



EXECUTIVE DIGEST

# The secret to true service innovation

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**Abstract** The secret to true service innovation lies in shifting focus away from the service solution back to the customer. Rather than asking, “How are we doing?” managers must ask, “How is the customer doing?” For far too many businesses, service innovation means making incremental improvements to existing services. While a focus on improving current services certainly has its place, we indicate that this has constrained firms’ innovation capabilities by limiting new ideas. In order to truly innovate, firms must expand their focus beyond existing services and service capabilities to address the fundamental needs of their customers, including the jobs and outcomes those customers are trying to achieve. By further focusing service innovation on developing shared solutions with customers, firms are better able to create breakthrough service offerings and processes. This will result in value co-creation that is both meaningful to customers and uniquely differentiated from competitive offerings. To this end, we present a four-step process for firms to guide job-centric service innovation.

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## 1. Truly innovative service innovation

As the service economy increasingly dominates global business, product and service firms are seeking to advance their service offerings not only to retain customers, but also to stay ahead of rivals (Jana, 2007). Successful service innovation approaches are especially relevant in a slow economy, where

decreased spending leads to a decline in economic activity and intensified competition among rival firms. As such, service innovation has become a major source of competitive advantage for companies cultivating the ability to use knowledge gleaned from customers, competitors, and their own capabilities to create meaningful and distinctive services.

In today’s challenging business environment, however, it is no longer enough to merely deliver a quality service to customers in a timely manner. Instead, companies must find ways to innovate entirely new service offerings that their customers will find valuable. This type of service innovation is not

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easy to achieve, as the intangible nature of service activity and the active participation of the customer in producing the offering has led to uncertainty about how to innovate new services (Chesbrough, 2005). Yet, service innovation is increasingly considered a vital element of a firm's competitive strategy (MacDonough, Zack, Lin, & Berdrow, 2008), and this strategy will be misguided if the firm's innovation approach is too short-sighted to make a real difference for customers—or to be truly differentiated in today's marketplace.

As firms work to uncover the most effective ways to innovate, service experts have swarmed into the field to assist them, offering models for understanding customers' expectations, improving companies' design processes, and removing variability from the service development process. While resourceful, these efforts have mainly led to incremental service improvements, such as increasing store hours or enhancements to loyalty programs (Berry, Shankar, Parish, Cadwallader, & Dotzel, 2006). A primary reason this is the case is that most methods currently employed (e.g., service blueprinting, moments-of-truth, service quality research) propose to help companies improve their service offerings in the design or implementation stages of service development (Bitner, Ostrom, & Morgan, 2008; Thomke, 2003). While this can be helpful, in actuality, these approaches have limitations in the area of identifying and prioritizing opportunities for ground-breaking service concepts. Creating revolutionary service requires genuine innovation that is anchored in true customer needs, not simply enhancing existing service offerings.

To truly innovate, firms must expand their short-sighted focus beyond existing services and service capabilities to address the fundamental needs of their customers, including the jobs that customers are trying to achieve and the outcomes that they use to measure success (Bettencourt, 2010; Heskett, 1987). Broadening the strategic viewpoint to encompass the jobs and outcomes that service offerings must help customers satisfy requires active engagement in order to fully understand their needs. Adjusting the firm's innovation focus away from the service solution and back to the customer will result in value co-creation that is both meaningful to customers and uniquely differentiated from competitive offerings (Gummesson, 1995).

## 2. How companies get service innovation wrong

As shown in Figure 1, current approaches to service improvement constrain innovation by focusing on

Figure 1. Traditional approach: Service as unit of analysis



service as the unit of analysis, rather than on the fundamental needs of the customer (Bettencourt, 2010; Christensen, Cook, & Hall, 2005). For example, service quality research identifies service improvement opportunities through the use of mystery shoppers, point-of-purchase and trailer satisfaction surveys, and annual service quality surveys. By design, these approaches can only assess currently-offered solutions; that is, they evaluate service offerings that have already been proposed. The results from this research can only improve extant company offerings, not provide a better understanding of customer needs or invent new ways of satisfying them. As far as innovation is concerned, we find three basic issues with traditional approaches to service innovation.

### 2.1. The cart before the horse

First, focusing on a service solution puts the cart before the horse. When conducting service quality research, for example, managers must ask themselves: "What's the point of evaluating a solution when we're still not sure what the problem is? What are our customers trying to achieve?" For example, current approaches to service quality research might uncover the fact that retail customers value a knowledgeable sales associate. Aha! This type of finding leads company managers to believe that they can improve their service offerings by making sure sales associates are knowledgeable. This may be helpful initially, but unless managers learn *why* customers value a knowledgeable sales associate—particularly what it is that customers expect a knowledgeable sales associate to help them with (Avoiding mismatching outfits? Keeping current with fashion trends? Finding particular items quickly?)—they will continue to make less-than-optimal decisions regarding improvements to service offerings.

## 2.2. Constraining innovation thinking

Second, focusing on a service solution constrains innovation thinking. Continuing with the aforementioned retail example, having discovered that their customers are dissatisfied with the sales associates' level of knowledge, retail clothing managers may feel the only available option is to hire, train, and reward more knowledgeable sales associates. In contrast, if they try to find out what problem or problems their customers are hoping to solve—or, to put it another way, if they try to find out what jobs customers are trying to get done or what outcomes customers are hoping to achieve—the field of possibilities opens up (Ulwick & Bettencourt, 2008). Suppose, for instance, that company managers discover the outcome customers are most interested in achieving is speeding up the process of creating outfits. Potential solutions might then include not only knowledgeable sales associates, but also interactive kiosks, helpful signage, product arrangements and merchandise displays showing potential outfits, clothing redesign, clothing labeling, and many other possibilities.

## 2.3. Reinforcing the status quo

Third, focusing on a service solution reinforces the status quo. Customers seek out service for a reason; they want to accomplish something. One could say that customers have a job to get done, and they are hiring the service to help them accomplish it (Christensen, Anthony, Berstell, & Nitterhouse, 2007; Ulwick & Bettencourt, 2008). When managers think of offering services only on already-established patterns, it limits the number of jobs the service can help customers get done, and it inhibits understanding the limitations of the current service offering for helping the customer to satisfy their needs. Continuing with our retail clothing example, some managers tend to think about their customers only in terms of current encounters within their stores; but that means they miss other, novel ways of serving those customers outside of the store. If the company managers thought about customers' broader desire to manage a wardrobe and all that entails, they might discover opportunities to help customers not only with figuring out what types of outfits to purchase, but also with what to do with outdated clothing or putting together outfits from clothing they already own. Service quality research generally reinforces the status quo because it asks customers, "How are we doing?" when really what companies need to ask is, "How are *you* doing?" By shifting the question to focus on what the customer is trying to achieve, managers are better equipped to upset the

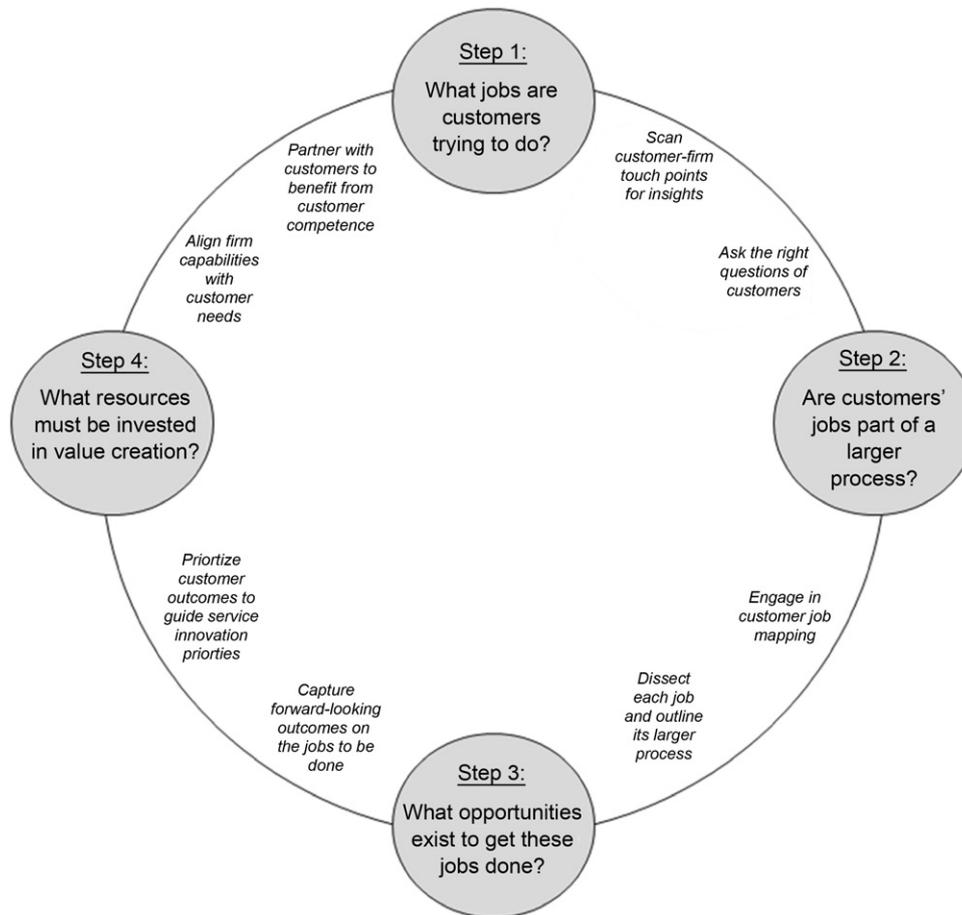
status quo by creating value *with* the customer, and not just *for* the customer. In considering the customer's entire experience of building a wardrobe, and not just shopping for a single outfit at the store, retail managers in the aforementioned example can impact the customer's entire experience with a shift to their service innovation approach (Pralhad & Ramaswamy, 2003).

## 3. A better approach to service innovation

What companies need is an approach to innovation that enables them to identify opportunities for breakthrough service offerings that is not constrained by current or proposed service solutions. A job-centric approach to service innovation does just that. As the phrasing implies, this approach focuses *not* on customers' evaluations of current offerings, but on the job that customers are trying to get done. It looks deeply into why customers presently hire service solutions and then expands this view to consider related customer jobs and more encompassing customer processes (Bettencourt & Ulwick, 2008; Ulwick, 2002). This is the type of innovation that allows Zipcar customers to easily pre-pay, reserve, use, and then return fully fueled and insured short-term, shared cars, alleviating the worry and hassles of borrowing vehicles from friends and relatives for shopping, errands, and other brief tasks. Zipcar transcends the rental market's typical model of longer-term contracts and add-on fees for liability insurance and gasoline. By fully understanding its customers' needs for quick trip transportation and desired hassle-free outcomes, Zipcar has been able to transform these clients' entire car rental experience and gain market share against competing entrenched players.

In its simplest form, this approach to service innovation involves four steps, as shown in Figure 2. To begin, Step 1 requires active partnership with customers to uncover what jobs they are trying to accomplish by hiring services in the first place. Next, Step 2 necessitates that service-providing firms dig deeper to find out if these jobs are a part of some larger process that can be tapped into to create additional customer value. Then, Step 3 entails that firms learn about the opportunities that currently exist to get these customer jobs done—including capturing the right type of customer needs to ensure that their inputs are not only correct, but also useful for guiding meaningful service innovation. Finally, Step 4 involves identifying and then applying resources to create value for both the service-providing firm and its customers to achieve genuine service innovation.

Figure 2. Job-centric approach: Customer job as unit of analysis



To illustrate these steps, we'll take a detailed look at how Abbott Medical Optics (AMO) has approached service innovation with success. AMO, which operates in more than 25 countries, is a provider of medical device technologies for vision improvement. Its ophthalmic product line includes lenses, insertion systems, laser vision correction systems, and other devices for both cataract and refractive surgery procedures. Like many companies, AMO operates in markets in which product differentiation is limited and competitors quickly copy innovative products. In such markets, secondary sales, service, and support mechanisms assume added importance for gaining and retaining customers. In the medical device market, these secondary support offerings target not only the physician user, but also surgical nurses and materials managers who are responsible for purchasing and replenishment. Although AMO is pursuing service and support innovations that target each of those customer groups, the materials managers are the ones who have been most directly impacted by company services.

In late 2005, AMO decided to apply the same scientific rigor to service innovation that it had long applied to the innovation of vision technologies. Angelo Rago, then-senior vice president of global customer services, knew that AMO required a unique approach if it truly sought to differentiate on the basis of excellent service. He realized that AMO needed to break the cycle of incremental service improvements that resulted in the company's virtually identical (to its chief rivals) service delivery mechanisms and support services. Moreover, employees within the firm recognized that sales were being lost to competitors due to poor customer service. In the following sub-sections, we introduce our four step model and illustrate how it was used to guide service innovation at Abbott Medical Optics.

### 3.1. Step 1: Determine what job or jobs customers are trying to get done by using current services and support

Step 1 requires research to uncover what job or jobs customers are trying to accomplish by hiring

the firm to provide services. It is important to note that this process goes beyond merely asking customers what they want in a service, because—as many service innovation managers know—most customers have a limited frame of reference (Ulwick, 2002). Instead, this step involves scanning every customer-firm touch point and asking the right questions to learn what customers are trying to accomplish when they hire the services provided by the company, as well as deeply probing to reveal underlying reasons provided in customers' responses. This type of active investigation and learning helps firms uncover blind spots in order to develop a company-wide peripheral vision (Day & Schoemaker, 2005), allowing them to more fully understand the value their customers receive from company services.

In executing Step 1, managers should ask questions, including: What goals are customers hoping to achieve in working with company representatives and departments? What are customers seeking to accomplish when they access the firm's website? What problems are customers trying to resolve in utilizing the firm's service and support apparatus? By focusing on the jobs customers need to get accomplished, we eliminate worry over neglecting latent or unarticulated requirements; customers understand the challenges of their own situation and are able to state their needs in the frame of how they currently get jobs done—even before a potential service innovation exists (Bettencourt, 2009). For example, a hospital asking these questions of patients would discover various reasons they are contacted for support, including determining options to address a health problem, selecting a healthcare provider, scheduling healthcare services, receiving treatment, and understanding the impact of a health issue.

In the case of AMO's cataract business, there are a number of employees who have service and support interactions with its customers' materials managers. These include account managers, call center employees, and field service staff. In seeking service innovation opportunities, initial queries of both internal AMO staffers and materials managers focused on why customers utilized a given service mechanism; that is, the goal was to know what customers were seeking to accomplish in their interactions with an account manager, a call center employee, or when they contacted technical field service. The primary goals included placing orders and resolving problems relating to product delivery, invoicing, and returns. The materials managers also had service encounters with AMO's 'materials' at other points; for example, when receiving orders and reviewing invoices.

### **3.2. Step 2: Determine whether the jobs for which customers are hiring current services are part of a larger process**

Customers' jobs are extremely varied in their complexity: they can be as simple as locating a specific type of information or as complex as developing a financial investment portfolio. Interestingly, simple jobs are more often than not steps in larger processes or more complex jobs. This fundamental truth provides the basis for bringing structure and predictability to the service innovation process. As processes, the beginning and end points of a customer job can be identified, the metrics by which customers judge how well the job is executed can be uncovered and measured, and the overall method can be improved by developing offerings that help the customer execute the job more effectively and efficiently.

This insight has important implications for service innovation because if the jobs for which customers have hired a company's service are part of a larger process, it is likely that there are other elements in that larger process that have been overlooked by the company's managers—and by their competitors, too! By considering those other elements and by broadening the scope of the services it is willing to offer, a company can surge ahead of the competition. Consider consumers who turn to banking services such as checking accounts and credit cards to help them with jobs like receiving money, paying bills, and making purchases. They are really engaged in a broader process of managing day-to-day cash flow. In speaking with consumers about the steps in this process, it quickly becomes evident that banks have overlooked opportunities to help consumers plan spending, ensure that money is available when needed, and keep spending on track. Armed with that information, a bank can innovate new service offerings to take advantage of those opportunities.

In essence, Step 2 of our model requires that managers dissect the jobs for which their customers hire their services, software, and products. This helps better understand how these jobs fit into more complex customer processes. This step also entails finding out what jobs customers are trying to do overall—not just the small tasks they are doing presently to get there—and can be facilitated with the use of job mapping, which breaks jobs down into a series of steps (Bettencourt & Ulwick, 2008). These discrete steps can unveil hidden opportunities for new service offerings and can revolutionize a firm's way of doing business. As increased competition encourages firms to restructure their organizations around customer groups and needs—rather

than their own internal functions, products, and services (Day, 2006)—truly aligning service offerings around customers' jobs and how distinct segments of customers get the job done can help firms grow even closer to their customers, move ahead of rival firms, and shape the competitive landscape of the future.

In the case of AMO, materials managers were asked what other responsibilities they had that related to managing ophthalmic supplies. Their answers revealed that the jobs of placing orders, receiving orders, and resolving order problems—jobs that were primarily addressed through service interactions—were actually just steps in the more encompassing process of replenishing ophthalmic supplies. That larger process also involved evaluating new products and returning products to the vendor, as well as determining supply needs of ophthalmologists, monitoring inventory, and even physically breaking down product shipments. By considering the larger process, AMO was able to adopt a customer-oriented view of the market rather than an internal-oriented view, a perspective that opened up the possibility of new, truly differentiated service offerings.

### **3.3. Step 3: Determine what opportunities exist to help customers get these jobs done**

Step 3 seeks to uncover opportunities to help customers get their jobs done better, faster, or more affordably. To do this, a company must first be sure to capture the right types of customer needs on the jobs to be accomplished. It is important to note that these are not service quality expectations, not ambiguous quality descriptors, and not fuzzy emotions. Rather, they are the outcomes that customers use to measure success at each step in getting the job done. Employing metrics that are relevant, regardless of how the customer is getting a job done, enables a company to look past current service offerings and develop adaptive foresight to position the company to stay ahead of the competition (Zeithaml et al., 2006).

So, for example, in sketching out customer requirements relating to the job of obtaining auto insurance benefits, the typical route would entail learning customers' expectations of specific service delivery channels (the agent channel, the Web channel, or phone interactions). Instead, our recommended approach involves focusing on the outcomes that customers are trying to achieve in completing the job (Ulwick, 2002), regardless of the method of achieving it. From the insurance customer's perspective—and, ultimately, from

the perspective of innovation—the mode of interaction with the insurer matters less than getting a claim processed with few contacts, little time to provide necessary information, and with low probability that the claim is denied. Once these outcomes are known, a company must then prioritize them; that is, they must determine which outcomes customers consider both important and not well-satisfied by the solutions currently available.

Returning to our ongoing example, once AMO had a customer-oriented view of the replenishment process in mind, the next step was to break down the process into its various elements to uncover the outcomes by which materials managers judge value in replenishing ophthalmic supplies. At a high level, the process included 10 core steps, including evaluating new products, maintaining supply inventory, determining supply replenishment needs, placing an order, receiving supply orders, and returning product to the vendor. However, at a more detailed level, there were over 40 sub-steps into which the higher-level steps could be divided and over 80 outcomes across the entire process. The job of placing an order, for example, includes outcomes related not only to submitting product information to the vendor, but also gathering product documentation, being made aware of product availability, and verifying order status. Importantly, these outcomes are not described in terms of a particular manner of achieving them, but purely in terms of the desired result, which means that opportunities to improve the outcomes are not dependent on particular service delivery approaches.

With a detailed list of outcomes in hand, AMO then polled a representative sample of materials managers. Outcomes that the materials managers considered both important and unsatisfactorily achieved represented opportunities for AMO, as these were the needs the company could target with new and improved service offerings. It is important to note that not all the opportunities revealed to AMO related to processes that AMO and its competitors considered the domain of service competition. For example, there were several meaningful opportunities related to determining lens replenishment needs, such as receiving ophthalmologists' lens requests on time, determining which lenses are required to support upcoming case requirements, and ensuring that a lens order is placed far enough in advance of a scheduled case. Had AMO followed a traditional service-focused approach to identifying opportunities for innovation, the company certainly would not have uncovered these gaps; its service and support efforts were not directed at helping customers determine lens

replenishment needs, only at fulfilling replenishment requests.

### 3.4. Step 4: Invest time, talent, and resources in value creation that will be most meaningful to customers and most differentiated from competitors

Once a company has prioritized its customers' outcomes, it can then focus time and resources on pursuing the most promising opportunities. Because opportunities are not defined in terms of service excellence, the avenues of exploration are not restricted to particular service delivery approaches or even to service as a solution at all. Rather, our job-centric innovation model provides the direction companies need to innovate on the two distinct service innovation fronts (Berry et al., 2006): (1) innovation in how service is delivered, and (2) innovation of new offerings that satisfy the core benefits being sought by services customers. Similarly, product companies that follow this approach to innovation may find opportunities for service solutions to complement their products. Table 1 addresses this kind of service innovation.

Step 4 completes our service innovation approach by calling for the investment of time, talent, and

resources by both the firm and its customers to fully realize the opportunities uncovered in previous steps. Defining value as it is identified and used by the customer requires not only changing the way the firm works with customers, but also impacts customer thinking, participation, and capabilities (Michel, Brown, & Gallan, 2008). Further, this type of innovation involves changing the customer's role as a user, buyer, or payer who seeks 'value-in-exchange' to that of an active contributor who also receives 'value-in-use' from their participation in the value creation process (Michel, Brown, & Gallan, 2008; Vargo & Lusch, 2004). This process is challenging, but worthwhile, as viewing the customer as an active player allows the firm to harness customer competence, which ultimately benefits both organizations (Prahalad & Ramaswamy, 2000). It is also at this point that models of service design and evaluation (e.g., service blueprinting, service experimentation, experience audits, service quality research) become valuable.

Returning to our example, once AMO had a prioritized list of opportunities to pursue for the replenishment process, it gathered together managers in sales, technical support, customer service, accounts payable, logistics, and IT infrastructure to generate solutions for the leading opportunities. This process

**Table 1. How product companies can identify service innovation opportunities**

What approach should a product company take to reveal opportunities to provide value-added services to its customers? Over the past few decades, most product companies have considered this question as markets for their traditional offerings have matured and as they have sought ways to deepen their customer relationships (Brown, Gustafsson, & Witell, 2009; Neu & Brown, 2005). Unfortunately, most traditional innovation models offer no guidance for expanding into services because their insights are largely constrained to adding features to current product offerings.

The service innovation model introduced in this article identifies unmet customer needs independent of the solution used to satisfy them, which means it can also help product companies uncover value-added service opportunities. It directs a product company to explore consumption processes that complement the jobs for which the company's current products are being used – perhaps by inquiring into what larger processes or jobs current product usage fits. Once this more encompassing job is recognized, the company can identify which outcomes related to the job are most unmet. Those outcomes offer the best opportunities for the company to create service innovations that will deepen its relationship with its customers. Additional inspiration for potential service offerings can come from expanding the definition of *customer* so it includes not only primary product users, but also those responsible for product setup, maintenance, purchase, and disposal—often distinct individuals in a business context.

Consider the following illustration of this approach in action. Hewlett-Packard (HP) used this approach to discover opportunities for next-generation printers. However, because the opportunities identified did not presume a product solution, HP was able to determine which opportunities should be addressed with products, which opportunities should be addressed with services, and which opportunities might be addressed with both. To get to this point, HP looked at the job of printing a document from a user perspective, the job of maintaining a printer from the perspective of IT staffs, and the job of managing printing costs from the perspective of a purchaser. An area of overlapping opportunity between users and maintainers concerned the process of trouble-shooting and resolving printer errors. To address this area of opportunity, HP developed both product concepts such as enhanced sensor feedback within the printer as well as complementary service concepts such as automatic data transmission to HP regarding a printer error in order to provide guidance with technical support and automatic ordering of repair and/or replacement parts.

allowed the company to develop plans and actions of both an evolutionary and revolutionary nature—to improve current service and support operations without being constrained by a particular approach to service delivery, and to provide value to customers in unexpected ways. To illustrate these points, consider the following improvements and innovations identified by AMO.

#### 3.4.1. Innovation in how service is delivered: Regional customer care teams

In assessing the timely resolution of material managers' questions and problems, AMO's research indicated that the company's service delivery approach needed to be revamped; the extant practice bore a serious design flaw. Because materials managers experienced varied problems—including issues with delivery, lens consignments, invoicing, and returns—they were often unsure of who to contact to get a particular problem resolved. Frequently, several erroneous contacts were made before the proper party was located, resulting in delays. Further

complicating matters, resolving a given problem might involve several people throughout the organization and multiple layers of approval.

After becoming aware of this weakness in service delivery, AMO developed the concept of regional customer care teams. These teams bring together—in one location—specialists in accounts receivable, contracts, ordering, and equipment. Physical proximity enables coordination and rapid communication among different functional areas; this new system provides materials managers with a single point of contact within AMO. Members of each customer care team learn about the roles and responsibilities of other team members to further enhance the efficiency of problem resolution. Next, each team assigns one person responsibility for customer issues that require additional research, such that customers with tricky problems no longer have to navigate unknown internal processes. AMO's service delivery system now truly reflects its customers' needs. In the year following these service delivery changes, AMO's Net Promoter Score

**Table 2. Four step job-centric service innovation model**

Step	Actions
1. Determine what job or jobs customers are trying to get done by using current services and support	<ul style="list-style-type: none"> <li>● Scan customer-firm touch points for insights on why current services are hired</li> <li>● Ask the right questions of customers</li> <li>● Deeply probe to reveal what customers are trying to achieve</li> </ul>
2. Determine whether the jobs for which customers are hiring current services are part of a larger process	<ul style="list-style-type: none"> <li>● Determine if the jobs for which current services are hired are part of a more encompassing job process</li> <li>● Identify beginning and end points of the job customers are trying to get done</li> <li>● Break down the customer job into a series of steps through job mapping</li> </ul>
3. Determine what opportunities exist to help customers get these jobs done better	<ul style="list-style-type: none"> <li>● Capture customer outcomes at each step in the entire customer job</li> <li>● Ensure outcomes are forward-looking measures of success from a customer perspective</li> <li>● Determine which customer outcomes are important, but poorly satisfied</li> </ul>
4. Invest time, talent, and resources in value creation that will be most meaningful to customers and most differentiated from competitors	<ul style="list-style-type: none"> <li>● Focus firm time, talent, and resources on unmet customer needs</li> <li>● Consider innovations both in how services are delivered and what services are delivered</li> <li>● Transform the customer's role from the buyer to a more active contributor in the value creation process</li> <li>● Harness customer competence to provide symbiotic benefits to both organizations</li> </ul>

increased by nearly 10%, and, in 2007, it was awarded the prestigious Omega Management North-Face ScoreBoard Award for the first time.

### 3.4.2. Innovation of new offerings: Schedule-planning and inventory management software

Historically, service delivery/support by AMO and its competitors stayed out of the back room of surgical eye centers, presuming this to be the ‘customer’s space.’ Upon examining the job that materials managers were trying to get done, however, AMO realized that such a front-office/back-office distinction was artificial. Company executives were particularly intrigued to learn that materials managers often received requests for lens orders from ophthalmologists too late for standard ordering and replenishment. Because this had to do entirely with the processes of the surgical center, it had not occurred to AMO—or its competitors—to address the issue. The job-centric approach to service innovation, though, prompted the company to take a more encompassing look at its customers’ needs.

This fresh insight led to the development of an advanced schedule-planning and inventory management software module, designed to aid materials managers with timely and effective lens replenishment. The system allows ophthalmologists or their assistants to input case needs and scheduling information data. The system then analyzes those needs, available inventory, and shipping requirements, and makes order recommendations—even automatically generating orders to cover known case needs! Finally, the system also generates status reports for materials managers to help them determine what actions need to be taken to ensure the availability of lenses for a surgical case.

## 4. The lesson learned

As illustrated herein, breaking free of service myopia and adopting an approach to innovation that focuses on customers’ true needs enables companies to not only envision service delivery improvements, but also develop entirely new service offerings. This method allows managers to focus attention and resources on what matters most to customers.

As summarized in Table 2, genuine service innovation derives from understanding the job that customers are trying to get done, understanding the outcomes that customers use to define the successful execution of this job, and then determining which outcomes are opportunities to guide the creation of breakthrough service innovations. By adopting this approach, a firm can establish service innovation priorities that are most consistent with its capabili-

ties and technology know-how, rather than merely reacting to customers’ ever-changing desires for the latest must-have feature or copying the actions of competitors. When a customer job—not the service itself—is the focus, service innovation efforts become structured, predictable, and ultimately quite rewarding for both the company and its customers.

## Appendix. Research Methodology

In addition to working with dozens of companies using a job-centric approach to identify service innovation opportunities (e.g., Abbott Medical Optics (AMO), State Farm, California Healthcare Foundation), we collected 26 case studies (e.g., Hewlett-Packard, IKEA, Zipcar) to understand how firms are approaching service innovation. Among these case studies are several companies that are exemplars of service innovation focused on the customer job, and several that are not. Ultimately, both types of case studies informed our thoughts on the limitations to current service innovation processes, and our recommendation of a model that shifts the innovation focus away from the service and back to the customer.

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