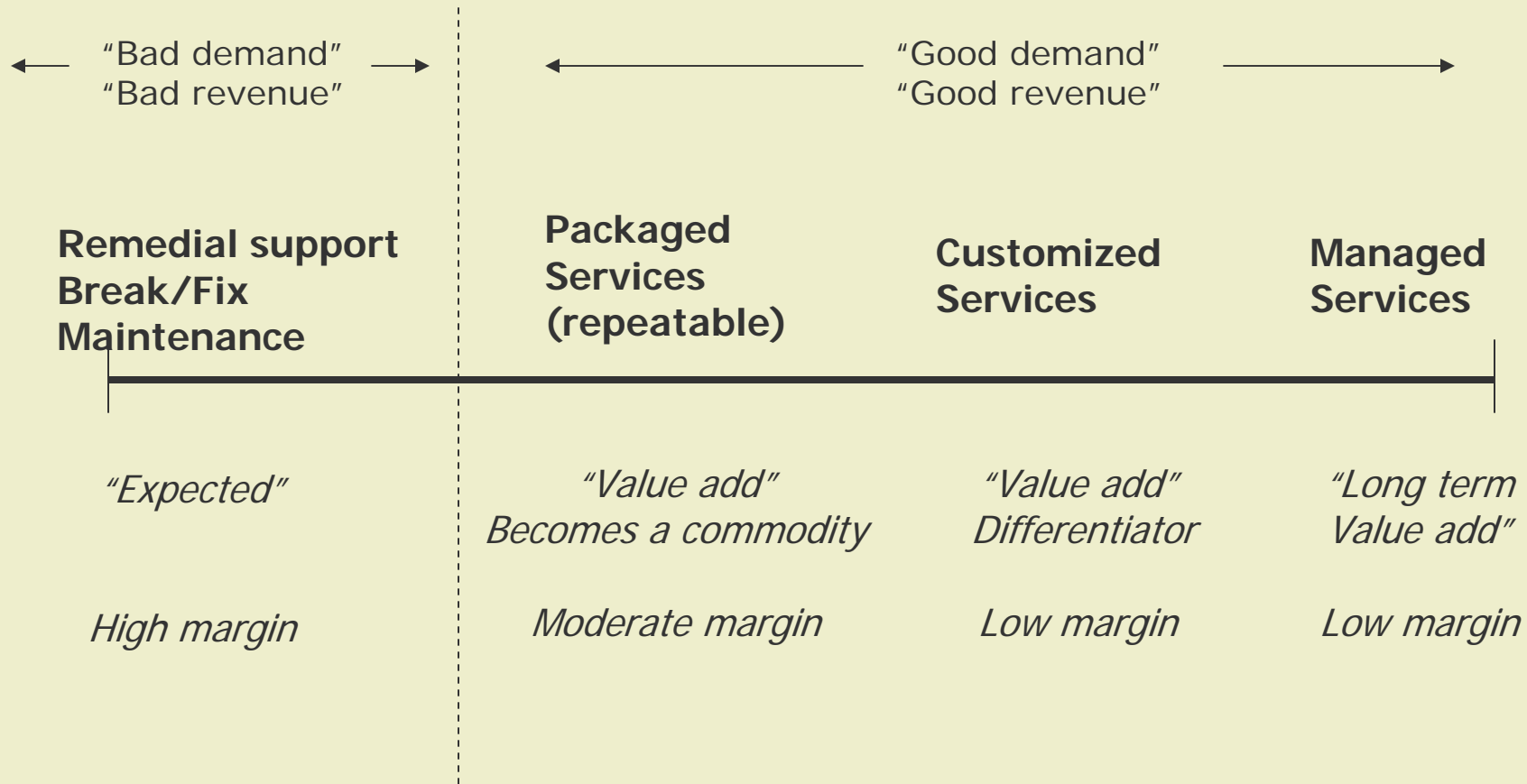
Services Profit



Source SRII.org and SSME - IBM Research



Services Spectrum





Why A New Framework?

The net-Generation (nGen)

- People with access to the internet since the beginning of their consciousness (22 years old or younger)
- They expect to:
 - Be connected, anywhere, anytime
 - Control what, when and how they interact
 - Multitask and have choices
 - Collaborate
 - Have access to information (transparency, openness)
- They value:
 - Psychological individualism, sanctuary
 - Playfulness
 - Creativity
- They are great candidates to be “knowledge workers”



Knowledge Workers

- *All knowledge workers are volunteers**
 - We can not force people to give up their knowledge – we can invite and encourage
- *We only “volunteer” for things we care about*
 - The leadership challenge is to create a compelling purpose that generates an emotional connection
- *Alignment to a purpose and values, replaces control*
 - If people care and are aligned they will make the best decision in the moment for the situation (with the customer)

* Peter Drucker

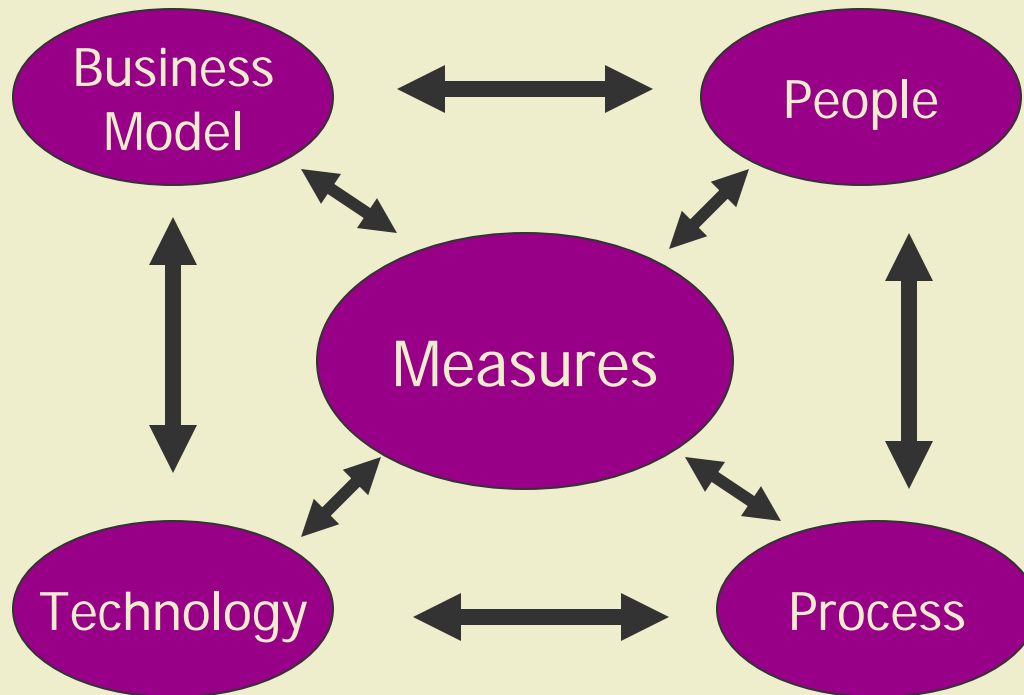


Characteristics of the new Leadership Framework

- Influence – the indirect support model
- Persistent organizational learning
 - Remove, automate or outsource the known
- Address the economics of service
 - R&D that includes the customer
 - Margin on high value services
- Develop a caring, thinking workforce
 - In the moment capability to do new things
 - In the moment capacity, the network effect
- Engage the nGeners (knowledge workers)



A Operational Model





Business Model

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Traditional model

- Focus on our productivity
- Adhere, comply
- Mission, objectives
- Rules
- Short/variable life expectancy
- Internal (bounded)
 - Capacity
 - Capability
- Kill your competition
- Static – the business stops frequently to reorganize

New model

- Focus on the customer's productivity
- Align
- Vision, purpose
- Values
- Sustainable life cycle
- Unbounded network for
 - Capacity
 - Capability
- Co-opititon
- Adaptive – the business never stops to reorganize ...because it never stops reorganizing



People

Traditional model

- A resource, a means to an end
- Defined by a “job”
- Simplistic, confined responsibility
- Evaluated by management
- Reward “doers”
- Rankism

New model

- Human beings, *the* unit of measure
- Defined by reputation
- Multi-dimensional , role defined by capability
- Evaluated through impact of presence and creation of value
- Reward “thinkers”
- Respect



Measures

Traditional model

- Activity based
- Its about the numbers
- Basis for judgment
- Internal to the department
- Low tolerance for discovery
- Source of dysfunction

New model

- Value based
- Its about what the numbers mean
- Basis for learning
- Crossfunctional and customer focused
- Celebration of the discovery process
- Transformational



Process

Traditional model

- Simplistic and linear
- Pre-defined, directed
- Static
- Slow/hard to change
- Bounded hierarchy
- Innovation and learning is a separate process
- Surge in demand = overwhelmed

New model

- Complex adaptive systems, multi-loop
- Self organizing,
- Adaptive, dynamic
- Constantly changing
- Unbounded network, reach and relevance
- Innovation and learning is integrated in the process
- Surge in demand = surge in capacity and capability



Technology

Traditional model

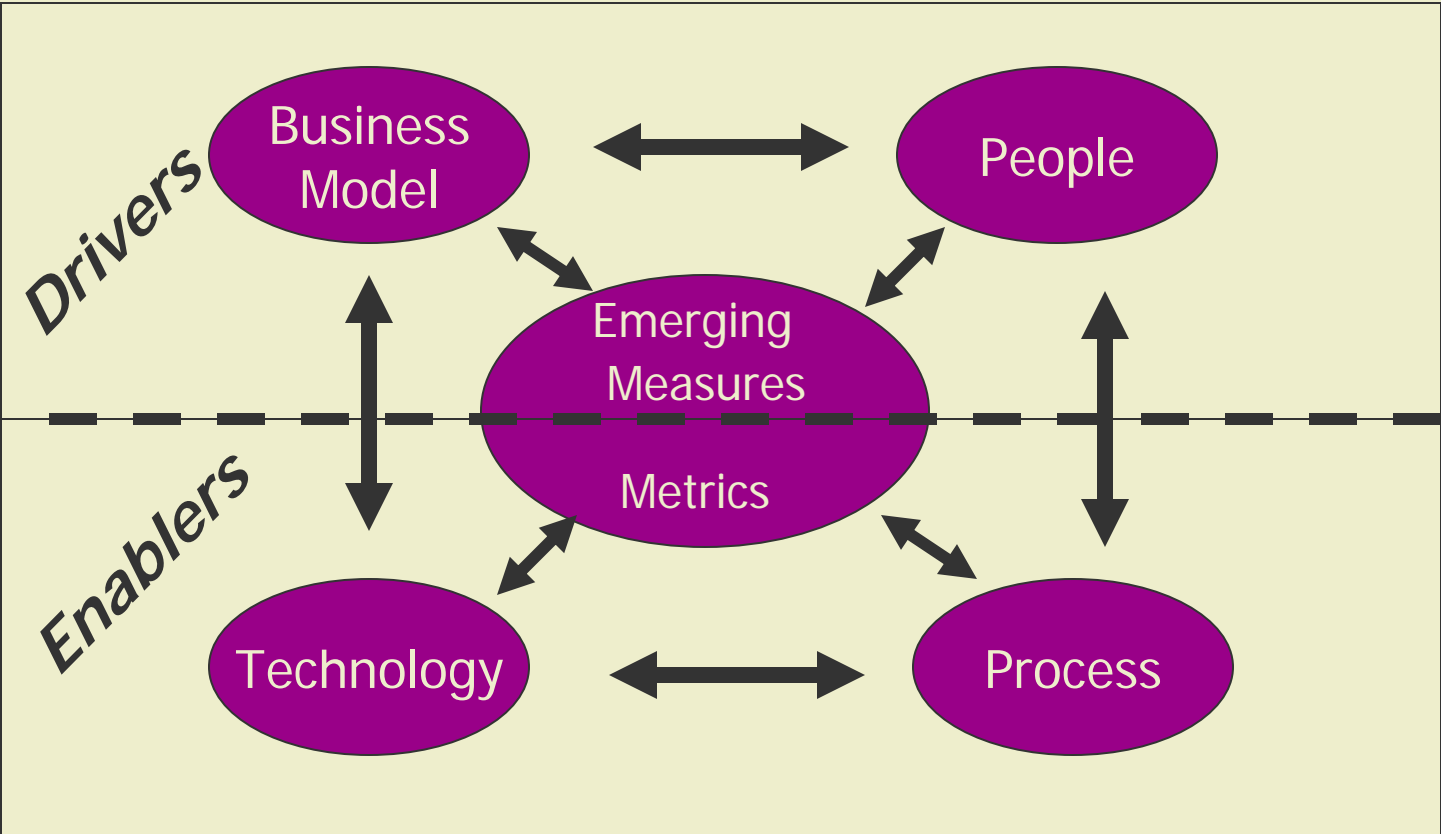
- People serve the application
 - A “user interface”
- Multi year lead time
- Focus on visible costs
- Vendor created image and illusions

New model

- Application serves the people –
 - A “users’ user interface”
- On demand functionality, user customizable
- Costs are fully understood
- Customers create vendor’s image



A Model

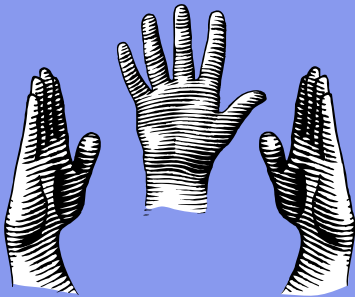




Evolution of Business Perspective

Past

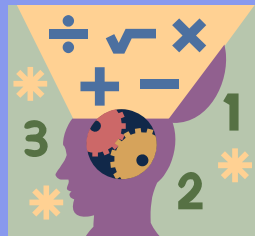
- Tangible products/output
- Manufacturing
- Production lines
- Resource management
- Inventory management
- Customer as a target – customer not present



Hands

Current

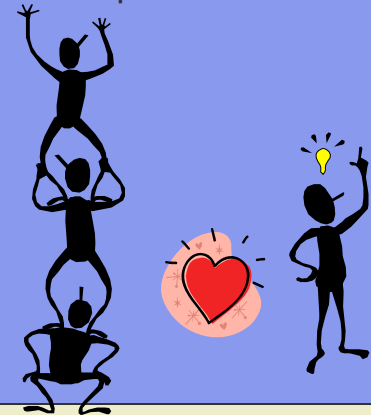
- Intangible products/output service and satisfaction
- Better manufacturing
- 6 sigma
- JIT Supply chain management
- Automation
- Willing employees
- Customer as consumer



Heads

Future

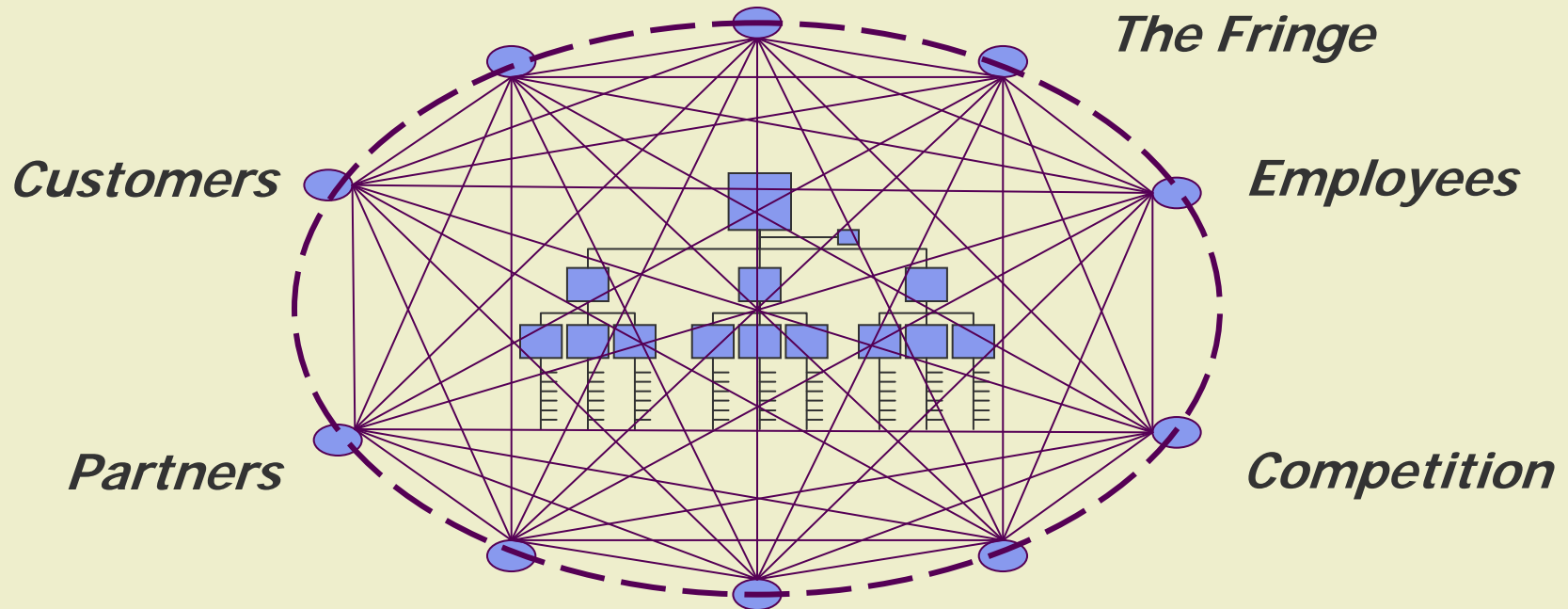
- Intangible products or output; loyalty, passion
- Networks and interaction
- Relevance
- JIT innovation
- Eager employees
- Customer as integral part of the process



Hearts



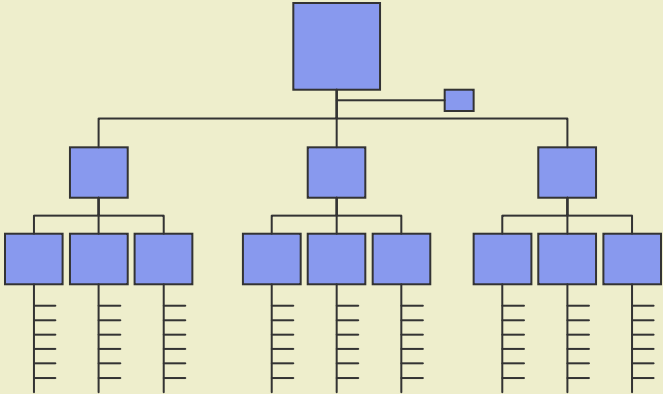
What we need is. . . An Adaptive Organization



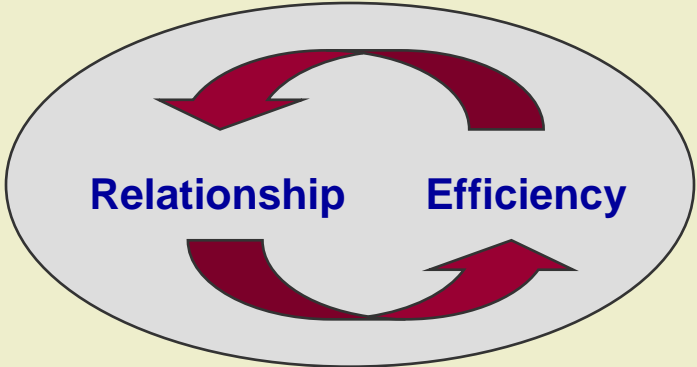
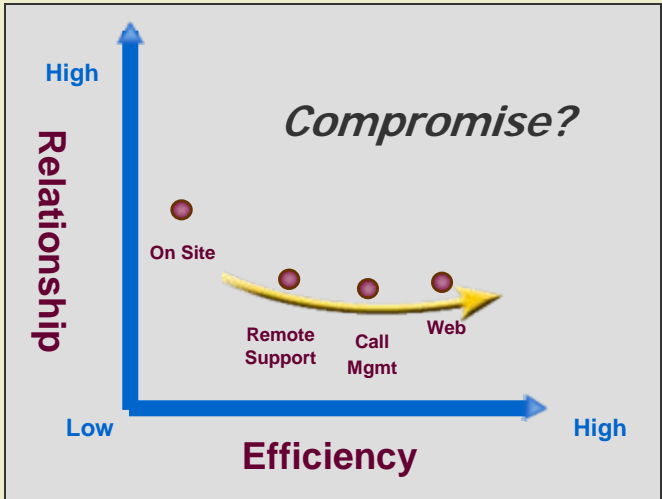
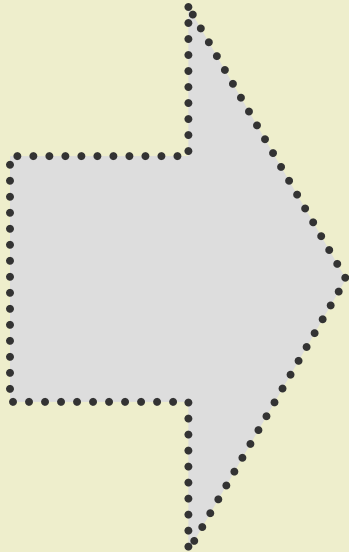
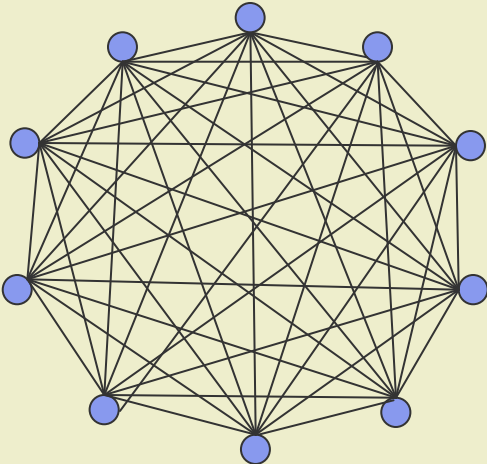
- Focused on customer success
- Non-linear model that connects relevant people independent of their role
- Generative – on demand capability and capacity
- Every interaction is an opportunity to improve the next interaction



Old Model



New Model



Integrated and Generative?



Clunk and Resonate

- Alignment is harder than directing – requires constant communication, understanding and buy in
- Alignment is reinforced through behavior – or not...
- When our companies or leaders do things that are counter to the stated purpose and values it disrupts alignment – it is a *clunk*
- The [Cisco story](#) – Customer Interaction Network



Test for Linear Thinking

- Any sentence that starts with “But first....”
- When we feel like we have to compromise between two desirable needs or requirements
- Is it a zero-sum game? I can only win if you loose
- Hierarchical structures where the flow of information is defined by reporting structure (bounded)
 - Where boundaries are more important than relevance
- Processes that:
 - Are linear or single loop
 - Have a beginning and an end
 - Don’t have numerous feed back loops
- When the **rules** are more important the **relationship**

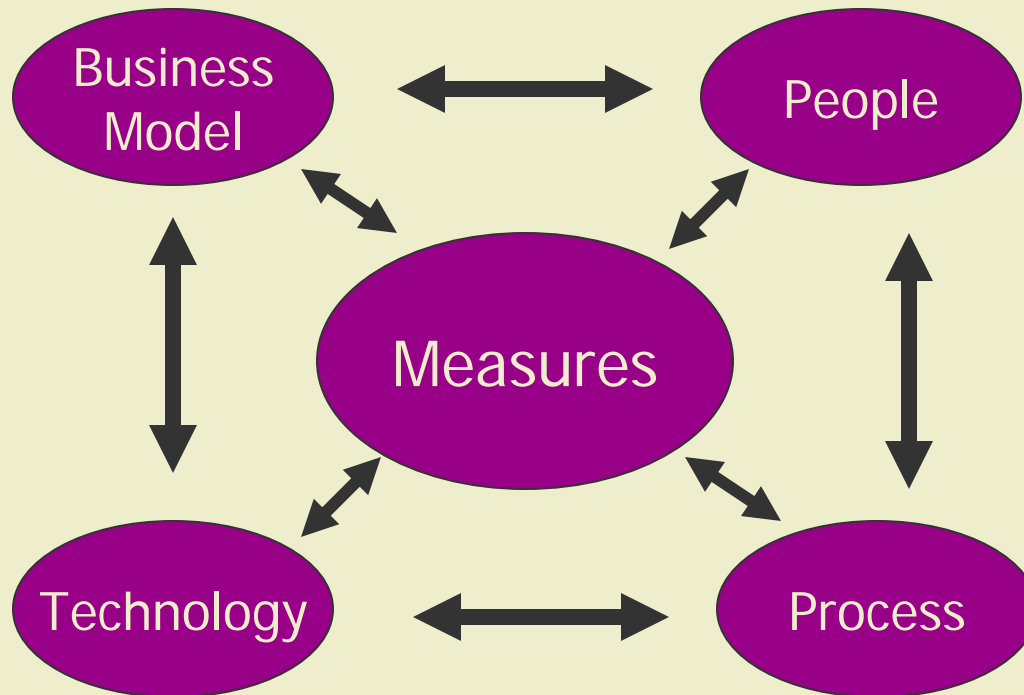


Emerging Principles for the Adaptive Organization

- The Power of:
 - Alignment
 - To a purpose and values
 - To customer success
 - Transparency
 - Visibility, line of sight to both the micro and the macro view
 - Reach, to other domains of knowledge/experience
 - Reputation
 - Identity that reflects multi-dimensional capabilities
 - Legitimacy earned through past interactions that created value
 - Connection
 - Relevant interactions - people to content, people to people



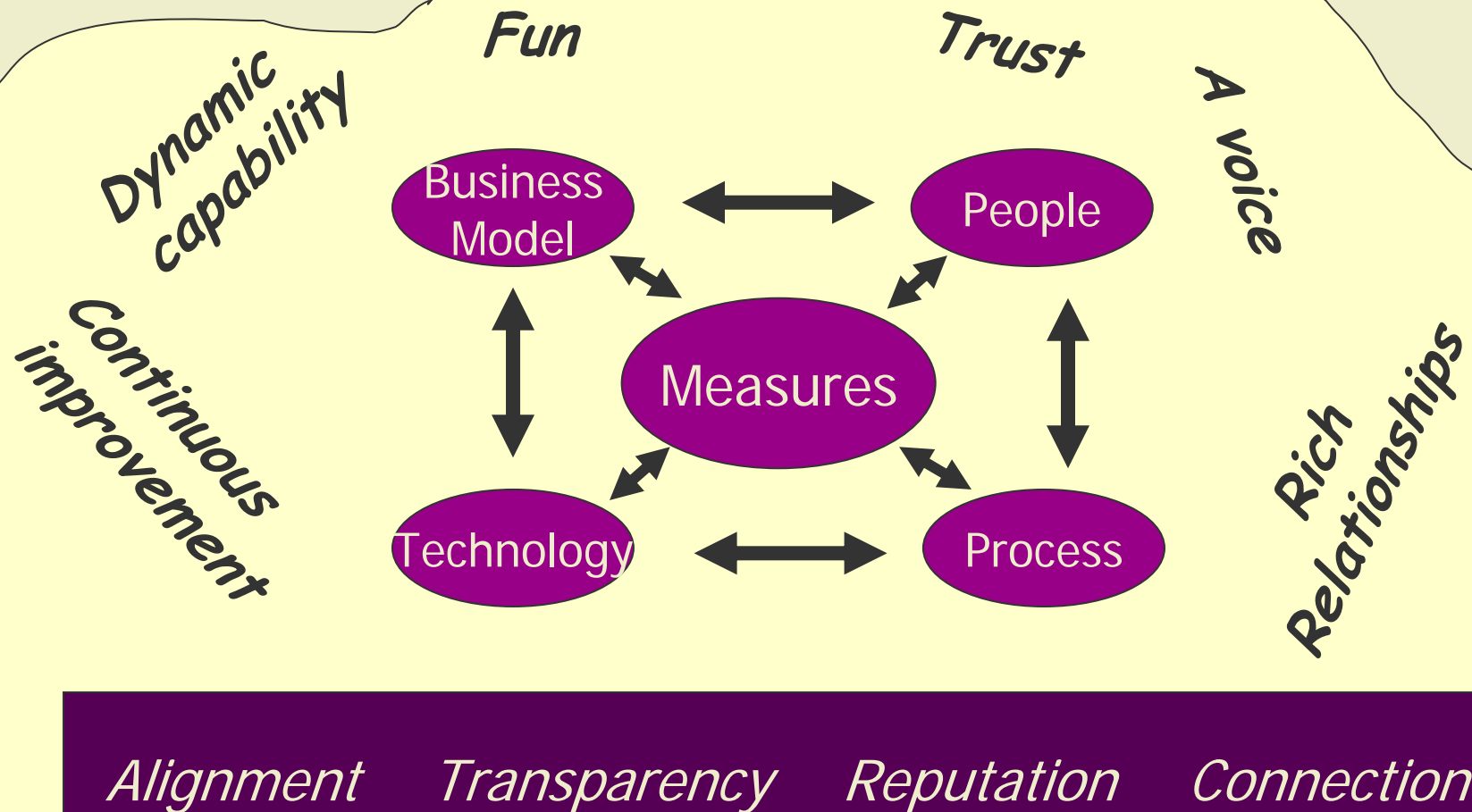
A Operational Model



Alignment Transparency Reputation Connection



A Generative Culture?





The Leadership Challenge

- Persistent customer presence
- Eager employees
- Laughter (trust and creativity factor)
- High tolerance for ambiguity, diversity and discovery
- A network that is continuously improving relevance and reach (efficient and unbounded)
- Alignment (not control)
- Systems thinking (non-linear approach)
- Beliefs about people as whole, capable human beings (not just a resource)



Provocative Perspectives...

- Management evaluation of employees' contribution is a ridiculous notion
- Use of the bell curve for distribution of compensation is not pay for performance – its pay for mediocrity
- Stack ranking of employees is simplistic, disrupts collaboration and is a source of dysfunction
- Rigid job descriptions and organizational hierarchies guarantees the we will get the lowest common denominator of people's capacity to contribute
- Any conversation about the future of the business without the customers present is a waste of time



Tools that support a Non-linear Perspective

- Organizational Network Analysis ([ONA](#) or [INSNA](#)) – is our mental model or view of the organization as org chart or a network or relationships?
- Use ONA to understand the limits of reach (are organizational structures creating undesirable restrictions on interactions and flow), understand the weakness or richness of connections and who are the hubs? (see Openwave/[Jim Pendergast](#)' presentation – member summit 2006)
- Process maps – look for linear processes that do not have feedback loops or reflective/assessment processes (double loop processes and alignment of applications to user needs; see [Microsoft/Kurt Samuelson's](#) presentation – member summit 2006)
- Causal maps (see [Nick Bontis](#)' presentation, member summit 2006)
- Value maps (see [Verna Allee](#)' presentation, member summit 2004, 2006), map the creation and flow of tangibles and intangibles between support and other organizations



References

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- **Somebodies and Nobodies** by Rober Fuller