

MBA Executive

Leveraging your business in Service and Experience Economy

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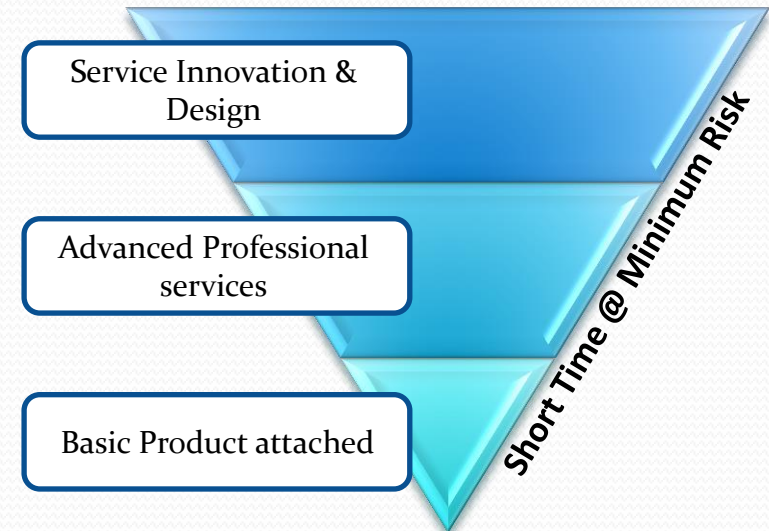
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SII Service
Innovation
Israel

על סי-יורויז'ן

- סי-יורויז'ן עוזרת לארגונים לשנות מודלים עסקיים קיימים ובתוך כך לעזור להם לייצר חדשנות עסקית ובידול עסקי ובכך לייצר ערך כלכלי חדש לארגון, בהתבסס על חווית לקוח.
- השירותים אותם אנו מספקים ללקוחותינו כוללים:
- פיתוח מודלים עסקיים חדשים לחברות מבוסס Lean Canvas
- הגדרת אסטרטגיות מוצר ושירותים
- פיתוח יכולות שירות וחווית לקוח מבוסס Service Innovation | Service Design



**THE RULES OF THE GAME HAVE BEEN CHANGED –
WHAT ARE THE NEW ONES?**

**HOW TO PLAY THE NEW GAME? NEW TOOLS AND WAY
OF THINKING**

WHAT IS IT FOR YOU ?





SERVICE STORY

Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>



...a Date in a restaurant



source: <http://www.yellowcabnyc.com/wp-content/uploads/2012/05/taxiphotomed.jpg>

Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>



Dirty

Unreliable

**Pressure
to use
cash**

**Not
special**

source: <http://www.yellowcabnyc.com/wp-content/uploads/2012/05/taxiphotomed.jpg>

Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>



source: <http://checkoutlimousineservices.files.wordpress.com/2012/07/6.jpg>
Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>

A man in a dark suit and tie stands next to a black limousine. The limousine's door is open, and a white cloth is draped over the top of the door frame. The man is looking towards the car. The background is a plain, light-colored wall.

Expensive

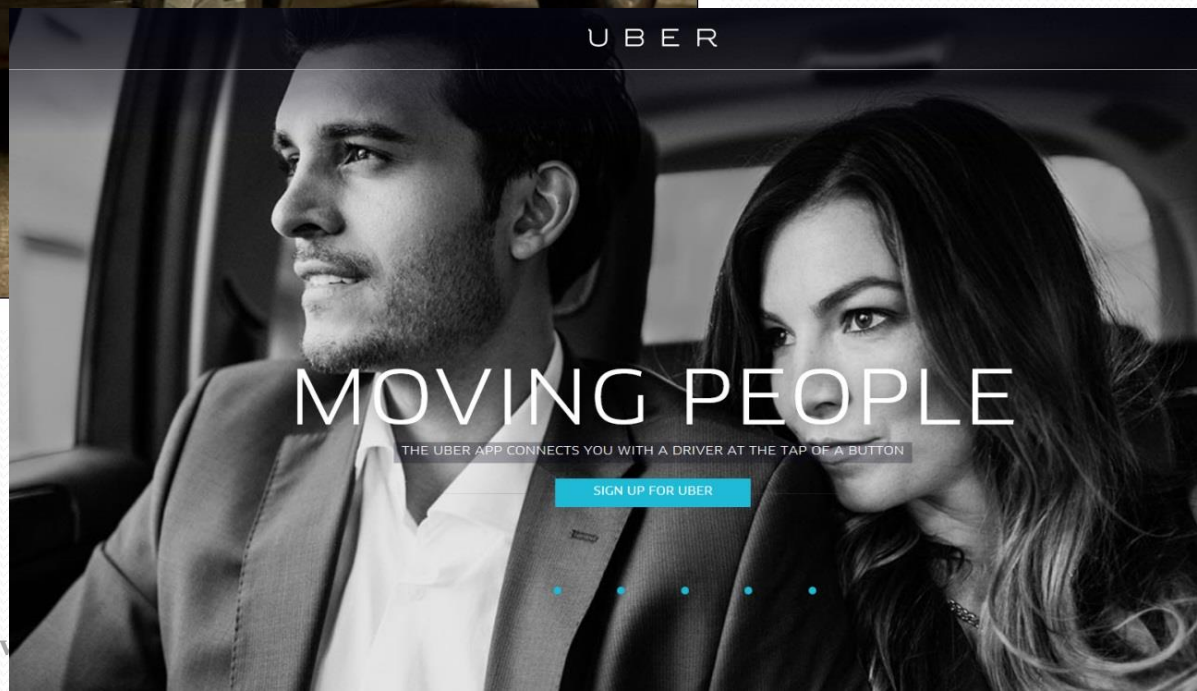
**Book in
Advance**

**Book in
Blocks of
Time**

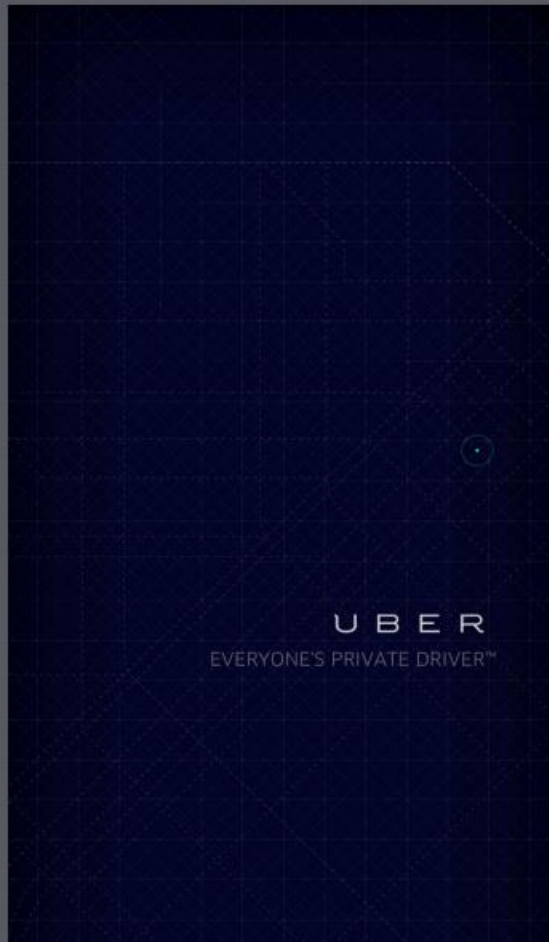
**Two
Payment
Steps**

source: <http://checkoutlimousineservices.files.wordpress.com/2012/07/6.jpg>

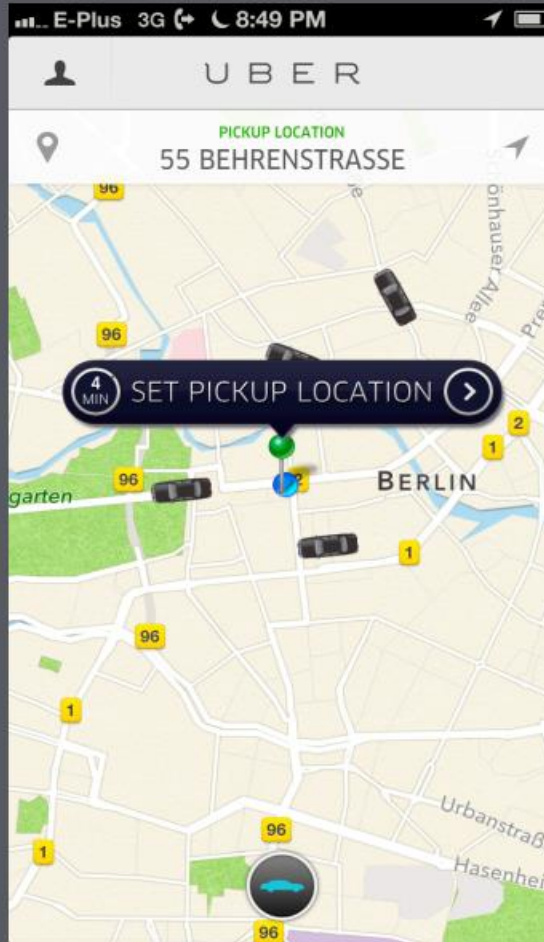
Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>



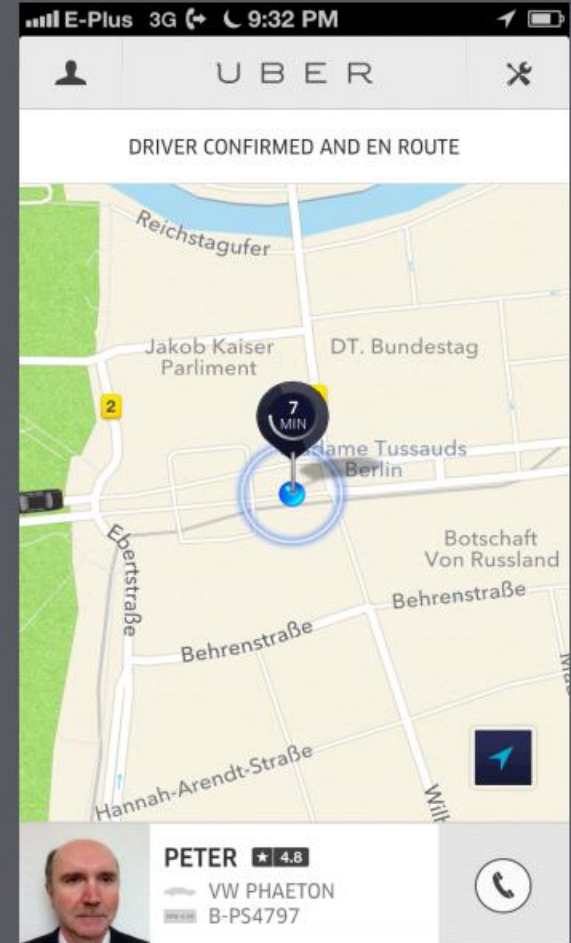
Open App



View Availability



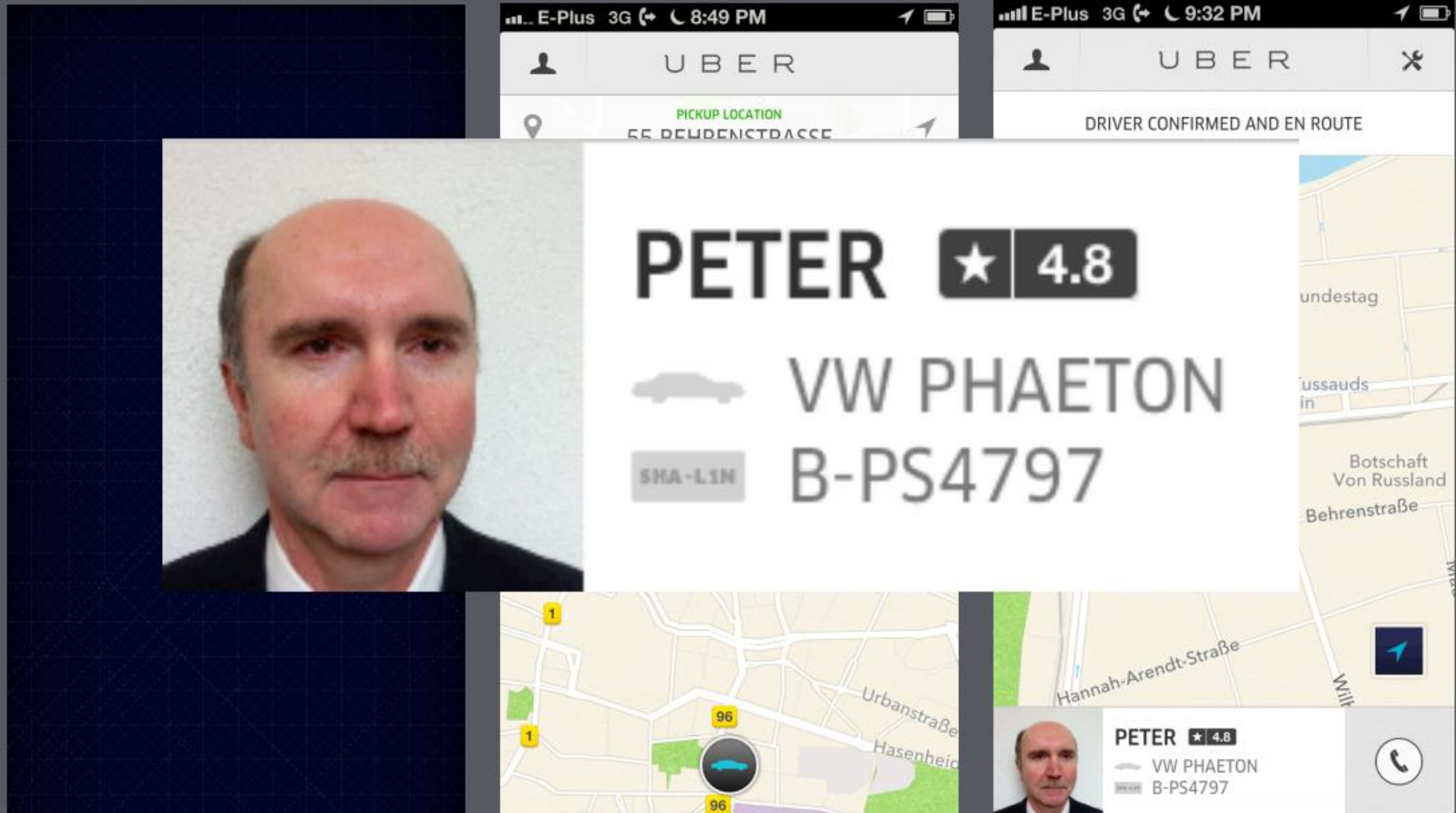
Book Car



Open App

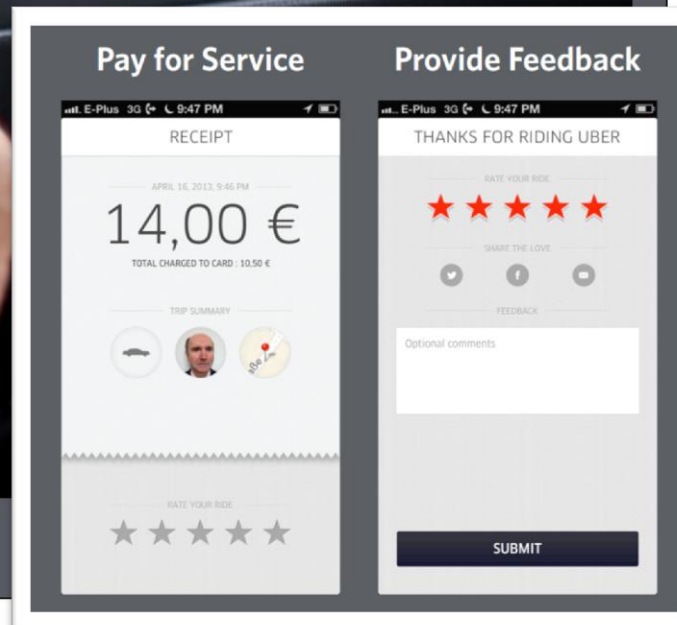
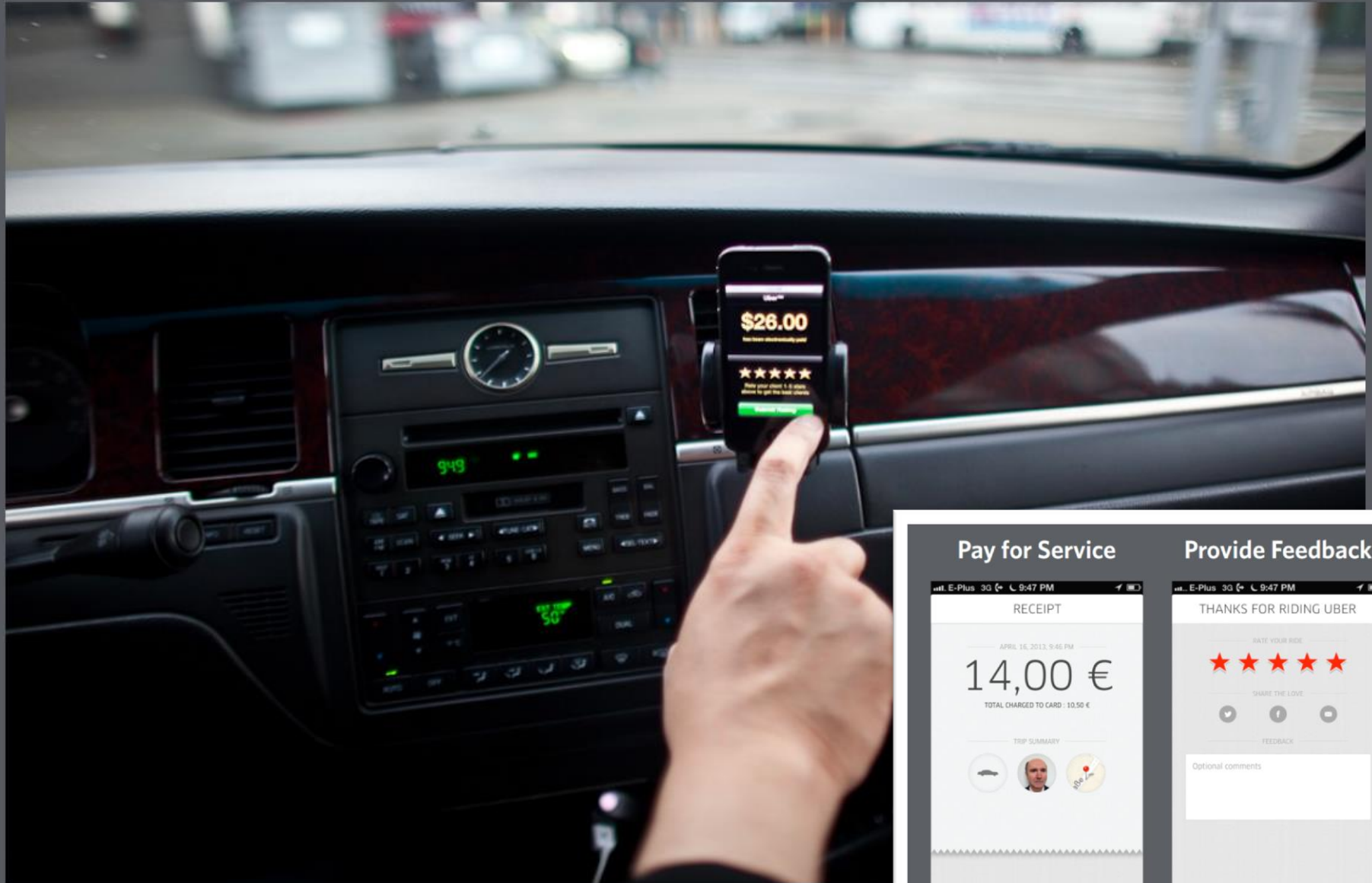
View Availability

Book Car





Source: <http://www.slideshare.net/ptquattlebaum/service-design-making-blend-conf>





UBER

Founded – 2009

Until 2012 total funding 49.5M\$

Locations – 56 cities all over the world

Aug 2013 – raise 361M\$ at valuation of 3.76Billion\$ post money



Founded – 2010

Until 2012 total funding 40M\$

Locations – 20 cities all over the world

Aug 2013 – raise 12M\$ at valuation of 300Million\$

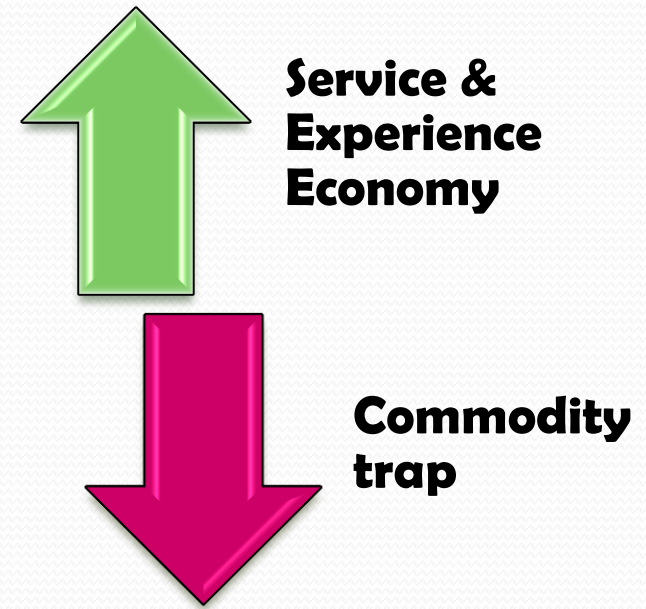
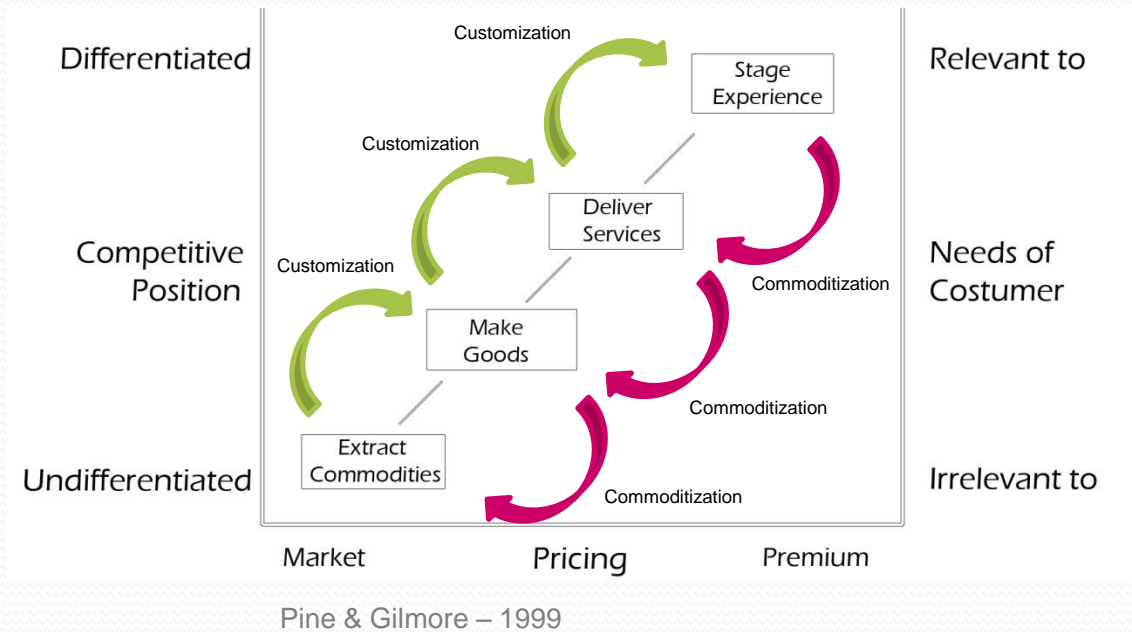


Service provide assistance, perform work for another person; repair, fix, make fit for use

- At the end of the value chain
- “keep the peace”
- Cost Center

Innovation is the application of better solutions that meet new requirements, in-articulated needs, or existing market needs !

Changing the rules of the game, Part #1



What is an Innovative Service ?

To **Improve** and **Innovate** services that create **Business advantage** and **Economic Value** through better **Customer Experience**



How Service Differ from Products

Service

Performed at delivery

No intrinsic value

Can't be stored

Emotional value created only in use

Nothing Tangible, The experience represents the value

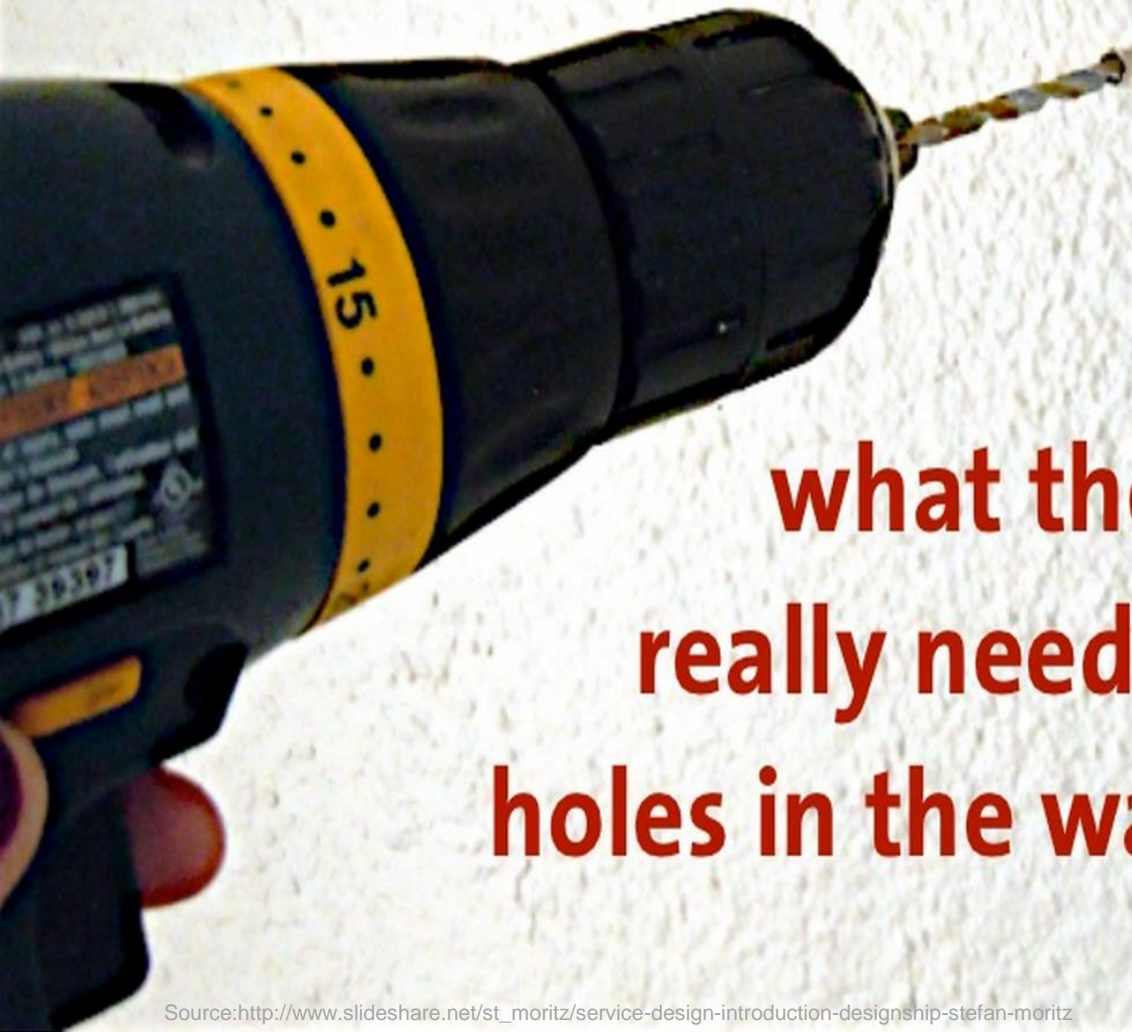
Value by Co-Production

Interaction between people

Touchpoints over Time

Source: Albrecht and Zemke, 1985

People buy a drilling machine –



**what they
really need is
holes in the wall**

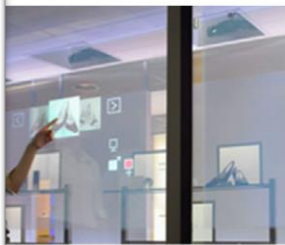
Retail Solutions **measurable magic**

Light and Multi sensorial Retail Solutions

PHILIPS
Creating a new & unique
service business

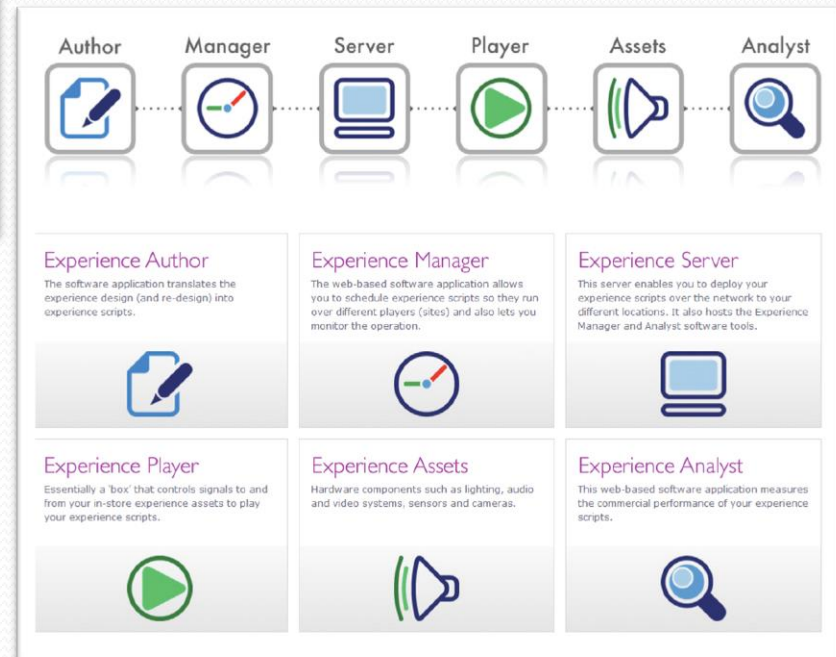
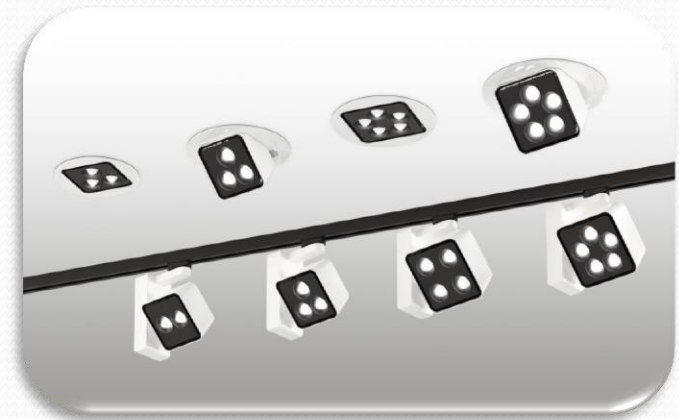


From product to service;
manufacturers learn to deliver more



Convert

ables
els



100 Percent Cloud Managed

WIFI / SWITCHING / SECURITY / MDM



- Product → Service
- Avoiding the Commodity trap
- Create value to customer
- Changed market rules of game (and Business model)
- Cisco acquires Meraki for \$1.2 billion – Nov 2012, WHY?

Changing the business model

TCO Comparison: Cisco vs. Meraki

How much is an IT manager's time worth per hour?

\$ 70

Discount off of list price

0 %

Cisco Wireless Options

APs spread out over how many sites?

1

Redundant Cisco controllers?



Include Cisco WCS software?



Save \$74,488

total with Meraki. (That's 73%)

WIRELESS

	cisco	meraki
Indoor Access Points	\$12,990	\$11,990
Outdoor Access Points	\$44,950	\$12,990
Accessories	\$0	\$0
Licenses	\$3,995	\$3,000
Controllers	\$31,990	-
Application Servers	\$3,000	-
Support and Maintenance	\$1,483	Included
Subtotal	\$98,408	\$27,980

TOTAL

Total List Prices	\$98,408	\$27,980
Discount	(\$0)	(\$0)
Configuration Labor Cost	\$4,200	\$140
Total Cost	\$102,608	\$28,120

Education and volume discounts are available, contact us for a customized quote.

[Get a Quote](#)

Summary (List Prices)

\$27,980

MR24 Access Points

10

Business Hour Support
1 Year License

MR66 Access Points

10

Business Hour Support

North American list prices shown. International pricing, discounts and promotions are available through Meraki authorized resellers. Contact us for a custom quote.

[Get a Quote](#)

Save \$37,468
However – if you stop buying the licenses – the equipment stop to work!

Licensing model

- Indoor access point price; MR24 = 1019\$ (11,900\$ → 11 units)
- Outdoor access point price; MR66 = 1140\$ (12,990\$ → 11 units)
- MR enterprise license

Number of units	1 Year	3 Year	5 Year	>5 Years (termination value wacc=10%)
1	142\$	285\$	427\$	
22	3,124\$	6,270\$	9,394\$	31,240\$

Meraki Actual licensing
agreement ~40,000\$



flightglobal.com/FlightBlogger

- **20M\$ per Engine**
- **After market (\$pares & Repairs)**
- **Heavy competition**
- **“Power by the Hour”**
- **FIX vs Var. Costs**
- **Aligned incentives with the customer**
- **50% out of revenue @ GM~50%**

Changing the rules of the game, Part #2

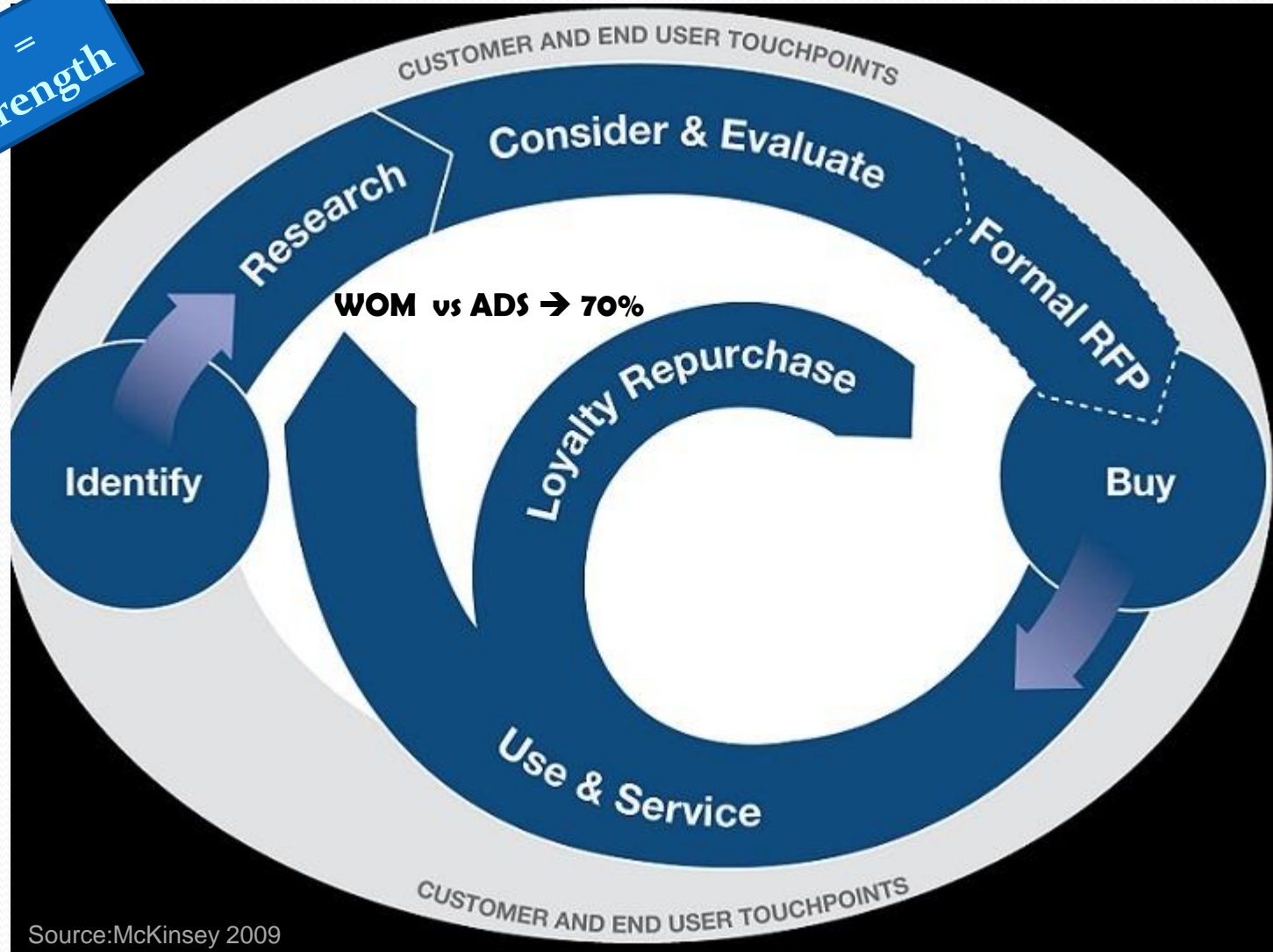
The **Old** Consumer Decision Journey



Changing the rules of the game, Part #2

The **New** Consumer Decision Journey

Service =
Brand Strength



Source: McKinsey 2009

Zappos[!] com

POWERED *by* SERVICE®



Delivering
Happiness

Culture is Everything



Zappos[!] com



Luka Apps



Jay ZX



Sensei Wu



Home plus
삼성 TESCO

Virtual Supermarket



9 in 10 Customers Will Switch to the Competition If You Don't Treat Them Well

Source : [Click Software Dec 2013](#)

Customers remember the service a lot longer than they remember the price

Source : Lauren Freedman

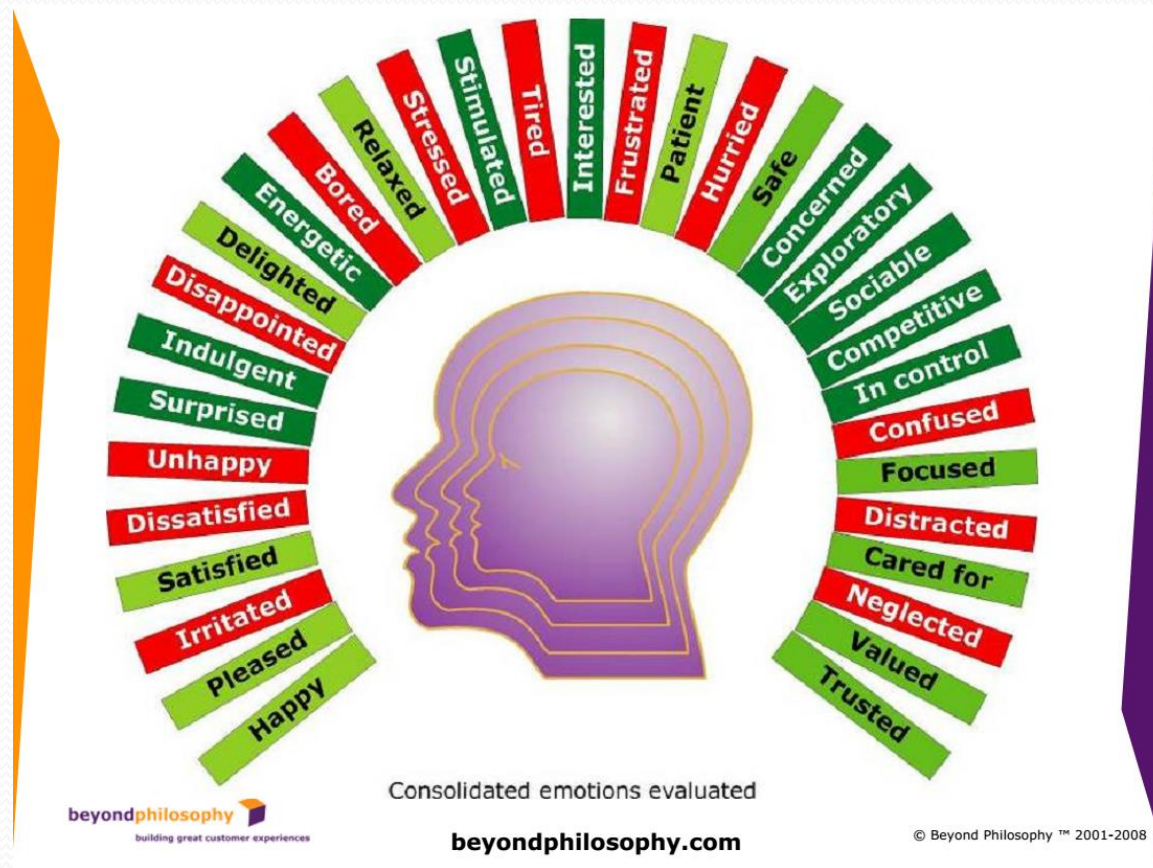
80% of Companies say they deliver “Superior” customer service

Only 8% of customers acknowledge this

Source : Brad Tuttle - 2011

How Emotions Drive Value

- More than **50%** of the customer experience is driven by **emotions**
- Brands witnessed **100%** growth in **revenue**
- **Doubled** customer base reduced customer churn
- A **20%** increase in the effectiveness of their marketing **campaigns**
- A **13%** drop in **employee attrition**.

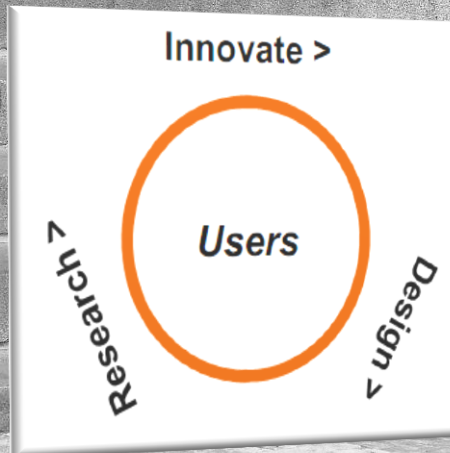


The DNA of Customer Experience: How Emotions Drive Value, author Colin Shaw

The 5 fundamentals of Service Innovation



Customer Centric



Source: Eric Reiss



$$\text{Value} = \frac{\text{Benefits}}{\text{Cost}}$$

**Be aware from
Economic Efficiency vs.
Service effectiveness**

**Minimal gap between
Expectation and Experience
means Greater customer
Satisfaction**





Gallup employee engagement survey

The Three Types of Employees		USA	World Average	ISRAEL
1	ENGAGED employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.	29%	13%	5%
2	NOT-ENGAGED employees are essentially "checked out." They're sleepwalking through their workday, putting time -- but not energy or passion -- into their work.	53%	63%	73%
3	ACTIVELY DISENGAGED employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.	18%	24%	22%

Bain & Company found:

1. Engagement erode as going down the org. hierarchy
2. Engagement erode as seniority increase
3. **The lowest engagement is with Service and Sales people**

Customer Journey

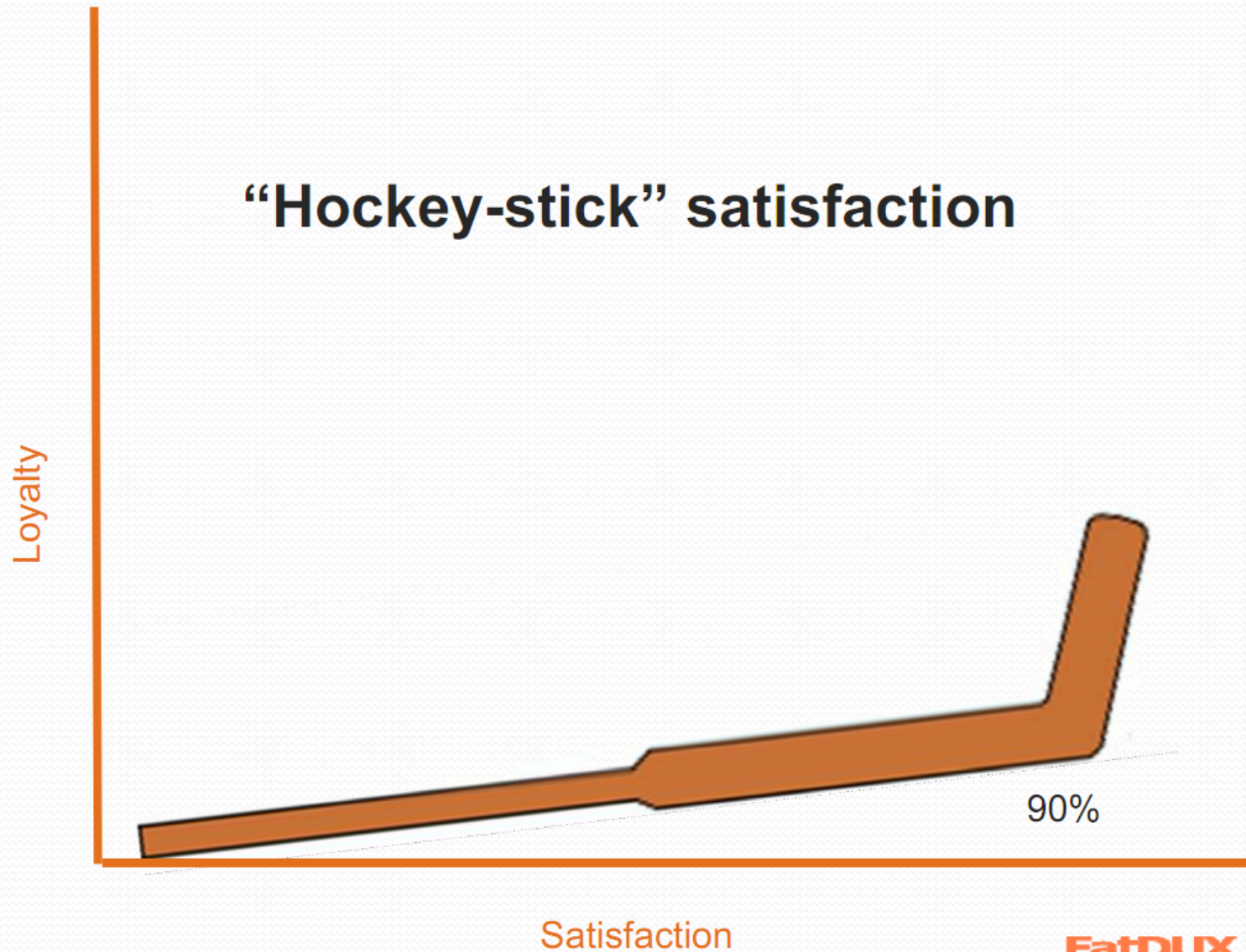
- The difference between Service Design and product or UX design:**
- **#of stakeholders is usually larger**
 - **# and range of touchpoints broader**
 - **and all of these interact over time**

Multi Touchpoints In compare to individual touchpoints

- **Increase customer satisfaction by 20%**
- **Lift revenue by up to 15 %**
- **Lowering the cost of serving customers by 20%**
- **35% more predictive of customer satisfaction**
- **32% more predictive of customer churn**

Source: McKinsey – [The 3 Cs of Customer Satisfaction 2014](#)

Satisfaction vs Loyalty



Holistic

**People
Value
Process
Business**



What is it for YOU?



Inside-Out & Outside-In

Designing Service from Inside and Outside



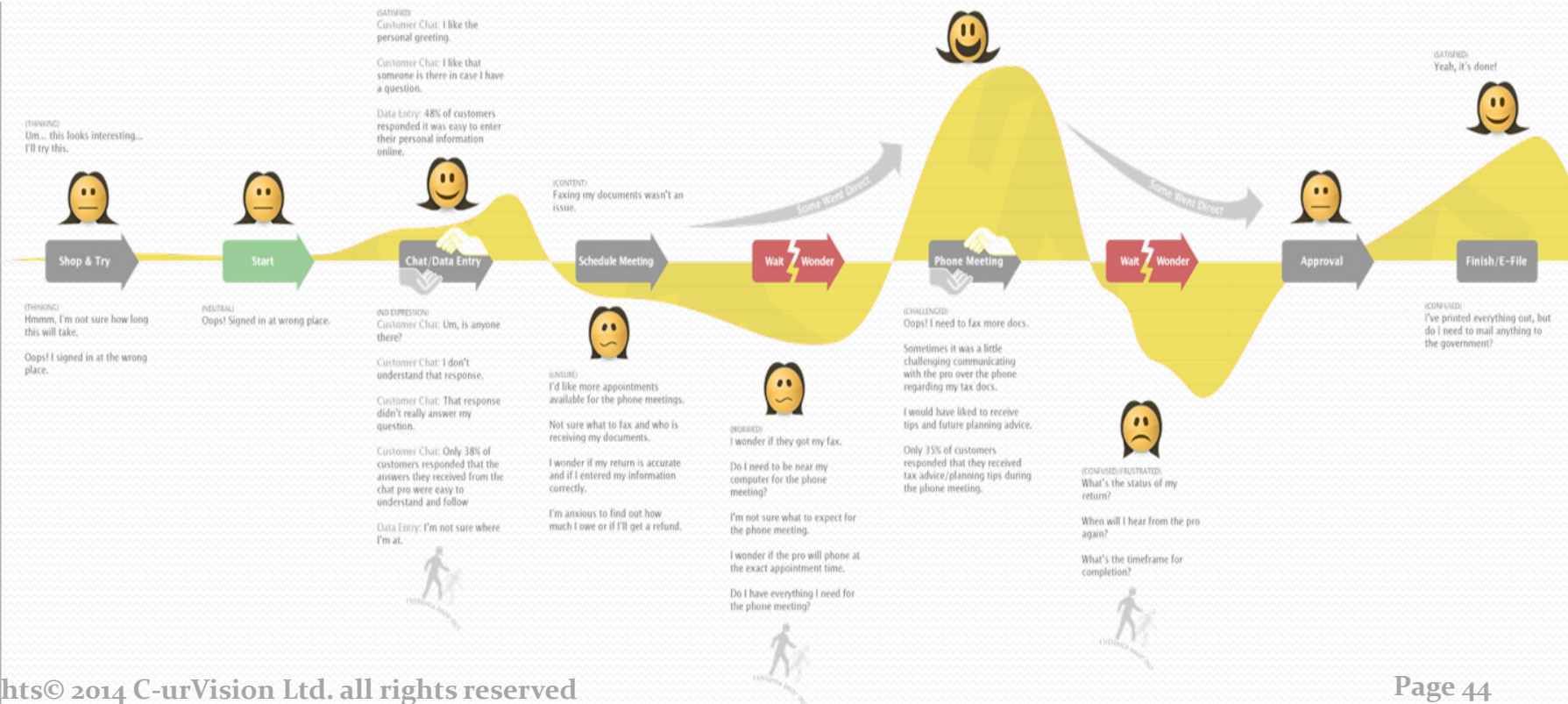
Customers Shifts:
Things → Experience
Owning → Using
Inside out → Outside In

Service Design is About

Persona
Customer Journey
Touchpoints

Outside-In

Interaction
Behavior
Needs
Motivations



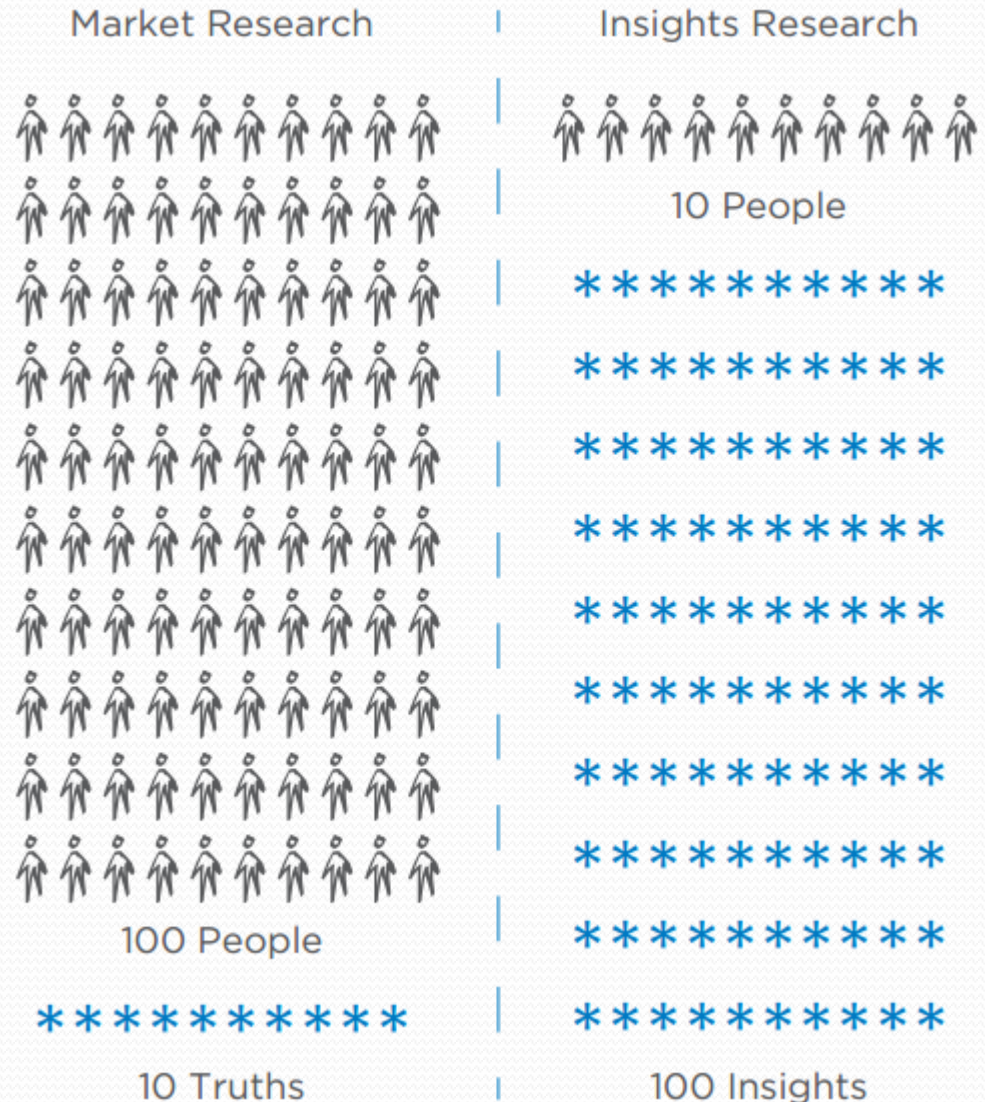
The basic tools

- Customer Insights vs Marketing Research
- Mental model / gap analysis
- Customer journey map
- Touch-points matrix
- Service blueprint
- Storyboards



Discover - Insights

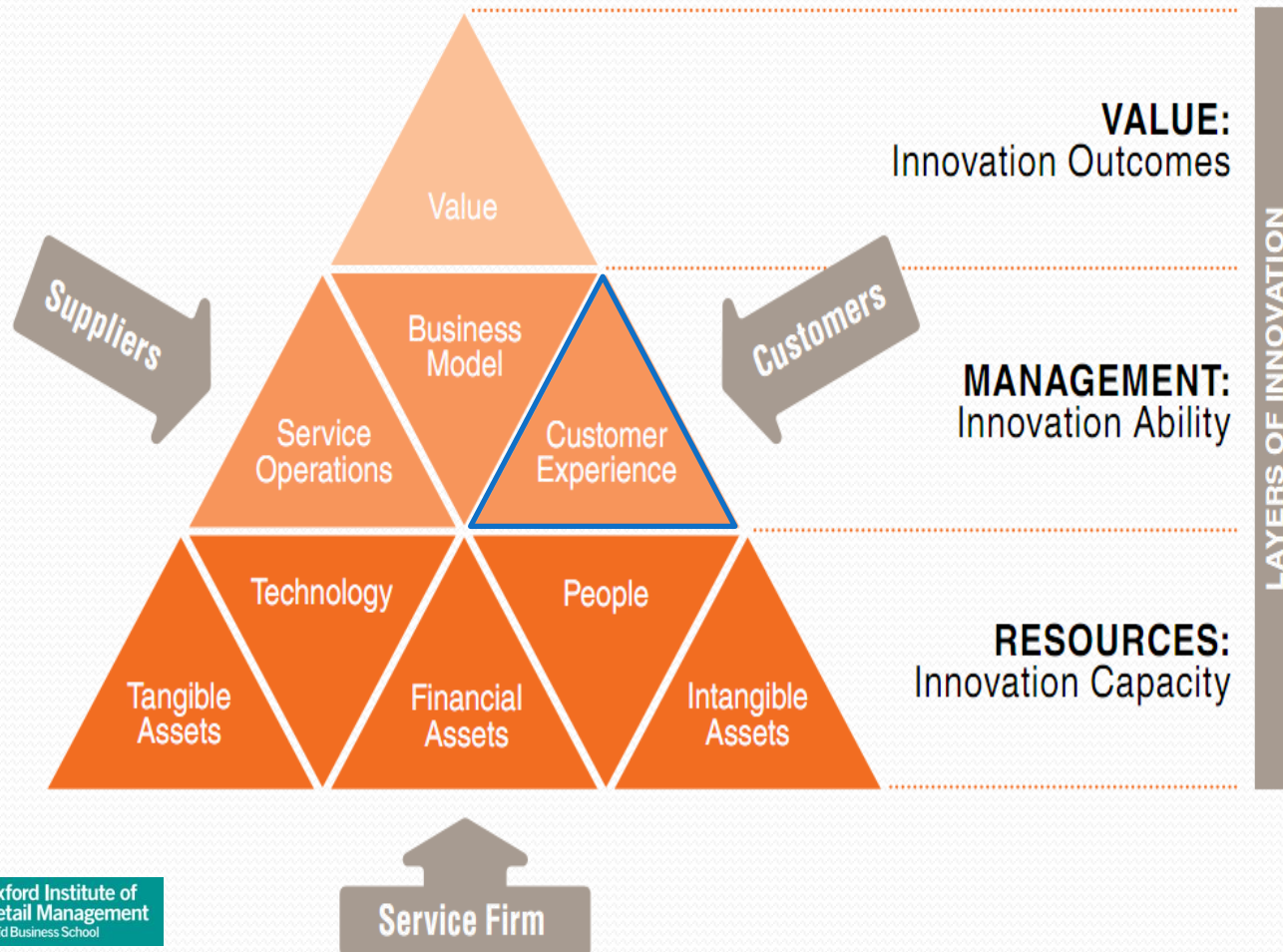
- Qualitative
- Feeling , motivation, behaviors , Usage
- How To
 - Interview, Observe, Diaries
- Questioners and guidelines:
 - Service Design – Rosenfeld (ch.#5)
 - Running Lean – Maurya (ch.#7 Problem Interview)
 - Bootcamp bootleg - Dschool stanford



Source: Rosenfeld Service Design 2013

Service Innovation Framework (inside-out)

Figure 1: Service Innovation Triangle¹²



- **Learn the new rules of the game, Today!**
- **Learn to play the new game with A new tools**
- **Tips**
 - **Make Marketing your best friend**
 - **Don't attempt to do everything**
 - **Do a few things really well**
 - **Accept the need for incremental improvements**
 - **Economize your time and talent**

➤ **More Tips**

- **Buy in your management**
 - **Show them the Money**
 - **Give them fast and easy wins**
- **Expand your team skills**
- **Co-Create with heterogeneous teams**
- **Listen carefully to your team and your customer**
- **Be aware from Hubris – learn from the best**



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Manager's Choice

Set Manager's Choice Order

Discussions You've Started

Discussions You've Joined

Discussions You're Following

Pending Submissions

All Discussions



Zvika Weinshtock The DNA of Customer Experience: How emotions drive value

In this book, The DNA of Customer Experience: How Emotions Drive Value, author Colin Shaw notes :More than 50% of the customer experience is driven by emotions, whether conscious or subconscious. Brand that began taking...

beyondphilosophy.com beyondphilosophy.com

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Zvika Weinshtock the-customer-support-hierarchy-of-needs



[The Customer Support Hierarchy of Needs](http://blogs.hbr.org) blogs.hbr.org

Your customers won't settle for chaos, and neither should you.

Like • Comment (1) • Share Link • Unfollow • Delete • 2 hours ago • Flag ▾



Zvika Weinshtock 75 Customer Service Facts, Quotes & Stats

downloads.helpscout.net downloads.helpscout.net
downloads.helpscout.net

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Zvika Weinshtock what is service design ? <http://bit.ly/1cFNtLM>



[What is Service Design?](http://vimeo.com) vimeo.com

A short animation explaining the basics of service design.

Like • Comment • Share Link • Unfollow • Delete • 11 hours ago • Flag ▾



Zvika Weinshtock I am sorry, apparently the meetup is fully booked, Thank you all



[How to move your customers from Like to Love](http://meetup.com). meetup.com

This talk is full of practical info and real-life examples of how to create more value and strengthen your brand loyalty by delivering a "Journey of Experiences" . the presentation will be conducted...

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Zvika Weinshtock How to Build Your Own Customer Service Hero Story - The Lego Story

parature.com parature.com
parature.com

**“Service innovation is the best opportunity
to change the world we have - in terms
how business is operate”**

Dean Crutchfield - Speaker of NEXT 2013

Thank you !

Zvika Weinshtock

054-734-8234

www.C-urVision.com

zvikaw@C-urVision.com

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