Product Development and Process Optimization in Service Businesses
“Learning and Innovation go hand in hand. The arrogance of success is to think that what you did yesterday will be sufficient for tomorrow”.

William Pollard

“Innovation distinguishes between a leader and a follower”.

Steve Jobs
The Service Innovation Lab (SIL) is a joint venture of the International SEPT Program of the Leipzig University and CONOSCOPE GmbH.

**Our goal** is to support and professionalize the development and systematic optimization of services through scientifically based concepts of service engineering.

As a consulting partner we assist and support **innovation projects through all stages of the service development**; from requirements analysis, idea generation, overall modelling of services, to the implementation of the product and market testing. Our range of support services is divided into two areas:

- Service development
- Service optimization
Service development

The service engineering is the systematic development of a central approach of services along the process of innovation. These are grouped into four sections:

1. **Needs analysis**
   Identification of market niches for new services using market analysis, benchmarking and portfolio or frequency and relevance analysis.

2. **Idea management**
   Development and evaluation of ideas to satisfy customers’ needs by using tools such as mind mapping, brainstorming or the Kano model.

3. **Service concept**
   Final specification of the service as well as process and resources planning by the use of tools such as Service Blueprinting, the FMEA method and QFD.

4. **Service testing**
   Evaluation and optimization of the quality and reliability of services, prior to its launching, through the use of service simulation and service prototyping tools.
Selected methods for service development

Idea management – Kano Model
The Kano Model is a model for the analysis of customer requirements. It distinguishes five levels of quality:
- Basic characteristics
- Performance characteristics
- Enthusiasm characteristics
- Irrelevant characteristics
- Rejection characteristics

The different combinations of characteristics desired by the customer represent the basis for the development of customer oriented services.

Service concept – QFD
The Quality Function Deployment (QFD) is a method used for customer and market oriented development of services. The goal is to develop services that really meet the needs of customers.

This is achieved by a clear separation between customer requirements and the implementation of processes that satisfy them (how to meet these demands?). Thus, one can consider customer needs and thereafter define the characteristics of the service.

Service testing – Service prototyping
The development of services prototypes allows testing and experiencing services before they are offered to the customer. The aim is to examine the features and functions of the service to be developed using the prototype for further improvement of the service concept. Thus, risks at the introduction stage of new services are minimised.
Service process optimization

The optimization of service processes are carried out in the context of a structured process of four stages:

1. Process documentation: Service Blueprinting
2. Process analysis: Target Costing, FMEA
3. Process optimization: Service Simulation
4. Process implementation

Record and analyse detailed information about processes in the company that have an impact on the expense, time and quality of service.

Analyse the recorded process depending on the objectives, in order to identify weak points or cost generation drivers.

Testing and comparing different solutions to determine costs, time and resources of each alternative before its implementation.

Implementation of the best evaluation alternative.

Key factors:
- Good management of organisational change.
- Clear and timely communication of project to employees.
Selected methods for service optimization

**Service Blueprinting**

Service Blueprinting is a method of analysis, visualization and optimization of service processes. When Service Blueprinting, the course of a service is described in a flow chart with a detailed representation of the chronological sequence of all activities and decisions to be completed during the service’s main process and sub-processes. The method focuses on increasing effectiveness (achievement of objectives) and efficiency (cost-effectiveness) of the service process, thus improving customer satisfaction and the benefits for the organization.

**Process analysis – FMEA**

FMEA stands for Failure Modes and Effects Analysis. The basis of FMEA Method is the analysis of the individual steps of a process in terms of potential occurring failures, evaluating these stages under a risk index which considers variables such as the failure probability of occurrence, the possibility that the error will be discovered and the impact that this error has on the process or the client in case it would not be discovered. The prioritization of risks allows a quick redesign of the processes to reduce risks and, hence, gain.

**Service simulation**

Services may be viewed as complex systems whose individual components must be optimally combined and coordinated. Through Service simulation these complex service systems can be analysed and tested. By mapping service processes and the related resources used, models can be tested quickly and inexpensively in different service configurations with a focus on the dimensions of processes, costs, time and resources.
As part of a one or two-day training courses tailored to your needs, the Service Innovation Lab offers your enterprise an overview of the methods of service development and process optimization. Here, the philosophy of service engineering is presented and basic methods and tools are taught.

In the course of the training, the typical phases of the service development process will be understood through practical exercises and examples of the methods will be presented. In this part are specially included the challenges arising from the customer integration in the service process.
Services offered by the Service Innovation Lab

Project consulting

The Service Innovation Lab supports companies throughout the entire process of service development and optimisation or in selected phases. Our approach relies on the proven methods and tools of service engineering.

If you have already identified specific areas of action for an innovative project, we support you in its realization. We work together with you to design the project concept in close cooperation with you and your staff.
A Message from the SIL Team

“In the SIL we Stand for Innovation. We understand the central drivers of success in service innovation and we want to share them with companies that are eager to thrive. Our goal is to work hand in hand with our clients in order to create and implement innovative ideas for services.

We design and support the right program for each particular innovation project. Accompanying our clients, we develop new ways to innovate in order to succeed, providing solutions that meet the requirements of the organization.

We work with our clients to understand the future they need to create for their companies, and we prepare them to be ready for this future.”

Prof. Dr. Utz Dornberger, founder & partner at the Service Innovation Lab
The International SEPT Program is a training and research program of the University of Leipzig, which focuses on research and promotion of small and medium-sized enterprises (SMEs) as well as in the implementation of training programs for professionals and executives. SEPT now has over twelve years of experience in this field.

The core training offer of SEPT is a Masters in Business Administration in Small and Medium – sized Enterprise Promotion and Training. In addition, SEPT offers a variety of training programs in the management of SMEs and is engaged in the study of internationalisation and innovation processes in SMEs. The improvement of SME international competitiveness and its integration into global economic cycles are treated.

More information: www.sept.uni-leipzig.de

CONOSCOPE is a consulting and research institution with offices in Leipzig and Essen. It was founded in 2010 by INNOWAYS GmbH, CONTOUR 21 GmbH and Inomic GmbH. Each of the companies has more than 10 years experience in their respective fields and share the same roots as spinoffs of the University of Leipzig and in the subject area of innovation management.

The main activities are the methods and data-based analysis of the market and the requirements to companies and institutions. CONOSCOPE support the development of targeted and sustainable strategies and their operational implementation within the company, for example, in coaching staff through independent implementation or by an interim management.

More information: www.conoscope.org
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