A Leadership Framework For Service Excellence

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Greg Oxton
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

• 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?
Differentiation in the Knee of the Curve

Nature of the work

Nature of the interaction

Customer

Internal

Doing/known

Thinking/new

Value

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Differentiation in the Knee of the Curve

Nature of the work

Doing/known  |  Thinking/new

Nature of the interaction

Customer  |  Internal

Value

Predictable
Repeatable
Outsourcable
Automatable
And... becomes a commodity

Requires learning
creativity
innovation
understanding
and, is the differentiator
High-tech Financial Dynamics
Sources of Revenue

Sources of Revenue

Product
Service

R&D Budget

Product
Service

Source SRII.org and SSME - IBM Research
High-tech Financial Dynamics

Sources of Profit

- Product
- Service

Services Profit

- Maintenance
- Value add

Source: SRII.org and SSME - IBM Research
Services Spectrum

“Bad demand”
“Bad revenue”

“Good demand”
“Good revenue”

Remedial support
Break/Fix
Maintenance

Packaged Services
(repeatable)

Customized Services

Managed Services

“Expected”

“Value add”
Becomes a commodity

“Value add”
Differentiator

“Long term
Value add”

High margin

Moderate margin

Low margin

Low margin
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
- People
- Measures
- Technology
- Process

Diagram showing the interconnections between business model, people, measures, technology, and process.
Business Model

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-opition
- 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
• It's about the numbers
• Basis for judgment
• Internal to the department
• Low tolerance for discovery
• Source of dysfunction

New model
• Value based
• It's 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

Drivers

- Business Model
- People

Enablers

- Technology
- Process

Emerging Measures

Metrics
Evolution of Business Perspective

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

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

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

*Hands*  
*Heads*  
*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

Customers  
Partners  
Employees  
The Fringe  
Competition
Old Model

New Model

Integrated and Generative?

Compromise?
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 feedback 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 the reflects multi-dimensional capabilities
    • Legitimacy earned through past interactions that created value
  – Connection
    • Relevant interactions - people to content, people to people
A Operational Model

- Business Model
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- Measures

Alignment  Transparency  Reputation  Connection
A Generative Culture?

Fun

Trust

Dynamic capability

Continuous improvement

A voice

Rich Relationships

Business Model

People

Technology

Process

Measures

Alignment  Transparency  Reputation  Connection
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
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