Managing service innovation in SMEs - identified barriers and a two-node innovation process

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Abstract

The service sector is steadily increasing in the worldwide economy, but still, innovation research mainly focuses on tangible products and systems. The purpose with this thesis is to contribute to the blurry boundary between research on product development and service development, by identifying barriers to manage a service innovation process and specifically how a service innovation process shall be adapted to Small and Medium Enterprises (SMEs) providing Knowledge Intensive Business Services (KIBS).

The findings are based on a literature review and a case study on a multinational SME providing services within Project Management. The data collection has been made through interviews, a questionnaire, observations and document analysis. Findings from the empirical study were analyzed using an analytic framework, named the 4-Challenges Model, which was developed based on the literature review performed. Grounded on the conclusions in conjunction with the analytic framework, a new conceptual two-node service innovation process has been created.

The 4-Challenges Model presents four interrelated challenges to take on a service innovation process: (1) Service-dominant logic (SDL) and defining service, (2) degree of openness, (3) innovation strategic fit, and (4) service innovation propensity. The empirical study confirms these challenges as barriers for the service innovation and business development for SMEs with KIBS. The case study highlights barriers in a transparent, coherent, selective and consistent internal communication derived from a vague vision. The conceptual two-node service innovation process is to help SMEs to develop a structured business with best-practices on all levels, ensuring implementation and commitments, as well as develop leadership for a continuous monitoring and managing of service innovation. The process is made simple to reduce complexity. It consists of two nodes and a core gate. The nodes are open systems which make the process formable and adaptable to different situations. The gate is to maintain structure and to have a stable approach linked to the core business.

Keywords: innovation barriers, SMEs, service innovation process, service-dominant logic, KIBS, ad hoc, strategic fit, propensity
Sammanfattning

Tjänstesektorn ökar stadigt inom hela världsekonomin, trots det inriktas den mesta innovationsforskningen främst på konkreta produkter och system. Syftet med denna avhandling är att bidra till den suddiga gränsen mellan forskning om produktutveckling och tjänsteutveckling, genom att identifiera hinder för att hantera en tjänsteinnovationsprocess och specifikt hur en tjänsteinnovationsprocess kan anpassas till små och medelstora företag (SME) som erbjuder kunskapsintensiva företagstjänster (KIBS).


”4-Challenges Model”-modellen presenterar fyra interrelaterade utmaningar att ta sig an vid en tjänsteinnovationsprocess: (1) service dominerande logik (SDL) och definiering av tjänsten, (2) graden av öppenhet, (3) innovation strategisk passform, och (4) tjänsteinnovations-benägenhet. Den empiriska studien bekräftar dessa utmaningar som hinder för tjänsteinnovation och affärsutveckling för SMEs med KIBS. Fallstudien belyser hinder för en transparant, enhetlig, selektiv och konsekvent intern kommunikation som härrör från en vag vision. Den konceptuella två-nod tjänsteinnovationsprocessen ska hjälpa SMEs att utveckla en strukturerad verksamhet med bästa praxis på alla nivåer, säkerställa genomförande och åtaganden, samt utveckla ledarskap för en kontinuerlig övervakning och hantering av tjänsteinnovation. Processen är enkelgjord för att minska komplexitet. Den består av två noder och en port. Moderna är öppna system, vilket gör processen formbar och anpassningsbar till olika situationer. Porten är för att hålla struktur och en stabil strategi knuten till kärnverksamheten.

Nyckelord: innovation barriärer, SMEs, tjänsteinnovation, innovationsprocess, service-dominerande logik, KIBS, ad hoc, strategisk passform, benägenhet
Preface

This Master Thesis is the result of the five months of my hard work and research in the spring of 2015 and denotes my five years of study at the Master’s program at the department of Industrial Engineering and Management, at the Royal Institute of Technology (KTH) in Stockholm, Sweden. It is a thesis in Integrated Product Development, which is a Master Degree option at KTH’s studying program named Design and Product Development.

The thesis work has been challenging and educational. To do research in a novel field and breaking new ground with an adapted innovation process as a result, is very exciting. A complex and undiscovered research area demands focus. My sincere gratitude to my supervisor Dr. Susanne Nilsson at KTH for the academic guidance as well as encouragement that was necessary for me to be able to finalize this paper.

The project has also given me working experience and a well profound understanding of the case SME. A special thanks my supervisor at the company for all the support and assistance. Further, I like to thank all respondents for taking their valuable time and sharing their insights. I am also deeply thankful to the founder, owner and CEO of the company for making the empirical study possible.

Stockholm, June 2015

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1. Introduction

This chapter is an introduction on the background of the thesis. The purpose, objectives, research questions and delimitations are thereafter displayed.

There is no doubt that innovation has been recognized as a fundamental key for competitive advantage in business (Schumpeter, 1934). At the same speed as internet is developed, the global competitiveness increases, new influences of technology merge and new terms as ‘information society’ appears, it brings people closer to each other, and service plays a key role to improve and create new values (Magnusson et al., 2003; Lawson and Samson, 2001). Data from The World Bank (The World Bank Group, 2015) show that the Western economies depend largely on service. The service sector is increasing worldwide, overtaking agriculture and manufacturing, and stand today for around 70 % of the world’s GDP (in UK close to 80 % of its GDP).

Despite this significant trend, innovation research focuses mainly on tangible products and systems (Mayer & DeTore, 2001; Drejer, 2004; Johne & Storey, 1998; Nijssen et al., 2006). In a second edition of the text book Innovation Management, Goffin & Mitchell (2010, p. 65) state that research on innovation has focused on products rather than service. The categorization of innovation is difficult to apply to the service sector. One explanation is that service is often difficult to differentiate from the way it is delivered, and further, service innovation is much more difficult to measure. The intangible nature of service makes it difficult to manage and understand. Durst et al., (2014) demonstrate that service innovation is an ambiguous term in literature (p. 2) and that there is an underdeveloped and fragmented understanding of service innovation in conjunction to impact and performance. In a systematic literature review on this topic, Durst et al., (2014) found not more than 13 papers between 2009 and 2014 (with an increased number during 2014).

Researchers demonstrate pursuanty that there is a blurry boundary between research on new product development (NPD) and new services development (NSD) (Drejer, 2004; Nijssen et al., 2006). Thus, to resolve this debate, service dichotomy and developing new specific service development models would be a natural next step. Berber et al., (2013) shed light over the very

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1 To be read more at http://www.itu.int/wsis/index.html [from 28 January 2015]
recent scholar attention on service innovation and the challenges to building a blueprint for service innovation processes. Regardless of the rising interest, they claim that there is a lack of studies that validate the service innovation construct, and argue for reflections of product innovation steps to service innovation processes, but yet not directly the same. Most research into the NSD processes have been followed the same generic product development process or an adaption of it (Johne and Storey, 1998, p.201). It is time to challenge the traditions (!).

Given this background, the ambition of this thesis is to contribute to the research on service development and innovation. Further research is needed on relationship establishment and resource integration to yield insights for a developed service innovation process (Rusanen et al., 2014). By identifying service innovation barriers; this paper introduces a new service innovation process – tailored and adapted to the case-study on a small and medium size enterprise (SME).

Small firms’ success and survival to a majority depend on innovativeness; to understand problems, develop and hold innovation capabilities and resources. This might help explain why such a large percentage of these businesses fail (Hausman, 2005; Drozdow and Carroll, 1997). The SME context gives this study an additional dimension. Hausman (2005) proposes elements affecting the degree of innovativeness in small businesses to be further researched and claim among others that more research is needed on the cultural and managerial level.

1.2 Research objectives

The aim of this thesis it to contribute to research on service innovation and SME, and develop a fitted conceptual service innovation process within that field. Arguably, it is therefore interesting to identify the theoretical framework of service innovation, then adapt and apply it to a process for practice. Specifically, the objective is to; discuss, analyze and visualize a suited service innovation process for a SME, by addressing these interrelated research questions:

- (RQ1) What are the specific barriers to manage a service innovation process for SME in Knowledge Intensive Business Services (KIBS)?
- (RQ2) How can a service innovation process be adapted to SMEs?

The empirical research rests on a case study on a multinational consulting SME hereby called ProProject. Investigating ProProject’s strategy, innovation effort and challenges will give qualitative inputs to the study as well as a final process adapt to it purpose and value chain. Building on recent as well as traditional insights from the literature as a foundation and
analytical framework, the aim is to incremental and organic create the service innovation process as the project thesis goes on.

1.3 Delimitations

The empirical study is conducted on a single case at a business-to-business (B2B), small but multinational, consulting firm with headquarters in Madrid, Spain. The primary focus is to find main barriers and adapt an innovation process to the particular case without comparing with other companies or including customer inputs. Further, identified barriers have been delimited in relation to the literature into four selected challenges. The case study was conducted during a period of five months and has therefore framed the study around the Knowledge Intensive Business Services (KIBS) and SME setup, with less focus on the multinational and B2B. Knowledge management is fundamental for service innovation (e.g. Numprasertchai and Igel, 2004; Uden and Naaranoja, 2009). However, it has been excluded from the thesis scope to narrow it down and additionally because of another study on knowledge management was conducted at the company at the same period.
2. Literature review – Service & Innovation

This chapter is a literature review defining the key concepts of service innovation. First the theoretical field on service innovation will be introduced. Followed by defining service and SME – two important components of the study. Thereafter comes an explanation of the innovation processes and management. The chapter is concluded with findings on service innovation difficulties which is presented as an analytical framework for further analysis.

The service innovation concept did not receive scholarly attention until the 1980s. Around the 1990s the first scholars developed the service innovation paradigms and in addition service innovation started to capitalize on corporate levels (Berber et al., 2013, p.702). It is not until in the latest decade’s, different service driven orientations (such as people and high level of interaction), started occupying central positions in literature. Gallouj and Weinstein (1997) started to dig into the ‘black box’ of service innovation and presented different types: radical (‘new-to-the-world’), improved, addition or substitution, re-combinative or architectural, formalization and ad hoc. In Tjänsteinnovation by Kristensson et al. (2014) other types surface: process innovation, brand innovation, business model innovation, social innovation, experience innovation, and behavioral innovation. den Hertog (2000) suggests four service innovation dimensions that are mostly used (see also Miles, (2008) and Durst et al., (2014)):

1. Service concept – new service to its market.
2. Client interface – new ways to involve clients in the service production/service design).
3. Service delivery system – new ways the actual services are delivered to customers.
4. Technology – to process, develop and deliver service (and knowledge transfer) efficiently.

Consensus on the underlying definitions starts merging. Service innovation mainly refers to applying new ideas, with or without new technology, to improve or change the existing service successfully. Learning and knowledge transfer will demonstrate to be important enablers for innovation, especially service (later discussed), and the innovation can be defined as a knowledge process to create new knowledge aimed to develop a commercial and viable solution.

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2 Barras’ (1986) model of the 'reverse innovation cycle’ is recognized as the first innovation theory that concentrated on services.
The service innovation can transform businesses, create new operation systems or markets, and drive economic growth. Bitner and Brown (2008) explain service innovation as a competitive tool; it can boost the reputation and loyalty, dispute and substitute already existing functions, be value-adding in non-service industries, attracting the very best workers or enable sales, market growth or globalization.

Service innovation is characterized by its intangibility, customer contact, the high heterogeneity and perishability, which all makes it very complex to assess its quality (Goffin & Mitchell, 2010, p.75-77). Toivonen and Touminen, (2009) characterize innovation in service as: (1) something emerging (more often) in the real-time service process on the basis of clients’ needs, and are recognized as innovation only *a posteriori*; (2) simultaneously being both products and processes – and therefore is difficult to order in the common classification of product, process and organizational innovation; (3) difficult to detect a change or improvement (contrary to recognizing an industrial product as a new one) due to the ‘fuzzy’ nature of the output of service; and lastly (4) commonly not using innovation terminology, but speaking about customer satisfaction, quality improvements etc.

### 2.1 What makes a high-quality service?

There are many definitions on service, but a naturally common find in literature describes service as something intangible, variable and perishable, as it refers as a deed, process and/or performance (Uden and Naaranoja, 2009). Service is usually defined as an event, delivered and consumed at the point of production, with a distinct time horizon and unlike products, cannot be held in stock (Johne and Storey, 1996). Service inseparability is more than often related to a relationship between a provider and a receiver. Lovelock and Wirtz (2007) explains it as an economic activity offered by one part to another. A service is carried out on the behalf of the customer. Vargo and Lusch (2006) (p.4) explain service as an application of specialized competence that benefit another entity or the entity itself. The latest definition argue that service do not always include two parties, but could rather be between a physical resource, good or system provided by the provider as a solution to ones problem (Grönroos, 1990). A common definition is (e.g Grönroos, 1990; Miles, 2005; Berber et al., 2013, Uden and Narranoja, 2009):

“[…] an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service”
employees, and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems."

The interaction situation is also sometimes called ‘touch point’ (the customer contact) (Stickdorn and Schneider, 2011). However, for that to happen, the interfaces have to be approached to a certain environment where the service will be held. The total quality of the service will therefore mainly be determined by (A) the environment in which it occurs, (B) the service delivery, and (C) the customer involvement. The service context can be referred to as a service augmentation and is proved to be the source to gain the major competitive advantage (Johne and Storey, 1997; Storey and Easingwood, 1998). The service and its context could be defined as a service package/offering and will be judged by the total experience and quality of the service. The full augmented service offering (ASO) is explained in details in Appendix A and is important as it embraces the service process by which the customer evaluate, experience, produce and consume the service.

Service quality is sometimes defined as the customer’s desirability of the interaction, which is made up by three elements: usability, utility, pleasurable (Stickdorn and Schneider, 2011). Naturally, service quality is subjective, experience-based (see e.g. Pine II and Gilmore, 1998) and therefore always heterogeneous. The customer defines when his/her involvement starts and ends, and the willingness and desirability to staying involved is what define the quality. The involvement is influenced by the (1) time, the (2) intimacy of the service and the (3) knowledge about the service (information exchange) (Verma, 2000). The event and environment before and after the service are therefore highly affecting the total service quality and to stress this, the term customer journey are sometimes used (Stickdorn and Schneider, 2011). The customer journey is dynamic – additional interactions in a service system (a series of touch points), can both increase and decrease total journey time (i.e. involvement in the service) and the total experience. The customer journey is interrelated with the service delivery and the understanding of the collaboration and synergies between the front- and back office, service products and delivery tools (e.g. technologies/internet) will have a great impact on the receiver’s involvement. Further, the customer can cooperate in the delivering. The level of customer cooperation can be explained through the involvement level (i.e. interpersonal service, remote service or self-service) (Goffin and Mitchell, 2010).
A final important tool is vital to the understanding of the service quality. Goffin and Mitchell (2010, p.78-79) demonstrate *The Gap Model*, (explained in more details in Appendix B). The model identify five gaps between the organizations’ deliveries, expectations and specifications and the customers’ expectations, perceptions and specifications. The gaps, or mismatches, have to be understood and managed to deliver a high-quality service. The Gap Model can be used to analyze a current service setup and find room for improvements.

2.2 SMEs and innovativeness

Micro, small and medium size enterprises are usually referred to as SMEs. With a small scale of operation, the number of employees is defined to <10, <50 respectively <250 people. SMEs grows in number, in the European Union, 2013, they employed 88.8 million people, equivalent with 99.8% of all enterprises in the non-financial business sector (79% of all sectors), and accounted for 28% of EUs total GDP (EC, 2014).

SMEs have several benefits in innovation compared to large-size corporations. They are less bureaucratic and have a more clannish structure, which improve their inter-organizational relationship, communication and core competency (Hausman, 2005; Uden and Naaranoja, 2009). However, they face countless external and internal challenges. Besides the lack of financial and human capital, SMEs face pressure from customers and grander competitors with large economy of scope, to lower prices and shrink margins. To respond to that, SMEs have to adapt to the environment as well as offer their customers something different than that from their competitors. They have to scan their environment regularly and follow/forecast customers’ demands and needs. Hausman (2005) proposes factors that affect innovativeness among SMEs:

- **Marketing intensity** – The big fish eats up the small ones. Small businesses operating in low competitive environments will be more innovative than firms operation in oligopolistic environments.

- **Managerial demographics** – Innovativeness is related to individual demographics such as age, income, education as well as positively related to their outside training and/or formal education.

- **Managerial control and conflicts** – In small businesses, board of director and operational manager roles are fulfilled by single individuals or a small group. The power and decision-making is concentrated to the owner/manager. The innovativeness is therefore related to the manager’s ability to share the control and willingness to manage conflict.
• **Network effects** – Channel partnerships influence the innovativeness of small businesses. Firms with innovative channel partners are more likely to be innovative.

• **Tangibility of the innovation** – Tangible innovation will be more readily adapted in small businesses than intangible ideas and management practices.

Often, SMEs’ owner/manager is the same as the operational core, thus this may explain a lack of strategically and internally developed engagement. Big firms pay more attention to strategic management and rare or non-existent planning is mostly recognized in the majority of SMEs (Wang et al., 2007; Skokan et al., 2013). Skokan et al. (2013) categorize strategic business development into three different sorts:

1. Well-planned and detailed written primary strategic documents.
2. Strategic documents drawn up in some written but concise forms, with insufficient details.

Skokan et al. (2013) exhibit that bigger companies have more prepared and detailed strategies than smaller enterprises. Additionally, enterprises who did prepare detailed strategic documents proved 80% better performance parameters (turnover, costs, profit, EVA, investments and contracts), than enterprises without written business plans (and 40% relative to enterprises with partial strategic documentation).

### 2.3 Service innovation process and management

Innovation management can be identified in three facets; strategy, people and project. Based on the project management idea of an innovation process (a ‘development funnel’) going from (1) ideas, (2) to prioritization and (3) the implementation, Goffin and Mitchell (2010) introduce an **Innovation Pentathlon Framework** adding (4) innovation strategy and (5) people and organization, to complete the framework to fit the three facets (see Figure 1). They emprise the importance to include the added two areas to achieve a rational innovation management (e.g the linkage between project portfolio and overall strategy).
Johne and Storey (1998, p.201) stated that “It is surprisingly that there has not been more effort to develop a specific service development model.”. Twelve years later, Goffin and Mitchell (2010) stated that “[…] the study of service innovation still lags behind research into manufacturing companies’ innovation […]” (p. 65) and addressed a chapter to contrasting services with manufacturing innovation. In this chapter they clarify, among other things, to not get trapped in only the service products but rather focusing on the operations (the processes and organization). The service innovation process (and NSD in general) have to incorporate all dimensions of service to not miss out any innovative opportunities. In fact, the service context and augmentation, in relation to the service products alone, show to have bigger impact on both sales and profit. This includes for instance distribution channels, communication networks, human interaction and the environmental influences (Storey and Easingwood, 1998). Only new service products that have distinct attributes and are difficult to copy bring a sustainable competitive advantage.

Defined that service is a co-production with the customer, Martin et al. (1999) explain how that uncertain input can be managed. The concept of customer input uncertainty is divided in two variables; the diversity of customer demand, and the customer disposition to participate. In this concept, the source of innovation uncertainty for the service provider is listed in Appendix C, and is according to Martin et al. (1999) coped with seamlessness (uninterrupted flow of service throughout the value chain). The seamlessness makes the provider, via continuous customer interaction, gain more knowledge of customer needs and can align it with the strategies. It is considered vital for the innovation management and process, which leads to higher quality, lower
customer acquisition costs and higher customer retention rates. Aimed for B2B service development projects, Martin et al. (1999) further stress two managerial conclusions. First, to conduct a risk assessment on the client participation (see the outline in Appendix D). Second, to design the project out of the customer needs and goals (and uncertainties) not your wants of innovation delivery. The last conclusion is derived from observations showing that clients get confused and coherently frustrated with their lack of skills and knowledge of service design methods. To manage this there are a number of management actions to be undertaken: (1) understand the client’s product, language and value chain, (2) involve the client in the review of the risk factors and the development of the risk mitigation plans, (3) make the process tangible for the client, and (4) based on the client knowledge, determine the type of training required as a part of the process start-up and schedule time, effort and resources.

The external service quality, is as stressed above, driven by internal service quality management. High-quality service is derived from the way it is managed and supported; something the customer may not be aware of. Marketing support covers the strategy, degree of investments (e.g. support given to the distribution channels), knowledge and operational management, internal marketing and staff training. Storey and Easingwood, (1998), argue the crucial area to be managed is service augmentation, and explain how new attempts to provide superior offer would collapse without the Marketing Support (see also Appendix A). The ‘invisible’ management has shown to be vital for service performance (profitability, sales and enhanced opportunities).

Beside Goffin and Michells (2010) general approach, Berber et al. (2013) present an anticipated three-step service innovation process, in their effort to analyze differences between product and service innovation process: (1) service concept development; (2) service system development; and (3) service process development. Others as Uden and Naaranoja (2009) explain the innovation process as a blend of methodology, work practices, culture and infrastructure. Three focus areas are reviewed for service innovation management (ibis, p. 275-281): Firstly, idea management as the creative process; the ‘solution development’, or even so called cash process. The idea management relies on practices to involve employees continuously, motivate, engage and later evaluate the ideas. Secondly, the problem solving, where contradictions or gaps are to be studied to realize the idea/solution. Thirdly, service-dominant logic (SDL) has to be managed. In service, there is no central product to communicate with. There is a negotiation exchange between provider and receiver, which has to be understood, and force each party to gather
knowledge from each other (SDL is further explained in chapter 2.4.1). The innovation process in their case-study can be summarized to:

1. **Find opportunities to innovate** – seven sources of innovations are listed: the unexpected, incongruities, process needs, change of industry structure, demographics, change of mood or perception, and new knowledge.
2. **Conducting market analysis and identify customer value** – Understand customers needs and wants – the key success of service innovation is the knowledge about the market need. The customer involvement is therefore important in the design process.
3. **Design service concept** – The creative process conceptualize the detailed description of what the customer needs, and how the organization will deliver the service.
4. **Prototyping and Implementing** – To test the concept before final launch is essential. The feedback give a quickly identified and rectified opportunity and gains insight.
5. **Full launch of service delivery** – before full launch verify and calculate the customer value in relation to pricing, cost of acquiring the service, process quality and the co-production of the customer (more at Uden and Naaranoja, 2009, p. 287).
6. **Evaluation of the service** – to maintain competitive advantage, continuous evaluation is necessary. Regular interviews with customers is one way to make sure they are satisfied.

In the book ‘This is Service Design Thinking’, Stickdorn and Schneider (2011) give some basics and tools for service design, which could be referred to the steps 2, 3 and 4 in the above process\(^3\), and includes five principles: (1) User-centered (i.e. to design through the customer’s eyes); (2) Co-creative (i.e. to design with all stakeholders); (3) Sequencing (i.e. to design a visualized sequence of interrelated interaction points); (4) Evidencing (i.e. to develop physical artefacts); and (5) Holistic (i.e. to consider the entire service environment in the design). The service design process is jointly agreed among the leading service design agencies in the world, to be an iterative process. The authors and co-authors emphasize the importance to be flexible and able to jump around between market analysis – to simple prototyping – to re-modelling – to implement – back to the design – and so on. The process is nonlinear.

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\(^3\) Defined as; exploration, creation, reflection, implementation.
2.3.1 A formal approach?
Toivonen and Tuominen (2009) provide insights from real estate service firms, deriving into two extremes: the one of continuous innovation efforts (i.e. following a step-by-step process) and the one emerging by ‘accident’ (i.e. bottom-up implementation when managers recognize only a posteriori that something has changed in a permanent manner). They found a wide range of underlying behaviors summarized in two outcomes.

A: The first is three identify service innovation processes. They are presented in Figure 2. In the R&D model specific resources are allocated to develop an innovation which is separately developed and tested before launch. In the model of rapid application, the idea is brought to the market very quickly, and if it succeeds a more systematic development process is started. Toivonen and Tuominen (2009) argue that this model is reasonable for service firms since it does not require extensive investments and does not risk the good reputation. Lastly, the practice-driven model is a step by step development with the client. Thru observation, significant renewal is made only afterwards and the recognized innovation is further developed systematically (as in the rapid application). This model is particularly relevant for consultancy services (Gallouj and Weinstein, 1997; Kuusisto and Riepula, 2011).

![Figure 2. Different processes leading to an innovation in knowledge-intensive business services (KIBS). (Toivonen and Tuominen, 2009)](image)

B: The second outcome is five different ways to progress the innovation process in relation to a degree of formality and collaboration (p. 894):
1. Internal processes without a specific project (i.e. un-initial or incremental)
2. Internal innovation projects (i.e. in-house project-based effort)
3. Innovation projects with a pilot customer (e.g new (internal) ideas are tested with a customer)
4. Innovation projects tailored for a customer (e.g initiated by customer with a spec. need) – innovation here is *ad hoc* by nature and requires applications in a wider context to develop into a genuine innovation
5. Externally funded innovation projects (research-orientated with the aim of a new service/platform)

The innovation processes are a multiplicity of diverse practices. During the life cycle of an innovation, the process type may change from one to another. The collaboration may also depend on the resource access strategy. Research on service innovation shows that the intensity of collaboration and the strength of relationship is related to the transferability degree of the resource (Rusanen et al., 2014). Easy transferable resources (e.g general information) can be accessed through weak relationships and low-intensity collaborations. Resources that are difficult to transfer (e.g. tacit knowledge) will do the opposite (i.e. force to development relation and co-creation collaboration). A theoretical model of resource access in service innovation is found in Appendix E for details.

According to de Jong et al. (2003), formally structured innovation processes are relatively rare in service firms (see also Johne and Storey, 1998). Instead, the development is very much ad hoc (also Gallouj and Weinstein, 1997). Kuusisto and Riepula (2011, pp.173-175) discuss the ad hoc and the very formal types of service innovation process. Their argument for formality is speed and effectiveness. Noted is that the previous researchers have encouraged formalized processes, but that the formal meaning is vague in terms of practices and routines. The ad hoc processes can be integrated in the everyday operations and is relevant for professional services. An ad hoc process is trigged by the client’s problem and the production and process take place simultaneously. Evidently, firms with ‘mass information’ benefit more from formalized processes, as on the other hand the incremental nature in many service innovations encourages ad hoc type processes. de Jong et al. (2003) present a two-stage model that opens up to describe very different types of innovation processes in services. The activities or phases in the two stages are presented in Figure 3. The model is multiform and can be described in varying degrees of formality, but de Jong et al. (2003) emphasize that the activities are likely to overlap or coincide.
The search stage includes idea generation, screening and evaluation. de Jong et al. (2003) adopt a clear transition to the implementation stage after a positive commercial evaluation, and in which after, the profitability is no longer a main issue. The implementation stage includes development, testing and a final launch. The development and testing is however found to take place simultaneously, and the launch rather ambiguous, found to be a gradual process (Kuusisto and Riepula, 2011). Kuusisto and Riepula, (2011) used the model to study customer interaction and display the following development stages in relation to case-studies outcome: Incubation stage, Pre-development stage, Selling the idea to the customer, Second development and testing stage (conducted with customers) and Gradual Launch.

To summarize – counting the nature state of service and the SME- and KIBS-sets-ups, the service innovation process should, in its unique way, therefore be; (1) an open system to realize the goals of both the enterprise and customer; (2) flexible to adapt to the change of the demands quickly; and (3) managed by understanding the complexity of the service innovation and the enterprise’s definition of service. The implications of these characteristics will be explained and covered next.

2.4 An analytical framework: The 4-Challenges Model

As a summary and a continuation of the above literature review, four key challenges to manage the service innovation process are identified. The four strongly interrelated challenges are variables that affects the management of the innovation process. The challenges are illustrated in
an analytic framework in Figure 4, to be understood and undertaken during any service process or method. The analytic framework of the innovation process can be used to analyze service in general, since an innovation process itself is a service for the service provider organization (Yang, 2012). Hence, the 4-Challenges Model could be used to analyze any managerial effort to enhance and/or perform high-quality service. The first challenge is the service-dominant logic (SDL), linked to the core value; service definition and understanding may be vital, and will determine in how businesses think and operate. Second challenge is to balance and define the external openness of the process which associates with customer involvement as well as for resource assets. Third challenge: there are some unique internal organizational challenges for service innovation. These are related to firms’ propensity to change and will particularly affect the service delivery quality. Fourth challenge: the innovation strategy will define the innovation process in its relation to the overall corporate strategy and environment. The complexity and challenges to strategic fit is discussed in the last subchapter.

![Figure 4. The 4-Challenges Model present four main difficulties to take on a service innovation process](image)

2.4.1 Challenge 1: Service-dominant logic (SDL)

As been previously addressed, despite lack of human, technical or financial capital, SMEs must innovate to remain competitive. However, without the knowledge about the service innovation
they will face great difficulties (Uden and Narranoja, 2009). The concerns of this knowledge, has merged to a new paradigm (in marketing) called service-dominant logic (SDL), first proposed by Vargo and Luch (2004). SDL is about understanding the definition and value of service. Unlike good-dominant logic (GDL), SDL focuses on (1) intangible resources (e.g. skills), (2) the co-creation of value and (3) relationships. The service provider is not only seen as the supplier of goods or service and the customer not only as the consumer. Central in SDL, is that service is seen as the process of doing something for and with another party – the value creation is a collaborative process. However, the value is determined by the customer, so is the customer knowledge (their needs, wants, previous experience and perception) that is the fundamental source of competitive advantage. Surprisingly, compared to manufacturing, service firms report less use of suppliers and customers as sources of information for innovation, and Miles (2008) presents that SDL are still rarely found.

The quality of a service innovation process is therefore determined by the knowledge exchange between the two parties: provider’s contextual knowledge of the receiver’s business and/or needs; and the customer’s knowledge of the full capabilities of the provider. In difference from product innovation, the knowledge exchange is generated by both parties (formal/coded/explicit or tacit/expertise/experiential). The service provider will struggle to improve and fully utilize the service innovation process if the SDL is not understood. The fundament in the service innovation process is the balance between knowledge creation and knowledge utilization. This knowledge gap can also be derived from the Gap Model or the concept of customer input uncertainty previous discussed. (Uden and Narranoja, 2009; Vargo and Lush, 2004; Vargo and Lush, 2011)

The SDL is strongly related to an understanding of the service concept explained in chapter 2.1. In this thesis, firms that understand, focus and ‘use’ the service concept, context/augmentation and marketing support in their organization, operation and development is defined as a firm characterized by the service-dominant logic.

2.4.2 Challenge 2: Service Innovation openness

In spite of the innovation focus, a firm have to decide the degree of ‘openness’. The (external) openness will affect the innovation process configuration/management and the final quality. One way of looking at it, is that the openness-decision is a tradeoff between exploration and exploitation, a productivity dilemma according to Adler et al. (2009). Exploration is often associated with radical innovation (new to world service) or disruptive innovation (creating new
markets), and pursues spirit of invention and experimentation. Exploitation is associated with incremental innovation (extensions to existing service), and uses existing knowledge to improve/refine offerings in the known market. The concept of an ambidextrous organization argue that firms need to pursue both exploratory and exploitive innovation and have to balance the two areas (McDermott and Prajogo, 2012, p. 219). Thus, high exploration without exploitation, drain resources without no immediate financial reward (a “failure trap”) and high exploitation without exploration leads to focus on short-term returns (a “success trap”). McDermott and Prajogo (2012) found that ambidextrous innovation is positively associated with business performance (synergy indication). However, SMEs show stronger orientation towards exploitation in relation to large firms that have a better financial position to explore. Their empirical findings show that “[…] size does matter for innovation in service, […]” (p.232), and particularly demonstrate that as the small firm will grow, the effect of exploration on performance increases, while exploitation link to performance decreases.

The openness is also determined by the firm’s need of resources, collaboration and accesses strategy (previously discussed in chapter 2.3). Despite research showing that SMEs performed better at higher focus on exploitation the exploration, others emphasize the very importance of strategic partnership and networking (e.g Hausman 2005). External networks can be powerful synergy engines of innovation. For example, Nelson (2007), demonstrates how alliance/partnership create channels to foster service innovation by capitalizing on each other’s knowledge, market leadership and/or customer relationship. However, Nelson (2007) also points out the difficulties to find common goals, functions and involvement, for long-term commitment. The management challenge is vibrant and partnership comes with unacceptably high failure rate4. Damaged working relationship between partners stand for more than half of alliance failure. Last, but not least, the challenges of service innovation openness also lie in the management of customer uncertainty discussed in chapter 2.3. The challenge of external knowledge exchange is to determine which transformational capability that should be owned and/or controlled, and by whom (i.e. negotiation). As Uden and Narranoja, (2009, p.273) state: “These decisions [capability ownership and control] affect the relationship between end-customer and the organization, between individuals and divisions within the organizations, and between the organization and outside partners.”.

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4 According to Nelson (2007), the objective failure rate in strategic alliance is between 40 and 60 percent.
Openness also refers to monitoring change, forecasting markets and including external resources as well as stakeholders. Demand is changeable and the technology progress forces businesses to change the way they operate and think. Only close attention to these changes can create rapid response, so that they can maintain competitive advantages. Regardless the above findings; small firms may find success in being more frequent, inward and exploitation innovative – new markets, technology change and competitive complexity argue for an open and exploring system. The co-production with customers forces an open service process and the rapid market change a flexible one (Yang, 2012). The customer interaction discussed in chapter 2.1, clarifies the difficulties in service openness. On one hand, customer’s interaction is fundamental and mostly attractive as co-producer and value/knowledge-input, but on the other hand less involvement may project as better service for the customer. Kuusisto and Riepula (2011) conclude that customer input in service development is in many cases decisive (but not necessarily intensive). Their study confirms three important customer roles: (1) catalyzing the development process, (3) go/kill decisions and direction of other key decisions, and (3) internal marketing of the new service idea with the provider organization. Kuusisto and Riepula (2011, p.184) state that “Overall, one of the key tasks of innovation managers is setting clear objectives for customer integration: […]”, and shed light on the seemingly insignificant customer involvement (see also Martin et al., 1999).

2.4.3 Challenge 3: Organizational propensity and integration

In the aim to synthesize NSD and NPD research, Nijssen et al., (2006) provide results that support an important integration perspective in service development and innovation. Due to that service innovation often is not the service itself (but rather the pre-requisites), it depends deeply on how it is delivered and received by the front staff. The interaction between service innovation (design), the delivery and the production with the customer (service operation) makes it important to fit the new service with the existing system. Front- and back-offices must operate integrated and flexible. Hence, in accordance with an innovation in a service driven firm, an organizational inertia is created if they do not confront the cognitive sunk cost i.e. the social and psychological cost associated with altering institutional habits and routines. Organization’s propensity for innovation – the firms ‘willingness to cannibalize’5 – is determined by their disposition to introduce service innovation that will; (1) diminish current sales of current

5 The term is used to refer to “the extent in which the firms are prepared to reduce the actual or potential value of their investments for creating and introducing new products and services” (Nijssen et al., 2006, p.243)
products/services, (2) make previous investments obsolete, and (3) make current organizational skills and routines obsolete. The third propensity, can be referred to the willingness to cannibalize on organizational capabilities, which is shown to have a stronger effect in new radical service context then in a new radical product context (ibid.).

Nijssen et al., (2006) also sheds lights on the possible strengths of R&D, but further suggest factors affecting the innovativeness among small businesses should be highly considered (Hausman, 2005). In accordance with the ‘willingness to cannibalize’; education/experience, shared control and to manage conflicts are naturally correlated. More align, Yang, (2012, p. 473) refers to factors as people and culture as ‘hidden factors’ affecting service innovation. According to Yang (2012), hidden factors are difficult to express clearly and the process is usually inhibited by culture and organization definitions, but unable to separate from it. Alam (2010) further demonstrates service innovation processes (stages) differs across culture dimensions such as power distance, individualism, masculinity, uncertainty avoidance and long-term orientation. The propensity for developing more service innovation takes place in a culture providing personal training and by taking considerable care in the selection and training of service delivery staff, internal marketing and support. Alam (2010) suggests that all the stages of the innovation process are not equally important. The customer activities seem important on the early stages, but also in the development, testing and implementation stages for mostly ‘consultancy’-type KIBS (also Drejer, 2004).

2.4.4 Challenge 4: Innovation Strategy Fit

In chapter 2.2 we discussed how the detailed strategic formalization can challenge the strategic achievements. SMEs committed to strategic planning are more likely to be innovative, finding new processes and achieving international growth (and less likely to be those who fail). However, SMEs that claim to plan, are only planning intuitively (ad hoc and very frequently). Other studies demonstrate how strategic planning is a lacking stage in most service sectors (e.g. Alam, 2010), although the importance of well-defined strategy and metrics for business success (e.g. Storey et al., 1998). Wang et al., (2007) list some barriers: lack of time, lack of specialized expertise, inadequate knowledge of the planning process, reluctance to share strategic plans (e.g with employees), and environment uncertainty or turbulence may also distract, as well as size and type of business, and business life-cycle/stage of development. Additional, SMEs revolve around the owner-manager, and the motivation and ambitions may be influenced by education, gender, social marginalization, family commitments, personal aspirations etc. Wang et al., (2007,
p.7) argue that “[…] most SMEs do not strategically plan because the majority of owner-managers do not pursue profit/growth maximizing goals and therefore, do not perceive the need to plan to any great extent, least of all at a strategic level”. Consequently, ownership motivation and its personal goals (e.g. growth orientation) are linked to the level of strategic planning in SMEs.

The innovation strategy will not only affect the innovation orientation but will also be affected by the linkage to stakeholders, change in technology and customer needs, the inter-communication strategy, innovation risk assessments, market timing, competitors etc., – the list can be made long, thus the complexity and challenge is often more complex (Goffin & Mitchell, 2010). Researchers stress the importance of clear vision for NSD, clear goals for project and programs (two distinctive types of NSD), and managers who commit to innovation (Johne and Storey, 1996), especially in organic business development. Cultures that do not fear failure, understanding that excessive bureaucracy stifle innovation, and internal systems that support innovation and enhance communication are core issues. A lack of high quality and an experienced development staff is a major barrier to innovation (ibis, p.199). The ad hoc and rapid innovation main barriers include the issues outlined above.

The overall strategy can be expressed as a dominant factor having a significant impact on the innovation process (Yang, 2012), and is highly related to existing processes and organizational structure. The innovation strategy must fit to the overall strategy. Seen as a guidance, the innovation process value can be beneficial to the formation of firm’s internal core capability. The strategic fit is also important for process and organizational fit. Existing processes affect the efficiency of the service innovation process – the combination of processes is to be considered. It is therefore important to reflect on unnecessarily activities (e.g. activities that can be integrated) to lever the overall efficiency. The degree of this kind of management will be corresponding to the firm’s needs of the business development, reform or to innovate existing processes. Strategic fit is also related to the firm’s organizational structure or configuration, which in turn is dependent on the entire business scope, organigram, culture and life cycle (e.g. economic framework, management system, value chain, market value and share, vision, leadership, coordination mechanisms, degree of bureaucracy, centralization and autonomy etc.). The organizational structure has a direct effect on the innovation process management. According to Yang, (2012, p. 473) “Service process innovation need adaptive organizational structure to
achieve very good effect”. In other words, an ad hoc service innovation process (see chapter 2.3.1) might fit an ad-hoc organization than a formal, and vice versa.

Lastly, Miles (2008) stresses the challenge to make decisions on the tactic and strategic level of service innovation. Nijssen et al., (2006) conclude that service firms that are investing in R&D may experience a more favorable rate of return then manufacturing firms (especially for radical innovation). Yet, Miles (2008) shows that only few firms of service innovation conforms to the typical manufacturing-based model (which innovation is largely organized and led by formal R&D). Survey data indicates that technology-based KIBS (T-KIBS) behave much like high-technology manufacturing and large network-based KIBS base more on professional knowledge and smaller service firms to a supplier-driven pattern. Hence, size and industry may play a challenging point in the strategy decision-making and Miles (2008) explains how project management and on-the-job innovation can be a common way of organizing service innovation (also recognized by national governments and some business schools).
3. Method

This chapter aims at giving an overall understanding of the research execution and methodologies used for data collecting. The chapter ends with a method discussion.

To answer the research questions, two main methods have been used: an empirical study and a literature review. The empirical study, a case study, consists of collecting data from interviews, questionnaires, as well as observations and document analysis. Empirical data is compared with the literature review, so that additional relevant and in-depth analysis and contribution is achieved.

3.1 Research Strategy

The core of this thesis is the literature review and the single case study. The research process used is the U-model presented by Lekvall and Wahlbin (2001), which categorizes the process into nine steps, see Figure 5.

\[ Figure 5. \text{The U-model (Lekvall and Wahlbin, 2001, p. 183)} \]

In accordance with the U-model, background and purpose have been previously explained; the theory framed in the literature review in previous chapters. This chapter will define the methodology. As shown in Figure 5, these steps are paramount to be able to review the data,
analyzing it and making conclusions and final suggestions. For this thesis the data collection is made from one single case at the SME, ProProject.

To answer the research questions by investigating ProProject as a single phenomenon using several methods to gain in-depth knowledge (“why”, “what” and “how”), the empirical study in form of a case study – mainly qualitative - is proven to be a suitable approach (Collis and Hussey, 2009; Kvale 1997; Yin, 2003). A case study is likely to have novelty and empirical validity – is to achieve particularization and not generalization, and in turn provides insights to other cases, and especially suited for new research areas or where existing theory is inadequate (Stake, 1995; Eisenhardt, 1989). A qualitative method aims at giving an in-depth understanding of the problem area. Kvale (1997) argues that quality in a study is achieved through focusing on a few individuals’ view of the area. Qualitative methods are characterized by details and correct information that directly represents the respondents’ perspective (e.g from interviews) and knowledge of the subject. The qualitative method is to obtain a sufficiently detailed picture of how SMEs (in KIBS) are working with innovation and above all the everyday routines, culture, leadership and other complex sociograms that are difficult to detect though quantitative methods.

The case study also consists of an online survey, observations and document analysis. The survey was to get quantitative data, the observations to observe the business in natural environment and the document analysis for further provision of real quantitative data, facts as well as to analyze formality. Together with the interviews, this mixed methodology approach enables triangulation. The different sources of data and data collecting methods enables cross-checking of the data. The data can be verified in order to secure that it is correctly obtained or/and understood (Lewis et al., 2009). In this way the validity of the results from the research will be strengthened.

3.2 Data Collection

The primary and secondary data from the empirical study will be further described: the interviews, the questionnaire, the observation and the document analysis. With the secondary data from the literature, the above data collecting methods are the foundation for the new service innovation process resulting in answering the research questions.

The semi-structured interviews were conducted on nine internal operational and managerial workers. The respondents were persons that could account for the company’s innovation effort
and management, but there were also workers that were selected for reasons to obtain a holistic perspective on the situation and a representative perception of the global corporate climate. The interview guide is attached in Appendix F and the respondents listed in Table 1. The interview can be divided in to three parts; questions about (1) the overall business and the relation to terms such as ‘value’ and ‘service’, (2) the operational business, focusing on how internal projects or programs are selected, executed and implemented, and (3) the innovation approach, strategies, process as well as effort. All answers were noted directly into a matrix, and could therefore be analyzed directly from written format. There were a few audio recordings, but as the majority asked to not be recorded, none of the recordings were considered. Further, all respondents were told that their answers are anonymous.

Table 1. Respondents from the interviews

<table>
<thead>
<tr>
<th>Position</th>
<th>Total Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO Group (owner)</td>
<td>3h 20min</td>
</tr>
<tr>
<td>CEO Sweden</td>
<td>1h 08min</td>
</tr>
<tr>
<td>CEO USA</td>
<td>1h 40min</td>
</tr>
<tr>
<td>CEO UK</td>
<td>3h 10min</td>
</tr>
<tr>
<td>Service/Product owner</td>
<td>1h 18min</td>
</tr>
<tr>
<td>Service/Product owner</td>
<td>1h 05min</td>
</tr>
<tr>
<td>R&amp;D director</td>
<td>1h 30min</td>
</tr>
<tr>
<td>Administration depart.</td>
<td>30min</td>
</tr>
<tr>
<td>Junior consultant</td>
<td>1h 20min</td>
</tr>
</tbody>
</table>

The survey was available online for 24 days and was sent out to all internal workers and managers, as well as a few freelancers at ProProject via the owner and CEO to those he thought has a close relation with the company. The total response was 20 out of 29 people (69%), the questions are found in Appendix G.

Aside the Stockholm entity (where the research is based from), the observations were foremost during the visit at the headquarters in Madrid during a period of one week in April (2015). Furthermore, the documents that were collected and used for the analysis are listed in Table 2. Additionally, continuous newsletters from the owner and CEO were received via email.
Table 2. Documents collected

<table>
<thead>
<tr>
<th>Document type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Organization</td>
</tr>
<tr>
<td>Company Culture</td>
</tr>
<tr>
<td>Group Goals 2015</td>
</tr>
<tr>
<td>Group Strategy and Vision 2015</td>
</tr>
<tr>
<td>Innovation Model</td>
</tr>
<tr>
<td>Group and product Sales 2012-2014</td>
</tr>
<tr>
<td>Evaluation Sheet for Course &amp; Consulting</td>
</tr>
<tr>
<td>R&amp;D costs and time-reports</td>
</tr>
<tr>
<td>Spain KPIs</td>
</tr>
</tbody>
</table>

3.3 Data Analysis

First step in the analysis was to allocate data collection from the interviews into a matrix of five groups – one for each challenge derived from the analytical framework (Figure 4) and one for data falling outside the framework. Next step was to continuously fit data into each group from the survey, thereafter the observations and lastly from the documents. Triangulation (Lewis et al., 2009) was ensured in each group. In that way data input into the matrix could be verified, by cross-checking of the data from the different sources. Data from one source that was not supported by at least two other data sources were removed from the matrix. Further, data that was supported by many data sources was highlighted in the matrix to, later on, easier find main conclusions of the analysis. Finally, the data analysis gave a systematic five clusters matrix to be further used as a base for discussions and a tool for the creation of the new service innovation process.

3.4 Method Discussion

The interviews were followed according with the interview guide which gives a good congruence and increases the reliability. However, the reliability is also influenced by the precision and objectivity (Torst, 1997). It is noted that some answers have been difficult to understand and that the degree of registering the answers has varied a lot. The recorded answers from the interviews have not been sent out to the respondents for verifications, however, personal contact and continuous presentations, meetings and e-mailing have ensured validity. Presentations at the company, the face-to-face meetings at the headquarters and meetings with
supervisor at both KTH and at the case company have further secured validity. To reduce the deviation and risk of low validity, only answers that could be supported by other data collection methods were taken into consideration, and further the few voice recordings from the interviews were eliminated to not amplify some respondents in relation to others.

In retrospect, it is emphasized that the questionnaire could have been designed differently. The results from some clusters of answers were difficult to analyze and some clusters were difficult to make conclusions of, especially in the relation to the SME context as previous research and studies tend to be more around larger corporations. Some of the questions could have been better formulated, so that more answers could have been obtained to fit other data sources. However, some questions were neglected, due to their absence of significance or meaning to the result.

The multinational setup of the case study company (ProProject) made it difficult to analyze the innovation effort and the overall business on a global level. The majority of respondents from both the survey and interviews are based in Spain. In interviews the location could be taken into consideration, but not in the survey. It is therefore unknown how much of the culture or the particularly climate/situation in the headquarters in Madrid influenced the results of the survey. When analyzing the results, the location of the respondents have been accurately taken into consideration. Each respondents’ knowledge and overview degree of the company and innovation effort varies with their job position, as people that are not as familiar with the company may provide answers of lower relevance (regarding managerial questions).
4. Case Company – ProProject

This chapter introduces the case company.

ProProject was founded by the owner and CEO, in 2003. After 14 years of project management at Ericsson, he took his experiences and best practices to Madrid where he established the first office – the today’s headquarters. Part from Spain, ProProject is today situated in Sweden (Stockholm), the UK (Brighton) and the US (Dallas). The corporation of approximately 40 consultants, managers and freelancers, is multinational and has an experience from over 60 countries.

Since the day ProProject was born, the owner and CEO has kept its core value and its main customers. Globally, Ericsson stands for around half of ProProject’s customer segment, and together with BBVA and Telefonica in Spain a total of 80% of the whole clientele. ProProject has two main services and one core product. First service is Project Management Consulting (PM-C) including consultancy for Project strategies, cultures, and Project Manager Offices (PMO); second is Training, through courses, workshops, programs or training paths for certification, developing competencies and knowledge within the area of project management. ProProject also provides clients with a customized project model, which is based on PROPS (‘Projektet för Projektstyrning’), a well-known project management model developed by Ericsson during the late 80’s, and used by many industry sectors and governments (Frick, 2008).

ProProject has from the start consciously developed its offering to stay attractive and gain competitive advantages. The new/improved offerings have a great variety at ProProject: from agile methods used with PROPS to E-learning. Latest is an internal development, called Project Management 3.0 framework, which aims to offer customers helpful methods and best-practices to create a more business driven project management that links internal projects to end customers and the core business culture. Aside, through the years, inventions have also been developed together with customers. ProProject has an attractive and updating market offering with senior consultancy and top expertise and competences within project management, which makes them a flexible and fast learning company that is always open to change their market portfolio.

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6 Ericsson Infocom. (1997). Historien om PROPS, SV/LZT 108 104 R1, Projectivity Support Group, Ericsson Infocom AB
Today, ProProject is open to take the next step and develop the business on the service level. After the Swedish instituting at 2013, consisting of three domestic consultants, it has been leading a more general consulting approach (e.g. working with start-ups and providing interim CEOs), which after all has been well received by the headquarters. With an increasing revenue share outside of Spain, from 20% (2013) to nearly 50% (2014), ProProject is ready to expand their portfolio to meet new customer demands. This is however a big challenge for ProProject. ProProject must start to innovate in a structured manner, collect the ideas, make sure that an innovation process is used as well as attract not only its loyal few but also new customers. This, by staying committed to a well-founded marketing line and innovation strategy to successfully compete among many consultant firms within the same KIBS sector. Hence, a next step towards greater innovations and making innovative culture flourish; this forces ProProject to expand their innovation effort into areas outside its past business scope which will consequently make ProProject face new barriers.
5. Empirical results and analysis

This chapter presents the results and analysis from all collected data that were systematically clustered in relation to the analytical framework. ProProject’s current status and relation to innovation is thereafter summarized.

It is well known within the firm that ProProject has unique competences within Project Management and ambitious corporate goals, however ProProject will due to the new innovation objectives face new challenges, or barriers. In the following text the managerial and business development competencies will show to have a great impact. Document analysis reveals that ProProject strategy is formulated as goals rather than explanations of approaches to reach those goals, and among the respondents from interviews the “how”-question is interpreted differently dependent on their positions and locations. The first subchapter will present results and analysis from barriers related to innovation strategic fit.

5.1 Strategic fit

As Strategy Fit being one of the difficulties in the 4-Challenges Model (chapter 2.4), ProProject is in a challenging situation without any formal innovation strategies. As one respondent explains: “I am not sure where we are heading anymore[…] we need a guiding light […] right now it's all about sales and it therefore becomes very ad hoc and short term in everything we do.”. Data from interviews show that people at ProProject know what value they are offering the customer, they also agree to change the way they do things and almost all respondents from the interviews have at least one idea how to do it! It is clear that ProProject has staff that has a lot of ideas. Figure 6 displays results from the survey showing the difference between how the respondents feel the organization develops new offerings today and how they would like to do it. The graph shows that people at ProProject also want to change the way they develop and organize new developments.
Figure 6. Results from two survey questions show that respondents would like to change the way new service/product development is organized.

Additionally, the great majority thinks that innovation is an important tool for change (some even express it as a “question of survival”), but data from interviews, the survey, observations and documents indicate that there is a missing coherent picture on how to innovate and what ‘innovation’ is. Respondents from the interviews explained that the blurred “how”, or strategy, is derived from a vague vision. Several respondents from the interviews confirm this. In addition, the vision stated in documents is generalized and short-termed: “Become recognized as an international, leading and innovative Management Consulting company with focus on Project Management, before the end of 2016”. Attached to this vision is a list of goals. Respondents from the interviews express a confused strategic long-termed vision and goal, often expressed as an absence of plans for the innovation aside from financial and sales targets one year ahead.

Figure 7 shows that 75% of respondents think that a new business model would be an important innovation area for ProProject, and further 90% of respondents believe that ProProject needs more knowledge to manage the business development. The figure also shows that respondents do not agree on what innovation areas to not focus on (less important). Respondents from interviews ask for managerial guidelines that considers the “bigger picture”, the general business and strategies (such as sales strategies), and most importantly somebody responsible for putting it into practice.
Figure 7. Results from the two survey questions show how many percentage of respondents believe are the three most important innovation areas and if they think they need more knowledge/education/training to manage the internal business development.

5.2 Propensity and Integration

In relation to the Organizational Propensity and Integration, ProProject is willing to change its offering. Observations of the headquarters indicate activities that push to new development of offerings. Questions around how to offer the customer new and leading services are likely to be discussed informal as formal. The R&D focus a lot on the Training/Courses as well as the development of new products such as customized Project Models. However, data from the survey, shown in Figure 8, indicates that ProProject might have a hard time to cannibalize on its investments. Respondents explain it as a cause of the (negative) financial situation, the history behind it and the today’s focus on increasing sales and margins to pull the company back on track again.
Figure 8. Results from a survey question show how many percentage of respondents that agree or disagree on the statement that the company is willing to change its current investment to develop new offerings.

Nevertheless, the biggest challenge for ProProject is to change its internal routines. According to a respondent the internal working routines “[…] have been the same for the last 5 years.,” and data from interviews shows that the top-managers have no coherent and agreed global view of the routines, which in turn makes it difficult to track changes. Some respondents claim that there are room for changes and believe personal behavior are the reason why routines and processes are not followed. Others, believe there are too many routines and processes; too much documented – one respondent says that “I do not have time to put myself into all that [documents and processes]”. This later description is more familiar from the entities outside of Spain. Respondents often explain the cross-culture dilemma (the way they are expected to work/deliver in their country and the way they work internally as well as externally in Spain). Yet, ProProject has taken a new step toward the search for new skills, a key for new innovation and conscious development (as the see it). The policy to only recruit senior consultants to keep the high “professionalism” has changed. The willingness to change the skill set at ProProject is agreed on among the respondents, and they are for example more open to recruit junior consultant than before.
5.3 Openness

The degree of exploration and exploitation - customer interaction, as well as the collaboration – the Service Innovation Openness is not commonly defined at ProProject. Only a few respondents claim that some internal projects are done in partnership while some have never heard about it. As one respondent explains the situation of the company’s approach toward customers: “we have the processes but people use them as they wish – it’s not consistent”. Due to this, the results link to external activities fuzzy and openness hard to analyze. However, ProProject’s strong relations to its loyal customers make it to a business strongly influenced by external partners. Respondents state clearly that the customer influences the offerings, the internal development as well as the short-term plans – mostly as a part of the service process. Customers indirectly push ProProject’s portfolio to specific directions, but some respondents express that ProProject should spend more time with the customer in a different way: “We spend too much time explaining what we offer – instead we should understand our customer and their needs, in the first place”. There is no formal alliance and no formal collaboration on group level, and the corporate-partnership that occurs are ad hoc (in conjunction with customer requests). The majority in ProProject believe that there is a strong market intelligence, but some respondents have also addressed their concerns on the decision-making processes and the actions taken out of the market forecast and analysis. According to customer-evaluations, customers are very satisfied with ProProject offerings (courses) but according to the respondents they miss more qualitative measurements. Respondents state that the offerings are indeed evolving but a ‘modernization’ of the company approach to the customers is needed to take it a step further. Respondents link this issue to the ability to collaborate as well as finding new customers.

5.4 SDL

The understanding and adaption to Service-dominant logic (SDL) is wide spread among people at ProProject. Service is much defined around the Training/Courses and a common expression among respondents is that ‘service’ is not communicated consistently. Some think that service is not communicated at all; “we don’t have any service-culture”, some think that it is mixed with the product offerings, and some just say; “It’s anything we deliver to the customer”. A major part of the respondents can however relate service to customer involvement and intangibility, yet few understand the co-creation, relationships, and communication issues derived from the SDL. Thus, interviews discloses that some master the SDL (understand the service augmentation and the importance of internal support), but that the SDL-thinking is not used at the managerial level
in processes/developments. Document analysis indicate that there are no key perform indicators (KPIs) related to service or any development of the service on group level. Further, data from the survey show that on average (average mean value) people at ProProject are not satisfied with the service internal support at any level. There is some satisfaction with how ProProject support workers with the external distribution and communication, however there is a lack of support concerning internal marketing (able to make your voice/idea heard) and a dissatisfaction with knowledge and operational management (e.g systems/tools to help the daily work). The results from the survey questions on the internal support are shown in Figure 9.

![Figure 9. Results from survey questions show how many percentage of respondents that are 'extremely dissatisfied' to 'extremely satisfied' with the internal support. Based on mean values, all four statements fall into neutral. Further there is a dissatisfaction with the internal marketing and knowledge & operational management.](image)

5.5 Current processes and routines

*Service Innovation Process* – majority of the people at ProProject are not aware of any systematic innovation process. ProProject did develop an innovation process but it has according to top-managers not been fully implemented yet. The previous innovation process is displayed in Figure 10, however few respondents know of any formal innovation process. Today, according to the majority of respondents, there is limited time or money dedicated for innovation. Still financial documents show that 60-80% of internal workers spend 5-10% of their time on R&D
activities (it is however unknown for this study what kind of activities that includes). At the same time the document analysis demonstrate that there are no financial assets or reinvestments on innovation or R&D at the moment.

![Diagram of ProProject's previously developed innovations process](image)

*Figure 10. ProProject's previously developed innovations process*

Now, looking into other internal processes at ProProject they are, as the innovation process, well documented but seem not to be followed in the same extent as they are being documented. The majority of respondents say that they are used ad hoc and that the processes are well documented but used in a very informal way. Looking into details in the innovation processes (Figure 10) it designed in details and as a flow chart of the system, having several sub-processes. As this innovation process, many global documents are written in Spanish, which makes it especially hard for entities outside Spain to follow and understand. In accordance with all respondents, there is no distinction between implementation (final launch) and incubation, and as a top-manager explains: “We don’t make any decisions on implementation, it’s a part of the development itself”. Some respondents explain the internal implementations as a top-down process, without any preparation or clear communication. Another respondent says that: “There is no formal process for implementation” and that implementation is based on the degree of
urgency rather than formal criteria. According to some managers from each entity, the decision-making on local level is taken ad hoc and on global level it is mostly an owner and CEO’s call.

Respondents ask for a more clearly communicated innovation budget proposition when project are selected. Majority believe that ProProject might need more resources, skills or commitment to select ideas to become innovation projects (or programs). The selection in the idea management seem most challenging for ProProject. One respondent says that “[…] it is about focus, selecting what you want to put your energy on and then do it!”. Respondents request a clearer and a more communicated selection process in the business (how it is led, controlled and visualized). According to the data from the survey there is a wide variety on the views on how people feel the control is shared within the organization. But, alongside the challenges with the internal processes, ProProject has a good feedback culture according to the data from the survey. According to respondents it is a very flexible company and human orientated where people are allowed to experiment. Data from the survey show that a great majority of the respondents think that ProProject’s culture don’t fear failure and according to the respondents from the interviews failure is well received if it was with a good intention. Further, ProProject’s expertise within the area of Project Management, makes it a strong learning organization and observation reveals learning sessions/seminaries for everyone to be part of. For the one that is looking for developing his/her competences there are a lot of support within the organization, and there are internal online lesson-learned sessions as well as certified project management courses to participate in.

5.6 Summary of the analysis

In accordance with the literature review, there are a number of barriers that make it difficult for ProProject to manage and implement a service innovation process. Figure 11 summarizes those that fit in the 4-Challenges Model.
Figure 11. Analysis using the 4-Challenges Model summarized on the case company, ProProject.

**Challenge 1: Understand SDL and define service.** ProProject does not have any common definition nor common perspective on ‘service’. People at ProProject understand the core logic of it, though few can fully describe the SDL view, but the main barrier is to integrate the SDL in the organization and culture. The term ‘service’ is not consistently communicated, R&D is very much focused on offerings and products, and further there is a lack of satisfaction on the internal support. It is not only important for firms in Knowledge Intensive Business Services (KIBS), like ProProject, to make use of SDL knowledge; but a lack of SDL also makes it difficult to use a potential service innovation process and to develop service innovations, as well as finally fully implement them in the market as high-quality services.

**Challenge 2: Service innovation openness.** ProProject’s operational activities are respectfully run by their loyal customers. However this makes ProProject missing out opportunities to work with and for other customers that might foster more innovation. Results from data also indicate that external collaborations are ad hoc and informal, and more, the lack of an innovation strategy leave their openness difficult to define. Without having (1) a clear definition on how much to
explore outside the firm boundary, (2) when and how to get access to external resources or competences, or (3) why and what service to provide to which market segment – this is a direct challenge on the innovation process, procedures and its decision-making processes.

**Challenge 3: Organizational propensity and integration.** There is a strong focus to change the portfolio of offerings, as well as a commitment to broaden the internal competences and skills. However, the tough financial situation puts ProProject in a situation not willing to make its previous investments obsolete (such as tools, documents, technologies etc.). The core challenge is yet the willingness to change current internal routines. At the same time, routines and processes are not integrated and properly followed. The reasons to that are not agreed upon. However it is clear that the multinational setup has shaped cross-culture issues for processes and formalities to be followed and integrated.

**Challenge 4: Innovation Strategy Fit.** A very challenging variable for ProProject. There is no clear common understanding of strategies. The past ad hoc development and expansion, and the current financial situation, have fostered an uncertainty and vague vision for the future – putting the whole organization in an uncomfortable situation, where respondents agree that a new business model is necessary. Since all the variables in the 4-Challenges Model are interrelated, this issue has a negative effect on the other three variables and is a direct barrier to manage and perform a service innovation process. Further, without innovation strategies, ProProject lack the basis for a systematic innovation processes and financial support for innovativeness.

*5.6.1 Additional barriers*

Results and analysis have also revealed challenges beyond the 4-Challenges Model derived from the literature. Frequent answers from respondents is that there is a lack of time and there is no agenda to internally generate ideas together. In accordance with document analysis and responses from interviews this is due to the current organizational structure. ProProject has big customers and has adapted its services and products for large corporations, and this thinking has contaminated their own organization. As respondents describe it; people have multiple areas of responsibility. ProProject has also a motto saying “sell what you use, and use what you sell”. This has culminated into documents, structure and practices that do not fit their small size. Now, this results in processes, tools, structure and documents that hinders rather than helps – or they are simply not used (properly) at all.
ProProject has no strategic decision-making procedures for how to manage new ideas for service innovation. Respondents highlight issues concerning priority, selections and transparency. It is certainly challenging for idea management to not have any clear criteria for evaluation and selection. Continuously, many management processes are not followed, resulting in that not everyone knows what happens in the organization (or they cannot clarify or explain it).
6. Discussion

In this chapter the findings from the empirical study are linked to the theoretical framework. The correlations, disagreements and additions to the literature is discussed. As a result, a new conceptual two-node service innovation process is presented and explained to tackle the challenges from the empiric.

A common notice from the analysis, is that barriers’ underlying problems are not on the operational level but rather on the strategically. One example is that the SDL is comprehended in the workforce, but not applied on the corporate level. Another example is the ad hoc collaboration and openness on the global level, but on individual level it seems well defined. An arguable reason, is that the human expertise within KIBS makes staff aware of their own operations, including its logic and networking, and so, the challenges end on the corporative level instead of on the individual. One more example is that ProProject has a strong market knowledge as well as new competence in new areas of the Project Management, but lack the organizing (e.g. implementing it).

The SME nature of the company studied is a strong reason behind the results. It is clear that economy related problems, such as financial capital (also meaning time), sales focus and pressure to shrink margins are barriers for ProProject’s innovativeness. As Hausman (2005) argues, managerial demographics, and managerial control and conflict are factors that affect the innovativeness among SMEs. Demonstrated, ProProject has a challenging situation on managerial and business development knowledge/skills, and more, they have during the last years been open to even the demographics on the workforce level. However, in relation to Hausman (2005) there is an issue of managerial transparency, rather willingness to manage conflicts and share control. Literature stress the challenges to make decisions on tactic and strategic level (Miles, 2008), and as the analysis shows the power and decision-making is as in many SME’s concentrated to the owner and CEO, however in the case of ProProject the issue is a matter of communication and transparency (rather conflicts and control).

The difficulties of transparency is even more challenging as ProProject adapts internal routines and structures to what they sell, which do not fit their size and organizational configuration. This contamination of practices of large firms also make their innovation efforts complex. Decision-
making should be adapted to their size but most critical, their processes should be much simpler. A clear example is the previous innovation process (Figure 10) which is complex and hard to follow if you are not involved or part of the system. An SME, like ProProject is in need of a structure but a light and simple innovation process.

Continuously, literature argue for well-planned and detailed written strategic documents to be a major provider of better performances (e.g. Wang et al., 2007; Skokan et al., 2013). This has also been highlighted from this case study, as ProProject plans are short-term, intuitive, ad hoc and very frequently re-planned. However, this is not grounded on the formalities of the documents, since ProProject has profound documentation, processes and tools in place. The issue seems to be procedures and utility. As been analyzed, ProProject adapt their best-practices from large size customers to their own, leading to complicating their structure, system and culture. Therefore, the challenge might not only be the way strategies are planned and written, but also put in practice, and foremost if there is a well-defined structure to support it. The risks for SMEs in KIBS to be contaminated from systems and routines provided for their customers seems therefore threatening.

Analysis also indicate that SMEs depend on leadership and a steady vision, which is directly related to the owner’s personal commitments and aspirations (also argued by Wang et al., 2007) as well as his/her presence on the managerial level. Part from literature, results show the very importance for a vision in the context of SME and KIBS. The multinational setting for ProProject could also be an explanation for high needs of vision. Analysis declare the lack of strong vision, as well as the gap of global management, is the reason for the unclear priority and selective approach on meetings, inter-developments and operations, which has been previously highlighted. This with a possible relation to the KIBS, has made ProProject focus a lot on random portfolio developments (hoping for something good to come out from it) and to desperately find new offerings. The major reasons behind this are the absence of “why” and “where” as well as the absence of ‘how’ it is going to happen. This in turn, creates barriers for defining the innovation openness, the networking and the external partnership on the global level. ProProject is indeed in need of a long-termed vision aside the short-term targets. The mix of a vague vision, the ad hoc management, truly creates an absence of plans for the further (several years ahead).
The focus on new offerings has made ProProject forgotten the importance of routine development, an essential foundation of the service delivery quality (see chapter 2.1). Nevertheless, two core challenges are the reasons for that, both related to the SDL and tangibility. First, the communication on service is not consistent, and observations indicate that this has to do with the undefined distinction between service provider and product service, as well as ProProject’s SME-context not having a clear workforce distinction between a front- and a back office. This means that the undefined service and how the service development and delivery is structured, affects the internal communication and personal behavior negatively. The second core reason is the external communication of the service. Analysis show that it is challenging to sell a service and also evaluate it. One can argue for making the offerings more defined to be an advantage, yet service undefined modules, that are defined after the knowledge exchange between the provider and receiver is what makes a good quality service (Vargo and Lush 2004; Uden and Narranoja, 2009). So, as demonstrated, if there is no internal consensus of the service delivery approach, the operational routines and best-practices, will create chaotic systems, incoherent personal behaviors and this will most likely negatively affect entities between different countries/cultures.

To finalize the discussion it is clear that there is a need of a systematic procedure and a supportive tool for ProProject to take its innovation further. The knowledge and innovative ideas are there among the individuals, an innovative learning and feedback culture, and willingness to change the offering without fearing failure. ProProject is indeed a company with great potential to take the innovation activities to a greater level. Then the firm may develop into a front-edge project management consultancy and market leader, and further gaining competitive advantage, profitability and growth. Now, the barriers for that, is on management and process level, which have been highlighted above in terms of SDL applications on business development levels, the communication and transparency need, and the vague (and diversified perception) of the strategies and vision (including openness). A systematic service innovation process will help ProProject overcome these barriers, fill out managerial gaps and take advantage of the positive culture, competences and ideas that are out there. At the same time results show that ideas need to be collected more systematically, R&D activities/time must be more taken care of, monitored and selective. Moreover, innovative projects/programs should be more systematically developed, implemented and evaluated in order to reach end customers more effectively and link the rest of the business to an innovative looping process.
5.1 Conclusion

Although ProProject has challenges fitting into the analytical framework and challenges that previous literature have not identified for SMEs specifically, it is also vital to recognize that some of the barriers might not be fully adequate in the context of an organic growing SME. SMEs have a more face-to-face culture and possibly an ad hoc approach is how they should proceed the business, even though it might sacrifice the formality and structure of strategies and vision. Taking this in consideration, the discussion above, and the challenges exclusively recognized for the case company – a conclusive list of six barriers for a continuous and systematic service innovation process is presented below.

- Transparency and consistent internal communication
- Decision-making based on vision, strategies and coherency
- Selective approaches that ensure implementation
- Business development skills, commitment and leadership
- Service definition and modularization
- Break the large size contamination structure and adapt practices for SME-size

A new service innovation process needs to be developed to help the organization to meet its challenges, overcome the barriers (above) and still be a flexible and open system for new changes and demands. Using the above conclusions as a checklist for building the new service innovation process to facilitate and manage service innovation, we can overcome these barriers.

5.2 A conceptual two-node service innovation process

Based on the ‘checklist’ above, the holistic perspective of the newly developed service innovation process is built on the empirical results demonstrating that ProProject is in need of an innovation process that are (1) structured, (2) not complex and (3) formable:

1. Structure is necessary for SME to stay committed and to be able to attach tools and best-practices for a regular and consistent transparency, management and use. This is derived from the empirical study as well as the literature review (e.g Hausman, 2005; Uden and Naaranoja, 2009). 2. Avoiding complexity is primarily to adapt a process to the size of the company seeing that this has been a major challenge for ProProject. It will also facilitate management, communication and systems applied. 3. Last, formability is needed to be able to adapt to market change, but also as being highlighted, the frequent need of internal changes. A formable process
can also be applied independent of type of strategy or core competences. Altogether, this creates a simple, structured and flexible process that creates an open system to be used ad hoc, which is in alignment with the common use in service sectors (de Jong et al., 2003; Johne and Storey, 1998; Gallouj and Weinstein, 1997).

The new service innovation process that has been created for the case company has two phases and one gate, resembling the two-steps model (see Figure 3). The first phase is the ideation, which is an open iterative node stimulating people (firstly internal) to be involved in the innovation process and generate ideas. The ideas, needs, service solutions etc. moves further into a gate. This gate is called the selection point and it is here the firm makes core decisions and prepare to send it to next phase. Although this gate is more static, it should be a well communicated link for the process to be well performed. The gate forces the top-management level to think global, relate to vision and strategies, define openness, and plan for the future. Last phase is the realization phase. This is, as the first phase, an open iterative node, focusing on the development, SDL and customer interaction. This phase is also important for the inter-development of routines and practices, as it should be re-linked to the first ideation phase and given continuous feedback to the corporation. The last phase might not have an end – continuous iterations – depend on the previous definition at the selection point. Note that both nodes are open systems that should continuously (and if necessary: systematically) interact with customers. The service innovation process is illustrated in Figure 12 and is designed to enhance incremental as well as radical innovations.

![Figure 12. A conceptual two-node service innovation process.](image-url)
5.1.1 Ideation Phase

This iterative phase is divided into three steps. There is no start or end, it is an endless loop where inputs and outputs trigger more and better ideas. The phase is ad hoc, and can be used on an everyday basis but can also be structurally maintained by top-managers. This is enabled by a user-friendly system, with a simple structure interface. The steps are:

1. Collect – This step aims at collecting ideas, needs, problems, solutions etc (defined: items). Items should be categorized in types, initial purpose, source, and with a very short description. The collection should be simple and open, in the way that everyone can add their own item, by their own, without interfering with a complex system. Very little should be filtered in this step, but it is up to the company to decide for how long to store the items in the database.

2. Evaluate – This step uses in-data from the previous step. In the same manner, this is an open system, where everyone is able to evaluate the items. It will create commitment, but also transparency. Now, the evaluation should be soft. In other words, it is subjective and based on perception. But evaluation must be based on well-defined criteria. To establish and list criteria, it forces the company to start discussing its vision and business model. A well performed Evaluate-step, yields a coherent priority list of the items.

3. Generate – This step is flexible. Individual or ad hoc/informal, people are welcome to generate new items based on previous steps (note: this is not a developing step). Based on the evaluation (priority) and database, this step stimulates to search, scan, forecast and use market intelligence, which gives a holistic view of the firm’s situation to generate new or improved items. The Generate-step should not, in any manner, filter or evaluate new outcomes. It should enter the next (Collect)-step and so we create an iterative loop. This step forces the firm to be able to communicate the ongoing programs and projects, to prevent to generate items that are already undertaken. Further, this step could also be a meeting, semiannual workshop day, or other forums where people come together to generate together (e.g. with customers).

5.1.2 Selection Point

This gate is the heart of the process and is responsible for the usability of the process. Without frequent input (from ideation) and output (to realization) the process is condemned dead. The gate is the core of the process, but also sensitive, confidential and not open as the two phases. Consequently, this gate has to be structured, formal, efficient, and focused. Symbolically speaking this gearbox (read: gate) needs an owner (process owner) and a well-defined top-management committee to execute the following functions:

A. Definition: Based on the vision, strategies, the business models, KPIs, resources and core competences – define measurable and quantitative criteria to evaluate the selected items from the ideation phase. The criteria can be communicated and visualized to the organization, but not shared. It stays within the Selection Point.

B. Selection: Built on the definition; evaluate and select items from ideation phase. Communicate only the selected items in a consistent approach. Thus, be transparent without
over-communicating. In comparison with evaluation in the ideation phase, this should be a more robust evaluation, e.g. a quality function deployment (QFD).

C. **Analyze:** Use the evaluation to analyze the selected item. Use the opportunity to get as much feedback from the organization as wanted. Analyze how to make it to a project or program. Include outcomes from discussions of partnership and collaboration (see Appendix E). Further, it should include conclusions on what service it might create (perception). Plan the analysis, make it structured and visible for the decision-making committee – the analysis should not be long and complex.

D. **Decision:** Take a formal decision to go or kill (/send back to ideation phase) based on the analysis. Communicate the decision in a consistent approach. The decision-making is in this gate a ‘liberation’ of the item, meaning that when the item is in the realization phase, it will freely and continuously be implemented without any interruption of a grand decision-making process. Also, this function is to link to the overall and global tactic/strategic perspective and details are not to be discussed. This step is executed by a well-defined committee.

E. **Planning:** A simple (one sheet) planning of the item for the handover to the next phase. The planning should include a summary of the decision-making and evaluation, and include a clear time-plan, budget, and owner, as well as recommendations. This function should make sure to define the formality of the project/program. It should also define when status report and decision-making are necessary in the next phase.

F. **Hygiene and support:** As the Selection Point might express a top-down and authorized go/kill organ, it is important to keep its communication outwards and to continuously (1) monitor, (2) facilitate, (3) consolidate and (4) consult the two open and ad hoc phases. The monitoring should not be top-down, but still make sure that the items in the realization phase are still progressing, useful for the business and still credible.

The A-F functions should be integrated and well defined, organized and supported by simple tools/systems. Note that the owner of the service innovation process and facilitator of the committee should be profoundly aware of the SDL. This setup provides the opportunity for work and progress of the innovation process, as well as innovativeness, to be measured from here. This gate forces SME to commit and make sure to implement a decision, which the empirical study concludes to be challenging. The gate adds a powerful and structured approach to meet the barriers in the 4-Challenge Model. In conjunction with Goffin and Michells (2010) *Innovation Pentathlon Framework*, the firm needs a steady business model, a defined strategy and a vision to be able to manage the functions above. If the firm struggles with this gate, it is a well-defined indicator that more knowledge/skills are needed to proceed with the innovation and business development.

### 5.1.3 Realization Phase

Like the ideation phase, this is a 3-step iterative phase. In this phase it is where we shape, develop and offer the service, as well as improve and ensure service quality. It is an open node, meaning that it is very much integrated with the operational core. It is designed so that the firm
can achieve a seamless service delivery and customer relation to cope with innovation uncertainties (Martin et al., 1999). Dependent on the definition and planning (from the Selection Point), this phase can have a diversity of shapes. As Toivonen and Yuonminen (2009) list (see page 16 and Figure 6) it can be very formal and collaborative (e.g. an external funded project with a specific customer) or the opposite (e.g. internal incremental developing program). This phase will face the SDL challenge, and customer input are central. The three steps are defined as followed:

1. **Design** – This is a creative step where SDL-knowledge is needed. Conceptualize the item, and use the planning from the Selection Point to estimate the required quality level of the first design iteration. Select service design method(s), execute and before moving on – communicate outcome to important stakeholders. There are many methods for design service, but the core is to design in modules to minimize uncertainty inputs that Martin et al. (1999) stress (Appendix C). By modularization, some modules can be left undefined for a knowledge exchange event. The modularization is also a way to structure the design into a *customer journey* (explanation page 6). Have a holistic view during the design and assure to go through the development and effort of service delivery, augmentation and the *service package/offering* (see them as modules!). As Goffin and Mitchell (2010) address – don’t get trapped in only the service products but focus on the operations (the processes and organization). Make sure you have defined the distribution channels and environmental influences. This is vital when the back office (development workers) and the front office (operational workers) are not the same. In this case, plan for handover to the next (Execute-)step.

2. **Execute** – This step is about executing the design. It should be seen as a test and not pass/fail-step. Do prototyping and note all strengths and weaknesses, as well as opportunity and threats, for further development. In conjunction with the design, start with small steps and improvements, and make each new iteration more and more comprehensive. During the execution step, conduct risk assessment with the customer (use Appendix D) and design the project out of the customer needs and goals (and uncertainties) not your wants of innovation delivery as Martin et al. (1999) stress.

3. **Reflect** – Lessons learned. Based on observations and notes from the execution step; analyze, evaluate and discuss (preferably with customer) the quality. Make sure to communicate the results from this step, and in agreement with the planning from Selection Point also report and announce for decision-making events (e.g. situation: a prototype is tested and decision for finalizing the development is requested). This communication should be standardized and structured, to keep a secure link to the rest of the innovation process. The reflection stage is also recognized by evaluations of a continuous service, to maintain competitive advantage and used for marketing. The outcome of this step can be a re-design and re-modelling, or/and a new idea/need (entering ideation phase).

Aligned with the five principals of service design (Stickdorn and Schneider; 2011), this step has to be user-centered, co-creative, designed in sequence, tangible thinking (making it evidencing) and holistic. Depending on the type of item, this phase has as many iterations as is necessary.

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7 This step is explained as a ‘service design’ step, but could also be used as a design step for systems, brands, models etc.
however to lever service quality, it is important to make sure the support is covered by investments, strategies, internal marketing, training and operational managements (Storey and Easingwood; 1998). Note, that this phase do not have a final launch or distinctive implementation. Both empirical study and literature review (Kuusisto and Riepula, 2011) confirm that the distinction of final launch is not vital. This loop is more or less the operational business and can be referred to all services that the company currently offers.

Finally, the two-node service innovation process is structured in unity with the possible different processes leading to innovation in KIBS identified by Toivonen and Tuominen (2009) (see Figure 2). The R&D model resembles the two-node innovation process in that it has a linear order, starting with an idea, a defined development step and an execution step (final launch) in the realization phase. The model of rapid application is a description of a realization phase with many and quick iterations, and with focus on prototypes. Hence, to keep flexibility of the two-node process, the speed of the iterations has to be freely adapted to each item and situation. One iteration could be done during a few hours and in other cases for months. Last, the practice driven model refers to a change in the service practice (Execute-step), which enters the ideation phase as a new item, and it is from there further developed.
7. Implications for practice

For the new conceptual two-node service innovation process to be implemented, this chapter guides the company and users in implementing it in the most attainable approach.

The two-node innovation process should be implemented from the center (starting with the Selection Point) and build outwards. Slowly as the organization matures, implement tools and systems that enable the two nodes to be open and flexible with control. Before implementing the new service innovation process, planning and preparation is needed. The planning (document) of the implementation, which should be mainly be based on the preparations, should include:

- A communication plan for a coherent understanding of the purpose and scope.
- An agreement on the timescale – implementation and feedback steps.
- Specified financial assets, risks and people’s responsibilities and involvement, in relation to the timescale.

Before planning, a devoted preparation is recommended. The preparation should first include a discussion on the following:

- What is our perception of the usability, utility and pleasurability of this process (organizational as well as individual)?
- How should an integrated process look like? Make up scenarios when it is used and how. Discuss negative and positive outcomes.
- How will/could the process change our routines? How will it affect our culture? List anonymously individual goals related to the process; analyze it and reflect. What does this list tell us?

The second part of the preparation, and mostly targeted on the empirical study case; the following is to be discussed, developed, decided and/or implemented:

- What is the vision of our company? Why?
- Based on the (1) vision, (2) core competence and (3) resources, what are the main strategies? Why? Discuss strategy on: resource assets, collaborations, sales, business (map the business model!), competence development, service development, marketing, etc.
- How are we going to use the two-nod model? How are we going to create and foster innovation? What are our innovation areas (Figure 7)? How can it be integrated and
supported/supporting other processes in place? Based on the overall strategy, what is the innovation strategy? Why? How will this strategy long-term develop and increase profitability?

- Parallel with the innovation strategy, define ‘innovation’ for the firm. Discuss Figure 6 and 7.
- Define ‘service’ for the firm. What is the SDL? How do we package our service today? What is our front and back-office? How do we involve customers today? Analyze your service quality via The Gap Model (see Appendix B). Analyze your Marketing Support (see Appendix A). Define how you categorize service innovations. Why?
- List the offerings/sales, current investments, skills and routines that you are willing to cannibalize on. How? Why? Which are the priorities? In the case of ProProject, an organic growth will demand time effort. Define the allocated time and communicate this insight to the organization.
- Are we, and if; in what extent, contaminated by structure and practices of our customers or the content of our offerings. What is positive or/and negative? Why?
- Which are our skills, knowledge and competences (on the top-management level) to develop the business? Which and where are our shortages? How do we find means to solve the problems? Are the problems related to culture or leadership?

Note the preparations must be completely executed (developed and implemented on what is missing) to ensure the quality of the innovation process. The second preparation will help the firm overcome the barriers identified using the 4-Challenges Model and lever the efficiency and effect of the main service innovation process implementation.
8. Further research

In this chapter suggestions for further research are announced.

In respect to the lack of service innovation in the research field and the increasing amount of SMEs in the global economy of the service sector, more studies should be focused on this area. A clear, yet complex and demanding, setup is the nature and context of services, but which still do not rebate the slim literature on this field. In relation to this issue, the KIBS is a grateful delimitation that have more to give.

The two-node service innovation process could be further studied for implementations and improvements, as well as the 4-Challenges Model more aligned with a more comprehensive literature review (such as including knowledge management). The concept of a two-node, open and flexible structured process, should be further examined and adapted to added studies in this research field.

Moreover, there are undiscovered grounds that could be vital to the understanding of service innovation in SMEs. The transparency and consistency of internal communication, which in the first place does not feel challenging for an SME since everyone should know what everyone does, however results from this thesis indicates that this is a barrier for the service innovation process. Aligned with previous literature, stressing the importance of vision and strategic fit, this study also reveals that they effect the decision-making and the selection process on a grand level. This should be further verified in other case studies. Finally, an outermost interesting and unexpected challenge from this study is the contamination of large firm structures and practices that penetrates the SME as they deliver services and develop products for their large customers. This challenge should be further exposed as it is a logic and significant issue for the service innovation process as well as the business as a hole.
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Appendix A – Augmented service offering (ASO)


The augmented service offering (ASO) comprises (1) the service product, (2) service augmentation, and (3) marketing support. Figure 1 illustrate show how the service product is the center (the core offering) and surrounded by the components of the augmentation (the offering that the customer is aware of and respond to but are not part of in product). This is offered in the context of its marketing support (that the customer normally not be aware of but which do affect the quality of the product and its augmentation). It is this totality that leads to the performance of the new service in the marketplace.

![Diagram](image)

**Illustrative elements of each component**

<table>
<thead>
<tr>
<th>Service product:</th>
<th>Service augmentation:</th>
<th>Marketing support:</th>
<th>Service performance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- relative advantage</td>
<td>- communication</td>
<td>- training</td>
<td>- profit</td>
</tr>
<tr>
<td>- reliability</td>
<td>- service quality</td>
<td>- internal marketing</td>
<td>- sales</td>
</tr>
<tr>
<td>- brand image</td>
<td>- accessibility</td>
<td>- strategy</td>
<td>- market share</td>
</tr>
<tr>
<td>- perceived risk</td>
<td>- reputation</td>
<td>- degree of investment</td>
<td>- customer loyalty</td>
</tr>
<tr>
<td>- service evidence</td>
<td>- environment</td>
<td>- management knowledge</td>
<td>- window of opportunity</td>
</tr>
</tbody>
</table>

Figure 1. The ASO and service performance.
Appendix B – The Gap Model


The Gap Model in Figure 1 can be applied to a diagnosis tool to analyze the quality of service products. The model covers the differences (gaps) that may exist between an organization’s view of their service and customers’ perception. Managers can via the model accurately understand their customers’ requirements, to gain customer satisfaction.

![The Gap Model](image)

Figure 1. The Gap Model

The central gap, Gap 5, is the mismatch between customer’s perceptions of what they receive and their expectations – this lead to dissatisfaction. The root causes of Gap 5 is derived from four other gaps: (Gap 1) the mismatch of customer’s own specifications (informal) of quality the expect and organization’s actual specification of quality; (Gap 2) the mismatch of the organization’s specification of quality and the management’s concept of service and what customer expect; (Gap 3) the mismatch between the service-quality specification and the actually service-quality delivered/implemented; (Gap 4) and the mismatch between service delivered and the image of the service that is communicated.
Appendix C – Innovation uncertainty sources


Table 1 lists sources of innovation uncertainty for service provider organizations and corresponding service concepts that can resolve these uncertainties by tapping into the marketing, organizational and human resource cultures of customers.

<table>
<thead>
<tr>
<th>Sources of uncertainty for organizations</th>
<th>Corresponding service concepts that can resolve these uncertainties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete information about:</td>
<td>Input uncertainty stemming from customers:</td>
</tr>
<tr>
<td>What to process</td>
<td>Customers’ supply of output</td>
</tr>
<tr>
<td>Where to process it</td>
<td>Customers’ supply of place</td>
</tr>
<tr>
<td>When to process it</td>
<td>Customers’ supply of time</td>
</tr>
<tr>
<td>How to process it</td>
<td>Customers’ supply of labor</td>
</tr>
<tr>
<td>Into what</td>
<td>Customers’ desired outcome</td>
</tr>
<tr>
<td>Distributed where</td>
<td>Customers’ desired place outcome</td>
</tr>
<tr>
<td>Distributed when</td>
<td>Customers’ desired time outcome</td>
</tr>
</tbody>
</table>
Appendix D – Risk assessment on client participation


A risk analysis can be performed by the service provider (with customer) as input to the development of the scope of a project. This risk assessment include a customer input uncertainty analysis in order to determine the service provider’s business risk for the engagement. The elements in this pre-project customer participation risk assessment includes:

- Expected customer attitude.
- Customer participation.
- Percentage of team made up of customer personnel.
- Percentage of project leadership made up of customer personnel.
- Customer team members’ location relative to service provider team members’ location.
- Customer project leadership.
- Customer personnel.

Quantitative factors determined the level of risk associated with the project. High risk customer participation factors reflects difficulties of customer attitudes, customer impacting of project success, high percentage of team comprised of customers, and customer and service provider not being located in the same facility.
Appendix E – Resource access and collaboration


Figure 1 presents a three-dimensional theoretical model that characterizes service innovation resources accessible through different types of relationships and access strategies. The relationships types in the figure refer to the minimum level of relationship needed to access specific resources for service innovation.

Figure 1. A theoretical model of resource access in service innovation.
Appendix F – Interview guide

A. Service

1) What does the term service mean to you?
2) How is service defined and communicated in the organization?
3) Name three important aspects for a good quality service offer?
4) Name 3-5 challenges with service. Are they personal or organizational? Why is it difficult?
5) How many percent of your total working hours is in customer contact?
   a. What are the pros and cons with involving customers?
6) In what way do you think the customer evaluates the service quality? (state some factors/elements that influence)

B. Value

7) What value does GPM create?
   a. How is the values created?
8) What are your main offering to your customers (based on sales – not conceptual)?
9) What is the core value?
10) Rank what you consider to be the top three most important innovation areas for GPM.
    a. New technology
    b. New markets
    c. New operations/routines
    d. New internal processes
    e. New business models
    f. New relationships
    g. New human capital (skills)
11) Are you happy with how you cooperate with your customers? Why/why not? What to change?
    a. What are there influence on your offering?

C. Vision & Strategy

12) Can you shortly explain the vision? How do you interpret it?
13) What is the overall strategy? What does it consist of?
    a. How do you get access to it and how is it formulated?
14) Is there any innovation strategy? What does it consist of?
    a. How do you get access to it and how is it formulated?
15) What are the challenges with the current strategy?
16) Does the customer influence the organizational strategy/Vision? How?
17) How is the strategy and vision communicated in the organization?
    a. Why does it look like this? How is it communicated, by whom?
    b. Is it important for the firm?
18) Are you happy with the vision and strategy you have today? Why/why not? What would you like to change?
19) What are GPM’s KPIs and how does your strategically metrics look like in the company?
    a. What would you like to change?
20) Thinking of the organization strategy and vision – would you say that the managerial demographics is fairly spread? (age, income, education/training)
    a. What managerial skills or knowledge do you think your organization is lacking in, to develop its business?
D. Project/Program

21) What are the current innovation or business development projects/programs?
22) How often does new (internal) projects starts?
23) How do you select which ideas become projects?
   a. Is there a process formulated?
   b. Who/whom in the organization makes the decision?
   c. Is the decision based on the customer’s requests? How?
   d. Do you have any formulated criteria for evaluate and select your project portfolio?
   e. How do you visualize/analyse what types of project you have in the portfolio? (risks, goals, ROI…)
24) Are you happy with how you select your ideas and projects today? Why/why not? What would you like to change?
25) Are you happy with how the business development is organized and managed today?
   Why/why not? What would you like to change?
   a. How is that development organized?
   b. Formulated?
   c. Is it an iterative process?

E. Implementation and distribution/communication

26) How and when is the decision-making for implementation?
   a. Who makes the decision?
   b. What are the criteria?
27) How is the solutions, from a development project/program, implemented?
28) How are you implementing new changes from other divisions in the group? (e.g. from HQ)
29) How is the implementation supported?
30) Do you consider that the organization have successfully implement any new solutions?
31) What channels is used to communicate new ideas/solutions/best-practices?

F. Innovation

32) What does the term innovation mean to you?
33) How is innovation defined and communicated in the organization?
34) Is it important? How, and in what way?

G. Innovations process

35) Are you aware of any innovation processes in the organization?
   a. If yes, have you been included in the process? In what steps? And what did you do?
   b. If yes, briefly explained the core steps.
   c. If yes, how well integrated would you say it is with the corporate strategy?
   d. If NO, why that? What is the reason?
36) How do you define a good innovation process?
37) What do you think an innovation process can offer the organization (regarding today’s situation)? What would be the purpose?
38) What do you think an innovation process can offer the customer?
H. Problem identification & idea management

39) How do you get to know the problems in your organization?
   a. Who informs you and from what area? What are the areas?
39) If you have an idea – how do you do to get it further?
   b. Do you have the time and opportunity to develop it?
41) Does the organization collect ideas into one place – where and how?
42) Does the ideas get evaluated? By whom? When and how?
43) Do you get feedback on your ideas?
44) What are your feelings on how/where/by whom new ideas come from in the organization?
45) Do you collect ideas outside the organization (e.g. customers)? How?
46) How do you generate ideas internally?
47) How do you generate ideas with your different stakeholders (e.g. customers and partners)?
48) How would you describe the ideas that are generated? (incremental, radical, rapid & realistic, visionary)
49) Are you happy with how you work with idea management today? Why/why not? What would you like to change?

I. People and creative climate

1) How would you describe the climate in the company? Give examples of what is typical behaviors that are rewarded in your organization.
2) Is innovation discussed within the organization?
3) Are you supported to innovate? (given resources, given time, mentioned in different documents or meetings)
4) How does the organization work to develop internal working routines?
5) Is there room for change of established working routines? Why/why not? What would you like to change?
6) How is failed projects or less successful services offerings received (internal)?
7) How does the personal competence development look like? Are they related to innovation or any innovation strategies?
8) What decision have you made regarding the corporate development or strategy level?
9) How is decision-making and control shared (regarding corporate development and strategy)?

Innovation measurement analysis

Metrics indicating innovation-work

Here are some metrics showing the organizational efforts to innovate.

1. Real % of investment for innovation and development?
2. Has it increased or decreased the last years?
3. Do they feel that they in a good position?
4. Willing % to invest for innovation and development?

5. How much external financial resources has the organization applied for the last two years? (for innovation or development)

6. How many individuals are assigned to carry out the innovation efforts / innovation projects (percent of workforce)?
Appendix G – Questionnaire

How important do you believe innovation is for GPM’s future? *

1  2  3  4  5
Not at all ☐ ☐ ☐ ☐ ☐ Extremely important

Select what you consider to be the top three(3) most important innovation areas for GPM. *
Select three (3):
☐ new technology
☐ new markets
☐ new operations/routines
☐ new internal processes
☐ new business models
☐ new relationships
☐ new human capital (skills)

This page is about: Value
Define customer same as client

How much do you believe these elements determine customers' perception of GPM’s quality of offering? *

1 – no influence; 5– Much influence

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPM’s knowledge about the customer</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>GPM’s human capital (skills)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The environment in which the customer is met (e.g., facilities)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>External marketing</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The way we prepare the customer (pre-purchase)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The way we deliver the offering to the customer</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Our attitudes and behaviors</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Our internal communication and deliveries</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>How the customer enjoys the experience with GPM</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Amount of time you involve the customer</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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</tr>
<tr>
<td>Customers' knowledge/perception of GPM’s offering</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Customers' knowledge of GPM’s internal development processes</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Customer trust and loyalty</td>
<td>☐</td>
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</tbody>
</table>
This page is about: Strategy
Define strategy for at least 3-5 years from now

How agree are you on these statements? *

<table>
<thead>
<tr>
<th>Statement</th>
<th>1: Strongly disagree</th>
<th>2: Disagree</th>
<th>3: Neither agree nor disagree</th>
<th>4: Agree</th>
<th>5: Strongly agree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found GPM's corporate strategy very well documented</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
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<tr>
<td>I understand exactly everything from the strategy</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
</tr>
<tr>
<td>The strategy is simple and not too complex</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
</tr>
<tr>
<td>I am aware of GPM's INNOVATION strategy in details</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
</tr>
<tr>
<td>I am satisfied with GPM's network and external partnership</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
<td>◯</td>
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</table>

This page is about: Process
Do you believe there is a lack of knowledge/education/training to manage the internal business development? *

1 2 3 4 5

Yes, very much ◯ ◯ ◯ ◯ Not at all

How would you best describe how your organisation develop new offerings? *
Select one:
- Internal processes without a specific project (i.e. untalented or incremental)
- Internal projects (i.e. in-house project-based effort)
- Projects with a pilot customer (e.g., new internal) ideas are tested with a customer
- Projects tailored for a customer (e.g., initiated by customer with a spec. need)
- Externally funded projects (research-oriented)

How would you like to develop new offering? *
- Internal processes without a specific project (i.e. untalented or incremental)
- Internal projects (i.e. in-house project-based effort)
- Projects with a pilot customer (e.g., new internal) ideas are tested with a customer
- Projects tailored for a customer (e.g., initiated by customer with a spec. need)
- Externally funded projects (research-oriented)

This page is about: People
Do you feel that the control and power is fairly shared within the organisation? *

1 2 3 4 5

Not agree ◯ ◯ ◯ ◯ Agree
How do you feel you are supported?: *

<table>
<thead>
<tr>
<th>extremely dissatisfied</th>
<th>dissatisfied</th>
<th>neutral - (neither)</th>
<th>satisfied</th>
<th>extremely satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>... with external distribution channels / communication (for example if you get training or tools)</td>
<td></td>
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<tr>
<td>... with knowledge &amp; operational management (for example if there are systems/tools helping your work)</td>
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</tr>
<tr>
<td>... to make your voice/idea heard within GPM (internal marketing)</td>
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<td>... to be included in the feedback process</td>
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</table>

How many percent of your total working hours is in customer contact?: *

List in (%)

If GPM would develop a new offering today, it would be open and 'willing' to change its current?: *

<table>
<thead>
<tr>
<th>1: Strongly disagree</th>
<th>2: Disagree</th>
<th>3: Neither agree nor disagree</th>
<th>4: Agree</th>
<th>5: Strongly agree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>offerings</td>
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<td>investments</td>
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<tr>
<td>(documentation, technologies etc.)</td>
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<tr>
<td>human capital</td>
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<tr>
<td>(skills)</td>
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<tr>
<td>routines (e.g.</td>
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<tr>
<td>bureaucracy)</td>
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</table>

How well do you believe GPM fits these statements?: *

<table>
<thead>
<tr>
<th>1: Strongly disagree</th>
<th>2: Disagree</th>
<th>3: Neither agree nor disagree</th>
<th>4: Agree</th>
<th>5: Strongly agree</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our culture fears failure</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have too much bureaucracy</td>
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<tr>
<td>The strategy does not fit the organizational structure</td>
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<tr>
<td>We have too many unnecessary functions (e.g. R&amp;D or roles)</td>
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<tr>
<td>We get frequent feedback</td>
<td></td>
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</table>

Comments:

If you want to comment on the survey: